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# ***JPRS Report***

## **China**

***QIUSHI [SEEKING TRUTH]***

***No 11, 1 June 1990***

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### **Economic Performance Is the Fundamental Way To Bring About a Benign Cycle in the National Economy**

*HK2906083190 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 11, 1 Jun 90 pp 2-6, 26*

[Article by Wang Bingqian (3769 0014 0051)]

[Text] Improving economic performance is an extremely important policy. We have done a lot of hard work in this connection, sometimes doing quite well, sometimes not so good. We have even made the mistake of stressing speed at the expense of performance. The deteriorating economic performance reported in a period of rapid economic growth in recent years has become the crucial problem restricting economic development and posing financial difficulties for the state.

The Fifth Plenary Session of the 13th CPC Central Committee repeatedly stressed that we must firmly shift our economic work to the right track by focusing on the improvement of economic performance. Organizations and units at all levels and in all walks of life are thus required to enhance their consciousness in seeking better economic performance, explore ways and means of improving economic performance, and strive to achieve better economic performance year after year through economic readjustment and deepening the reforms. In this way, we will be able to fundamentally extricate ourselves from economic and financial difficulties, bring about a benign cycle in the national economy, and make new endeavors and contributions.

#### **The Importance and Arduous Nature of the Improvement of Economic Performance**

The improvement of economic performance is a fundamental issue of economic and social development. Socialism and capitalism both stress economic performance, though their objectives, means, and results are essentially different. As a socialist country, we can neither grab colonies externally and nor expropriate the people internally. While the use of foreign capital can expedite construction, ultimately we have to produce results in order to increase our ability for self-reliance and repay loans on time. Hence, our fundamental way out lies in developing production, improving economic performance, and increasing social wealth. When economic performance is good, we can gradually improve the people's livelihood while replenishing our country's financial resources and satisfying the needs of socialist construction and reform. Practice since the founding of the People's Republic shows that when economic performance was good, we were able to accomplish a lot and could attend to the needs of national construction and the people's livelihood. The economy continued to grow, society was stable, and the people were happy. When economic performance was poor, the state, being short of financial and material resources, was unable to attend to every need at the same time and even suffered setbacks in economic and social development. It can thus be seen that whether or not we pay attention to economic

performance, and can continuously improve economic performance, is not just an economic issue, but is also a political issue. It is by no means an overstatement to say that this issue has a vital bearing on the future of the socialist system and the destiny of the nation and the people. Hence, society as a whole must attach great importance to the question of improving economic performance. The whole party and the people of the whole nation must foster the concept of improving economic performance and truly shift our economic work to the right track by focusing on the improvement of economic performance.

The improvement of economic performance has a special sense of urgency and importance in the present period of economic readjustment. After more than one year, the policy of improving the economic environment, straightening out the economic order, and deepening the reforms has achieved notable results and things have taken a turn for the better. However, we should see that the economic difficulties have not arisen out of the blue in the past couple of years, but represent a concentrated expression of deep-seated problems which have piled up over several years. Among these, the phenomena of high consumption versus low efficiency and large investment versus small returns, which are widespread in production, construction, and circulation, are the most crucial problems confronting us. Thus, in carrying out economic readjustment, implementing the austerity policy, restructuring the economy, and ensuring the supply of essential products, we must focus our attention on the improvement of economic performance. Only by improving economic performance and expanding social wealth can we tackle inflation at its roots and truly lift the economy out of its predicament. The period of economic readjustment also affords an ideal opportunity for making the shift from extensive to intensive management and from speed-oriented to performance-oriented operation in our economic work. Whether or not they can seize this opportunity to switch to the guiding ideology put forward by the central authorities for economic work and improve economic performance by all and every means is a rigorous test for leaders at all levels.

The improvement of economic performance is a very complicated and arduous task. The difficulties are immense, involving political, economic, macroeconomic, microeconomic, structural, management, and other factors. It cannot be accomplished in one go and cannot be tackled by one department alone. Neither can it be grasped for a while and then abandoned. It is only under the unified leadership of the party Central Committee and the State Council, with various localities, departments, and units proceeding from the interests of the whole, coordinating with and supporting one another, working with one heart and one mind, combining temporary solutions with radical measures, and making unremitting and sustained efforts, that we can push our economic performance to a new level and fully demonstrate the superiority of the socialist system.

Thus, besides tackling the problem of economic performance in the process of economic readjustment, we must also put special emphasis on the improvement of economic performance when drawing up the "Eighth Five-Year Plan." There must be concrete concepts and plans as to how the question of economic performance should be reflected and embodied in the state plans and the level of performance to be achieved and these must be implemented by the various enforcement departments. This should constitute an important basis for assessing whether the departments concerned have successfully fulfilled the "Eighth Five-Year Plan." The economic readjustment and the "Eighth Five-Year Plan" overlap in time, but in both cases the improvement of economic performance must take priority.

#### **Put Special Emphasis On and Improve Macroeconomic Performance**

Stressing macroeconomic performance is an intrinsic requirement of the socialist system as well as an important expression of its superiority. Under capitalism, social production as a whole is anarchic. The victory of the socialist revolution and establishment of the system of public ownership of the means of production made it possible for the national economy to develop in a planned and proportionate way. We were thus able to steer clear of the capitalist economic crises and the resultant huge waste. This theory of Marx's is entirely correct. We firmly believe in this theory and have achieved tremendous successes in our practice.

Comrade Zhou Enlai once pointed out that Economy resulting from planning is the greatest economy and waste resulting from planning is the greatest waste. What he meant was that the key to the improvement of macroeconomic performance lies in the scientific nature of state policies and planning. If the formulation of the plan for the development of the national economy as a whole, the arrangement of the relationship between various basic sectors, the deployment of economic resources, the distribution of productive forces, the launching of capital construction projects, and so on are handled properly and in correct proportions, maximum economic returns can be achieved. If these are not properly handled and are divorced from reality, there will be tremendous waste. This waste would be intangible, or not readily discernible and acknowledged. For instance, the practice of setting up factories "in scattered hilly areas and caves" failed to produce good returns and investment went down the drain. Under the circumstances, it was both wrong and useless to blame the enterprises. Of course this does not mean that economic performance is not important. Every enterprise should practice strict budgeting and try by all and every means to improve economic performance. This is the basis on which to increase national strength and is something which all enterprises must put efforts into grasping. However, the huge waste resulting from mistakes in macroeconomic policies and planning are not something that enterprises can reverse. Thus, it is important that macroeconomic performance be stressed.

In order to improve macroeconomic performance we must properly handle the relationships between speed, proportion, and performance. Proportionate development is the best pace and the way to achieve the best economic performance. This is a truth which has been proven time and again by our experience in economic construction, both positive and negative, in the 40 years since the founding of the People's Republic. Owing to our poor economic foundation, large population, vast territory, and unbalanced development, however, our economic work has long been troubled by people's over-anxiety to develop production at high speed. For the sake of speed, we ignored national conditions and strength, did not respect the objective economic laws, neglected the proportionate relationships, went full steam ahead with blind and overlapping construction, and one-sidedly went after output value and quantity at the expense of quality and consumption. As a result, we did indeed manage to increase speed but the economy was thrown off balance and economic performance deteriorated. In the end, our hopes of developing production at high speed fell through and we were forced to carry out readjustment. The kind of economic fluctuations touched off by "expansion" and "contraction" resulted in a massive haemorrhage of social wealth. A few years ago, we achieved great successes in our reforms. The fact that overheated economic growth and serious imbalances in our industrial structure and product mix also occurred at that time shows that the correct handling of the relationships between speed, proportion, and performance remains a question that must be further resolved in our future reform and development. As I see it, in providing economic guidance, we must put proportionate development before everything else. Proportionate development is a speed that can be depended on. It is the only way to bring about small investment resulting in high output and continuously increasing social wealth. In our economic development, we should maintain moderate speed and high performance. Without a fairly high speed there is no way of demonstrating our economic performance. However, too high a speed will invariably be achieved at the expense of good performance. Only by maintaining a moderate speed can we bring about the unity of proportionate development, speed, and good performance. Only in this way can we bring about a benign cycle in economic development and achieve still greater macroeconomic results.

In order to achieve better macroeconomic results, we must rely on reform and opening the country to the outside world. We are now in a new stage of establishing a new order based on the planned commodity economy and carrying out reform aimed at introducing new economic operational mechanisms which combine the planned economy and regulation by market forces. The major drawback of our former system of planning was that it only concerned itself with planning and ignored the fact that the socialist economy also needed regulation by market forces. As a result, planning was made all-embracing and over-rigid, which in fact will not work and cannot produce good results. Long seclusion was not

only detrimental to technological advancement but also had adverse effects on economic vitality and performance. In our recent reform program we pinned too much hope on the role of market forces, reduced planning elements excessively, and introduced regulation by market forces into various spheres without restrictions, either wittingly or unwittingly. As a result, total volumes went out of control, the deployment of production factors was thrown into disarray, the sequence of circulation became chaotic, and inflation was exacerbated. In the process of improving the economic environment, straightening out the economic order, curtailing demand, and tightening control over total volumes, new problems cropped up. For instance, the speed of industrial growth dropped too rapidly, markets were sluggish, and the number of enterprises which suspended or partially suspended production increased. These instances show that our economic operational mechanism is far from perfect. At present, measures must be taken to guide consumption, open up markets, reduce the overstocking of products, eliminate debt chains, ameliorate the shortage of funds, and so on, in order to promote appropriate economic growth. But, in the final analysis, we must concentrate our efforts on deepening the reforms in order to eliminate the economic fluctuations of "expansion" and "contraction" and gradually introduce the economic operational mechanisms which combine the planned economy with regulation by market forces. Only in this way can we maintain the sustained, stable, and coordinated development of the economy and continuously achieve better macroeconomic results.

Last, strategic thinking is necessary in order to achieve better macroeconomic results. We must stress immediate as well as long-term benefits, direct as well as indirect benefits, and economic as well as social benefits. For instance, we must be willing to invest in science and technology, education, energy, transportation, and telecommunications, and be good at converting indirect benefits and social benefits into direct and long-term economic benefits. While immediate benefits are of great importance we should look for fundamental and long-term strategic means of achieving better economic results. This requires that we bear the interests of the whole in mind in our economic planning and in the allocation and use of financial resources. With the focus placed on the improvement of economic performance, we must use our limited funds where they are most urgently needed. Only by properly tackling the questions of priority and importance in the allocation of funds in accordance with the principle of putting production before capital construction, simple reproduction before enlarged reproduction, and projects of innovation, tapping potential, and transformation before new projects, can we achieve good macroeconomic results. In short, the socialist system enables us to proceed from the maximum benefits of the nation and the people, take the interests of all quarters into account, weigh the pros and cons in devising strategies on the question of achieving better economic results, and combine immediate and

long-term benefits, direct and indirect benefits, economic and social benefits, and microeconomic and macroeconomic benefits.

#### **The Economic Performance of Enterprises Must Be Vigorously Grasped in Order To Improve the Mechanism of Managerial Responsibility in Enterprises**

Economic performance directly originates from the process of production and construction and is the comprehensive fruit of production and construction. Hence, every unit of production and construction must stress economic performance, strive to increase the rate of returns on investment, produce larger quantities of useful products which meet the needs of society, and create more surplus product and value. Under the socialist system, the importance of improving the economic performance of enterprises also lies in the fact that the maximum economic benefits envisaged in the macroeconomic policies and plans ultimately depend on the hard work of enterprises being translated into reality and realized in full.

Since the beginning of reforms, the economic performance of Chinese enterprises steadily increased until 1985 when the situation took a turn for the worse. The profit and tax rate on funds for state industrial enterprises was 24 percent in 1978. It rose to 25.1 percent in 1984 but dropped to 22.6 percent in 1988. The profit rate on funds was 15.2 percent in 1978. It was registered 15 percent in 1984 but dropped by 4.5 percentage points to 10.5 percent in 1988. Every percentage point drop implied a drop of 10 billion yuan in profits. The investment coefficient, or investment needed to increase gross domestic product by 1 yuan, was 1.59 in 1984, but rose to 3.09 in 1988. A considerable part of investment was tied up in the construction process. In other cases, the fixed assets acquired with investment failed to produce the anticipated results. Of course the situation varies greatly between enterprises. In the spheres of production, construction, and circulation, there are indeed some advanced enterprises which have excelled in management and have been able to achieve higher targets year after year. There are many reasons for the deterioration of microeconomic results in recent years. Aside from the macroeconomic factors discussed above, the main problem on the microeconomic level is "the substitution of the contract system for management." Many enterprises even took advantage of the tax abatement and profit concessions offered by the government, exploited the price disparities, overlooked the need to tap internal potential, and slackened their basic management work and economic accounting. In this connection, the crux of the problem is that in some of our reforms we have failed to put the stress on developing a mechanism of managerial responsibility in enterprises which combines drive with pressure and has its focus on the improvement of economic performance.

In order to improve the economic performance of enterprises we must change our concept of operation, improve the internal mechanism of managerial responsibility,

and strengthen the overall function of enterprise management. We should see that the idea of "three-rely and three-guarantee" is at work to varying degrees in many enterprises. What this means is that enterprises rely on: Swelling market demand to carry out external expansion in order to guarantee growth; tax abatement and profit concession by financial departments and bank funds to guarantee their survival; and rely on increasing the price of their products and on preferential policies to guarantee their performance. Unless we quickly change this kind of operational concept and shift our stand to the strengthening of management and the tapping of internal potential, it will be very difficult to put an end to poor economic performance. Our enterprises must also overcome the mentality of "substituting contract system for management," devote major efforts to strengthening basic work, and improve the system of internal managerial responsibility. In the past, the three-tier system of responsibility for economic accounting was practiced in enterprises. The role played by this system in improving economic performance is time-tested. Reform does not mean starting all over in every field. It only means that we should reform aspects that are no longer suitable and make improvements in the light of new situations and new contradictions. The improvement of the system of internal managerial responsibility should center round the improvement of economic performance. All departments and production units should have clearly defined areas of responsibility and each should be responsible for its own functions. Decisionmaking, control, management, accounting, assessment, rewards, and punishment should be well coordinated. It should also be pointed out that a perfect mechanism of internal managerial responsibility in enterprises depends on the efforts made to improve and perfect basic work, rules, and regulations: From the system of fixed production quotas, cost management, funds management, and quality management, to economic accounting. Only in this way can we gradually establish a mechanism of managerial responsibility which combines incentive with restriction and drive with pressure; establish effective management structures, systems, and methods suited to the characteristics of particular enterprises; give full scope to the overall functions of enterprise management; and continuously improve economic performance.

In order to improve the economic performance of enterprises, we must rely on scientific and technological advancement, which is a vast source of improved economic results. The economy of labor and time, the reduction of energy and raw material consumption, the effective use of production equipment, the improvement of product quality and the replacement of older generations of products by new ones, all depend on scientific and technological advancement. Hence, all enterprises must give prominence to scientific and technological advancement. They must make technical innovation, the tapping of potential, and technical transformation as their starting point; promptly select and use new technological achievements in accordance with the state's

industrial policy; do a good job of the digesting, assimilating, and utilizing imported equipment; and strengthen the development of new products. Enterprise funds for technical transformation, development of production, and trial-manufacture of new products must truly be spent on the promotion of new technology and technological processes, the reduction of raw material consumption, and the development of new products. On no account must these funds be used under various pretexts for the expansion of productive capacity on a low level. Financial departments at various levels must, within their financial capability, do their best to support enterprises seeking scientific and technological advancement. At the same time, they must give full scope to their financial supervision role, encourage enterprises to make rational arrangements for the use of various productive funds, and prohibit enterprises from spending their productive funds on welfare and bonuses.

In order to improve the economic performance of enterprises we must also deepen the reforms and improve the system of contracted managerial responsibility. The base figure and rate of increase of contracted quotas should be rationally readjusted in the light of changed circumstances; income from price hikes should be rationally divided between the state and enterprises; and the assessment of contracts should be perfected so that enterprises truly turn to the tapping of existing potential and securing more real benefits from improved performance. Furthermore, positive efforts must be made to increase the number of experimental projects on the separation of taxes and profits, the repayment of loans after tax, and contracting after tax. The fact that the present practice of before-tax repayment of loans lacks responsibility constraints, accounts for the large proportion of projects which are ineffective or performing poorly and have resulted in heavy burdens for the enterprises and the state. Changing this practice to the more rational method of after-tax repayment of loans can help establish the mechanism of self-constraint in enterprise investment. This will not only help prevent the swelling of investment but will cause enterprises to think about results when spending money and to use their funds truly for the sake of scientific and technological advancement. The policy of tying total wages to performance has run into all kinds of problems in practice. For instance, the pegged indexes are in a state of chaos and the coefficients of wage retention are too high. In particular, the practice of tying total wages to output and output value encourages, in fact, the seeking of higher output and output value rather than better economic performance. It is thus necessary to sum up experience and further improve the reforms.

In short, the improvement of economic performance in enterprises is an exceedingly arduous and meticulous task. Enterprises must try by all and every means and make unremitting efforts to fulfill this task. All localities and departments must do their part by paying attention to economic performance while carrying out management by trades. Provided that all quarters are mobilized

to grasp economic performance, carefully formulate plans for eliminating losses and increasing profits, and encourage and help enterprises improve their operation and management, we will definitely be able to raise the economic performance of enterprises to a new level.

**Carry Forward the Spirit of Building Enterprises Through Arduous Efforts and Effectively Launch the Campaign To Increase Production, Practice Economy, Raise Revenues, and Reduce Expenditure**

Carrying forward the fine traditions of plain living and hard struggle, and of building the country and running all undertakings with industry and thrift, is of utmost importance to the continuous improvement of economic performance and acceleration of the progress of the four socialist modernizations.

Comrade Deng Xiaoping pointed out that, in carrying out the four modernizations, China must conscientiously build enterprises through arduous efforts. "On the question of building an enterprise through arduous efforts, we must have a sober understanding. It is not a question of whether or not we have the will but is something determined by the fact that our country has a poor foundation, and a large population, and is backward in the areas of education, science, and culture. In order to complete the cause of modernization, and narrow and eliminate the gap of several decades, or even 100 and more years, which exists between our country and the developed capitalist countries, we must make a determined and sustained effort to build enterprises through arduous efforts. Leading organs, and leading cadres in particular, must take the lead in building enterprises through arduous efforts, practice industry and thrift, share weal and woe with the broad masses, resolutely rectify the undesirable tendency of all words and no action, and truly implement the principles and policies of our party and state in our actual work.

It is true that in recent years the concept of hard work, building the country through industry and thrift, and practicing economy and thrift, has not been very clear among the ranks of our cadres. Put another way, this concept has been ignored. Since the beginning of reform and opening the country to the outside world, we have seen swift economic development and improvements in the people's livelihood. Dizzy with success, some people began to demand a higher level of consumption and better welfare. The mentality of seeking pleasure and enjoyment and showing no eagerness for progress also spread among cadres. In particular, the public are deeply resentful of the fact that some cadres sought special privileges, feathered their own nests at public expense, went in for ostentation and extravagance, and wasted and squandered huge amounts of state funds and resources. Thus, while resolutely opposing the seeking of special privileges, we must also energetically encourage and develop, among cadres at various levels, the spirit of hard work, plain living, diligence, and thrift. This is a major issue that has a vital bearing on the rectification of party style and the general mood of society, and on

whether or not we can lead the people of the whole country to honestly build enterprises through arduous efforts and speed up the progress of the four modernizations.

Austerity is being called for today. What this means is that we must build enterprises through arduous efforts. Austerity is directed against extravagance and waste. It does not mean that the people will have to tighten their belts. The country must build itself through diligence and thrift, factories must develop themselves through diligence and thrift, and households must be managed in the spirit of diligence and thrift. In a developing country like ours, in particular, we will be courting disaster for a moment's pleasure if we introduced a high level of consumption and better welfare at this stage, pretending that we are well-off when we are in fact poor. We must help everyone truly understand that all waste is criminal, since our construction funds are not easy to come by and neither are the fruits they produce. Thus, all units must persist in the principle of spending less while getting more work done, practice strict budgeting and strict economy, and save every cent for the modernization program. Of course, living in austerity is neither easy nor comfortable but we must proceed from the overall situation and share the burdens of the state. What we get in return will be long-term, fundamental, and overall interests. That is why we should work more consciously and in a still better way.

Effectively launching the campaign to increase production, practice economy, raise revenues, and reduce expenditure in an all-round and penetrating way means translating into actual action the spirit of building an enterprise through arduous efforts and practicing economy and thrift. Today, waste is widespread in production, construction, and circulation units, party and government organs, organizations, and institutions, and the potential for increasing production, practicing economy, raising revenue, and reducing expenditure is great. Through this campaign we must practice strict budgeting, pay attention to results when spending money, practice strict economy, oppose extravagance and waste, and plug loopholes for tax evasion. We must strive to increase labor productivity and work efficiency, stop the production of products which are not suited to the needs of society or which are of inferior quality, reduce costs, and raise the turnover rate of funds. Financial, taxation, and auditing organs at various levels must greatly strengthen their work of supervision and auditing over economic activities and strictly enforce financial discipline. It should be clearly understood that throughout the course of socialist modernization, it is necessary to fully mobilize the masses, grasp the work of increasing production, practicing economy, raising revenue, and reducing expenditure in an unremitting and sustained manner, deeply develop socialist labor emulation with increasing production, practicing economy, raising revenues, and reducing expenditure as the main concern, and fully carry forward the spirit of building an enterprise through arduous efforts. We communists have

always believed that the mental can be transformed into the material and vice versa in given conditions. In the course of remolding the objective world, differences in man's mental outlook will invariably produce different efficiency and effects under more or less the same material conditions. Hence, carrying forward the spirit of building an enterprise through arduous efforts, launching the campaign to increase production, practice economy, raise revenue, and reduce expenditure, and building a contingent of staff and workers who are hard working, ideologically advanced, technically competent, well-disciplined, and united is the fundamental guarantee for the continuous improvement of economic performance and the continuous advancement of the cause of socialist modernization.

### **Continue To Advance Along the Correct Road to Resolving Domestic Nationality Problems**

*HK0207101590 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 11, 1 Jun 90 pp 7-12*

[Article by Ismail Amat (0674 7456 5030 5337 6314 2251) and Zhao Yannian (6392 1693 1628)]

[Text] The nationality question is one of the social problems confronting mankind. Sensitive and complicated as it is, the nationality question often leads to social unrest and political instability if it is not handled properly. Over the years, politicians, thinkers and sociologists have been racking their brains trying to find the key to resolving the nationality question. In societies where private ownership is practiced and where class antagonism exists, it is futile to try to fundamentally resolve the nationality question. The birth of Marxism charted for mankind the correct road to resolving the nationality question. Comrade Deng Xiaoping pointed out in 1950 that Marxism can resolve China's nationality question. This theory has been verified by the great practice in China over the last 40 years. Today, upholding the Marxist theory and the socialist orientation on the nationality question and continuing to advance along the correct road to resolving domestic nationality problems is of great theoretical and practical significance to our efforts to defend the Marxist banner and safeguard and develop the achievements of socialism.

#### **I. China Has Found the Correct Road to Resolving Domestic Nationality Problems**

The socialist period is a period of development and prosperity for nationalities. Under socialist conditions, differences still exist between nationalities, and conflicts and frictions between nationalities will still occur. We must therefore squarely face and properly handle the nationality question. The establishment of the socialist system has opened the road to resolving the nationality question. As conditions vary from state to state, each

country has its own specific way of resolving its nationality problems. Our party insists on combining the Marxist-Leninist theory on nationality with the actual nationality situation in China. After decades of exploration and practice, we have found the correct road to resolving our domestic nationality problems.

#### **1. Proceed from China's own conditions and steadfastly uphold the Marxist-Leninist principle of national equality.**

National equality is the cornerstone of the Marxist nationality theory; it is also the core of China's policy toward nationalities. Big or small, all nationalities are equal in their rights to survive and develop. All nationalities have made their contributions toward the development and progress of mankind. Therefore, they should all be equal in social life. As the proletariat regards the emancipation of mankind as a whole as its duty, it is only natural that it should uphold national equality on the nationality question. This is also something it must do in order to accomplish its historic mission. In China, national equality is achieved on the economic basis of the public ownership of the means of production and the political premise of the elimination of national oppression. It is broad-based and genuine, something with which capitalist "national equality" cannot compare. In China, there is equality between the minority nationalities and the Han nationality, as well as equality among the minority nationalities themselves. All nationalities enjoy equal rights and have to bear corresponding obligations in all aspects of social life—political, economic and cultural, including spoken and written languages and customs and habits—regardless of their size and degree of development, or whether they have the same religious belief, customs and habits. Discrimination and oppression against another nationality is prohibited, and no citizen, whatever his nationality, shall have the privilege of overstepping the law. In order to better implement the principle of nationality equality, we have formulated, in a realistic manner, the following policy for judging nationalities: Any stable community with obvious characteristics shaped by history in respect of economic life, written and spoken language, ways of life, customs and habits, national consciousness and so on, shall be judged as a "nationality." As proven by facts, the theory and practice of our judgment of nationalities are in accord with the history and reality of China, and are conducive to the formation and development of socialist relations of equality, solidarity and mutual-assistance among various nationalities in China.

#### **2. Regional national autonomy is a basic policy and basic system of our party and government in resolving domestic nationality problems.**

Regional national autonomy means self-government under the unified leadership of the Central People's Government. On the one hand, national autonomous areas are inalienable parts of the PRC like the rest of the country and must abide by the constitution and laws of the country. This is their general characteristic. On the other hand, national autonomous areas enjoy autonomous power under the constitution and laws of the country. This is their specific characteristic. The combination of their general and specific characteristics is the general principle and basic characteristics of the system of regional national autonomy in

China. It is the concentrated expression of the principle of national equality and the socialist system of democratic politics in our national relations.

The system of regional national economy is the only correct choice that is fully in keeping with our national conditions. Politically, we have a long history as a union of many different nationalities. The ties and contacts between various nationalities grew closer with the passage of time and the development of production, eventually becoming a strong rallying force. After the Opium War, in particular, it was with the aim of building an independent, united, prosperous and strong country that people with lofty ideals from various nationalities fought together. Economically, there has always been traditional division of industries as well as economic exchanges between various nationalities due to differences in geographical environment, natural conditions and other factors. Mutually dependent and inseparable economic relations have thus developed between nationalities. Culturally, various nationalities absorbed one another's strong points and enriched one another. In the long course of historical development, large areas inhabited by several minority nationalities, small areas where minority nationalities live in compact communities and cross habitation have also developed. In short, the development of history has provided the objective needs for the practice of regional national autonomy, while modern and contemporary revolutionary movements have provided the social foundation and actual conditions for this practice. Hence, the system of regional national autonomy is in conformity with Marxist-Leninist theories, the actual conditions in China and the fundamental interests of all our nationalities. Practice in the 43 years since the establishment of the Inner Mongolia Autonomous Region in 1947 shows that this system has strengthened the rallying force of various nationalities in China, ensured the unprecedented unification and unity of our country, and protected the rights of minority nationalities to equality. It is conducive to the development of socialist democracy in China and represents a major feature of the development of socialist democratic politics in China.

**3. Safeguard the unification of our country and the unity of all our nationalities.** Unification of the country, unity of all our nationalities and social stability are indispensable conditions for carrying out modernization in a big multinational country. Due to historical and practical reasons, we are still confronted with the arduous task of safeguarding the unification of our country and strengthening the unity of all our nationalities. In modern times, imperialist powers encroached upon our enfeebled nation. Out of their political and military objectives, they cultivated splittist forces, supported and abetted splittist activities, and incited splittist sentiments. The hidden perils in nationality relations are some of the curses left to the Chinese nation by the imperialists. For this reason, after the founding of New China, we still have to deal with sabotage and harassment by splittist forces. At most times, the unity of all nationalities and the unification of the country are closely related. In order to safeguard the unification of the country, it is necessary

to strengthen the unity of all nationalities. It is precisely for this reason that our party and government have, as a matter of course, regarded the safeguarding of the country's unification and the unity of all nationalities as an important aspect of our policy toward nationalities.

Safeguarding the unification of the country and the unity of all nationalities is an important guiding principle of our political and social life. The PRC Constitution solemnly states: "It is the duty of citizens of the PRC to safeguard the unification of the country and the unity of all its nationalities." In its efforts to safeguard the unification of the country and the unity of all nationalities, the state has taken a host of measures and accumulated a lot of successful experience. The state has all along attached great importance to education on the unity of all nationalities, encouraged various nationalities to treat one another on an equal footing, respect and help one another and strive for common progress together, and cultivated the social custom of national unity, harmony and friendly coexistence. Activities of establishing and commending advanced collectives and individuals in promoting the unity of all nationalities have been extensively launched. In order to promote the unity of all nationalities, the state has also tried hard to remove the vestiges of history and properly handled the contradictions among the people in nationality relations so that people of various nationalities can join hands in creating a wonderful life with a new mental outlook. We have also resolutely hit back without hesitation at the conspiracies perpetrated by hostile forces to sabotage the unity of our various nationalities and the unification of our country. We can proudly say that our socialist nationality relations are rock firm. The sabotage perpetrated by splittists, the schemes and intrigues engineered by hostile forces abroad and the perilous storms in the turbulent world cannot shake the great wall of the unity of our various nationalities.

**4. Energetically train cadres of minority nationalities from the strategic high plane of resolving the nationality question.** In the early days of the people's republic, Comrade Mao Zedong pointed out with great insight that it is impossible to thoroughly resolve the nationality question and completely isolate the reactionaries among nationalities without a large number of communist cadres of minority nationality origin. An important indication that the rights of minority nationalities to equality are protected and that the system of regional national autonomy is practiced is that a given number of minority nationality cadres are participating in deciding and running state affairs in state organs at various levels. Minority nationality cadres have natural ties with their own nationalities and can reflect the wishes and demands of the minority nationalities. The role of minority nationality cadres as the link and bridge must be brought into play in implementing the major principles of the party and state in the nationality regions. In addition, minority nationality cadres also play a special and important role in safeguarding the unity of all nationalities, promoting reform

in the nationality regions, and leading the people of various nationalities in developing their economy, culture and other undertakings.

For the sake of training and using minority nationality cadres, our party and government have established the principle of extensively training large numbers of minority nationality cadres, the electoral system which stipulates that people's congresses at various levels should have a given number of minority nationality deputies, and the legal system which stipulates that the chief executive of organs of self-government of national autonomous areas shall be a citizen of the minority nationality concerned. A range of administrative measures, such as running various types of schools in the nationality regions and setting up nationality academies and nationality courses, have also been taken. Today, our country has over 1.8 million minority nationality cadres. They are the precious wealth of our party and state, as well as an important guarantee that we can correctly handle the nationality question.

**5. Devoting ourselves to the common prosperity of various nationalities is the fundamental stand of our party and state in their policy toward nationalities.** Common prosperity covers the political, economic and cultural development and progress of various nationalities, the improvement of the quality of various nationalities, as well as the full demonstration of the characteristics of various nationalities. It is a natural requirement of the Marxist theory on nationality, the common pursuit of various nationalities, as well as the prerequisite for the prosperity of the whole country. Before entering the primary stage of socialism, some of the minority nationalities in our country are still under the feudal landlord system, the system of feudal serfdom, or the slave system, and vestiges of the primitive commune system can still be found in some nationalities. They have since seen a big leap in social system, but the developmental stage of the socialization of production cannot be skipped. In order to help the minority nationalities and the nationality regions develop their economies and cultural undertakings, the party and state have, under the principle of combining support from the state, assistance from advanced nationalities and self-reliance on the part of minority nationalities, insisted on giving the minority nationalities and nationality regions support and assistance. Such support and assistance have all along been regarded as the bounden duty of the state and Han nationality toward minority nationalities, not some kind of favor. This kind of assistance is a kind of mutual assistance. The Han nationality has assisted the minority nationalities, and the minority nationalities have also provided assistance to the Han nationality. The state has supported the nationality regions, and the nationality regions have also given their help to the country in its construction. Support and assistance are not simply intended as "relief." They are mainly intended to enhance the ability of minority nationalities to develop themselves and stimulate the inner vitality of minority nationality economies so they can take their own road of

development and prosperity on the basis of self-reliance. The achievements we have made in this connection are obvious to all. Many nationalities have leaped over several social formations to become nationalities of the socialist era.

## **II. Uphold the Party's Basic Line and Do a Good Job of Nationality Work in the New Period**

The basic line of "one focus and two basic points" adopted by the party at its 13th National Congress is the starting point and fundamental guiding ideology for handling the nationality question and doing a good job of nationality work at the present stage. At this stage when the focus of the whole party's work has been shifted to modernization, the nationality question in our country boils down to the urgent demands of minority nationalities and nationality regions to speed up their economic and cultural development. Hence, we must exert great efforts to speed up economic and cultural development in the nationality regions, give full scope to the advantages enjoyed by the nationality regions in terms of resources, and create a solid material foundation for the unity and progress of various nationalities. At present, we must devote ourselves to helping the minority nationality regions shake off poverty. We must, as Comrade Jiang Zemin pointed out, take necessary measures to continue to assist and support the nationality regions develop their economic, educational, cultural and other undertakings, and devote sustained and unremitting efforts to gradually eliminate the gaps left over by history which exist to varying degrees between different nationalities.

The four cardinal principles are the basis on which the nation is founded; they are also the foundation for doing a good job of nationality work and resolving the nationality question. Without the leadership of the CPC, without the socialist system and without a political situation of stability and unity, the rights and benefits enjoyed by the minority nationalities will be lost, and equality and progress for all nationalities will be out of the question. Upholding the four cardinal principles in nationality work means adhering to the Marxist nationality theory, ensuring the implementation of the major principles of the party and state in the nationality regions, resolutely safeguarding the unification of the country and the unity of all nationalities, maintaining and developing socialist revolution and construction in the nationality regions, and preventing and opposing all trends of bourgeois liberalization on the nationality question.

Reform and opening the country to the outside world is the road to a rich and powerful country. It is the road to common prosperity for the people of various nationalities. A nationality that does not carry out reform and open its doors has no future and no hope. Of course, while upholding the unified general policy of reform and opening the country to the outside world, minority nationality regions must pay attention to the specific characteristics of their own nationality and region and

proceed from local conditions in everything. Most minority nationality regions have an underdeveloped commodity economy. Some of them are even in a state of natural or semi-natural economy. Different minority nationality regions have different natural characteristics, industrial characteristics and national characteristics. This calls for a safer and more flexible approach on specific measures of reform and steps of implementation. Like the rest of the country, minority nationality regions must grasp firmly and well the task of improving the economic environment, straightening out the economic order and deepening the reforms in an all-round way. When introducing measures of economic readjustment and measures of reform for implementation in the whole country, it is necessary to fully consider the specific characteristics of the minority nationality regions and give guidance according to types. In practicing the open policy, minority nationality regions must also develop their own strong points while avoiding their weaknesses, give full play to their favorable local conditions, and fully take into account their geographical location, economic conditions and investment environment. Most of our minority nationality regions are situated in land-locked border areas. More than 20 nationalities are living right next to their fellow nationals in foreign countries. This affords favorable conditions for the development of good neighborly relations and the opening up of nationality regions. While continuing to open their doors to the outside world through coastal areas to the east and south, nationality regions must also open their doors to neighboring and adjacent countries to the west and north. This is favorable to the development of nationality regions and will make the overall pattern of opening the country to the outside world more rational. In addition, efforts should also be made to develop horizontal economic ties with the developed regions of the country through various channels so that the nationality regions and other regions can complement and support one another and develop together.

### **III. Maintain Overall Stability, Consolidate and Develop Socialist Nationality Relations**

In the historical period of socialism, equality, unity and mutual assistance are the main aspects of nationality relations. However, because China is now in the primary stage of socialism and finds itself in a complicated international environment, negative factors that affect and interfere with socialist nationality relations based on equality, unity and mutual assistance unavoidably exist. This accounts for the complicated nature of nationality relations at the present stage. Whether or not we can correctly handle nationality relations and strengthen the unity of all nationalities has a close bearing on the prosperity or decline of our country. It is thus necessary to implement the spirit of the talk delivered by Premier Li Peng at this year's national conference of chairmen of nationality committees: For the long-term peace and stability of the country, party committees and governments at various levels must pay great attention to the nationality question and do a good job of nationality

work. Efforts must be made to maintain national equality, and uphold the unity of all nationalities and the unification of the country.

Persisting in carrying out education on the policy toward nationalities and on unity among nationalities is the fine tradition and successful experience of our party in nationality work. Following the reiteration and further implementation of the party's policy toward nationalities after the Third Plenary Session of the 11th CPC Central Committee, nationality relations have seen great improvements. However, there are still problems that cannot be ignored. A profound lesson we have learned over the years is that the party's ideological and political work has slackened. This includes our lack of attention to propaganda and education on the party's policy toward nationalities. Some people, the young in particular, lack a basic understanding of the party's nationality theory and policy toward nationalities. They do not understand the basic concept of socialist nationality relations and are not conscious of the legal system of nationalities. These factors, coupled with the unchecked spread of bourgeois liberalization trends, have adversely affected the unity of all nationalities. Bearing this in mind, we must carry out lively and effective education on patriotism, the Marxist nationality theory and the policy toward nationalities, and grasp this firmly and in a sustained way as an important part of education on upholding the four cardinal principles, as well as an important aspect of the building of socialist spiritual civilization. This kind of education must be combined with check-ups on the implementation of the party's policy toward nationalities. The socialist morality and legal concept of safeguarding the unification of the country and the equality and unity of all nationalities should be developed among the people of various nationalities.

In consolidating and developing socialist nationality relations, we must make it clear that we are opposed to splittism and penetration. Due to the presence of a handful of splittist elements at home and the presence of anti-China, anti-socialist hostile forces in the international arena, the fight against splittism and penetration will be a long-term task. There is the possibility that reactionary forces at home and abroad will collaborate, make reckless moves and stir up trouble when the climate is right. We should fully understand this possibility, be sufficiently alert and have correct strategies and measures at our disposal. Our strength lies with the people. Our nationality cadres and masses are a vital force in socialist revolution and socialist construction. They are also a trustworthy and dependable force in fighting splittism and penetration. They cherish the socialist motherland and detest splittism and retrogression. Splittist elements are a mere handful and are the common enemy of the people of various nationalities at all times. As long as we rely on the people, adopt proper policies and effective measures, and persist in struggle, we will remain invincible. The unity of all our nationalities, the unification of the country and common prosperity are the trend of history. Following this historical

trend, various nationalities in our country will move toward a new era and achieve their great rejuvenation.

In consolidating and developing socialist nationality relations, we must pay attention to overcoming big-nationality chauvinism as well as local nationalism or narrow nationalism, with emphasis on the former. Today, the national pride and confidence of the minority nationalities have been greatly enhanced. They are very concerned about the development and progress of their own nationality. They demand that the party's policy toward nationalities and the state's nationality laws be effectively enforced, and that their rights to equality and self-government be guaranteed. This is a sign of progress and is an appropriate and reasonable demand which should be understood and supported. We must see to it that their demand is met. We must strictly distinguish between this demand and local or narrow nationalism, and on no account must we be prejudiced against a particular nationality because there are bad people and splittist elements in their midst. As far as these two erroneous concepts of nationalism are concerned, the majority of the problems during the socialist period are contradictions among the people. If mishandled, these will develop into antagonistic contradictions. We must devote more attention to these at ordinary times to provide against possible trouble. Contradictions and disputes that have already erupted between nationalities must be promptly and properly handled. In the case of contradictions among the people, we should adopt the method of criticism and self-criticism and try to resolve them through consultation. In cases where the criminal codes have been violated, they should be handled in accordance with law regardless of which nationality is involved. If party and government discipline have been violated, they should be handled in accordance with party and government discipline.

In consolidating and developing socialist nationality relations, we must create a good environment and good conditions for the development of the outstanding traditional culture of various nationalities. Adhering to the Marxist-Leninist principle of equality for spoken and written languages, we must protect the right of minority nationalities to use and develop their own spoken and written languages and respect the right of minority nationalities to preserve and reform their customs and habits. Over the years, a large number of works which are conducive to the unity and progress of nationalities have been created and published by departments in charge of literature and art, journalism and publication. However, instances of disrespect for the customs and habits of minority nationalities, even cases which seriously hurt the feelings of nationalities, have occurred in recent years. These are in contravention of the party's policy toward nationalities and are detrimental to the unity of our various nationalities. Every effort must be made to prevent the reoccurrence of similar instances. At the same time, we must explain to the cadres and masses of minority nationalities that when problems of this sort occurred, they should seek solutions through appropriate

channels and should not resort to drastic actions. Efforts should be made to prevent bad people from exploiting the situation to jeopardize the overall situation of stability and unity. People of various nationalities should be open-minded and tolerant toward works which touch on their backward aspects, and should welcome the criticism of backward aspects through literature, art and other forms for the sake of promoting the better development of the nationality regions. A large proportion of nationality peoples are religious. In some nationalities where the masses believe in one particular religion, religious problems are often intertwined with nationality problems. Hence, we must conscientiously implement the party's policy of freedom of religious belief and protect the normal religious activities of the religious followers. At the same time, we must also strengthen management over religious activities and guard against illegal activities carried out under the cover of religion.

Over the years, we have accumulated a lot of successful experience in promoting the unity of all nationalities. We should continue to sum up, develop and promote these experience and give impetus to the continuous consolidation and development of socialist nationality relations.

#### **IV. Promote the Building of the Nationality Legal System and Further Implement the Law of Regional National Autonomy**

In order to properly handle nationality problems and do a better job of nationality work, we must strengthen the building of the legal system. We must strengthen nationality legislation and pay attention to the enforcement and compliance of relevant laws, particularly the implementation of the law of regional national autonomy. The "Law of Regional National Autonomy of the People's Republic of China" promulgated in 1984 represents the scientific summation of the system of regional national autonomy and marks a new step forward on the road of the readjustment of nationality relations by legal means. The implementation of the law of regional national autonomy has promoted the development of various undertakings in the nationality regions and has played a positive role in safeguarding the unification of the country and consolidating and developing socialist nationality relations. Enforcement of the law of regional national autonomy is not the concern of minority nationalities and national autonomous areas alone. As a basic law of the country, the law of regional national autonomy is universally binding, and all units, departments, organizations and individuals must abide by it. We should see that some of the rights prescribed in the law of regional national autonomy have not been fully protected. This problem should arouse our great attention and should be effectively resolved.

We must strengthen the building of a legal system which supplements the law of regional national autonomy and formulate as quickly as possible regulations and methods for implementing the law of regional national autonomy. Relevant departments of the State Council should,

within the scope of their jurisdiction, formulate rules and regulations to supplement the law of regional national autonomy. The national autonomous areas should also firmly grasp the formulation of autonomy regulations and gradually develop a set of rules and regulations for the implementation of the law of regional national autonomy which embody the common principle observed by the whole country as well as the characteristics of various localities and departments. This, coupled with the gradual improvement of the mechanism for supervision over law enforcement and compliance, can ensure the further implementation of the law of regional national autonomy.

Training large numbers of minority nationality cadres and using them positively is the key to the implementation of the law of regional national autonomy and the improvement of the system of regional national autonomy. We must, in a planned way, select outstanding minority nationality cadres to take up leadership work in leading party and government organs at various levels and in competent operational departments so they can take part in deciding and running state and national autonomous affairs. Following the retirement of some minority nationality cadres, the task of training and bringing up a large number of leading minority nationality cadres who are in their prime becomes all the more pressing. Leading organs of national autonomous areas must be manned with minority nationality cadres in proportion to their population. At the same time, we must continue to grasp the training of minority nationality cadres at various levels and adopt a variety of methods to raise their ideological and cultural level and enhance their leadership ability. Minority nationality cadres must make unremitting efforts to improve themselves and maintain close ties with the masses. Minority nationality cadres and Han nationality cadres must trust and learn from one another and make concerted efforts to do various tasks well. In particular, they must maintain a clear-cut and firm stand before major issues like safeguarding the unification of the country and the unity of all nationalities. While training minority nationality cadres, we must also devote major efforts to the training of scientific and technological personnel and industrial workers among minority nationalities. This will be an important aspect of nationality work in the new period.

In implementing the law of regional national autonomy and improving the system of regional national autonomy, we must properly readjust the relations of between the state and the national autonomous areas in respect of economic benefits. The relationship between the state and the national autonomous areas should be properly handled in accordance with the principle of appropriate giving and taking and invigoration. In developing and building up the minority nationality regions, the state must proceed from local conditions, do things that are favorable to the development of the regions and take care of the interests of the local people. Enterprises under state organs at higher levels should, through the delegation of management power, the return of profits

and taxes, the sharing of profits on products, the absorption and training of local workers, the transfer of technology and other means, assist and boost the economic development of minority nationality regions. While strengthening macroeconomic control, relevant departments of the state must respect the right of national autonomous areas to manage their own economic affairs and should further decentralize power and concede profits. Preferential policies that are suited to local needs and favorable to the social and economic development of minority nationality regions should be continued in respect of enterprise management, fixed asset investment, finance, taxation, credit, material supplies, nationality trade, and so on. Effective support and assistance should also be given in respect of education, technology, culture, health, sports and other areas so as to promote the all-round economic and cultural development of the minority nationality regions.

Since many minority nationalities still live in scattered communities, work concerning mixed and scattered communities constitute an important component of our nationality work as a whole. The role played by the strengthening of work concerning mixed and scattered communities is not to be ignored in the development of unity and progress of all nationalities. There are more than 1,500 nationality townships in China. Nationality township is an essential supplement to the system of regional national autonomy as well as an important measure for the proper handling of nationality relations. We must formulate working regulations concerning nationality townships as quickly as possible and make conscientious efforts to run nationality townships successfully.

We have achieved great successes in resolving the nationality question, but we are also confronted with many new tasks. We are convinced that as long as we steadfastly advance along the correct road to resolving domestic nationality problems, we can definitely achieve our goal of bringing about the rejuvenation of the country and the common prosperity of all nationalities.

#### **Commenting on Jin Guantao's 'Super-Stable Structure' View of History**

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[Text] Since the beginning of the reforms and opening up, the questions of the long continuity of China's feudal society and the structure and nature of Chinese society have become the hot topics of historical research. Many people have put forward their ideas and this has played a role in deepening research on these questions. However, there have also been many mistaken understandings and expositions put forward on Chinese history and the nature of Chinese society. Quite representative among these views is the conclusion which Jin Guantao

[6855 6034 3447] came to through cybernetics: that China's feudal society is a "super-stable structure." The author states that he began thinking about this idea in 1971 and he first formally put it forward in an article published in GUIYANG SHIYUAN XUEBAO [JOURNAL OF THE GUIYANG TEACHER'S COLLEGE], 1980, No. 1 and No. 2. In 1984, he published the book *Zenith and Crisis—On the Super-Stable Structure of China's Feudal Society* which finally formed his "super-stable structure" view of history. In the foreword, Bao Zunxin [0545 6690 0207] says of this book that it "has fascinating appeal" by which "one sees everything anew" and he "expresses warm admiration" for it. As this book has had quite wide circulation among some readers, and because it seriously violates the realities of China's history and society, there is a need to carry out an appraisal and analysis of Jin Guantao's "super-stable structure" view of history.

### 1. The Fictitious 'Super-Stable Structure'

China's feudal society is an historical stage in China's social development. It is not the entirety of China's history or society, and it has a beginning and an end. Carrying out serious research on it and exploring its emergence, development, decay and demise, is beneficial to understanding the patterns of China's social development, eliminating the influence of feudalism and in raising our belief in the inevitable victory of socialism. However, Jin Guantao tries, through historical proof, to get people to believe that China's feudal society is eternal and unchanging. This is typical historical idealism. This "super-stable structure" which he has painstakingly concocted, can be said to include three major parts:

First, the formation of the super-stable structure. China's feudal social structure was formed by three political economic and ideological sub-systems. That is to say, the developed landlord system, the huge unified bureaucratic mechanism, and the ideas of Confucian orthodoxy formed the super-stable structure of "patriarchal clan integration." "The political, economic and cultural relationships are of the same level" (*Zenith and Crisis*, p. 279; below, only the page numbers of the book will be give after citations). However, among these three sub-systems, which are nominally listed as equals, that which plays the decisive role is a system of supra-economic "coercive control" (pp 52-54). The "core of control" is the mechanism of feudal centralized power. Second is the restoration mechanisms. The feudal social structure is a super-stable system, but it has the characteristics of being very brittle and liable to crack apart. The maintenance of the super-stable situation relies on two complete and effective restoration and regulatory mechanisms. One is the feudal court state apparatus, which overrides society and carries out regulation through "coercive control." When things go wrong, the second regulatory mechanism comes into play—the periodic oscillations of major peasant rebellions, which carry out destructive regulation. Through this "collapse-restoration" mechanism, the entire society returns to the

original situation of accord, and the super-stable structure is reconstructed. "The two regulatory mechanisms play alternate roles, manifesting the stability of the basic form of the social structure," and new social structures cannot be established (p. 195). Thus, the super-stable structure "reveals the deep-going innate relationship between the stagnation and the cyclicity (crisis) of China's feudal society" (p. 196). Third is the super-stable system of China's feudal society which is divided into four stages: The period of formation in the Qin and Han dynasties; the period during the Wei-Jin and Northern and Southern dynasties when the system was subject to attacks and in consequence saw great fusion; the zenith period during the Sui and Tang dynasties; and the period of ossification during the Ming and Qing dynasties. After the formation of the super-stable system, it did not change. Although dynasties crumbled, other dynasties arose, following the "collapse-restoration" cycle (p. 307). This formed a "feudal empire with a patriarchal clan structure, which traveled along its own special road" (p. 234).

This theoretical system used by Jin Guantao was transplanted from the cybernetics expert W.R. Ashby. The concept of a "super-stable system" is not found in the writings of N. Wiener, the founder of cybernetics. It was first put forward in the 1950's by Ashby, when he was studying how organisms adapted to the environment. He held that this system, on the one hand, had great stability and, on the other hand manifested cyclical oscillations, and the system's stability was realized through regulatory mechanisms. In the West, Ashby's theory is still restricted to biological engineering, engineering physics and such fields. Even less is it to be seen as a philosophical category, as it does not have universal significance. With prophetic vision, Wiener warned: "the social sciences are not a good base for testing the principles of cybernetics, and in this respect they are far inferior to the biological sciences."<sup>1</sup> Jun Guantao has transferred this concept extremely lightly and, assuming it to be valid, constructed his theoretical system of the super-stable nature of China's feudal society. This accords neither with Marxism, nor with China's historical realities.

Dialectical materialism tells us that in the objective material world, there are no super-stable states. Marx and Engels pointed out that, "of the innate characteristics of matter, movement is the primary and most important characteristic."<sup>2</sup> The macroscopic world shows us that the universe, the Milky Way, and the solar system are constantly changing and developing, and their existence is the outcome of relative stability and movement. In the microscopic world, reproduction through cell division and the movement within molecules and atoms were proven long ago by scientists. A super-stable, unchanging state has never existed. Engels summed this up as "through the entire natural world, from the smallest thing to the largest thing, from a grain of sand to the sun, from protoplasm to man, all are in eternal emergence and demise. They are in continual flow and are ceaselessly moving and changing."<sup>3</sup> A relatively stable state is movement, but not sudden, intense

movement. Rather, it is a form of unity of contradictory opposites, which is reflected in existence and reality. Super-stability affirms a non-changing nature for things or contradictions. It is an illusion which rejects the movement of the unity of contradictory opposites. It does not exist in the real world and only exists as a conjecture in people's brains. It is a metaphysical theory.

Historical materialism tells us that human society is, in the course of contradictions and movement, continually developing from a low level to a high level. Human history is a form of existence and a movement of human society. The stone age might have lasted several hundred thousand years, but it did see gradual forward development. The histories of different countries, different regions and different nations differ only in their forms of movement, their speed of movement, their starting point and the level of development reached at a certain stage. A so-called "static social organization" which "long maintains its own adaptive situation and does not change into other forms" (p. 300) does not exist. The development of history has various stages and some of the social development stages are manifested as relative stability. The relative stability at different stages forms the steps of history. However, relative stability is not stagnation. In history, no country at any time has ever seen a super-stable historical period in which there is absolute stagnation without progress. The development locus of human society also shows us that from remote antiquity, to ancient times and through the medieval period to modern and contemporary society, the frequency and speed of historical development has gradually accelerated, and a historical trend of accelerating movement has appeared. The so-called unchanging super-stable structure is subjective conjecture, a hypothesis which does not pass the tests of historical facts, and something which has never existed in human society. In historical research, do we explore the objective laws of human social development and change and their specific manifestations, or do we try to use "static" and "ossified" historical "facts" to prove a theory of historical stagnation and a theory of historical cycles? These are the two basically antagonistic views of history and methodologies in historical research.

If we calculate the history of human society in China from the Yuanmou ape-man, there is a history of approximately 1.7 million years, while the history of primitive society constitutes about 600,000 years. Of this long historical period, only 3,600 years can be seen as the history of civilized society. According to the ideas of the majority of Chinese historians, these 3,600 years include 1,600 years of slave society history and 2,000 years of feudal society history. These 2,000 years of feudal society only constitute 1/850th of the 1.7 million years of human history, or 1/300th of the 600,000 years, and certainly cannot be said to be super-stable. If we consider that the feudal society which existed for 2,000 years was super-stable, then the slave society which existed for 1,600 years would also have been super-stable and the primitive society which lasted for 600,000 years would

have been even more stable. Thus, it is difficult to explain how one super-stable state changed into another super-stable state. At the same time, during the 2,000 years of feudal society, there occurred clear development, obvious stages and a gradual advance. That is to say, it was not a closed, cyclical movement and neither was it a solid, unchanging social model. China's feudal society followed the development trend of emergence-zenith-decline and the movement was in helical waves. This development can be roughly divided into the following historical stages: The Spring and Autumn and Warring States periods, when the slave society made the transition to the feudal system; the Qin-Han period when feudal society matured; the Three Kingdoms, Jin and Northern and Southern dynasties period when feudal society moved from its early stage to its middle stage, and the Sui-Tang period when feudal society reached its high stage of development; the Five Dynasties-Song-Yuan period when feudal society continued to develop; and the Ming-Qing period when feudal society saw decline. The relationship between the different historical stages and the dynastic system forms the history of the emergence, development, zenith and decline of feudal society. It can be said that the rise, decline and replacement of dynasties essentially demonstrated the locus of a process of wave-like movement in the history of China's feudal society, and not some repetitive historical cycle. As long as we correctly view historical facts, and seriously study the actual situations of the various periods, we cannot say that the Ming-Qing society was just a re-creation and repetition of Qin-Han society. By looking through the phenomena to observe the essence, the dialectical materialist view of history sees not a solid unchanging feudal system of successive dynasties. Rather, it sees a historical dialectical process from the emergence of the feudal system to its development and its demise.

Of course, seen in absolute time terms, the 2,000 years of China's feudal society is a quite long historical period and compared to the 1,000-plus years of feudal society history in Western Europe the development was quite slow. This was because, for many reasons, there was no basic change in the granular structure of the patriarchal clan system in China's ancient society. The small-scale production mode socioeconomic structure with the small-scale agricultural producer as its main element, was a deeply set base of the feudal society. This provided the firm base for the feudal autocratic system of centralized power. Confucian ideology which safeguarded the patriarchal clan system, was, in the process of development of the feudal system, continually transformed by the ruling class and it permeated all aspects of society and, with a powerful counter-effect, strengthened feudal rule. The brutal economic exploitation and political oppression of the peasants by the landlord class fettered the development of the social productive forces and obstructed the sprouting and maturing of new relations of production. Thus, for a long period, Chinese society hovered at the feudal society stage and could not swiftly advance to a new social stage. However, the process

where old social systems are replaced by new is an inevitable aspect of historical development. A lengthened period of feudal society could not obstruct the historical trend whereby Chinese society moved from a low level to a high level. Feudal society, as a specific stage in China's social development, is not some fictitious "super-stable structure," but something which moved in accordance with the objective laws of social development. No force could obstruct its advance.

## 2. The Peasant Wars Were the Motive Force for the Development of Feudal Society, Not an 'Oscillator' for the Super-Stable System

In order to prove that China's society did not develop, Jin Guantao has done all he can to seek the reasons for the "super-stability" of the social structure. He sets down many reasons, but one of the major reasons he puts forward is that the peasant wars played an oscillating role in restoring feudal society.

He says, "A feudal dynasty changeover in China took only 10 to 30 years. For the renewal of such a huge social mechanism, this speed of restoration is startling. This intense and highly effective change and renewal of the ruling dynasty shows that within China's feudal social structure there existed a vital and tenacious restoration mechanism" (p. 125). This mechanism he sees to be peasant wars. He holds that the peasant wars, which are the second regulatory mechanism, through the form of "cyclical oscillation," eliminated the factors unsuited to feudal society and allowed a return to the original situation of accord, consolidating the super-stable structure of feudal society. This is also a completely uncritical transfer of Ashby's concepts.

Ashby held that the great stability of a system was obtained through reliance on its own regulatory mechanism of periodic oscillation. This theory has definite practical significance in biological engineering, physical engineering and other technical spheres. But can the theory be taken wholesale and used to claim that peasant war is the oscillator of feudal society? Using a metaphysical viewpoint to look at the problem, one possibly can. Because, "in the ancient history of the world, we rarely see national peasant uprisings occurring every 200-300 years like in China's feudal society, and these major uprisings played the major historical role of destroying the old dynasty and reconstructing a new dynasty" (p. 115). Here, Jin Guantao, while seemingly affirming the historical role of peasant wars, is actually trying to belittle it. What he is really trying to say is: The main reason China's feudal society was super-stable was that peasant wars, "through their major oscillations in the reconstructing of new dynasties, greatly destroyed the accumulated productive forces" (p. 148). He believes that when the first regulatory mechanism went wrong, only through reliance on the second mechanism could the feudal court be reconstructed. Thus, essentially, he sees the peasant war as a decisive factor in maintaining and restoring the super-stable structure. Put bluntly, the mechanism by which Chinese feudal society stagnated

and the feudal courts "died only to be revived again," was the peasant uprisings and peasant wars.

Certainly, since the founding of the PRC, the historical role of the peasant wars in feudal society has been raised to an inappropriately high level. However, in recent years, in presenting the peasant wars theory as a corollary to the theory of stagnation of Chinese feudal society, the innumerable peasants who shed their blood in life-and-death struggle against the feudal landlord class, have been charged with all sorts of crimes, such as damaging the productive forces, interrupting China's feudal process, being the restorers of feudal society, being the class base for the system of imperial power... and so on. The super-stable structure view of history pushes these ideas to the pinnacle and arbitrarily and crudely holds that: With its backwardness and autocracy, Chinese feudal society's inability to develop along another path was due to no other reason than the peasant uprisings. This is a deliberate distortion of the historical role played by the peasant uprisings and the peasant wars.

The belief that the peasant wars destroyed the accumulation of the social productive forces is a metaphysical historical viewpoint which does not look squarely at the overall historical facts. Actually, in the middle and latter period of the feudal state, the landlord class had already begun to destroy the social productive forces through unbridled exploitation and plunder of the peasants. From the highest rulers to the vast number of imperial relatives and nobility to the innumerable bureaucrats and gentry landlords, all used their special privileges and privileged powers to live in wanton extravagance, to secure all sorts of riches and to engage in decadent and corrupt activities. Through excessive exploitation and bloodsucking plunder, they engaged in exploiting and oppressing the masses who had a low level of productive forces and an extremely poor level of existence. The history books record the bloody facts of how at the end of the Qin, Han, Tang and Ming dynasties, the feudal court rulers engaged in supra-economic exploitation and oppression of the peasants. What they record is not how the reactionary ruling class developed production and made contributions to construction, but rather the crimes by which they completely destroyed the social productive forces through killing the goose which lay the golden eggs. The peasants, who had no way to continue to exist, thus rose in rebellion. This was the result of the landlord class having expropriated their most basic conditions of existence. Clearly, the peasant wars were destructive, but what they destroyed were the decadent relations of production which obstructed the development of the productive forces, and those who were attacked were the decadent major landlord class. Sweeping away these relations of production and class forces smashed fetters which restricted the development of the productive forces. Laying the crime of destruction on the peasants who had created untold wealth and who had difficulty keeping themselves fed and clothed, is actually a way of absolving from guilt the reactionary ruling class which had obstructed and harmed the development of the productive forces.

Class struggle is the motivation and lever by which class society develops. In feudal society, the class contradictions and class struggle between the peasants and the landlords were a real motive force in social development. The historical facts of China's feudal society show that these contradictions and struggles have in many situations been manifested in the form of peasant uprisings and peasant wars, and these promoted the advance of history. Jin Guantao does not accept that the contradiction between the peasants and the landlords was a basic contradiction of feudal society. He only recognizes the struggle between supraclass "organized forces," "super-organized forces" and "unorganized forces." He holds that feudal society was created by this struggle and that the peasant wars restored and consolidated the feudal system. This violates, on a very essential level, the basic theories of Marxism. Certainly, under the conditions of feudal society, the peasant class did not represent new productive forces or relations of production, and they could not put forward ideas, theories, programs and slogans which transcended the times, and that regardless of the results of the peasant uprisings, the landlords and nobility would use them as a tool for changing the dynasty. However, from the historical facts we see that the several powerful and prosperous dynasties which represented important development stages in China's feudal society, were all established following major peasant wars. After the peasant uprisings at the end of the Qin dynasty, the Western Han empire was established, and after the peasant uprisings at the end of the Yuan dynasty, the Ming dynasty was established. The establishment of these dynasties constituted victorious achievements based on the peasant uprisings sweeping away the decadent forces of the major landlord class of the preceding dynasty. This powerfully proves that it was peasant uprisings and peasant wars which promoted the development of China's feudal society, rather than causing feudal society to fall into an historical cycle of "constant return." At the same time, it should be recognized that peasant uprisings and peasant wars, as the highest form of manifestation of the antagonism between the two basic classes in the various stages of feudal society, followed the development locus of feudal society and continuously developed and moved forward. The programs and slogans in the peasant wars in the Sui and Tang dynasty were different from those in the Qin and Han dynasties, those in the Song and Yuan dynasties differed from those in the Sui and Tang dynasties, while those in the Ming and Qing dynasties were again different from those during the Song and Yuan dynasties. In the peasant wars at the end of the Ming dynasty, which marked the peak of peasant wars in feudal society, the programs, slogans and organizational forms were all different and much superior to those in previous peasant wars. These wars kept pace with feudal society and the peasant uprisings and peasant wars in the different stages of feudal society promoted the development of China's feudal society and speeded the decline and collapse of the feudal social system. This is an historical fact which nobody can deny.

In order to stress the "restoration" mechanism of peasant wars regarding the formation of a new dynasty, Jin Guantao also distorts Mao Zedong's words. He only cites: "After every large-scale revolutionary peasant struggle subsided, although society had seen some progress, the feudal economic relations and feudal political systems basically continued as before." In order to use these words to prove (in fact this cannot be proven) the role of peasant uprisings in restoring the super-stable structure, he intentionally omitted quoting another important section above that, which reads: "In China's feudal society, this sort of class struggle by the peasants, peasant uprisings and peasant wars were the only real forces in historical development. This is because every large peasant uprising and peasant war resulted in the pummelling of feudal rule at that time. Therefore, they promoted to some extent the development of the social productive forces."<sup>4</sup> This pragmatic method of quoting something out of its full context for one's own purposes is not the sort of practice a scholar should adopt. As Lu Xun said, "quoting" is "the best way to confuse a reader...If a reader has not seen the whole text, he will be confused and entranced by the quote."<sup>5</sup> Jin Guantao use of this method will not confuse the broad numbers of readers who have a basic knowledge of the materialist view of history.

### 3. The Super-Stable Structure and the Waves of Attack From Abroad

The core and point of return of the super-stable structure view of history lies in proving that because China has a super-stable social system, it could not make the change to capitalist society. Jin Guantao clearly states: "the super-stable system resulted in the long continuation of China's feudal social structure, meaning that the new structure of capitalism could not develop" (p. 235). "If the stable structure of Chinese society is not broken down, it is inevitable that a closed-door policy will be followed" (p. 229). As long as "this historical error is repeated over and over," China will not be able, "like the feudal societies of Europe and Japan to make an easy transition to capitalism" (pp 229, 230). Clearly, his aim in the study of China's social history is to push China to develop towards capitalism.

The development road of China's society is not something that an individual can set down or plan. Rather, it is an inevitable trend of history, with its own objective patterns. It should be affirmed that because of the innate development patterns and historical trends in China's feudal society, originally there could have been change towards capitalism. China's feudal society changed in accordance with the historical dialectics of emergence, development and decay. Thus, in its declining stage, it was inevitable that some qualitative changes occurred within it. This resulted in the sprouts of capitalism and the initial trend towards a new social form. In this respect, historians have carried out deep-going research and discussion and the vast majority of scholars hold that in the Ming and Qing dynasties, during the latter period of feudal society, Chinese society was certainly

slowly moving towards capitalism. Mao Zedong pointed out, "The development of the commodity economy within China's feudal society contained within it the sprouts of capitalism. If it were not for the influence of foreign capitalism, China would have slowly developed into a capitalist society."<sup>6</sup> Beginning from the middle of the Ming dynasty, the natural economy began to disintegrate and the handicrafts industries in various cities along the southern coast saw the sporadic emergence of the sprouts of capitalism. By the Qianlong reign, the agricultural economy sphere also saw social division of work and the emergence of the commodity economy. The development of the commodity economy, the existence and development of merchants and merchant capital, and the development and changes in the forms of land rent, all indicated the beginning of this historical process. In the Ming and Qing dynasties, China's history and social development were in an extremely crucial stage. The internal factors were the basis of change. The changes in the internal mechanisms of China's feudal society would have pushed China towards capitalist society. It was certainly not, like Jin Guantao, has said "false capitalism" or "eternal sprouting."

Seen from the objective patterns of social development, it is historically inevitable that capitalism replaces feudalism. This change also constitutes a major historical advance. This is because, as compared to feudal relations of production, capitalist relations of production can greatly liberate the productive forces. However, because of changes in the historical environment of the world at that time, China could not travel smoothly along the road towards capitalism. The aggression against China by foreign capitalism which began in 1840, on the one hand did play a role in the disintegration of the feudal economic base in China. However, "at the same time as this change was occurring, there also existed another aspect which obstructed this change. This was the collusion between imperialism and the Chinese feudal forces which suppressed the development of Chinese capitalism."<sup>7</sup> Under such historical conditions, China lost its capacity to develop independently towards capitalism. The aggression by the imperialist forces was certainly not intended to change feudal China into capitalist China. Rather, it was a major effort to change China into their colony and to make it their source of raw materials, source of labor, and market for their commodities. The facts of China's history over the last 100-plus years show that imperialism has tried to carve up China through continuous violent methods and various other measures. Beginning in the middle of the 19th century, imperialism forced the Chinese government to sign a series of unequal treaties, by which they obtained tariff accords, the right to reside and trade, consular jurisdiction, the right to navigate inland waters, the right to build railroads, the right to lease land in perpetuity, the right to build factories and other privileges. They thus controlled China's economic lifeblood and this caused the Chinese people to fall into a tragic situation of extreme poverty, benightedness and backwardness. China thus completely became an appendage of the

western capitalist states and was entirely unable to develop into an independent modern industrial state. By 1949, modern industry only constituted 17 percent of the gross output value of industry and agriculture. Most of this industry was still controlled by foreign capitalists and bureaucrat capitalists. This bloodstained history shows that imperialism would not let China become a member of their "community." However, as China is a large country, and because of the unending struggle waged against imperialist aggression by the Chinese people, together with China's deep cultural traditions, the imperialist countries could not realize their dreams. Under these historical traditions, China gradually became a semi-feudal, semi-colonial society. This was a twisting and bumpy but moving historical process filled with the blood and tears of the Chinese people. The aggression against China by imperialism was the source of modern China's poverty, backwardness and difficulties. China's modern social contradictions and democratic revolution appeared under these historical conditions. The development from old democratic revolution was also an historical inevitability determined by the development of social contradictions. The Chinese people, after going through these major twists, turns and sacrifices, chose the road of the new democratic revolution under the leadership of the proletariat and its political party. The first stage of the Chinese revolution did not and could not establish a capitalist society involving the autocracy of the Chinese bourgeoisie. Rather, it established a new democratic society involving the joint autocracy of the various Chinese revolutionary classes and led by the Chinese proletariat. After this, socialist society was established. The victory of the Chinese revolution and historical facts over 100-plus years prove that only socialism can take China along the road of common prosperity, and that this is the inevitable road of China's history and social development.

Jin Guantao, in order to prove that the development of Chinese society should be along the capitalist road, also makes a big issue of cultural matters. He says, "Following the increasing perfection of the super-stable system, the tendency towards conservatism became increasingly intense" (p. 229). The super-stable system excluded all foreign ideas and culture and, in response to foreign assaults, it had an "anti-interference capacity" (p. 2,225). The "Ming-Qing ossification" "meant that the Chinese nation faced a new major assault, presaging the beginning of a new period of fusion in East-West culture" (p. 233). While the term he used is fusion, what he in fact is affirming and pinning his hopes on is a "new major assault by the West." Here, he is using a major argument in recent years that takes the clash of Eastern and Western culture in modern times to prove that the changes in China's modern society are the result of pounding by Western culture. Actually, this is disguised cultural nihilism and ideological bowing to the outside, and is a form of manifestation of historical idealism. Back in 1949, Mao Zedong, when criticizing Acheson's strange theory that "new ideas from the West flowing into China gave rise to the revolution," said, "It was not

any Western ideas flowing in which gave rise to the ferment and instability. Rather, it was the aggression by imperialism which gave rise to resistance."<sup>8</sup> What the super-stable structure view of history is doing, under the new historical conditions, is just playing an old tune on an electric guitar.

Jin Guantao affirms and puts his hopes in the cultural assault by the West and thus naturally he is unable to correctly look at the traditional national culture of China. He believes that the ideology and culture that have Confucianism as their main stream form a sub-system of the super-stable structure and that Confucian ideology played an important role in the process by which the patriarchal, integrated structure was established (p. 236). He adopts a completely negative attitude towards China's traditional culture. The culture of the Chinese nation is a cultural system which has an important position and special characteristics in world culture. It has its origins far back in time, is rich and deep in learning and has had deep-going influence. It is a cultural treasure house of great wealth and wonderful treasures left to us by our forebears. It has played a great role in terms of the continued existence and development of the Chinese nation and in the formation and development of a multi-ethnic, unified nation. It is not an ossified and conservative culture, but a culture which has constantly renewed, transformed and developed itself in the long river of history. If we take Confucian culture as an example, during its course of development, it has brimmed with the struggle between renewal and conservatism, and between the democratic essence and the feudal dross. It is necessary for us to analyze it in a way which seeks truth from facts and we cannot completely reject it at one stroke. At the same time, multi-ethnic Chinese culture, with Han culture as its main part, has constantly drawn in the outstanding achievements of other cultures to replenish and develop itself. This includes the drawing in and digestion of the culture of the Western regions and of India during the Han and Tang dynasties. Thus, we cannot simply refer to traditional culture as "feudal culture," because this term cannot accurately reflect the class nature, the gradual advance, the creativity and the spirit of the times of Chinese culture. Chinese national culture includes ancient culture as well as modern and contemporary culture. The reason it has not been replaced by any foreign culture is that it has strong vitality and its own characteristics. Even if the idea that culture from the West can replace Chinese culture is not considered to be a vain hope which damages national respect and involves blind worship, at least it shows an ignorance of the history of Chinese culture and the history of world culture. Of course, we must inherit national culture in a critical way and cannot absorb it wholesale. However, the historical nihilist attitude which Jin Guantao adopts is unable to correctly explain China's history and culture and only reveals the true features of his advocacy of "complete Westernization."

China is a great Eastern country with a long historical tradition, and in the history of the cultural development

of the world, it has played a role which cannot be replaced by other countries. In the tide of world history, it cannot be isolated from the world. Rather, it must reform, open up and develop and must also draw in advanced things from the outside world to replenish and enrich itself. However, the deep-going basis of history and society and the real needs at present determine that China must follow its own locus in moving forward. No country in the world can plan a blueprint for China's political, economic ideological and cultural systems. China must continually implement and improve its own social ideals and social systems in accordance with the realities of its national situation, so that it stands among the nations of the world as a great eastern country. All attempts to use Western culture and the capitalist system to replace China's Eastern culture and the socialist system are just fantasies out of touch with reality.

#### 4. An Idealist View of History and a Metaphysical Hodge-Podge

Jin Guantao's super-stable structure view of history is expressed in the form of a so-called new historiographical system. All people who firmly uphold the Marxist materialist view of history will discover, after nibbling this sour fruit, that although this system has many new concepts and new terms, it is nothing but an outdated idealist view of history and a metaphysical hodge-podge, and that it does not have "fascinating appeal" or cause one to "see everything anew."

First, the super-stable structure view of history uses the theory of plurality to replace the unity of historical materialism, and also adheres to the theory of political determination. It is out-and-out historical idealism. In the super-stable structure, the three sub-systems of economics, politics and ideology/culture are not divided into major or minor and there are no relations of subordination. It does not recognize the materialist unity view of history where the economic base has a determining role in the social mechanism. Jin Guantao holds that in the social mechanism, there "is no simple, ultimate factor" and that "the relationships within the system are mutually regulating and mutual cause and effect, and thus the ultimate factor has no significance" (p. 286). He intentionally cuts down Engels statement that "the decisive element in the historical process is, in the end, production and reproduction in actual life."<sup>9</sup> He also criticizes "many of the newest 'Marxists'" for "excessively stressing the economic aspects" (p. 285). The materialist view of history has never denied the reactive role played by the superstructure in respect of the economic base, but has always maintained the primacy of the theory of determination by the economic base. "The materialist view of history uses the material and economic livelihood conditions in a certain historical period to explain all historical changes and concepts, and all politics, philosophy and religion."<sup>10</sup> The super-stable structure view of history, at the same time as advocating the theory of plurality, also adheres to the theory of political determination, and holds that the

"integrated" "mechanism of coercive control" determines all in social life. This supra-economic theory of control by power is typical historical idealism. It forgets a basic piece of historical knowledge: The thing which finally determined the fate of the feudal dynasties and rulers was the invisible yet powerful economic forces. Political powers or individuals who think that they can violently interfere with the historical trends at will and change the economic patterns, are in the end, punished by the economic patterns and history. In the great tide of the idealist view of history, associated with bourgeois liberalization, the super-stable structure view of history has had the effect of adding fuel to the flames. It has had a very bad influence, especially in historiographical circles.

Second, the super-stable structure view of history uses a supra-class viewpoint to replace class analysis and denies that the cultural history of human society is a history of class struggle. The most typical example is how it has misconstrued the views of N. Weiner, the founder of cybernetics, and fabricated the concept of so-called "unorganized forces," and held that in the three sub-systems, there are "unorganized forces" and that political reforms in history were means of struggle between "the super-organized forces" and the "unorganized forces." This concept completely obscures the fact that the major contradiction in feudal society was the contradiction between the peasant class and the landlord class, and ignores the class nature of the political, economic and ideological structures of feudal society. People who study history all know that the expansion and decadence of the bureaucratic structure in feudal society was the result of the growth of the landlord class and their exploitation of the peasants. The increased merging of land was an external manifestation of the economic laws and cyclical crises of the feudal landlord economy, while the ideological chaos at the end of a dynasty was the manifestation, in the ideological sphere, of the impossibility of reconciling the social contradictions. The political reforms in history were struggles between different strata of the landlord class intended to save the feudal rulers. All of this, if divorced from the basic contradictions and class analysis of feudal society, cannot be explained clearly. Thus, the growth of the bureaucratic structure, the merging of land and ideological confusion were only manifestations of feudal society in the political, economic and ideological spheres, not some sort of "forces." Extracting the class content from these things and prattling about some "unorganized forces" is even more backward than bourgeois historiography. This is because long before Marx, a group of bourgeois historians in France had already recognized the position and role of class and class struggle in the history of human civilization. In historical research, of course we cannot forget that class struggle exists in class society or forget and abolish the method of class analysis. As Marx and Engels said: "We certainly cannot follow the road of those persons who want to remove class struggle from the movement."<sup>11</sup>

Third, the "super-stable structure" is a system cobbled together on a metaphysical base. This system utilizes fabricated new terms and new concepts, constructing what seems like a natural science structure and uses the research results of several generations of historians as materials and components to complete the theoretical structure. Naturally, on the surface, it is very impressive, but actually, it is a disordered and unsystematic hodge-podge, full of contradictions and holes. Jin Guantao uses people's new infatuation with fringe sciences and utilizes inaccurate and unscientific terms like "integrated" "unorganized forces," "super-organized forces," "tools of communication," "latent organization," "static social organization," "extinction-type civilizations," "the mathematical expression of a dynasty's stability" and "the equation for the rise and fall of a dynasty." He uses these to construct his so-called historiographical and philosophical "system," hoping it will intimidate people who are not familiar with the natural sciences. The strange thing is that the social scientists of the Western countries which were the birthplace of the "three theories" (systems theory, control theory and information theory) have never used these to establish a historiographical system and they feel extremely puzzled by this "creation" of Jin Guantao. Jin Guantao's understanding of the "three theories" is distorted, many of his new concepts are fabricated, his scholarly style is extremely lacking in stringency, and his use of historical materials is arbitrary. For example, in order to prove the existence of an "extinction-type civilization," he cites an example from the Han dynasty, whereby the Shuofang military land reclamation area and the Jilu Pass were overtaken by the desert and extinguished. In fact, the disappearance of a few army camps intended to open up wasteland cannot represent some "extinction-type culture," because the feudal culture along the entirety of the Han borders did not vanish. Also, in order to prove the "law of progressive decline in political reform efficiency" he includes the "administration of the Zhenguan reign" at the beginning of the Tang dynasty, which in fact does not belong to the category of political reform, in the structure of political reforms at the beginning of dynasties. In order to show off and be deliberately mystifying, he also engages in so-called "research into mathematical models for the length of dynasties." In fact, the life-span of a dynasty established on the basis of victory in a peasant war was long, while the life-span of a dynasty established on the basis of defeat in a peasant uprising and the founding of separatist regimes was short. We already know the length of the various dynasties and there is no need to calculate this. If we wanted to calculate the period which various heads of governments of countries and monarchs around the world would be in their posts in future, even if we had more complex equations, it would be impossible to calculate answers. This is common knowledge for historians. In exploring the patterns of man's society, we need the logical thought of dialectical materialism and historical materialism, not a fortune-teller. Mathematics is a supplementary tool and mode of expression of dialectics. However, it cannot replace exploration in historical patterns, or else one will

move towards metaphysics. Jin Guantao says that he originally hoped, through research in his super-stable structure "to obtain a clear and succinct aesthetic feeling." The result not only entailed great effort on his part, but also led to something which the majority of comrades in the historiographical circles despise. The basic reason for this is that his historical idealism and metaphysics caused him to fall into a mire.

The road of the idealist view of history followed by Jin Guantao, while constructing his super-stable system tells us, from the negative angle, that research in historical science requires adherence to the guidance of Marxism and requires the scientific attitude of seeking truth from facts. We must have a steady and sure academic style and must not follow fashions or join in crazes. Much less can we be arrogant and conceited and, with only scanty knowledge, cobble together systems in orders to seek sensational reactions and create "superb nonsense." Historical science is a foundation stone of Marxist theory and in the process of modernization of historiography, it must be renewed and developed. It must also draw in all new scientific results. However, there is a precondition, and that is, adherence to dialectical materialism and historical materialism. In this respect, we must have an extremely clear understanding.

#### Footnotes

1. *Selected Works of Weiner*, Shanghai Translation Publishing House, 1978 ed., p. 249.
2. *Complete Works of Marx and Engels*, Volume 2, p. 163.
3. *Selected Works of Marx and Engels*, Volume 3, p. 454.
4. *Selected Works of Mao Zedong*, Volume 2, p. 588.
5. *Second Collection of Essays From the Qiejie Pavilion—Untitled Draft (7)*.
6. *Selected Works of Mao Zedong*, Volume 2, p. 589.
7. *Ibid.*, Volume 2, pp 590-91.
8. *Ibid.*, Volume 4, p. 1,450.
9. *Selected Works of Marx and Engels*, Volume 4, p. 477.
10. *Ibid.*, Volume 2, p. 537.
11. *Ibid.*, Volume 3, p. 374.

#### The Question of the World Outlook of Writers and Artists

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[Article by Zhang Jiong (1728 3518)]

[Text] The question of the world outlook of writers and artists is a question of utmost importance involving the creative subject in literary and artistic creation. In his influential *Talks at the Yanan Forum on Literature and*

*Art*, Comrade Mao Zedong highlighted the necessity of remolding the world outlook of literary and art workers who came to Yanan at that time as well as the ways to go about this. As we all know, world outlook refers to man's overall view of the world, the comprehensive expression of man's political, economic, religious, legal, moral, aesthetic and other views. In times of great historic changes, due to drastic changes in man's social relations as well as new knowledge gained from the struggle for production, class struggle and scientific and artistic practice, new changes will invariably take place in man's world outlook. This is a common occurrence in the course of the history of mankind. Where writers and artists are concerned, Lenin once noted that the world outlook of Leo Tolstoy had undergone transformation from the stand and viewpoint of the aristocracy to that of the patriarchal peasantry. In China, the world outlook of Lu Xun also went through the evolution "from evolutionism to the class theory, and from a devout supporter of the gentry class to a true friend of the proletariat and the laboring masses, ultimately becoming a fighter."<sup>1</sup> After the founding of New China, Chinese writers and artists, whether they had come from the liberated areas or the Kuomintang-controlled areas, had all undergone profound changes in their world outlook, thoughts and feelings to a greater or lesser extent with the progress of the times. Well aware of the necessity of such changes, many literary and art workers at that time made a conscious effort to study Marxism, study society, and remold their old world outlook. Regretably, due to the subsequent exacerbation of "Left" mistakes, certain oversimplistic and crude practices were adopted in the remolding of world outlook, practices which produced undesirable effects.

In the 10 years of the new period, Chinese society was confronted with yet another major historic turn. Following the rectification of "left" mistakes and the implementation of the reform and open policy, socialist modernization again developed with vigor. Large-scale exchanges and impacts between Chinese and Western culture and the massive assimilation of the new achievements of modern natural science and the humanities have also given impetus to changes in man's world outlook under new historical conditions. This is reflected in the following: On the one hand, Marxism-Leninism-Mao Zedong Thought has been further developed and has struck deeper roots in the hearts of the people after they have done their rethinking on history and set to right things that had been thrown into disorder. On the other hand, the Western bourgeois world outlook, outlook on life and sense of value have been given wider publicity following their exposure in books and other publications as well as the influence of the actual ways of life of foreigners visiting China. This is the case with the literary and art circles in China. The unchecked spread of the ideological trend of bourgeois liberalization has been an undeniable and obvious fact for quite some time. The influence of the bourgeois world outlook and decadent ideas are the soil and conditions for the unchecked spread of the ideological

trend of bourgeois liberalization. In such a historical period, we should say that making continuous efforts to eliminate the influence of decadent bourgeois ideas and trying hard to secure and develop a Marxist proletarian world outlook remain a historical task not to be ignored as far as the Chinese intelligentsia, including the literary and art circles, are concerned. But, the strange thing is, for many years the question of "world outlook" has been a "prohibited area" off limits to the literary and art circles. Anyone who dared call for "the remolding of world outlook" not only would be jeered at but would be attacked and branded as "ultraleft." Some people talked at length about the need to attach importance to the creative subject, but said nothing about the world outlook of writers and artists. They only talked about artistic individuality, artistic talents, artistic appeal, observation, imagination, fantasy, and the like. It is precisely under the media guidance of avoiding any reference to the question of world outlook that bourgeois idealist and non-Marxist or anti-Marxist views ranging from Nietzsche's superman philosophy to the Freudian theory of psychoanalysis, the neo-individualism of Fromm and Maslow, as well as the nonrationalism of Croce and Bergson, were uncritically taken over and turned into the framework of certain theories and the soul of certain works, thereby adding fuel to the flames of the ideological trend of bourgeois liberalization.

This truly blinds people from the negative aspect that the question of world outlook is not to be overlooked. As engineers of the soul, writers and artists influence the reading public and audience all the time with their works and theories. For this reason, the question of their world outlook deserves great attention.

The way art grasps the world is different from that of philosophy. It vividly depicts and portrays characters and conveys thoughts and feelings through artistic images, as opposed to the abstract way through which philosophy grasps the world. Writers and artists cannot do without vivid artistic perception, careful observation and abundant imagination and fantasy in their creative process. Differences in temperament and talents between writers and artists will naturally affect their style. However, it is also true that differences in world outlook will affect the creative ability of writers and artists and affect their understand of the world and their artistic mastery. Some people interpreted artistic creation as an irrational process and compared artistic creation to a "subconscious" "illusion," the "expression" of "personal experience." Although this kind of creation is not without examples, it cannot cover up the diversified and rich varieties of artistic creations, including literary creations. Is there any doubt that the literary and art concept upheld by writers and artists who engage in this kind of creation is anything but Freudianism and irrationalism? In literature and art, from poetry, prose, novels, drama, fairy tales and fables to secondary literature which cut across boundaries, such as reportage, film and television literature and science fiction, the artistic world created and manifested by

writers and artists, as the unity of the subjective and objective outlook, the subjectivization of the object and the objectivization of the subject, cannot shy away from the projection of the world outlook of the writers and artists. This can be seen in the following passage by Comrade Mao Zedong: "If you are a bourgeois writer or artist, you will not sing the praises of the proletariat but will praise the bourgeoisie. If you are a proletarian writer or artist, you will not sing the praises of the bourgeoisie but will praise the proletariat and the working people. It has got to be one way or the other."<sup>2</sup> It can also be seen in the way writers and artists interpret the objective world and the spiritual phenomena of mankind, including the way they interpret the relationship between their own spiritual phenomena and objective world. In his works on development epistemology, Piaget made new contributions toward modern epistemology, demonstrated by means of ample materials and proof that man's cognition comes from the interaction of the subject and the object, with the subject's knowledge of the object being greatly conditioned by its cognitive pattern. We all undergo cognition on the basis of established ideological achievements of mankind. The patterns formed by previous activities are the basis on which information is now sifted. When existing patterns cannot meet the needs of new information, the subject can promptly readjust the old patterns, absorb new information and establish new patterns. This is a remarkable trait of man's intellectual activity. As creative subjects, writers and artists are by no means empty headed. Their reflections of real life are also not mirror images. Due to differences in experience, artistic temperament and world outlook, the same subjective matter may produce different artistic images in the hands of different writers and artists. Examples of this type are numerous in the history of literature and art. *Water Margin* and *Quell the Bandits*, for instance, are distinctly different in theme and substance. Also, 10 painters would paint the same tree differently. We can find lots of similar instances in the development of literature in our country in recent years. On the theme of revolutionary troops, some writers eulogized revolutionary heroism while others preached humanitarianism based on the abstract theory of human nature. Still others only concentrated on man's sexual obsession and lust. Can we deny that this has a lot to do with the world outlook of writers?

The emergency of *River Elegy* really roused the deaf and awakened the sleeping, but it also caused considerable embarrassment among literary and art workers who avoided the issue of world outlook. This television series went completely against Marxist historical materialism. It not only preached the theory of "geographical environment decides everything," but unscrupulously preached national nihilism and advertised "total Westernization," capitalism, and bourgeois democracy, freedom and individualism. The fact that this series was applauded by so many really calls for deep thought.

In the mid-1950's when socialist transformation was completed in the main, Comrade Mao Zedong pointed

out: "In our country, bourgeois and petty bourgeois ideology, anti-Marxist ideology will continue to exist for a long time. Basically, the socialist system has been established in our country. We have won the basic victory in transforming the ownership of the means of production, but we have not yet won complete victory on the political and ideological fronts. In the ideological field, the question of who will win in the struggle between the proletariat and the bourgeoisie has not been really settled yet. We still have to wage a protracted struggle against bourgeois and petty-bourgeois ideology. It is wrong not to understand this and to give up ideological struggle."<sup>3</sup> There is no doubt that in the 1990's, historical conditions at home and abroad will be vastly different from those in the 1950's. However, throughout the historical period of the primary stage of socialism, the presence of different economic sectors at home, the widespread political, economic, cultural and ideological influence of the bourgeoisie in the international arena, as well as the plot of "peaceful evolution" and subversive activities perpetrated by anti-socialist forces against socialist countries through ideological and cultural infiltration, will remain undeniable facts. Under the circumstances, differences and struggle between proletarian and nonproletarian ideas and between Marxist and non-Marxist world outlooks will naturally continue. In recent years, the literary and art circles in China are not only influenced by the ideological trend of bourgeois liberalization but have seen the resurgence of feudal dregs. This is particularly noteworthy in pure literature and art, and popular literature and art. A small handful of "literary and art elite" even became deeply involved in the turmoil and rebellion. The question of world outlook is thus pointedly put before us.

Thus, the crux of the question does not lie in whether or not the issue of the world outlook of writers and artists should be raised. The presence of different world outlooks is an objective fact no one can deny. The question is what kind of world outlook should Chinese writers and artists have or strive to cultivate?

After the founding of New China, the masses of literary and art workers in China began to study Marxism. More and more writers and artists shifted their non-Marxist stand to the stand of Marxism. They knew full well that Marxism was the advanced and scientific outlook of the contemporary world. However, due to the mistakes and damage resulting from "left" dogmatism and vulgar sociology, and the 10 disastrous years of the Cultural Revolution, our economic and cultural development suffered great setbacks, thereby widening the gaps between China and the developed Western countries. Furthermore, because Marxist propaganda and education have been slighted to varying degrees in ideological and cultural work, it is true that many people have lost their confidence, even hope, in Marxism. Some people even think that Marxism is "outmoded." They have instead turned their interest to the writings and viewpoints of Western bourgeois thinkers.

Of course we should see that genuine science knows no national boundaries. The discovery of truth, whatever it is, belongs to mankind as a whole. The new achievements of modern natural science and humanities, including the new achievements of Western scholars in these fields, have indeed made contributions with varying degrees of value in deepening man's understanding of various aspects of nature and society. Marxism is the crystallization of science and culture of mankind to begin with. In the process of its development, it will invariably absorb the latest achievements of scientific exploration and the revelation of objective truth to enrich itself. For instance, contemporary Marxism has not overlooked the achievements of system theory, cybernetics, information theory, and developmental epistemology. The macroscopic exploration of the universe and the in-depth study of the microscopic world in modern natural science have naturally enriched the Marxist outlook on nature. However, the development of contemporary science has not proven the basic tenets of Marxism, Marxist dialectical materialism or historical materialism to be erroneous, on the contrary, it has increasingly proven their correctness. Marxist theories on socialism need to be developed continuously in the course of practice. In this connection, the new explorations made by Western scholars in anthropology, sociology, political science, economics, cultural science, and other sciences are by no means unworthy of being critically used as reference. However, the Marxist theses that socialism and capitalism are two different historical stages and different social forms; that due to the irreversible contradiction between socialized large-scale production and private ownership of the means of production, capitalism will inevitably be replaced by socialism; that socialism, as the transitional stage between capitalism and communism, will invariably contain traces of capitalism and communist factors, and that the latter will definitely increase in strength and conquer the former; that class struggle still exists to varying degrees and limits in the historical period of socialism, are all scientific theses that are in conformity with the objective law. Although the development of socialism can never be plain sailing, the twists and turns of history cannot cover up the general trend that the torrents of history will ultimately roll on. It is not without reason that the Chinese intelligentsia, including the vast number of writers and artists, still have firm faith in Marxism, strive hard to study Marxism, and use Marxism as the telescope and microscope for observing and knowing the world. Some people considered Marxism to be "outmoded" or abandoned the Marxist world outlook, outlook on life and sense of value, and totally accepted the world outlook, outlook on life and sense of value of the Western bourgeoisie. This only shows their muddled thinking, ignorance and shallowness. There are also people who stubbornly engage in bourgeois liberalization, advocate the replacement of public ownership by private ownership, attack the communist spirit of Lei Feng, regard bourgeois individualism which benefits oneself at public expense as the only unalterable principle that accords with "human nature," and have

moved over to the side opposite the proletariat, and even degenerated into enemies of socialism. This is another story altogether.

We say that the question of the world outlook of writers and artists cannot be evaded. Under new historical conditions, writers and artist in our country should still strive to embrace an advanced and scientific Marxist world outlook in order to be able to find one's way in the miasma of history, more thoroughly understand and grasp the intrigues and complexities of everyday life, and create a more beautiful artistic world. This does not mean that when artists have embraced a correct world outlook, everything will be all right, and good artistic works can be created. The creation of fine and outstanding works of art needs the coordination of many different conditions. The quality of artistic works are not only determined by the world outlook of writers and artists, whether correct or incorrect, progressive or reactionary. The creative ability, artistic quality and experience, or lack of it, on the part of writers and artists are also determining factors. However, given that other conditions are the same, the importance of the world outlook of writers and artists cannot be overlooked. Cherynevsky once said: "If artists are thinking people, they cannot but have their own judgment on reproduced phenomena. This judgment will covertly or overtly influence their works whether they are doing this willingly or unwillingly, consciously or unconsciously.... This is more commonly found in poetry than in other forms of art."<sup>4</sup>

Calling on writers and artists to pay attention to the question of world outlook does not imply that writers and artists must embrace the Marxist world outlook before they can start their creative career. Works of literature and art are valuable because they can create a beautiful artistic world, not because they are the interpretation or illustration of the world outlook of writers and artists. In artistic works of different categories, the degree of clarity of the imprint of the world outlook of writers and artists also varies. Nonetheless, it is also a fact in the history of art that the works of artists who have a scientific, noble, and far-reaching world outlook have a higher probability of having a higher ideological ranking. Hence, it is necessary today to stress the need for writers and artists to consciously study and grasp the advanced Marxist world outlook of the contemporary world. Gorky once said: "Scientific socialism has created the tallest spiritual summit for us. From there we can clearly see the past, point out the only short-cut to the future, the road from 'the realm of necessity to the realm of freedom.'"<sup>5</sup> Socialist literature and art differs from capitalist and feudal literature and art, not only due to differences in artistic subject matter, theme, characterization, form and style resulting from changes in time, the most essential difference is that it examines life from a new world outlook and new spirit of the times; profoundly reveals interpersonal relations in society; portrays typical models; and express new ideas and emotions.

Advocating that writers and artists should strive to study and grasp the Marxist world outlook does not mean advocating a single mode of artistic thinking, still less does it mean imposing restrictions on the diversification of literature and art. In the course of actual creation, thinking in terms of images and abstract thinking interplay. As the fruit of abstract thinking and as an ideological method, the world outlook will invariably affect and condition thinking in terms of images and provide the latter with some sort of guidance. However, the ever-changing modes of artistic thinking on the part of writers and artists are determined to a larger extent by personal experience, temperament, talent, and artistic approach, including a person's observation, imagination, fantasy and other characteristics of thinking in terms of images. That is why the works of writers and artists who have the same or similar world outlook have different subject matters, themes, forms and styles. While the styles of Lu Xun and Guo Moruo are different, we also do not find much in common between the works of contemporary writers like Mao Dun, Ba Jin, Lao She and Cao Yu although they have all accepted Marxism at different times.

Chinese intellectuals, including writers and artists, are a part of the working class. However, as we all know, Marxism is not the spontaneous product of the working class and, as a comprehensive and systematic scientific theory, it needs to be instilled into, and assiduously studied by the working class. The Marxist world outlook is a powerful ideological weapon for the working class to remold themselves and remold the world. The combination of Marxism with the worker's movement was precisely what led to tremendous and profound changes in the appearance of world history over the past 100 years and more, and it definitely will continue to produce still greater and more profound changes. Comrade Mao Zedong once pointed out: "For 50 to 100 years from now, the world will be in a great era of fundamental changes in social systems. This earth-shaking era will be unparalleled by any historical period of the past. Living in such an era, we must be prepared to wage a great struggle which differs in many way from the modes of struggle of past eras."<sup>6</sup> We can see that the struggle in the ideological sphere will have an exceedingly important role to play in the future. The Chinese people and the masses of intellectuals, including the vast numbers of writers and artists, should not underestimate the importance of the question of world outlook when greeting great historic changes. Instead, they should hold still higher the banner of Marxism-Leninism-Mao Zedong Thought, strive to build a new world, and promote the prosperity of socialist literature and art.

#### Footnotes

1. "Foreword to *Collection of Lu Xun's Random Thoughts*," *Collected Works of Qu Qiubai* [4234 4428 4101], Volume 2, p. 997.

2. *Talks at the Yanan Forum on Literature and Art, Selected Readings From the Works of Mao Zedong*, Volume 2, pp. 550-551.

3. *Speech at the CPC National Conference on Propaganda Work*, People's Publishing House, 1964, pp. 19-20.

4. *The Aesthetic Relations Between Art and Reality—A Writer's Self-Appraisal*, carried in *A Collection of Essays on Aesthetics*, the People's Literature Publishing House, 1957, p. 23.

5. *On Lack of Foresight and Foresight*, carried in *A Collection of Essays on Literature*, People's Literature Publishing House, 1958, p. 279.

6. *Speech at the Enlarged Work Conference of the Central Committee, 30 January 1962, Selected Readings From the Works of Mao Zedong*, Volume 2, p. 828.

### **Energetically Enliven Commodity Circulation, Promote a Benign Cycle in the Economy**

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in Chinese No 11, 1 Jun 90 pp 27-31

[Article by Hu Ping (5170 1627)]

[Text] China's retail sales have been sluggish for more than six months. Though there was an 8.9 percent increase in the 1989 gross retail volume of social commodities, the real value after adjustment for price increases saw a negative growth for the first time in the 10 years of reform. Though the industrial output bounced back between January and April this year, sales remained sluggish. Correctly understanding the sluggish market and adopting measures for actively enlivening commodity circulation require us to keep in line with the spirit of, and decisions made by, the central authority in terms of ideology. In connection with my understanding of Premier Li Peng's "Government Work Report," I am going to discuss in this article my opinions and viewpoints in this respect.

#### I

In his "Government Work Report" delivered at the Third Session of the Seventh NPC [National People's Congress], Premier Li Peng made a brilliant analysis on the causes of the sluggish market. Specifically, I hold that they can be summed up into several major factors. 1) Consumption demand was suppressed and divided into streams, and immediate purchasing power was decreased. Last year's amount of investment in fixed assets subject to suppression totalled about 50 billion yuan. Assumed that 40 percent of this amount would be used for consumption, it equaled the suppression of consumption funds worth 20 billion yuan. The growth rate of purchasing power of social groups was 16.1 percent lower than the previous year. The purchasing power for the entire year was 10.2 percent higher than the previous year. After adjustment for price increases,

however, it actually showed a negative growth. Moreover, we attracted a large sum of savings from the populace in the form of value-protected savings. By the end of 1989, the amount of savings held by urban and rural residents was 35.1 percent higher than in the same period last year. The amount continued to increase in January and April this year, and was 32 billion yuan higher than in the same period in the previous year. Furthermore, additional purchasing power was absorbed by various bonds, fund raising activities, equity, and so forth. All these have greatly reduced immediate purchasing power. 2) While the price rise was eased, the composition of products became prominent, and the psychological state of consumers improved, their demand has yet to be satisfied. The price index dropped monthly after February last year, from 27.9 percent to 6.4 percent by the end of the year. In spring this year, the price index dropped to 3.9 percent, or the bottom level for the same period ever since 1988. To a large extent, this has eased the psychological effect of price increases on the public, has strengthened their confidence in the government's capability to control inflation. In 1988, there were frequent large-scale buying sprees followed by sluggishness. Moreover, such erroneous market signals further encouraged blind production, so that contradictions in production-demand structure were further intensified. Most of the commodities which were subject to last year's buying sprees are now overstocked and have become unmarketable. As a result of the fall in income, the tendency of prices to stabilize, the masses having means to protect value, and the product mix being irrational, it is inevitable that the consumers live within their means and take a wait-and-see attitude, thus causing sales volumes to drop. 3) Various sectors do not have a thorough understanding of the causes for, or experience in handling, the sluggish market. As our macroeconomic measures for rectification were not adopted in a timely fashion, and we had weak points in making use of controls, and in keeping up with the pace, most enterprises were unable to respond in a timely manner to changes in the market. Moreover, they cut their prices, and dumped their commodities onto the market. This thus intensified the mentality of consumers that prices would further drop at a later time.

In his "Government Work Report," Premier Li Peng put forward measures for solving sluggish sales in the market. The fundamental spirit of these measures were to appropriately relax control over demand, promote a readjustment of the composition of the economy, and help enterprises overcome the shortage of funds under the prerequisite of unswerving adherence to the principle of maintaining a "rigid control" over the fiscal and financial sectors. We should also focus on the functions of the pricing mechanism, keep the circulation channels clear, and encourage circulation. At present, there are two kinds of comments on such measures of the State Council. First, some people feel that such "medicine" is not strong enough, and we should boost the "dosage" a bit more. Second, some feel that these measures will make the sales volume bounce back to an excessive level,

or will even cause another round of buying sprees. I hold that when aggregate demand is greater than aggregate supply, to enliven the market overnight is not only unfavorable to stability, but may also bring about new disturbances in the market. At the same time, the state, in appropriately increasing demand, has taken into consideration the factor of constantly checking inflation. Provided that prices are stable, and the effective supply is increased, we can maintain a stable market, and can gradually put an end to the sluggish market without causing any new market disturbance. Therefore, these measures adopted by the State Council are positive and reliable ones. At present, governments at all levels, and various sectors must spend efforts on implementing these measures in a prompt and effective manner.

## II

The current sluggish market is marked by structural characteristics. Therefore, to actively readjust the product mix is the basic way out for overcoming sluggish sales in the market, enlivening the circulation of commodities, and safeguarding industrial production, as well as an appropriate growth rate for the economy as a whole. Both the composition of industries and of products are irrational because, first, the development of the national economy is overheated; and second, enterprises still do not really take the market as their orientation of operations. In order to rationally readjust the composition of the economy, therefore, we should, at the macroeconomic level, continue to adhere to the austerity policies concerning fiscal and credit matters, earnestly adopt corresponding measures for readjusting the composition of industries in accordance with industrial policies, and maintain a steady growth in energy resources, important raw materials, and transportation industries. Also, we should, at the microeconomic level, readjust the product mix, actively develop new products, as well as new varieties according to their marketability, and produce more products which are in short supply and those famous for good quality.

At present, enterprises should devote more efforts to readjusting their product mix. First, they must solve their ideological problems, and be more confident in their work. At a certain time, under the influence of the sluggish market, there was a common saying that "though there are tens of thousands of commodities, none of them is marketable." To a considerable extent, this undermined the confidence of industrial enterprises in readjusting their product mix. Actually, even the most overstocked commodities in society can still maintain their marketability provided that they are of good quality. When handling one's product, one must have confidence in it. Enterprises must show others their strong points, correctly select their respective sales strategies, and strive for survival and development through an active participation in market competition. Second, they must pay attention to increasing the supply of industrial products to meet the demand in rural areas, and gear their product mix to meet such needs. The consumption pattern of rural areas is a complicated one.

They must strengthen their surveys on the rural market, and produce more products which are needed by most rural areas. Third, they must pay attention to upgrading products, and maintaining a continuity of development of new products. Changes in market supply and demand have quickened in recent years. This has greatly shortened the economic cycle of products. An enterprise should constantly provide new products to meet changes in market demand.

Commerce is the link between production and consumption. It must also play a role in readjusting the product mix, so that both industry and commerce will join hands to overcome difficulties. For example, the commercial sector may promptly feed back market information to industrial enterprises, and may act as a guide for the readjustment of product mix. They should develop the processing of supplementary materials, bid for production projects with supplied samples, and increase the supply of products needed by the market. They should give priority to large and medium enterprises in the distribution of important industrial raw materials, so as to produce marketable commodities. They should adopt various forms of joint ventures such as forming industry-commerce joint sales, undertaking wholesaling, and commissioning sales agents to boost their sales, to ease financial difficulties in readjusting the composition of industries, and so forth. Of course, it is certain that commercial purchases must take the market demand as a prerequisite. Acts of blind or mandatory purchase, which will bring about another case of overstocking, must be avoided. Judging from the readjustment of product composition through the production-sales joint efforts, as well as their adaptation to the market demand, the industry-commerce joint venture is the recommended form. Fuzhou Transport and Electrical Company made joint efforts with the Furi Company in the sale of color television sets, so that both of them made profits. Long before Furi became well known, personnel of the commercial wholesale station had to travel all across the country to undertake door-to-door sales in order to actively develop the market. Last year, after implementing specialized management, warehouse stocks increased; the commercial sections helped the manufacturing sections to get a good grasp on the introduction of new products and improvement of product quality, did away with introducing a large number of new styles of color television sets on the market. In addition, both the industry and commerce have arranged their methods of profit sharing and settlement. Under the general situation in which color television sets were overstocked nationwide, in September the electrical company sold all 70,000 color television sets in stock. Thus, we can see that industry-commerce joint ventures play a major role in readjusting the composition of sales, and promoting sales. The commercial departments must take this opportunity to give assistance to industry, and to establish new relations between them and the industry.

### III

A key to enlivening the circulation of commodities, and putting an end to the currently sluggish market rests with the provision of guidance concerning proper consumption. The consumption behavior is subject to the influence of various factors such as policies, income level, availability of commodities, personal preference, and effects of demonstration. No matter how many factors there are, it is the psychological reaction of consumers that directly determines consumption behavior. Therefore, the most important prerequisite for giving them correct guidance is to strengthen the study on the psychological reaction of consumers.

Over a long time in the past, we focused on products, rather than consumers, in our commercial sales; and we did not attach great importance to, or conduct studies on, the psychological reaction of consumers. In analyzing the relations between aggregate supply and demand for commodities in society, we inclined to adopt the attitude of giving preference to things over men. Moreover, we often predicted, on the basis of our personal feelings and experience, the possible reactions among customers following a readjustment of policies. As we did very little study of the psychological reaction of consumers, it was often the case that the goals of our policies deviated from reality, while the specific policies and measures were simple and incomplete. The immediate psychological demand of consumers for commodities has a great influence on the market of consumer goods. This thus affects supply-demand relations. If we attach great importance to, and strengthen our study and analysis of the psychological reaction of consumers, not only will it help us correctly keep abreast of changes in consumption behavior, but also provide the necessary basis for formulating measures for putting an end to the sluggish market, as well as quiet sales, at both macroeconomic, and microeconomic levels.

While we strengthen the study on the psychological reaction of consumers, we must act in line with the party and government policies, and publicize the correct thinking about consumption. This is an important aspect for overcoming certain confused understanding about, and psychological obstacles concerning, consumption, so as to promote an active market on the basis of stability.

I believe that at present, we should mainly propagate among the consumers the following points. First, we should clarify that the improvement of people's living standard, as well as the growth of consumption, can be based only on the development of production. A considerable part of the growth of consumption demand in recent years, which exceeded the growth rate of national income and of labor productivity, was caused by an inflation of consumption. To date, this influence is yet to be eliminated. Therefore, we should continue to suppress those excessively great social demands, and always adhere to the austerity principle at the macroeconomic level. Second, we should correctly understand the call recently made by the central authorities on "tightening

the belt." Proceeding from the market of consumer goods, the call for "tightening the belt" was made in the light of the consumption by social groups. It urges them to avoid stressing an extravagant living style, to cut public expenses that may affect honest government, and to promote the spirit of struggle and working hard and economically. On individual consumption, we should mainly strengthen the control and supervision of consumption funds, guide people to discard the tendency to purchase in an impractical and blind manner, and on the basis of credit. We do not oppose rational consumption by individuals. Proper consumption does not conflict with the call for "tightening the belt." To "tighten the belt" does not mean that we have to live a hard life. Rather, we urge individuals to maintain their consumption at a proper and rational level. Even during rectification and consolidation, we should have an appropriate growth in individual consumption. Third, we must publicize the dialectical uniformity of relations among production, distribution, exchange, and consumption; and that proper consumption is beneficial to both the state and the people. Acts of high-level consumption, and consumption on the basis of credit sales, are unfavorable to economic development. If we force ourselves to do it, we shall end in failure even though we may make some achievements at this moment. Similarly, to artificially suppress the level of consumption does not do economic development any good. We shall, of course, succeed if we check all types of expenditure, including those which are necessary. However, most products will thus become unmarketable. Eventually, not only will the state and enterprises suffer losses, the masses will also earn less. We may drag on endlessly with similar arguments. Provided that we have actively done well in propaganda work, we shall certainly help the masses correctly understand the spirit of the central authorities, correctly understand the economic situation, take a correct attitude toward the function of proper consumption, and establish correct thinking about consumption.

When giving guidance concerning proper consumption, we must firmly grasp those actual problems which may affect the consumption mentality. For examples, when an enterprise is, or is most likely, in a state of ceasing production, there will be prominent problems such as those concerning the unemployment rate in society, those about suppression of capital construction projects, dismissal of workers not included in the approved number of staff, settlement of rural workers, issuance of debit notes to peasants in the purchase of agricultural and sideline products. We must understand that in such events, not only will the social demand be reduced, and factors affecting social security will be intensified, but will also greatly undermine the confidence of consumers in stability. Therefore, when handling problems like these, we must act in accordance with the requirements of the party and government, and must properly settle them. So long as a problem is settled, and the masses realize that their immediate interests are protected, they can get rid of their worries, and it becomes possible for

them to accept the thinking on proper consumption, as well as various corresponding measures.

#### IV

To stabilize the market while overcoming its sluggishness is the crux, as well as the difficulty, of our present policy concerning circulation. In particular, we must stress the work of strengthening macroeconomic readjustment and control of the market, give play to the complementary functions of main circulation channels, and other commercial channels. While maintaining a stable overall situation, we should open the market through various methods and enliven sales.

At present, the basis of China is rather weak in terms of market balance. It can neither stand against the impact of a buying spree, nor any adverse effect on the economic life caused by a sluggish market. In order to stabilize the economy and society, we must, on the one hand, overcome the currently sluggish market, and on the other, we must guard against any sharp rise in certain market areas. We must adopt measures for stabilizing and enlivening the market, so as to give full play to all functions of our present circulation forces.

First, we should strengthen macroeconomic readjustment and control, so that the market will function effectively. Judging from the current situation, we must, first, earnestly guarantee the supply of important commodities, as well as strengthen and stabilize the market as a whole. Second, we must enliven the sales of other commodities, and overcome the market's sluggish state caused by the mix of commodities. For this reason, we must establish and perfect a multi-level macroeconomic readjustment and control system covering the central, provincial, and city authorities. The main goal of the central authorities is to grasp well an overall balance in the supply and demand of commodities, and a balance in the production, supply, and sales of major products which have an important bearing on the national economy and people's livelihood. In addition to grasping well such work, both provinces and cities should suit measures to local conditions, and maintain a balance in daily necessities, including those which are commonly found in people's shopping baskets, as well as daily goods for industrial use which may cause sensitive reactions in the market. The system of readjusting and controlling the market is not only responsible for maintaining stability in the market, but is also responsible for appropriately regulating circulation, and the supply and demand in the wake of changes in the supply-demand relations. In particular, the latter is more important. We must pay attention to the fact that, among the currently established means of readjustment and control, as well as measures for consolidating circulation, we emphasize maintaining a stable supply more than ways of enlivening sales. Market stability complements the state of circulation. Circulation will become chaotic when the market is unstable; and when circulation is stagnant like a pool of dead water, it will also be difficult to stabilize the market. Therefore, we must pay attention to the

readjustment and control of other commodities, while doing well in the readjustment and control of major commodity markets. We must enliven the business of other commodities, while strengthening the administration of commodities subject to planned supply. We must pay attention to establishing a good system and developing the market, while strengthening our market supervision. We must, in the work of checking price increases, pay more attention to the use of law of value; and, in the work of consolidating the order of circulation, help various commercial sectors develop in a coordinated manner, and provide joint services to stabilize the market, and enliven the circulation. Moreover, in readjusting and controlling the market, we must regard internal trade as equivalent to external trade, and balance China's supply-demand situation by means of international exchange.

Second, we should handle well the relations between the chief circulation channels and other channels. State-run commerce, and the supply and marketing cooperatives are the main force of China's commercial system owned by the public. They are not only the general circulation subjects engaging in commercial business, but also undertake special tasks assigned by the government. Most of China's specific activities concerning readjustment and control of the market are accomplished by the commercial system and cooperatives. In particular, the major commodities which have a great bearing on the national economy and people's livelihood, are often in short supply. In order to rationalize the distribution of resources in a planned way, we must let the state-run commercial enterprises, and supply and marketing cooperatives handle all or most resources. Their function is to act as a "reservoir" at the wholesale stage, and to flexibly regulate supplies. Therefore, the function of state-run commerce, and the supply and marketing cooperatives must be strengthened rather than weakened. This is a requirement for stabilizing the overall situation of the market. Other parts of the commercial system are China's supplementary circulation channels of commodities. After we started reforming, a variety of commercial elements developed in China. They have enlivened both the urban and rural markets, have made things convenient for the people, and have offered more job opportunities to society. Though problems of blind development, and so forth have existed in recent years, commercial elements can play their positive role, and make up for their deficiencies by their strong points, provided that their work is done well. "The market will become unstable without a major channel; and the market will not be enlivened without diversified channels." This is a valuable lesson for us after summing up our repeated experience over the past 40 years following the founding of the state. Of course, the major channel not only stabilizes the market, but also enlivens the circulation. At present, we must act in the spirit put forward by the "Decision" of the Fifth Plenary Session of the 13th CPC Central Committee, and put the wholesale business of major commodities into the hands of

state-run commerce, and supply and marketing cooperatives. At the same time, we should appropriately increase the unified allocation rate of major commodities. We should give preference to those major commodities handled by, as well as those key wholesale enterprises under, the state-run commerce, and the supply and marketing cooperatives. This includes granting loans at a lower interest rate, giving priority in receiving raw materials and foreign exchange, giving them the necessary financial subsidies to act as the reserves of the state, consolidating and perfecting various types of fund system that help readjust and control the market, and so forth. With regard to other channels, we must also act in the spirit of the same "Decision," strengthen our industry administration through the consolidation of order of circulation, so that the industries will develop within their own realms. After the work of rectification and consolidation started, there has been a remarkable improvement in the order of circulation. Nevertheless, we should attach great importance to two kinds of tendency that may undermine the work of invigoration. First, there is a revival of local trade blocks, in which localities impose local trade barriers to block the normal circulation of commodities, in respect of which we must resolutely put an end. Second, some localities impose too rigid control on circulation through multi-channels, so that circulation is not smooth. Such localities should relax their controls a little, in a planned way.

Third, we should actively develop the commodity market, and enliven the circulation of commodities. This is the most practical way for overcoming the currently sluggish market. What the readjustment of the mix of products brings about is the supply of more commodities. It is because one must actively find a market, locate the demand, and boost the sales volume for a heavily overstocked commodity. There is a very great potential in China's urban and rural markets. Particularly, we must focus on the development of the huge rural market. Proceeding from the present situation, we must begin our work from the circulation channels, mode of operations, and marketability of commodities in order to develop the rural market. Channels that bring industrial goods to the rural areas must be diversified. Both state-run commerce, and the supply and marketing cooperatives must change their thinking, as well as their style, of operations. They should coordinate with each other in doing business. Both industrial and commercial enterprises must strengthen their joint sales business, and organize and bring more collectives and individual businessmen to the rural areas as the sale force. State-run commerce must increase the share of goods for rural areas, establish more wholesale outlets, offer goods at lower wholesale prices, actively act as agents of industrial goods, and join the rural exhibitions and shows. The supply and marketing cooperatives must actively develop the distribution of industrial goods. Cooperatives at the upper level must help their subordinates solve problems, and use various methods to settle accounts, such as acting as an agent of a cooperative to sell, and to settle accounts after selling its overstocked

goods at the site of another cooperative, and payments by installments. They must also help their subordinates keep more stock, and increase their sales volume. Industrial goods produced for the rural market should mainly be medium-class and inexpensive commodities. Chiefly speaking, these commodities should be durable, practical, and appropriately priced. At the same time, we should increase some traditional commodities which are popular among the peasants, goods specially made for minority nationalities, and new industrial goods. For now on, we must have a system for delivering industrial goods to the rural areas. We should give priority to the needs of the rural areas when formulating policies and distributing commodities, so as to help peasant discard the thinking that those industrial goods that are delivered to the rural areas are the overstocked ones. The focal point of urban market development is on strengthening the business service, and on organizing more consumption levels. In order to organize more consumption levels, we must adopt more flexible means to expand the market, such as the establishment of evening markets at some locations, trade fairs, retail outlets, and delivery services. We must expand services, improve the quality of services, including before-sale and after-sale services. We must weigh the advantages and disadvantages, and conduct specific analysis on measures of expanding sales by cutting prices. Under no circumstances must we allow business operators to expand their sales by cutting prices, or this will strengthen the thinking of the people that it's better wait until the price has fallen to the bottom level. We must carefully judge the situation before cutting any price, when handling commodities which are currently sluggish in sales but will very soon be in short supply. With regard to a commodity, when there is a wide gap between its selling price offered by the industrial sector and that by the commercial sector, the commercial sector will be affected. Therefore, we must maintain a uniform retail price through coordination. No enterprise may sell at a lower price commodities which are subject to the state's uniform pricing system. However, when an enterprise has overstocked a commodity in respect of which the demand is particularly elastic, such enterprise should expand its sale by cutting the price, even though this may bring losses to the enterprise. Furthermore, we should systematically increase the price of products which are sold at a remarkably low price, and which seriously affect production and business operations. We may also appropriately increase the price of commodities which, for the purpose of controlling the local price index, are shipped to other areas before being put on the market, so that the enterprises may earn some profits. This helps enterprises increase their proportion of local sales, and economizes on the use of social resources.

According to the projections of the Ministry of Commerce, there will be an increase in this year's aggregate sales volume. While the market was rather stable in the first half of this year, the situation will become a little bit brisk in the second half of this year. However, there will be a structural scarcity in certain major commodities,

and it takes time to totally put an end to the structurally sluggish market. Provided that we take action, do well in our work according to the requirements of the State Council, it is certain that while we maintain a stable market, we shall enliven sales, and shall promote a benign cycle in our national economy.

### **Energetically Develop the Individual and Private Economy With Public Ownership as the Dominant Factor**

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[Article by Liu Minxue (0491 2404 1331), State Administration for Industry and Commerce]

[Text]

#### I

Since the Third Plenary Session of the 11th CPC Central Committee and since implementation of the open and reform policy, the all but disappearing private industry and commerce have been revived. The individual and private economies have recovered and started to develop in our country. By the end of 1989 there were 1,247,000 units of private industry and commerce, employing 19.41 million people, with a capitalization of 34.7 billion yuan. In towns there were 3.69 million units of private business units, with 5.6 million employees and 11 billion yuan in capital funds; and in the villages 87.8 million units, with 13.81 million employees, and 23.7 billion yuan in capital funds. In 1989, the national output value of private industry, construction, and transportation businesses was 55.94 billion yuan, 2.56 percent of the gross value of national industrial output. The volume of business from private trade, the food industry, service industry, and repair work was 133.92 billion yuan—114.7 billion yuan from private retail sales alone, which was 14.16 percent of retail sales nationally. Individual industry and commerce has become a necessary element in our national economy.

As we develop our commodity economy, private enterprises that have more than seven employees have begun to emerge. The administrative offices for industry and commerce have registered 90,581 private enterprise units, with 1.64 million workers and 8.45 billion yuan in investment. In 1989, the output value of private industry, construction work, and transportation work was more than 9.7 billion yuan. Private trade, the food business, service industry, and repair industry made 3.88 billion yuan. Most of these private enterprises were started from small individual businesses. They are small-scale operations, each unit hiring an average of 10 workers. They play a small part in the national economy.

In the 40-year history of the People's Republic of China, the development of individual industry and commerce has traveled a winding path. When New China was first founded, there were many private industrialists and businessmen in the cities and villages. By 1956, after the socialist transformation, 96 percent of craftsmen and 95 percent of small businessmen joined cooperatives. Our

nation succeeded in converting the means of production into a socialist system. However, the transformation also created some problems, particularly in the area of individual commerce and industry. We wanted quick results and thus moved hastily. Some systems of ownership that should not have been changed were transformed. Various areas of business were combined unnecessarily. The result was fewer varieties of products and the disappearance of specialty stores. The party Central Committee discovered the problem and wanted to correct the situation. Later on, because of "leftist" influence, the course was changed back and forth, and the development of individual business became more strictly controlled. The situation was specially restrictive following the 10 years of turmoil: Individual commerce and industry had all but disappeared. In 1978, there were only 140,000 people in cities who were still engaged in individual business. Since the Third Plenary Session of the 11th CPC Central Committee, the party has focused its attention on economic construction, moved away from "leftist" ideology, set things back in the right order, and returned to the party's tradition of being practical and realistic. Individual commerce and industry can finally come back to life. In 1979, the number of people in the cities who are engaged in individual business increased to 310,000; in 1980, 800,000. Starting from 1981, individual business grew rapidly: from 2.275 million people in 1981 to 23.049 million in 1988. In 1989, the number went down but the amount of capital funds, output value, and volume of business continued to go up. As our national economy continues to have a persistent, stable, and balanced development, the individual and private economy will also continue to grow.

#### II

The 40 years of New China and a decade of reform and open policy prove that the policy of developing various types of economy while upholding public ownership is an absolutely correct policy.

Our socialist economy is a planned commodity economy based on public ownership. The public ownership of the means of production is the foundation for our socialist relations of production. The core of a socialist economy is public ownership; there is no other path. However, while we uphold public ownership, we must include other economic elements, such as the individual and private economies.

When a system of ownership prevails and develops, or when it is replaced by other types of ownership, it does not happen accidentally, rather it is decided by the conditions and characteristics of the productive forces. The development of the social productive forces in the different areas of our national economy is quite uneven. A few modernized industries coexist with the majority that are below contemporary standards. There is a small region that is more economically developed, and there is the vast area that is undeveloped and poor. We have reached international advanced levels in science and technology in some fields, but on the whole most of our

people are behind in their technical skills, and a quarter of the population are illiterate or semiliterate. This situation will remain like this for a while. Therefore, when we try to build a socialist economy, we cannot ignore the different levels of productive forces, and we should not insist on having only one type of ownership. Our national economy should include national, collective, individual, and private economies. In the past, because of "leftist" influence, some people thought that socialism meant a single ownership. They thought that the more inclusive the ownership system the better, the more public the better, and the purer the better. This went against the law of objectivity. Some people even equated individual economy with capitalist economy. They were wrong, too. The individual economy that prevails in our country has the general quality of an individual economy, meaning that the economy is based on individual work and that the means of production belong to individual laborers. But this individual economy also has its own characteristics; it is under a socialist system. It relies on the dominant economic power—socialist public ownership—and it is controlled by a socialist nation. The individual economy works for the development of a socialist economy and is a necessary and beneficial supplement to this socialist economy. This supplement is an absolute necessity and is here to stay.

Generally speaking, individual and private business in our country are conducted on a small scale, but they are widely distributed in many areas. These private industries and commerce usually use simple means of production. Their style of management is flexible, and they provide convenient services to the people. People demand many varieties of commodities and need different types of services in their daily lives, a problem that might not be easily solved by large socialized production and management. Large-scale management may have trouble providing many of these services; that is where the individual and private economy can fit in and develop. Even in countries that have a high level of social productivity, there is an abundance of small businesses. In the United States and the UK, 10 percent of their working people are in individual businesses. Meanwhile, although our country has developed its national and collective economies quite well, for certain kinds of commodities the demand is bigger than the supply. We have yet to satisfy people's quest for more trade, food, service, and repair. If we want to develop social productivity and meet everyone's daily needs, having only a national and collective economy is not enough. We must have a decent individual and private economy. For instance, a large and centralized organization is not suitable for providing food service, repair work, and short-distance transportation. Decentralized, small management will do a better job. Some work, such as making handicrafts and artistic carving, is best done by hand, not by mechanized production. In the past, small jobs like shoe repair and quilting were always done by national or collective organizations, and these organizations would always lose money in these undertakings.

But when individuals provide these services, they work long hours and their overhead expenses are low. Their family members often help with the work. They turn these businesses around and make money instead. When several small trades are combined into one and the management becomes centralized, individuality disappears and people feel inconvenienced. Smaller business is better at maintaining traditional quality. The individual and private economy is important because it employs unused labor, combines capital, and creates social productivity. More things are produced and more products are circulated. This has enlivened the markets and made them more convenient for the masses. The private and individual economy has certainly fit into the notch where the national and collective economy cannot reach. To a certain extent, the private economy helps solve the "difficulty of finding an eatery, tailor, and repair shop."

The individual and private economy helps to employ more people and absorbs some of the labor force. Our country has a big population, but a weak foundation. It is hard to depend only on our government to provide full employment. When the government arranges jobs for one town, it will have to spend at least 10,000 yuan or more in equipment and investment. There are several million people in towns that need to find employment. If we rely only on the government, then each year the country must find several billion yuan for investment. Obviously, this will be difficult to accomplish. If we can develop the private and individual economy, we will lessen our government's burden. According to statistics collected several years ago, the number of new employees in nationally owned work units is approximately the same as the number of people engaged in the individual and private economy. The development of the private and individual economy also solves the problem of surplus labor in rural areas. This employment solution is useful for maintaining social stability.

The development of the private and individual economy results in more revenue for the country. Since 1981, when the government began to collect taxes from the private sector, the private and individual economy has contributed 42.2 billion yuan of revenue. The amount of revenue increases yearly. By 1989 the amount was 13.2 billion yuan. Right now, quite a number of people who are engaged in the individual and private economy have been dodging taxes. If we establish a stricter tax law to plug all the legal loopholes, there will be more contributions coming from private and individual economy.

When the private and individual economy started to grow in cities and rural areas, people who had the ability to do and manage business and people who had the technological know-how or who were advanced technocrats began to emerge. Some of the products that originated in the private and individual economy first became popular in the domestic market and later were exported overseas.

The last decade has proved that the development of the private and individual economy is a beneficial addition to the socialist economy. Because, however, we have fallen out of step in providing guidance and administering the individual and private economy, and because the relevant policy and rules are not yet perfected, there are developmental problems that need to be taken care of. Our present duty is to put in more effort to guide and administer the private and individual economy to ensure an important role for this type of economy. We should discourage anything that has a negative effect on the development of the socialist economy and promote the healthy growth of the private and individual economy.

### III

The party Central Committee has repeatedly said that while public ownership remains the pillar of our economy, we ought to develop the individual and private economy. This is a long-term policy, one that will remain throughout the whole period of socialist history. If we want to implement the party's policy properly, we must understand and attend to two problems. First, we must realize that implementing the policy of upholding public ownership as the mainstream while developing other economic elements is intended to give full play to the superiority of the socialist economy and increase the economic development of our country. We absolutely cannot weaken the primary position of the public ownership system, much less do we want to "privatize" the economy. And we should not use the ratio of private and individual economy as a measure of reform. Second, we must understand that this policy is vital to us and that implementation is a long-term project. We should not look at the policy as if it were only a makeshift device or a temporary measure. We are not going back to the past when there was only the single-ownership system. Our policy is to encourage and help the private and individual economy and at the same time strengthen control over the private sector. We should protect their legal rights and yet prevent any illegal business. We must make use of the positive value of the private economy, but limit any negative influence. We do all this to ensure the healthy development of a private and individual economy and to accelerate the construction of our socialist economy.

There are several problems in the administrative work of the private and individual economy. We should study these problems and find solutions for them.

#### **First, What Should Be the Limit of the Development of the Private and Individual Economy?**

Should there be a limit to the development of the private and individual economy? Have we gone too far or not far enough? Under our socialist system, the private and individual economy depends on the existence and development of the economic system of public ownership. The scope of the individual and private economy depends on regional conditions: How advanced is the public ownership economy? How much capital can the

region accumulate? How much material resources are there? What does society need? Production and business are adjusted according to the market. As long as the material and technical foundations are sound, the individual and private economy will continue to exist and grow. Different districts and different professions determine the size of private and individual economic development. Our national economy must be based on public ownership. This rule applies to the nation as a whole, except for the special economic zones, or in the case of some trades such as the repair and service industry. Under these circumstances, the growth of the private and individual economy can surpass the public ownership economy. We should allow various types of individual and private economy for different regions, trades, and developmental stages. We do not need to have a fixed boundary to restrict the development of the private and individual economy.

There has been a decrease in private business in some regions since last year. There are many factors that account for the phenomenon, such as a weak market, a tight financial situation, and psychological reasons. Now some people think that our private economy has been overdeveloped. This kind of thinking contradicts the objective situation. Right now, our socialist economy still does not produce enough commodities to satisfy production and daily needs. The proportion of private and individual business in our national economy is too small rather than too large. While we push forward for a better national and collective economy, we must follow government guidelines to encourage and help with the development of the private sector.

#### **Second, How Do We Work With a Multilevel Administration?**

The major policy for our national economic development is to uphold public ownership as the mainstream and develop other economic elements. Ever since the nation started to reform and open up, all important decisions on the revival and development of the individual and private economy have been made by the party Central Committee and the State Council. It has to be done this way. However, because of the diversity of private business and the differences in our geographic conditions and economic development, as well as the different requirements of our different regions, there cannot be one specific policy applicable to the whole country. The party Central Committee decides on the overall policy and the department in charge is responsible for macromanagement. Each region has to follow the central policy, answer to the department in charge, and make up specific policies based on local conditions. That is to say, the overall policy is decided by the party Central Committee, the method of macromanagement is decided by the department in charge, and any specific policy should be left to the various regions. This kind of multilevel management is good for the development and administration of the individual and private economy.

To administer private business by macromanagement is to ensure that business is done legally and within government-set limits. The department defines the areas of business, types of trades, commercial items, management style, and business behavior. The national policy allows self-employed individuals and private entrepreneurs to participate in industrial fields, construction, transportation, nurseries, animal husbandry, commerce, food industry, repairs, services, technological consultation, and all other trades that are not forbidden by law. We particularly encourage people who would provide needed services and conveniences to the masses. We would like to revive the traditional arts and crafts and products. We support the wholesale and retail of trinkets and agricultural by-products. We encourage private enterprises to become technologically advanced, to be more productive, and to become export-oriented. In some fields, such as military industry, finance, real-estate development, rail and ocean transportation, self-employed individuals and private entrepreneurs are not allowed to get involved. Other products such as dangerous chemicals, explosives, and specially controlled medicine cannot be sold by self-employed individuals or private entrepreneurs. Also, private individuals cannot buy and sell cultural relics or rare and precious animals and plants. They cannot be the agents for products that are part of central planning, nor can they sell the important means of production. Each region should oversee its self-employed individuals and private entrepreneurs, making sure that their businesses are approved by departments in charge. No one should be allowed to trade illegally. But if the area of business is encouraged by the department, then we must support and help the individuals with locating sites, raw materials, energy, transportation, credit, and revenue. We give guidance so that the development of the private and individual economy follows the needs of the people and the country, and that the private and individual economy can supplement the public-ownership economy.

### **Third, How Do We Improve the Tax Collection System?**

Our country has made progressive achievements in the taxation law related to the individual and private economic sectors. We must make more public announcements to advertise the tax law. We should educate self-employed workers and private entrepreneurs so that they can better understand the law, take more initiative, follow the rules, and pay their taxes.

Right now, there are two ways to collect revenue from the individual and private-business sectors. One is to look at the books and decide on the taxes. That is to say, all private entrepreneurs and self-employed workers, when their businesses have reached a certain level, have to establish their own books for the revenue department to inspect. The department will then decide on the amount of taxes to be collected. The other method is to set a fixed amount of taxes. Self-employed workers with permission to temporarily not keep their own books for the public record can pay a fixed amount of taxes at an

appointed time. No matter which method we use, taxation must be fair and reasonable. We should be practical and strict when carrying out the tax law. We ask all self-employed workers and private entrepreneurs to obey the rules and pay their taxes. We do not allow tax evasion.

As for solving the problem of tax collection from the private and individual economic sectors, we need to think about changing the present tax law. The tax law we have now is a comprehensive law. It does not distinguish among professions, regions, and the amount of income. The tax rate for everyone is the same. This taxation method is not in line with the National Property Law which says that our government should encourage the private and individual economy. Besides, this taxation method does not promote fair practices. There should be different tax rates for different trades. Some trades should be taxed heavily, some lightly, and, at certain times, some can even be exempted from paying.

While we need to improve tax collection from self-employed workers and private entrepreneurs, we must not permit arbitrary charges, apportionment, or fines. Except for collecting standard charges set by the state, provinces, autonomous regions, and municipal governments, no individual or unit is permitted to ask self-employed workers and private entrepreneurs for unauthorized charges, apportionments, or fines. We do not allow "fees to take the place of control."

### **Fourth, How Much May Self-Employed Workers and Private Entrepreneurs Make?**

Recently, the amount of income made by self-employed workers and private entrepreneurs has become a hot topic for discussion. There are many reasons why self-employed workers and private entrepreneurs make more money. It is also an undeniable fact that their high incomes have created a problem of unfair distribution, which needs to be solved gradually. We should now give this problem a detailed breakdown. The average income of a self-employed industrial and commercial worker in a big city is about 6,700 yuan a year, 4,500 yuan in a medium-sized city, and 2,500 yuan in a village. The amount of income varies significantly according to trades and regions. Statistics done in Beijing show that 10 percent of self-employed people earned over 10,000 yuan a year, and only 2-4 percent made over 100,000 yuan. When we compare their incomes with the earnings of workers employed by state-owned enterprises (an average of 2,000 yuan including bonuses per year), the self-employed workers appear to make two to three times more than other people. But, in addition to wages and bonuses, workers employed by state-owned enterprises also enjoy housing and medical benefits and labor insurance. The sum of these fringe benefits amounts to an average of 2,000 yuan a year. Self-employed workers are not entitled to these kinds of welfare or benefits. Besides, they have to work longer hours and their family members usually have to help with the work. They also have to undertake the risk of running a business. It seems

reasonable that they should earn a little more than the state-employed workers. Only those who make too much money cause unfair income distribution; but they are only a small number.

The situation is essentially the same with private entrepreneurs. According to research done in Shenyang, a private entrepreneur spends about 7,000 yuan a year in daily living and expenses, approximately the same amount a contractor of a state-owned enterprise will have to spend. The contractor of a bigger business may have to spend 500 or 600 yuan more; that of a smaller business will spend less. Among the private entrepreneurs, only a few have earnings that are too high.

The state allows self-employed workers and private entrepreneurs to make money by means of honest labor and legal business activities. Society should respect their honest work, and the law should protect their legal income. If some of them have too high an income, the government should adjust the situation by charging them higher taxes. If anyone makes profits through illegal business, the government should confiscate his assets.

#### **Fifth, How Do We Strengthen the Education of Self-Employed Workers and Private Entrepreneurs?**

In order to encourage the individual and private economy to develop healthily, we must work harder to educate self-employed workers and private entrepreneurs. Many places have started to teach self-employed workers and private entrepreneurs about ideology, the legal system, and professional ethics such as "doing business legally and keeping a good reputation." These teachings have been quite effective. The majority of people have been law-abiding, and many of them have become advanced workers. Based on an incomplete report, 7,191 self-employed workers are model workers at the provincial level, 290,000 were chosen as advanced workers, 8,761 were selected as people's representatives at county level or above, 7,107 are members of Political Consultative Conferences, and 11,845 are representatives and members of various people's groups.

Of course, a small number of self-employed workers and private entrepreneurs are not doing business by the book. For instance, some of them sell inferior goods as high-quality goods. They may cheat on measurement, sell counterfeits, and raise prices. A few bully customers into buying, take over the market by force, and evade taxes. For such people, we must further strengthen the education process and control. We need to educate them so that they will obey the state laws and regulations, abide by the rules of professional ethics, work for the development of the socialist-commodity economy, and serve the people.

#### **Historic Experience Is Worthy of Attention—Reviewing the Series *Contemporary China***

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[Article by Wu Jiaxun (0702 1367 3800)]

[Text] The *Contemporary China* series of books has 180 titles. Since the appearance of the first volume in September 1984, a total of 70 titles in 57 volumes have already been published. The bulk of the manuscripts have been written and are being revised. Since this series is rich in content and tells the truth, it deserves more than a vague and general introduction. Here, I will first introduce the objective and guiding ideology behind this series and then cite certain passages from the series to give a general picture.

#### **Objective**

The aim of the *Contemporary China* series is to apply the stand, viewpoint, and method of Marxism-Leninism-Mao Zedong Thought to scientifically sum up the historical experience of the socialist revolution and construction in China and to demonstrate with irrefutable facts the great achievements made since the founding of New China and the superiority of the socialist system. Classified according to content, this copious series includes volumes on special topics, such as the CPC (concentrating mainly on party building and development since it first became a ruling party); the political, investigation, and judicial systems of contemporary China; legislation and law; economy; military affairs; population; rural reform; and the socialist transformation of capitalist industry and commerce. It also includes volumes on specific areas. These volumes are divided, roughly according to the operational scope of various ministries and commissions under the State Council, into volumes on foreign affairs, public security, agriculture, industry, education, science, culture, sports, public health, and so on. There are also volumes on geographical areas, including a volume on each province, autonomous region, and municipality directly under the central government. It is a series which combines the special and local histories of the PRC on various fronts. A small number of volumes are comprehensive in nature.

Engels said, "It has never occurred to us that we should doubt or belittle 'the revelation of history.' History is all we have. We attach more importance to history than did any philosophical school, even Hegel. As far as Hegel was concerned, history was no more than a tool of his logical structure."<sup>1</sup> Why did classical Marxist writers attach importance to and study history? They did so in order to proceed from the reality of the past and the present, sum up historical experience, find the laws of historical development, and form and develop their Marxist theoretical systems. On this basis they would formulate relevant principles and policies for guiding the revolutionary struggles of the proletariat and the broad masses

of the people, thereby pushing forward socialist revolution and construction. To the Marxists, the biggest historical revelation is that capitalism is bound to be replaced by socialism, and communism will ultimately be realized in human society. In China, what this means is "only socialism can save China" as Comrade Mao Zedong pointed out, or "China can only develop under socialism," as Comrade Deng Xiaoping observed.

It has been nearly 70 years since our party first led the Chinese people in carrying out the new democratic revolution and socialist revolution and construction. Leafing through the party's documents over the years and the writings of our leaders, we can find many sections and chapters devoted to summing up historical experience. And it has been repeatedly stressed that this kind of summation must be made in good time. On the history of the new democratic revolution in China, Mao Zedong's writings contained some fundamental and profound summations. Academic circles have also done a lot of writing on the subject. With regard to socialist revolution and construction, our party has continuously summed up practical experiences and has done a lot of theoretical elaboration of immense significance. However, we still lack an all-round and systematic set of works on the course of development of the PRC. It is precisely for the purpose of conducting this kind of research and resolving this problem that the *Contemporary China* series was compiled.

On the recommendation of Comrade Hu Qiaomu, and under the direction of Comrades Deng Liqun, Ma Hong, and Wu Heng [2976 1854], preparations for the publication of the *Contemporary China* series began in the summer of 1982. After the gang of four was smashed, the ideological trend of bourgeois liberalization emerged. It preached Western "democracy" and "freedom" and negated the party's leadership and the socialist system. Some people even spoke of the CPC and the socialist revolution and construction carried out under its leadership as being devoid of any merit. The compilation of the *Contemporary China* series is directed against this kind of viewpoint. It provides the Chinese people, particularly the vast numbers of young people, with a set of educational materials dealing with patriotism and socialism. It is hoped that the series will help enhance the national confidence and pride of the people so they will unite as one and steadfastly advance along the socialist road. To the people the whole world over who are concerned about the cause of socialism in China, this series is a truthful report of conditions in the PRC which we dedicate to them; to hostile forces at home and abroad, it is a forceful defense and refutation.

#### Guiding Ideology

The guiding ideology of the *Contemporary China* series is the party's line, principles, and policies since the Third Plenary Session of the 11th CPC Central Committee. Put briefly, it is the concept of "one focus and two basic points."

Back in March 1949, when nationwide victory was about to be won in the war of liberation, Mao Zedong pointed out at the Second Plenary Session of the Seventh CPC Central Committee, "Only when production in the cities has been restored and developed and when cities of consumption have been turned into cities of production can the people's political power be consolidated. Other work in the cities, such as the party's organizational work, the work of organs of political power, trade union work, the work of various other mass organizations, cultural and education work, the work of eliminating counterrevolutionaries, and the work of news agencies, newspapers, and radio stations are carried out around the central task of production and construction and serve this central task. If we are ignorant about production work, fail to master production work quickly, and are unable to restore and develop production as quickly as possible, achieve concrete results, improve the life of workers in the first place, and improve the livelihood of the people in general, we will not be able to maintain our political power. We will be unable to hold our ground and will be defeated."<sup>2</sup> This was what the whole country did in the eight years after the founding of New China. Our successes have been great whether we look at them from the perspective of world history or from the perspective of the world as a whole. After the basic completion of the socialist transformation of the private ownership of the means of production in most parts of China in 1956, we should have concentrated our forces in conquering nature and developing our economy and culture. For reasons well known, however, our economy suffered serious interference, setbacks, and harm despite the tremendous growth attained. It was not until the Third Plenary Session of the 11th CPC Central Committee that the focus of work was truly shifted to economic construction. Since then, China has entered a new historical period. Over the last 10 years, the achievements made by China in economic construction have been enormous and unprecedented. Whether economic construction is taken as the central task, and whether economic work is successfully carried out, will ultimately decide whether society is stable, whether science, culture, and art can flourish, and whether the political situation is stable. This is made abundantly clear with a host of vivid facts in the economic volumes and the various volumes on individual economic sectors, which appropriately constitute half the entire *Contemporary China* series. The volumes on geographical areas are also written around the theme of economic construction.

Comrade Deng Xiaoping pointed out, "Upholding the four cardinal principles is our basic stand, and we must not waver on any of these principles." "To undermine any of the four cardinal principles is to undermine the whole cause of socialism in China, the whole cause of modernization."<sup>3</sup> He elaborated on this idea time and time again. Hegel once said that the same maxim, when uttered by young people, will invariably lack the kind of significance and worldliness shown in the wisdom of an adult who has experienced the hardships of life. The latter can express the entire strength conveyed in the

maxim. The four cardinal principles always upheld by our party have taken on new meanings today. These include building socialism with Chinese characteristics, strengthening the building of democracy and the legal system for the state, strengthening and improving party leadership, developing Marxism-Leninism-Mao Zedong Thought, and opposing bourgeois liberalization. History cannot be cut off. These are not new, but in the past they were not as clear-cut and rich in content. From the various volumes of the *Contemporary China* series we can see that we owe our achievements to the upholding of these principles and that we will invariably make mistakes if we divorce ourselves from or forget them.

We have been carrying out reform these last decades. Opening the country to the outside world is also a kind of reform. During the 30 years after the founding of New China, there were longstanding malpractices in various areas caused by "leftist" mistakes in guiding ideology. At both the central and local levels there were correct principles and policies which were mistakenly reformed and incorrect aspects which were reformed but not carried through. Our party was plainly aware of the need to reform its economic and political structures. There was also the international environment for opening the country to the outside world. The Third Plenary Session of the 11th CPC Central Committee decided on the reform and open policy. The four cardinal principles set the socialist orientation for the reform and open policy. We can even say that the reform and open policy is covered by the four cardinal principles. Our reform is the self-improvement of the socialist reform and our open policy seeks to learn from the strong points of foreign countries to offset our weaknesses and to enhance the strength of socialism. There is yet another "reform and open policy" which abandons the four cardinal principles and seeks to bring about capitalism. There is an acute struggle between the two policies. Over the past 10 years our national strength has greatly increased and the people's livelihood has seen great improvements. These are given expression in the *Contemporary China* series. Since the reform and open policy has only a short history, there are things that leave much to be desired, that are left until rather late, or that are left undone. As most of the books published deal only with things up to 1985, not enough has been done in summing up experience in this regard. Nonetheless, the series still gives truthful accounts of major events, such as the transformation in the pattern of ownership from the unitary system of public ownership to the coexistence of different economic sectors with the public ownership system as the mainstay; the transformation in economic management from direct control, relying mainly on administrative coordination, to indirect regulation and control, which relies mainly on economic means; the importance attached to the law of value and the role of the market mechanism; the invigoration of production and the market; the implementation of the output-related contracted responsibility system based on the household in the rural areas; granting more autonomy to enterprises; practicing the contracted responsibility

system for operations; the development of horizontal economic ties; and the establishment of three kinds of partially or wholly foreign-owned enterprises in the cities.

#### Clearly Presenting the Clues of Historical Development and the Major Historic Junctures of New China

In the *Contemporary China* series, we read first about the beginning of New China. Due to imperialist plundering, corruption by the Kuomintang [KMT], and long years of war, old China was a land of devastation where the bureaucrat bourgeoisie was groomed at the expense of people's poverty. In 1949, national grain output was 226.36 billion jin, 25 percent less than the highest annual output prior to liberation; cotton output was 890 million jin, 47.6 percent less; cotton yarn output was 2.447 million reels, 26 percent less; and machine-made cloth output was 45.008 million bolts, 53 percent less. Before liberation, the highest outputs of iron and steel were 1.8 million and 920,000 tons respectively (mostly from the Japanese-occupied Northeast). In 1949, these were reduced by 86 percent and 83 percent respectively and coal output was cut by half, to 61.875 million tons. In 1949, total industrial output value was 50 percent less than the record level before liberation, with light industry slashed by 30 percent and heavy industry by 70 percent. The year 1936 was the best as far as old China's economic performance was concerned. At that time, national income was approximately 25.695 billion yuan KMT currency, with 1 yuan equivalent to \$0.295. Calculated at a population level of 450 million people, per capita national income was 57.1 yuan KMT currency, or a mere \$16.84. By 1949, the livelihood of the vast numbers of people in the Kuomintang-controlled areas had dropped to the level of dire poverty. Such was the meager and wobbly economic foundation that we took over from old China.

During the first three years of New China we tried to clean up the remnants of the KMT forces and bandits on the mainland, carried out democratic reform in the cities, made the necessary readjustments to industry and commerce, unified financial and economic work throughout the country, and quickly stabilized prices and social order. Land reform was carried out in the newly liberated areas where 310 million people lived, and the new democratic revolution was completed. The resist-U.S. and aid-Korea campaign and the campaign to suppress counterrevolutionaries were launched in the whole country. Hostile forces at home and abroad were crushed. New China has such a powerful force not only because it has a people's army which is brave and skillful in battle, but also because of the political and economic strength of the old liberated areas and the support shown by the people in the newly liberated areas for the new regime. As enthusiasm for production soared in the rural areas following the land reform, the decisive factor was the unification of financial and economic work in the whole country. Through the exercise of unified control over revenue and expenditure, the management of currency and cash, and the management of materials, the

financial and material resources of the whole country were centralized. By the end of 1952, the national economy was restored in the midst of harsh struggle at home and abroad. Industrial and agricultural production reached and surpassed the best levels before liberation, and financial and economic affairs took a fundamental turn for the better. In 1950, revenue was a little short of expenditure, and a small deficit was recorded. During the 1951-52 period, revenue exceeded expenditures, and fiscal balance with a small surplus was attained. This provided the necessary social and economic conditions for planned economic construction.

On the recommendation of Mao Zedong, the party Central Committee put forward the general line for the transitional period. According to this general line, China was to gradually achieve socialist industrialization and bring about the socialist transformation of agriculture, handicrafts, and capitalist industry and commerce over a considerably long period. At that time, socialist factors in China included bureaucrat capital gradually being taken over and placed under state ownership, that is, ownership by the whole country, following the progress of the war of liberation. Such capital totaled 15 billion yuan renminbi and was in the form of banks, industrial and mining enterprises, communications and transportation facilities, and the like. Huge quantities of gold, silver, foreign currency, and valuables were transferred to Taiwan and abroad. Although the confiscated assets did not amount to much, they were still sufficient to control the country's economic lifeline and form the leading component of the national economy. In addition, there were millions of agricultural mutual-aid working groups which showed the rudiments of socialism, and thousands of semisocialist agricultural producers' cooperatives. That portion of industry and commerce already brought onto the track of state capitalism also contained socialist factors. Of particular importance was, of course, the people's political power led by the Communist Party, whose task was to build a socialist society after the completion of the democratic revolution.

The First Five-Year Plan drawn up in accordance with the party's general line for the transitional period embodied the following strategic thinking: We must combine socialist economic construction and socialist transformation in China and make them complement each other; rely mainly on funds accumulated within the national economy; give priority to the development of heavy industry and develop agriculture, light industry, and other sectors of the national economy accordingly; and gradually improve the people's livelihood on the basis of developing production and raising labor productivity.

By 1956, the socialist transformation of agriculture, handicrafts, commerce, and other private economic sectors, and of capitalist industry and commerce, was basically complete in most parts of the country and the socialist system was established. The time taken to achieve this was far less than the 15 years originally

estimated. This was the greatest and most profound social change in the history of our country. In such a great change, the Chinese economy not only did not suffer any losses, but it made tremendous progress despite the drawbacks, such as overhasty demand, lack of attention to detail, undue stress on uniformity, and lack of proper arrangements for capitalists and their representatives.

The primary targets of the First Five-Year Plan were attained ahead of schedule in 1956 and the tasks prescribed in the plan were overfulfilled in 1957. In 1952, the composition of total national income was as follows: State economy, 19 percent; cooperative economy, 1 percent; joint state-private operations, 1 percent; capitalist economy, 7 percent; and individual economy, 72 percent. By 1957, the composition had changed to: State economy, 33 percent; cooperative economy, 56 percent; joint state-private operations, 8 percent; capitalist economy, basically disappeared; and individual economy, 3 percent. Major changes were seen in national economic structure and the public-owned economy became the dominant sector.

The First Five-Year Plan prescribed that priority be given to the development of heavy industry and that stress be put on the development of basic industries. After five years of hard work, China established the initial foundation for industrialization. During this five-year period, state investment in capital construction in the economic, cultural, educational, and public health sectors, together with funds raised by local governments themselves, totaled 58.85 billion yuan. Construction projects under construction numbered over 10,000, of which 921 were projects above the norm. These centered on the 156 key projects designed with Soviet assistance. By the end of 1957, projects completed and put into production numbered 428, with another 109 being partially in production. Newly added fixed assets amounted to 44 billion yuan, of which 21.4 billion yuan was newly added industrial fixed assets, 60 percent more than the industrial fixed assets accumulated by old China during the previous 100 years. China began to have its own backbone sector of modernized industry for the first time. The output value of heavy industry registered an average annual growth rate of 25.4 percent, light industry was 12.9 percent, while that of agriculture was 4.5 percent. The proportions were quite rational. With the value of total social product growing at an annual rate of 70.9 percent and national income growing at an annual rate of 53 percent, the consumption level of the whole people in 1957 also showed a gain of 22.9 percent compared with 1952. At that time, this proportion was also basically appropriate. We made the mistake of widening the antirightist struggle in 1957. However, if we only look at it from the economic angle, that was one of the best years.

The three years of recovery and the First Five-Year Plan saw the formation of the system of the Chinese economy. The main features of this system were: 1) As the number of enterprises directly under various central ministries

and the number of mandatory targets in industry increased, the system of planned management which combined direct (mandatory) and indirect (guidance) means began to show drawbacks of excessive and rigid control. 2) Under the centralized financial system, the state had total control over revenue and expenditure and the proportion of profits that enterprises could retain was extremely small. In so doing, enterprises were in fact placed under the state financial departments. 3) Under the many-channeled circulation system with planned circulation as the mainstay, important consumer goods were subject to planned purchase and marketing and major means of production were supplied according to plan. This deprived enterprises of the necessary vitality. 4) Under the highly centralized labor and wage systems, the scope of the unified control and assignment gradually expanded into the system of the "iron rice bowl," where people could not be transferred to other jobs as required. It is true that this economic system had its drawbacks. However, in a situation where resources were scarce and financial difficulties were great, it could indeed ensure the smooth progress of economic construction.

In April 1956 Mao Zedong wrote the report, *On the 10 Major Relationships*, in which he made a preliminary summary of China's experience in socialist construction and put forward the task of exploring the road to socialism which suits national conditions. He pointed out, "We have done a better job than the Soviet Union and Eastern Europe in handling the relationship between heavy industry on the one hand and light industry and agriculture on the other. As a result, grain and raw materials needed for industrial development are ensured and commodities needed by the people in their everyday life are in fairly great abundance."

In September of the same year, the party convened its Eighth National Congress. The line and principle of the Eighth National Congress were correct but were not implemented through to the end. The Great Leap Forward and the campaign to switch over to people's communes seriously upset the balance of the national economy and brought about great economic setbacks. It was not until after the five years of readjustment, 1961 to 1965, that the situation took a fundamental turn for the better. At this point, the Cultural Revolution broke out and wreaked unprecedented disaster in the political, economic, cultural, social and other spheres. In spite of this, the national economy still saw some growth. For instance, water conservancy construction, construction in remote regions away from the coastal areas, nuclear industry, aerospace technology, and other areas of sophisticated science all saw considerable progress; agriculture also showed an upturn and registered increases in output. In the course of the two major turmoils, many cadres at the central and local levels, and many people in various localities, upheld what was correct and resisted what was wrong. Many people suffered all kinds of tortures and even sacrificed their lives. All this is truthfully recorded in the *Contemporary China* book series.

### Convincingly Depicting the Brilliant Achievements and Precious Experience in All Spheres

Due to limited space, I will cite only a few spheres for illustration.

Capital construction. Comrade Jiang Zemin pointed out in his speech marking the 40th anniversary of the founding of the PRC: "From 1950 to 1988, in the state sector of the economy, the investment in fixed assets totaled 2,153.8 billion yuan, and 4,393 large and medium-sized projects were completed and put into production, with newly added assets amounting to 1,561.9 billion yuan. China has now established an independent industrial system and national economic system of comprehensive scope." Since the volume of capital construction covers the years up to 1985, the figures given are not as high. However, even in the year 1985, China's GNP calculated at the exchange rate still ranked eighth in the world and the actual position would have been still higher if this had been calculated according to the purchasing power parity of various currencies. Capital construction in New China has no parallel in old China. Compared with capitalist countries on the same base line, the speed of our construction has also been quite fast. Our capital construction is centered on high speed, but the relationship between speed and performance has not been properly resolved. In most cases the investment has been large, the construction period long, costs high, wastage serious, and performance poor. This, in fact, affected the speed of economic development. It was precisely because of the one-sided stress on speed that the scale of capital construction sometimes exceeded our national capabilities. As early as January 1957, Comrade Chen Yun pointed out that the scale of construction must be commensurate with the country's financial and material resources. Over the past few decades, national construction suffered several major ups and downs because we exceeded our national capabilities. Nonetheless, achievements still constituted the primary aspect. Some key capital construction projects controlled by the state, and many capital construction projects launched by various big regions, provinces, cities, and national minority regions have achieved great success, thereby laying the necessary material and technical foundations for the four modernizations in China.

Agriculture is the foundation of the national economy as a whole. Mao Zedong once put forward a plan which arranged national economic priorities in the order of agriculture, light industry, and heavy industry. The state was concerned about enlarging the irrigated crop acreage, soil improvement, building farmland which provided high and stable yield, expanding aid-agriculture industries, providing more material and technical equipment for agriculture, expanding the contingent of agricultural education and scientific research personnel, replenishing education and scientific research facilities, promoting science and technology, and so on. In 1984, China's total grain output increased to 407.31 million tons (or 396 kg per capita). That year, grain

output in the whole world totaled 2,047.038 million tons. With output accounting for 19.9 percent of the world total, China ranked first in the world in terms of grain production. In 1984, China also became the world's number-one cotton producer, with output amounting to 6.1 kg per capita (it was 0.8 kg in 1949). China has limited land but a large population. Although it has to support one-quarter of the world's population on seven percent of the world's total arable acreage, China has still managed to basically resolve the problem of food and clothing. In the two years and four months from June 1960 to 1962, Comrade Zhou Enlai spoke about the grain question on as many as 115 occasions. He personally examined the grain plans. We can see his handwritten remarks on each of the 32 charts returned by the premier's office to the Ministry of Grain. Such remarks numbered 994 in total. He was in a difficult position during the Cultural Revolution. At the conference on agriculture in north China held under his leadership in 1970, he reiterated that the system of three-level ownership with the production team as the basic form should, as a whole, be left intact and that commune members should be allowed to cultivate private plots and engage in domestic sideline production. He also reiterated that we should uphold the principle of distribution according to work, refrain from egalitarianism, allow production teams the flexibility of cultivating crops to suit local needs, and prohibit the practice of deploying the labor and materials of production teams at random. In the early 1970's, there was a global grain crisis caused by adverse weather and increased demand for grain. Zhou Enlai attached great importance to this problem. In order to develop grain production in China he gave several instructions in this connection in 1973. These included the instruction that agricultural departments should read the world weather report in CANKAO XIAOXI and pay close attention to the prevention of drought and flooding. However, when economic development was going smoothly, we were liable to be overly optimistic about agricultural production in our guiding ideology and adopt inappropriate measures. This could lead to stagnation and reduced output and affect the overall situation. For instance, agricultural production declined after 1984 and it was not until 1989 that the 1984 level was restored.

**Building construction.** Achievements during the past 10 years have been most prominent. People in both urban and rural areas can testify to this fact and have benefited from these achievements. Deng Xiaoping was most concerned about urban construction and people's housing and gave numerous instructions in this regard. In September 1978, he pointed out, with regard to town planning in Tangshan, that trees should be planted around houses and noted that there were too few commercial outlets and not enough cinemas. He stressed that modern cities should be clean and tidy and make economic use of land. He noted that in the past, cities were neither clean nor tidy. The layout was chaotic, irrational, and loose. He said that in rebuilding Tangshan efforts should be made to plan the urban areas and factories

properly. The layout should be rational, attention should be paid to tidiness and cleanliness, and the pollution problem should be properly tackled. Buildings should be made to look more beautiful and should not be stereotyped. While visiting a construction site, he said that the ceilings of rooms could be lowered, the area of usage could be enlarged, water and gas pipes should be installed, and shower facilities could also be considered. In October of the same year, Comrade Xiaoping inspected new high-rises at Qiansanmen in Beijing. On that occasion, he said, "We should ask people who can pick faults to give their opinions, find out how we can build better residential buildings, rationalize the layout, increase the usage area, make things more convenient for the residents, pay attention to the beauty of internal decoration, make wider use of new building materials, and lower costs." During his trip to the Purple Bamboo Garden in Beijing to inspect the experimental use of light scaffolding in August 1979, he said that the state should adopt measures in support of the building industry and improve the quality of houses built with new lightweight materials. In 1980, he gave his advice on the position of the building industry in long-term plans and on the housing question. He pointed out that the building industry should gradually develop into a pillar of the national economy and bring increased revenue and accumulation to the state. He also offered specific suggestions on home purchase and rentals. In 1984, he said that new designs should be used in rural housing, that multistory houses should be built instead of single-story houses in order to save space, and that the needs of residents in different places should be taken into account. Over the past 10 years, many new houses have been built in the rural areas and townships and these are all rich in local and national characteristics.

Nuclear industry and aerospace technology. They represent the highest synthesis of the latest achievements of modern science and technology and basic industries and have won the attention of the whole world as key projects on a national scale. From these we can see the combination of revolutionary spirit and scientific spirit. The policy decisions of the party Central Committee headed by Mao Zedong showed great revolutionary aspirations and strategic vision. A meticulous scientific attitude was seen in the formulation of plans, the organization of scientific research and production contingents, nationwide coordination, and specific guidance in scientific research and production. Both causes were pioneered by outstanding scientists who returned from Europe and the United States to serve the motherland. Thanks to them, one generation of new talent after another was trained. Foreign scientists also gave their support to the cause of sophisticated science in China. In October 1951, the world renowned peace fighter and outstanding French scientist Joliot-Curie told Yang Chengzong [2799 2110 1350] that, in order to oppose the A-bomb, we must have the A-bomb. Mrs. Joliot-Curie also gave Yang Chengzong a 10-gram standard source containing traces of radium salt which she had made herself. The Soviet Union also rendered its assistance, and this included the

guidance given by Soviet experts. The success of China's nuclear industry and aerospace technology could rightly be called a fine example of independence and self-reliance. Much of our early equipment and spare parts were even made with our two bare hands. We moved from atomic devices to the manufacture of A- and H-bombs, from short- and medium-range rockets to diversified varieties of long-range rockets, of fuels, and of man-made satellites. It was a course of victory and of difficulty. The experience was soul-stirring and inspiring. Other industries, such as the coal, petroleum, and the iron and steel industries, also achieved notable successes. The achievements made in some basic industries were also impressive. Various manufacturing industries also had their unique contributions.

Military affairs. The Chinese People's Liberation Army [PLA] is the defender of the PRC and builder of socialism. After the founding of New China the war of liberation continued for several years. This mainly included the liberation of coastal islands other than Taiwan, Penghu, Jinmen, and Mazu, the Resist the United States and Aid Korea War, and a number of counterattacks in self-defense. The revolutionization, modernization, and regularization of the PLA never ceased. Military equipment, military and political training, logistic supplies, organization, and command all moved with the times. At the National Day parade in 1959, the reviewed troops all had Chinese-made weapons. The Chinese Army still maintains the system of main force, local troops, and militia. It not only has a complete range of military academies and research institutions, but also has achieved fruitful results in research in military theory and military technology. Apart from combat and training, our Army also participates in socialist construction. Great feats performed by the vast numbers of commanders and fighters in key projects and rescue operations can be found in all parts of the country. They always play an active part in difficult and hazardous work sites and sections. Our Army has demonstrated its revolutionary heroism in wartime and in peacetime, with numerous heroic figures emerging one after another. Heroes such as Huang Jiguang, Qiu Shaoyun, Lei Feng, and Wang Jie who emerged after the founding of New China are household names. The People's Army and the masses are as inseparable as fish and water. The Army cherishing the people and the people supporting the Army is our glorious tradition. There are many moving deeds in the Army's cherish-the-people activities. The PLA is the strong pillar and great wall of steel of the PRC. One can feel the weight of this remark on reading the volumes of *Contemporary China* on military affairs.

Minority nationalities. China is a unified and multinational country, with the Han nationality constituting the majority. Minority nationalities total about 70 million. After protracted investigation and study of the identification of minority nationalities from the 1950's to the late 1970's, a total of 55 minority nationalities have been identified. As an important part of the general question

of the new democratic revolution in China, the nationality question naturally constitutes an important aspect of the general question of socialist revolution and construction. During the period of the War of Resistance Against Japanese Aggression, our party initially developed the theory of autonomy for the minority nationality regions. On the eve of the founding of New China, the Chinese People's Political Consultative Conference adopted its "Common Program," which clearly spelled out the policy of autonomy for the minority nationality regions. Minority nationality autonomous regions, prefectures, and counties were gradually established in various parts of the country. They carried out their political, economic, and cultural construction under the unified leadership of the party and the central people's government. There is political equality among the various nationalities, but minority nationality regions are generally rather backward economically. Minority nationality cadres work side by side with their Han counterparts in the minority nationality regions. After several decades of hard struggle, various minority nationality regions have made tremendous progress. The government has organized large numbers of experts to help the minority nationalities create or reform their written languages. It has also organized forces to run and promote educational, scientific, and cultural undertakings. Some minority nationalities have a rich accumulation of culture, which is treasured by the state. Classical works written in the Tibetan, Mongolian, and Yi languages are studied and collated by a great number of experts, including Han nationality experts. The performing arts of minority nationalities can be seen in various parts of the country. The writings of Mao Zedong, Deng Xiaoping, and other leaders, party and government documents, and certain books written in the Han language have been translated and published in minority nationality languages. Although the religious beliefs, customs, and habits of the various minority nationalities have always been respected, national disputes have also broken out in the course of the past few decades. We oppose big national chauvinism, primarily big Han chauvinism, and we also oppose local chauvinism. During the Cultural Revolution, temples and churches were destroyed, acts which hurt the feelings of minority nationalities. But, on the whole, the relationship between the various minority nationalities in China is an amiable one. China is a country of great unity of nationalities. The relationship between nationalities is a kind of socialist national one based on equality, unity, and mutual assistance. The 56 nationalities throughout the country have produced countless heroic models and backbone elements on all fronts.

#### Final Remarks

In the past, most histories were compiled by people of the following dynasty. Some people have apprehensions because the *Contemporary China* series is a contemporary history written by contemporaries. As a matter of fact, the compilation of contemporary history is a fine tradition in Marxist historiography. Were not *Class*

*Struggle in France, 1848-1850, The 18th Brumaire of Louis Bonaparte, and The Civil War in France* written by contemporaries of the time? Engels once said that it was because Marx had a thorough understanding of the history of France, and had studied all details of the current history of France that he was able to describe major historical events with such ingenuity. After all these years, these books have not lost any of their value.

Chen Yinke [7115 1377 1870] said that the drawback of official histories lies mainly in concealing the truth. As an "official" history, does the *Contemporary China* series also have the same drawback as pointed out by Mr. Chen? It should be pointed out that our series is about achievements as well as weaknesses and positive and negative experiences. The materials are repeatedly verified, irrefutable, and reliable. In the course of compilation, discussions were repeatedly carried out. Take the volume on Beijing, for instance. As many as 1,300 people took part directly or indirectly in the compilation and 1,800 people were involved in proofreading. The hard work by so many people was required because we wanted to give a scientific and clear account of the rights and wrongs and the merits and demerits. Marxism-Leninism-Mao Zedong Thought is the unification of revolutionary spirit with scientific spirit. Revolutionary spirit has its roots in scientific spirit. Only by paying attention to science and continuously making explorations in science can we provide guidance to the socialist cause. The CPC is open and aboveboard. It is not afraid to talk about its mistakes and is willing to rectify them. It will better lead the people of the whole country in waging a common struggle. Success and setbacks can both be educational. The *Contemporary China* series has laid the foundations for the in-depth study of the history of the PRC. Its basic characteristic is that it combines theory with practice and is utterly impartial. The response from the vast numbers of readers is that this series seeks truth from facts and tells the truth. It has caught the attention and won the praise of many people abroad.

#### Footnotes

1. *Collected Works of Marx and Engels*, Volume 1, p. 650.
2. *Selected Readings from the Works of Mao Zedong*, Volume 2, p. 656.
3. *Selected Works of Deng Xiaoping (1975-1982)*, p. 159.

#### What Is the Significance of Studying Marxist Philosophy in the New Period?

HK3006043490 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 11, 1 Jun 90 pp 44-45

[Article by Zhao Zhongsan (6392 1813 0005)]

[Text] At his speech on the 40th anniversary of the PRC's founding, Comrade Jiang Zemin pointed out that within the party, and primarily among high-level cadres of the party, it is necessary to promote the serious study

of and research in the basic theories of Marxism-Leninism and Mao Zedong Thought. In particular, there is a need to study and research Marxist philosophy, so as to be able to master a scientific world view and methodology. This clearly places the task of seriously studying the basic theories of Marxism and especially studying Marxist philosophy more prominently before the whole party and especially before the leading cadres of the party. At present, in the new historical period, seriously studying Marxist philosophy and mastering a scientific world view and methodology have a very deep-going significance for us in adhering to and developing the Marxist ideological line of seeking truth from facts, which was reestablished at the Third Plenary Session of the 11th CPC Central Committee, in better leading the people of the whole country in building socialism with Chinese characteristics, in providing a major organizational guarantee for raising the quality of the cadre ranks and for socialist modernization, in studying and exploring major questions of theory in the political, economic, and social spheres, in grasping the overall trends of social development, in firming up our socialist faith, in guarding against corrosion by mistaken ideas, in guarding against the "peaceful evolution" advocated by the international enemy forces, and in opposing bourgeois liberalization.

First, studying Marxist philosophy and raising the level of ideological theory is beneficial to further strengthening our conscious implementation of the party's line, principles, and policies. Marxism, as a scientific theoretical system, is very rich in content. However, its soul and quintessence is Marxist philosophy. Marxist philosophy reveals the universal laws of the inevitable demise of capitalism and the inevitable victory of socialism, and makes a deep-going scientific prediction about future society. At the same time, it provides a theoretical base for the line, principles, and policies formulated by the proletariat and its political party. The practice of our country's revolution and construction proves that whenever our party observes the basic principles of Marxist philosophy, our line, principles, and policies are correct, we can obtain the support of the whole party and the whole people, and our cause can see development. Whenever we violate the basic principles of Marxist philosophy, our line, principles, and policies see mistakes, it is easy to become divorced from the masses, and our cause experiences setbacks. Since the Third Plenary Session of the 11th CPC Central Committee, the basic reason our line, principles, and policies have passed the tests of history and taken deep root in the hearts of the broad masses of party members and the masses is that they have Marxist philosophy as their theoretical base. The reasons former party General Secretary Zhao Ziyang made mistakes are manifold. However, on the epistemological level, the error lay in that the subjective was divorced from the objective. That is to say, he was divorced from the national situation and divorced from reality, and violated the basic principle of Marxist philosophy of seeking truth from facts. For example, the situations where the big push in economic work in the

last few years was divorced from national conditions, where there has been one-sided stressing of partial interests, where the overall situation has been ignored, and where there has been no attention paid to comprehensive balance, have all been closely linked with the fact that in guiding ideology, the subjective was divorced from the objective. At present, our party and state are at a crucial stage of historical development. We face arduous tasks, the difficulties are numerous, the contradictions are complex, and the situation is serious. If we are to better implement the party's line, principles, and policies, promote socialist modernization, deepen political and economic structural reform, achieve the strategic goal of a second doubling of GNP by the end of the century, and consolidate and perfect the socialist system, we must seriously study Marxist philosophy, continually improve our ideological and political quality, and strengthen our consciousness in implementing the party's line, principles, and policies.

Second, studying Marxist philosophy and mastering a scientific world view and methodology are strategic measures for improving the quality of the overall cadre contingent. Marxist philosophy, as the unity of a scientific world view and a scientific methodology, provides the only correct methodology for the development of socialist revolution and construction. Comrade Mao Zedong said that materialist dialectics is both a world view and a methodology. Socialist modernization is a complex systematic process, and it involves the political, economic, military, cultural, educational, scientific, and technical spheres. Thus, our cadres at all levels need to be equipped with capabilities and knowledge in many spheres. It is even more important that they have a quite high attainment in terms of Marxist theory, especially philosophical attainments, and that they learn how to use Marxist philosophy, which is the only correct scientific methodology. Over the last few years, our party has implemented the policy of "four changes" for the cadre ranks, and a large number of young cadres have moved up to leading posts. Most of them have tertiary qualifications and have a certain amount of specialized knowledge. However, we should also recognize that among these cadres there are many who do not have a base in Marxist philosophy and who have read far too few works on Marxist philosophy. Their theoretical level is still not up to that required by the tasks they have to undertake, and there is still quite a gap to fill in. Comrade Deng Xiaoping has pointed out that "many of our cadres today do not understand philosophy and there is a great need to improve their ideological methods and work methods."<sup>1</sup> Comrade Chen Yun has also pointed out, "If we are to lead our party and our country well, the most important aspect is that we have to get the ideological methods of cadres on the right track. This requires the study of Marxist philosophy."<sup>2</sup> When one is a leading cadre, it is extremely important that one have specialized knowledge. However, as the target, scope, and conditions of work change, it is necessary, on the one hand, to engage in philosophical summation of existing specialized knowledge so that it can be raised from the specific

level to the general level and be used in leadership work. On the other hand, it is necessary to put effort into seriously studying Marxist philosophy. It is necessary to improve the cadres' ideological methods and work methods; overcome subjectivity, one-sidedness, blindness, and superficiality in work; strengthen the principled, systematic, foresighted, and creative aspects of work; and improve the cadres' capacity to master the overall situation. Only in this way will we be able to foster and create a great cadre contingent that understands Marxist theory and also has specialized knowledge, and thereby provide a major organizational guarantee for socialist modernization.

Third, studying Marxist philosophy and firmly establishing the proletarian world view will allow a firming of our socialist convictions and a strengthening of our capacity to resist corrosion by all sorts of mistaken ideas. The world view question is a core basic question. During the turmoil and counterrevolutionary rebellion in the spring and summer of last year, the stand of some party members and cadres was not firm and they committed serious mistakes and even crimes. Among these people, apart from a small number of political opportunists and reactionary elements, many had not firmly established a proletarian world view with which to examine and handle problems. The result was that their ideas were confused by the tides of bourgeois liberalization and, at the key moment, they were unable to pass the test. The proletarian world view is not formed spontaneously. It is only established gradually, at the same time as one consciously transforms the objective world, by consciously studying Marxism and its philosophy and consciously transforming oneself. Establishing socialism with Chinese characteristics is a major undertaking. Whether this can be done well and whether or not success can be achieved in practice will be determined by, in addition to other conditions, the establishment of a proletarian world view, the firming of faith in socialism, and conscious defense against attacks by erroneous ideologies. In the 10 years of reform, we have realized achievements recognized around the world and, at the same time, have made serious mistakes. Comrade Deng Xiaoping has pointed out that the greatest mistakes over the last 10 years have been in education. Because of the mistakes, we have not firmly used Marxism to educate cadres or to educate the masses, and political and ideological work has been extremely weak. With respect to the two key points, one hand has been weak and the other strong; as for adherence to the the four cardinal principles and opposition to bourgeois liberalization, we have not been able to firmly carry out the tasks. Because of these mistakes, the weakening of Marxism, the belittling of Marxism, and the negation of Marxism, have become a trend in recent years. Because of these mistakes, the faith of some people in socialism has begun to waver and their proletarian world view has been affected. At the same time, because of the antisocialist negative currents that have emerged on the international level, some hostile Western forces have used the difficulties and setbacks met by socialist countries in

their construction and reform to declare that the communist movement has "already crumbled" and that "victory can be achieved without fighting." They have deliberately implemented their strategy of "peaceful evolution" against socialist countries. This has resulted in ideological confusion among some of our comrades, making them wary about socialism's prospects. Thus, we need to intensify the study of Marxist theory and especially of Marxist philosophy. Only by seriously studying Marxist philosophy and establishing a proletarian world view will it be possible, in the twisting and complex course of historical development, to clearly understand the true major trend of social development, to consciously strengthen our faith in socialism, to consciously guard against the corrosion and influence of the ideological tide of bourgeois liberalization and other various nonproletarian ideologies, to always maintain a firm and correct political orientation and always maintain an invincible position in the struggle between infiltration and anti-infiltration, subversion and antisubversion and "peaceful evolution" and anti-"peaceful evolution."

#### Footnotes

1. *Selected Works of Deng Xiaoping (1975-82)*, pp. 267-68.
2. QIUSHI [16 April] 1990, No. 8.

#### Why Do We Say That Marxist Philosophy Is a Scientific World View and Methodology?

HK0307100190 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 11, 1 Jun 90 pp 46-47

[Article by Lu Ding (7627 0002)]

[Text] Marxist philosophy is a scientific world view and methodology and is a sharp tool for use in correctly understanding and transforming the world. Innumerable facts have proven that if we lack Marxist philosophical training, we will not be skilled in using a correct stand, viewpoint, and method to analyze and resolve problems and will be unable to become up-to-standard leading cadres of the party. This is because Marxist philosophy is a scientific world view and methodology and, as leading cadres of the party, we will be able to correctly view and handle problems only if we have mastered this philosophy. Why do we say that Marxist philosophy is a scientific world view and methodology? I feel that we can explain this from the comparative angle, by looking at the differences between Marxist philosophy and old philosophy and their content and characteristics.

First, Marxist philosophy correctly reveals and reflects the general patterns of the natural world, society, and man's thoughts. It is perfect materialism. The world is material and is constantly changing. Thus, only by combining materialism and dialectics can we correctly reflect the real features of the objective world. However, in the old philosophies, materialism and dialectics were long divorced and separated. Those who stressed materialism did not understand dialectics, while those who stressed dialectics opposed materialism. This is how, in

the history of philosophy, there existed metaphysical materialism (or mechanical materialism) and idealist dialectics. Certainly, in ancient times, there had been various combinations of materialism and dialectics, but they were naive and directly perceived and they lacked a scientific basis and proof. Thus, they could not stand up to the attacks of idealism and metaphysics. In the middle of the 19th century, on the basis of new practice and new science and technology, Marx and Engels in a materialist way transformed Hegel's dialectics and, in a dialectical way, transformed Feuerbach's materialism and, organically combining materialism and dialectics, created dialectical materialism. Further, in old philosophy, both idealists and materialists were idealists in their historical viewpoint. Only dialectical materialism created by Marx and Engels implemented and applied a materialist viewpoint in the sphere of social history and thus created historical materialism. According to Lenin, historical materialism was the "greatest achievement" of scientific ideology, and was a great contribution to mankind by Marx and Engels. Through creating historical materialism, Marxist philosophy overcame the metaphysical and one-sided nature of old materialism, and became a "perfect philosophical materialism" (Lenin's words). In this way, Marxist philosophy gave a tool of scientific comprehension to mankind, and especially to the working class.

Second, Marxist philosophy has a clear practical nature and class nature. Since "man bade farewell to the apes" all activities of man have, when all is said and done, been in two areas: 1) understanding the world, and 2) transforming the world. Philosophers in the past mostly used different methods to explain the world, but did not understand and did not stress how man transformed the world. They did not understand the significance of practice and especially of the revolutionary practice of the masses, and they denied that social practice was the source and basis of understanding. They even placed practice outside philosophy. Thus, they were unable to put forward the idea and aim of using practice and especially the revolutionary practice of the people to transform the objective world. Such philosophers were characterized by the fact that they divorced theory and practice, and therefore their philosophies could exist only in colleges and libraries, and could not become sharp tools in the hands of the broad masses. Unlike the old philosophers, the founders of Marxist philosophy drew practice into philosophy (including the view of nature, historical viewpoint, and epistemology) in an overall way, and made the viewpoint of practice the primary and basic viewpoint. The entire theory of Marxist philosophy has its origins in practice, and it serves practice. That is, it guides practice and guides the transformation of the world. It is in this sense that Marx and Engels called their philosophy "the materialism of practice". They said: "As far as **practical** materialists, that is, **communists**, are concerned, the entire issue is to revolutionize the existing world and to truly oppose and change the current situation of things."<sup>1</sup> This is the

practical characteristic of Marxist philosophy. Related to this characteristic, Marxist philosophy has a clear class nature. That is, it openly declares that it serves the proletariat and it is a proletarian world view and methodology. Philosophy as a form of ideology is always produced in accordance with the needs of a certain class or group and it always serves a certain class or group. In class society and in a situation where classes exist, every philosophy has a class nature. However, bourgeois philosophies often say that their philosophy transcends class and represents all mankind, and thereby they cover up the class nature of their philosophy. However, from its creation, Marxist philosophy has unfearingly made known its own status. Marx pointed out, "Philosophy takes the proletariat as its material weapon and, in the same way, the proletariat takes philosophy as its spiritual weapon."<sup>2</sup> The proletariat is the thoroughly revolutionary class, and its interests are consistent with the objective patterns of social development and with the interests of the other laboring masses. Thus, the more Marxist philosophy reveals the objective patterns of social development, the more it can grasp the hearts of the proletariat and other laboring masses. Thus, it is a powerful force for the working class and the broad masses in understanding the world and transforming the world.

Third, another reason we say that Marxist philosophy is a scientific world view and methodology is because it is a theory of great vitality which develops in accordance with the development of practice. The establishment of Marxist philosophy realized a major change in the history of philosophy. However, it did not conclude truth and, in practice, it is continually opening roads for understanding truth. The philosophers before Marx generally saw their philosophies as all-embracing, absolute truths applicable in all ages and as "absolute, complete philosophies to which nothing more can be added." Even Hegel, who made such a contribution to dialectics, thought this about his philosophy. On the one hand, he propagated and stressed dialectics which eliminated all doctrinaire things and denied that the conclusions of people's cognition and actions had a final nature. On the other hand, he declared that the entire content of his philosophical system was absolute truth. That is, he saw his understanding as being the highest and final understanding. Unlike previous philosophies, from its very beginnings, Marxism absolutely opposed any doctrinairism. In 1843, Marx declared, "I do not advocate that we raise a doctrinaire banner. The superiority of the new ideological tide is precisely that we do not want to predict the future in a doctrinaire way. We only hope to discover a new world through criticizing the old world."<sup>3</sup> After this, and especially after Marxism defeated the various erroneous ideologies in the workers movement and assumed the leading position, Marx and Engels repeatedly stressed that their theory was a theory of development, not a doctrine. It was rather a guide to action. That is to say, Marxist philosophy is an open ideological system. It always listens to the calls of practice, follows the footprints of practice and continually

develops in the wake of the development of practice. This is the basic reason for its great vitality. In promoting the continued development of Marxist philosophy, Engels, Lenin, and Mao Zedong were shining models. Under the new historical conditions we must continue their spirit and use Marxist philosophy, that is, a proletarian stand, viewpoint, and methodology, to study new situations, resolve new problems, sum up new experiences, summarize new conclusions, and continue to push Marxist philosophy forward. Only in this way will Marxist philosophy be able to remain forever young and better play its guiding role in terms of world view and methodological aspects in our various undertakings and work.

Facts have proven that China's victory in revolution and construction are both indivisible from the guidance of Marxist philosophy, that is, from the guidance of its scientific world view and methodology. How was the road for China's revolutionary victory opened up? This was done in accordance with Comrade Mao Zedong's method. That is, it was opened up "by using the proletarian world view as a tool for examining the state's fate." In the same way, in our requirement for building socialism with Chinese characteristics, which we put forward in the new historical period, we have also taken Marxist philosophy as our theoretical base and guide. Comrade Deng Xiaoping has said, "In engaging in socialism, we must respect Marxist dialectical materialism and historical materialism, that is, what Comrade Mao Zedong summed up as seeking truth from facts, or the principle of proceeding from reality in everything."<sup>4</sup> Socialist construction should not and cannot have a fixed, unitary model. The road for building socialism with Chinese characteristics is a product of combining Marxism and its philosophy with the realities of China's modernization. It is the unity of the basic principles of socialism and the basic national conditions of China. As a scientific world view and methodology, Marxist philosophy not only clearly points out that in building socialism we must proceed from reality, but also eliminates "leftist" and rightist ideological interference, overcomes all types of difficulties, strengthens our socialist faith, and provides a firm spiritual mainstay and major ideological strength. Thus, it is extremely wise and correct that the party Central Committee should call upon the whole party to seriously study and research Marxist philosophy and master a scientific world view and methodology.

#### Footnotes

1. *Selected Works of Marx and Engels*, Volume 1, p. 48.
2. *Ibid.*, Volume 1, p. 15.
3. *Collected Works of Marx and Engels*, Volume 1, p. 416.
4. *Building Socialism With Chinese Characteristics*, revised edition, p. 107.

### What Should We Do When We Go Down?

HK2906151390 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 11, 1 Jun 90 p 48

[Article by Gua Tian (3900 3944)]

[Text] The "Decision of the CPC Central Committee on Strengthening the Links Between the Party and the Masses" states that the question of whether or not we can consistently maintain and develop flesh-and-blood links with the masses is so important that it "directly concerns the life or death of the party and the state." This has truly struck a resonant chord. The "Decision" requires that leading cadres at all levels must frequently go down to the grassroots level, work in a down-to-earth way, properly implement the party's line, principles, and policies, and truly come to grips with the problems. Actually, many cadres do go down to the grassroots level in ordinary times, but they have very different ideas on questions such as "Why should we go down?," "How should one go down?," and "What should one do when one goes down?" Thus, there have been differences in the way things have been handled, and sometimes the differences have been extremely great.

A newspaper on 19 April reported the "snowball effect" of cadres in a particular area going down to the grassroots level. The report noted that when the higher authorities went down to the grassroots, the various levels of grassroots leaders accompanied them while there, so that there was quite a large entourage. Then there were also the various levels of report meetings. There was nothing the lower levels could do and it was difficult for them to hold their own. Figures were also given: In the first three-plus months of this year in a certain county, upper-level cadres were received on 62 occasions, involving 340 people. The county leaders accompanied them for 112 days and there were 25 report meetings. The comrades of the county committee could only grin and bear the fact that they were unable to carry out their normal work. It seems that even a good thing, if it is done in an improper way, can become a disaster.

Wherein lies the cause of the problem that cadres do not go down at all or that, when they do go down, there are no results? It lies in ideological understanding. For a long time now, we have not heard much about the historical materialist truth that "the masses are the real heroes." When cadres go down to the grassroots level, they "show their presence," "take personal charge of matters," "show concern for the lives of the masses," "encourage the broad masses," and so on. However, they overlook another aspect of the matter, and this is a very important aspect. That is, they need to respect the masses. In going down among the masses, the first things they must do are learn, gain instruction, gain experiences, and listen to the masters' criticisms and instructions for their servants. They need to "seek their roots" and draw in knowledge and nutrition.

The nature, aim, and guiding ideology of our party determines that the party must take the seeking of

benefits for the people as the point of departure and point of return in all its activities. The Communist Party must only serve the people and must not seek its own special interests. There is no doubt that revolution and construction will be successful only if the party leads the people forward. In the same way, it is beyond doubt that if the party is divorced from the masses, it will be unable to exist. In the "fish" and "water" relationship, the masses are the "water"; while in the "melon" and "vine" relationship, the masses are the "vine." These plain truths were completely confused during the Cultural Revolution.

We must respect the masses and cannot ignore them, as only they are the creators of history. Lenin said that "vibrant, creative socialism is created by the masses themselves." That is to say, many good ideas are created by the masses and the major undertakings are taken on by the masses. The only role we play is that we "come from the masses and go to the masses," collecting the wisdom and strengths of the masses. We do not replace the masses in doing everything. As an analogy, we can say that the vehicle of the socialist cause is something that the party helps the people drive forward toward their ideal goal. It certainly is not a situation where the party cadres are the drivers and they ask the people to come on board as passengers and be driven toward communism.

Only with a clear mass viewpoint and only by going deep down to the grassroots level, and deep among the masses, can ideas be turned into conscious actions and be formed into systems and firmly maintained. We certainly cannot, when the upper levels make a call, like a swarm of bees or like a gust of wind, adopt the required pose and with a big team make a loud noise about carrying out work at the grass-roots level, and then, after a time, just go back to the old ways. If one has a correct mass viewpoint, one will truly be able to turn one's view to the grassroots, go deep among the masses, be prepared to be taught like a young student, and not be satisfied with cursory, superficial images. If one has a correct mass viewpoint, one will be able to thoroughly discard formalism, base oneself on doing real work, be worried about what the masses worry about, and be able to confront the old, major, and difficult problems and make an effort to resolve them. If one has a correct mass viewpoint, naturally one will treasure the blood and sweat of the masses, pay attention to honesty, and not "go down" to fish-farming areas when the fish are fat or to fruit-farming areas when the fruit is ripe just to take advantage of opportunities.

In brief, in going deep among the masses, after ideological understanding is raised, because guiding ideology will be correct and the methods appropriate, the results will also be obvious. If one goes down only grudgingly or does so just to follow the requirements of formality, one will achieve no results, and the going down will turn into a jaunt in the country. As a cadre who worked in a particular area said, "I like going down to the lower levels. At the upper levels I am busy every day, but down

at the lower levels matters are simple, so I can save on thought and on effort. Someone looks after my food and lodging and I can do as much or as little as I want. It is very comfortable." This sort of "going deep" will only elicit the disgust of the people.

Comrade Mao Zedong once pointed out, "We have to make every comrade understand that we need to rely on

the people, firmly believe that the creative power of the people is infinite and inexhaustible, and thus place our trust in the people and become one with the people. Thereby it will be possible to overcome every difficulty, no enemy will be able to defeat us, and we will be able to defeat all our enemies." Today, should we not perhaps seriously study again these words of instruction?