

JPRS-CAR-89-049  
19 MAY 1989



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# ***JPRS Report***

# **China**

***QIUSHI [SEEKING TRUTH]***

No 5, 1 March 1989

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## QIUSHI

No 5, 1 March 1989

### **Strengthening Study of Basic Science Is a Policy of Great Strategic Significance** *OW0504213889 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 5, 1 Mar 89 pp 2-4*

[Article by Song Jian 1345 0256]

[Text] The 3d Plenary Session of the 11th CPC Central Committee ushered in a new period in China's history. In the past 10 years, under the principles of reform and opening to the outside world, China's economic strength has increased, people's livelihood has improved, and science and technology has entered a new stage of development.

In accordance with the basic principle that "economic development must depend on science and technology, while the work of science and technology must be geared to economic development," the strategy for science and technology work can be roughly divided into three levels. The first level is the work of research and development aimed directly at serving the strategy of quadrupling GNP by the end of this century. Its major tasks include reforming technology of traditional enterprises; solving knotty scientific and technological problems centering around key issues of economic development and social progress; promoting the technological progress of enterprises and the rural economy; and increasing the technological level and economic returns of industry, agriculture, and other businesses. This is the major battlefield for scientific and technological work. The second level is research and development of new and high technology. We must catch up to the international level of advanced technology and promote the establishment and development of new and high-technology enterprises. The third level is basic study (that is, basic study and basic applied study). Its major tasks are to understand the natural phenomena and principles in a more systematic and profound way. These three levels of scientific and technological work are an integral whole which mutually promote each other and are organically related. We must therefore develop them in a unified way with due consideration to all levels.

In modern society, study of basic science has developed into important enterprises in society with its contents ever deepening. It is a pillar of social and economic development, a backing force for the development of technology, a medium for international exchanges, and a cradle for training qualified personnel. It sustains the efforts to achieve material, cultural, and ideological progress. Actual strength in basic science is a major factor which determines comprehensive national strength. It is also one of the basic conditions for modern national defense. In the modern world, prosperity and security of a nation lie in strong development, especially development of science and technology. Therefore, while

organizing scientific and technological forces and throwing them into the major battlefield in the service of economic development, we must conscientiously strengthen our support to the study of basic science. This is a foundation which guarantees continuing social and economical development in China.

Since the founding of the PRC, especially since the reform of scientific and technological structures, great achievements have been made in the study of basic science in China. We have already established a group of scientific research organs and facilities with emphasis on basic study. It has fundamentally formed a branch of learning and a contingent of relatively high-level scientific personnel in all trades and occupations and laid a foundation for scientific and technological development in China.

Since 1984, the state has approved the construction of some key laboratories; 21 have so far been completed. Since the 1980's, the State Council has decided to use loans from the World Bank to install advanced equipment in colleges and universities. From the later stage of the Seventh 5-Year Plan to the early stage of the Eighth 5-Year Plan, there will be more appropriations to support the construction and operation of new key laboratories.

In the past several years, with investments of nearly 700 million yuan, China carried out several major scientific engineering projects and built some 10 large scientific devices. They include the electron-positron collider, the tandem electrostatic accelerator [chuan lie jing dian jia su qi 0025 0441 7234 7193 0502 6643 0892], the low-temperature nuclear heat experimental pile [di wen he gong re shi yan dui 0144 3306 2702 0180 3583 1395 7526 1018], and the heavy particle accelerator. It is commendable that investments have been maintained at such a scale given the degree of difficulty in state finances. This shows the government's support for scientific research.

In 1987, the total investment in basic research (including wages, capital construction, and special fund allocation) constituted about 7.1 percent of the state finance for scientific and technological allocations for that year.

In recent years, China has markedly raised its level of basic research in many fields; some results have even reached or nearly reached world advanced levels. For example, new breakthroughs in space technology and atomic energy technology; research in high temperature superconductor [gao lin jie wen du chao dao ti yan jiu 7559 5259 3954 3306 1653 6389 1418 7555 4282 4496]; the building of the electron-positron collider and realizing of collision; the discovery of certain functional crystal in sodium metabarium [pian peng suan pei 0252 4296 6808 9468] and in phosphate arginine [lin suan jing an suan 1543 6808 4737 8637 6808]; research on stability of differential generating system [wei fen dong li xi tong wen ding xing 1792 0433 0520 0500 4762 4827

4489 1353 1840]; and the discovery of fifth symmetry [wu ci dui chen xing 0063 2945 1417 4468 1840] and the quasi-crystal lattice [zhun jing ge 0402 2533 2706] of titanium and nickel. Some outstanding achievements have won international recognition. Many outstanding scientists have been named academicians by some foreign academies of science. There are 364 Chinese scientists holding various posts in international academic organizations. Theses published in major international academic journals have increased markedly since 1980, and theses read at international conferences have also increased markedly since 1986.

Reforms of management and operation mechanisms of basic research have achieved initial results in recent years. One of the reforms was the introduction of a competitive mechanism in the area of fund allocation for basic research. China established the state natural science fund; some 20 departments and localities have also set up science funds. The reform measures have had a marked effect on remedying the ills of departmentalism, egalitarianism, and the lack of vitality. The state science fund is open to all for free competition. Interprofessional assessment is adopted to select the best scientists. It supports hundreds and thousands of people in their scientific research work. It plays a very important role in stabilizing and developing basic research. The Chinese Academy of Sciences and higher institutes of learning have also scrapped the former method of equal distribution of operation funds; the new method calls for experts' assessment of research projects with promising projects selected and given support. The Academy of Sciences and higher institutes of learning have also improved management and introduced competitive mechanisms. The results have been encouraging. In recent years, a number of key state laboratories, particularly laboratories of the Chinese Academy of Sciences and higher institutes of learning have been opened to domestic as well as foreign researchers. Research personnel have begun to break out of the confines of their units and departments and have started to switch jobs. Some have switched to work in the area of technological development; others to exploring new disciplines. The new trend is in contrast with the past when people were allowed into a unit but were not allowed to leave it; the problem of overstaffing in a unit has thus been solved. The job stations for post-doctorate scholars, created and tested since 1985, have attracted several hundreds of young scholars to engage in high-level research work; many of them hold of doctorates from foreign universities. Reform and opening to the outside world have created conditions for international scientific cooperation and exchanges. In the last 5 years, China sent more than 16,000 scientists abroad for advanced study, scientific inspection, and for attending international conferences; some 18,000 foreign scientists were also invited to China for lectures, exchanges, and to take part in conferences in the same period. China signed scientific and technological agreements with 51 countries. We also joined 250 international scientific and technological organizations.

China sponsored some 450 international academic conferences in the last 3 years; China has never seen so many international conferences held at home in such a short period since the founding of the People's Republic.

The above facts show that China has scored many achievements in basic research, but China is still faced with many problems. Lack of funds and low level of subsidies for basic research are among the problems that remain to be solved. Research level and quality are far from keeping with international scientific development, and they do not meet the needs in national construction. We should further study and adopt effective policies and measures to win more social support and ensure the sustained and stable development for our basic research work.

The scope and arrangement of our country's basic research work should be in accord with the level of economic development and the law of scientific development. In the next several years, we must give priority to the study of major scientific questions which concern the national economy and the people's livelihood, such as agriculture, energy, natural resources, environment, and population. We must organize contingents of researchers and have them engage in relatively stable research work in various fields. In addition, we must strengthen basic research in developing technological science in order to raise the technological level of agriculture, industry, and other production fields. We must also adopt measures to support the study of frontier sciences, whose usefulness are not apparent at the moment but may have a great impact on the development of natural sciences, social sciences, and mankind. In addition, the accumulation of basic science data and basic reference materials is also an important basic task in socialist construction. It directly supports economic development and so we must pay attention to this work.

At present, the proportion of investment for basic science research is quite small and funds for this purpose are inadequate. As a result, some specialized personnel cannot give full play to their roles. Some of the scientific equipment and facilities obtained at huge cost have not been fully utilized. In the future, we must adopt planned and systematic measures to increase investment in basic science research and increase the proportion of funds for basic research in the total appropriation of funds for the development of science and technology. In addition to the main support provided by state finance, we should solicit support from the various quarters in society. In particular, we should mobilize and urge large and medium-size enterprises and enterprise groups to invest in those basic science studies that are related to their trades. We should also strive to seek investment in basic research through international cooperation. We should continue to reform the appropriations system, strengthen and develop the system of basic scientific research, and at the same time continue to support basic research work by using operational fees, special appropriations, and other subsidies.

Training and cultivating a contingent of research workers with creative enthusiasm and a high professional level is the key to ensuring continued and stable development of basic science research. We must consider the training of young leaders in academic work as an urgent strategic task and seriously grasp this work. We should further develop the science foundation of young people and establish a system for flexible employment of scholars who have earned doctor's degrees. As for those young people who are outstanding, it is necessary to adopt special measures to give them intensified training. We should adopt effective measures to raise remuneration for scientific research personnel and correct situations where the pay of basic research personnel is lower than that of other scientific and technological personnel. We should allow scientific research personnel to work concurrently in other jobs and earn additional wages in order to increase their income. We should, by taking various measures, create better living and working conditions for basic science research personnel.

To maintain the vitality of basic research, the contingent of researchers should be a stable one. Generally speaking, it should be a trim, efficient, and stable one. To optimize the efficiency of researchers, localized adjustments and replacements should be made in the various groups. While constantly absorbing outstanding young, middle-aged, and experienced researchers, we must encourage some people to engage in applied research or development, in research of other pertinent projects, or in peripheral studies so that their talents can be brought into full play and so that basic research and technical development can be fitted together and complement one another.

The level of basic research should be measured by international standards. This will require scientific researchers to be keenly competitive, highly innovative, and have the courage to scale the heights of science. Thus, we must create a favorable environment for basic research, in which researchers can bring all their faculties into full play and can fully exchange academic ideas. We should make it clear that medium- and long-range research projects should not be restrained by market needs or economic objectives, and that exploratory research projects which people do not understand at the moment should be supported and protected. In assessing basic research projects, and especially assessing their contributions and their progress, attention should be paid to their scientific and social value, and the standards for assessing technical development should not be used.

Efforts should be made to further improve the management of the major laboratories of the state. They should be open to researchers at home and abroad, the size of their permanent staff should be limited, and the majority of researchers should be visiting researchers. The position of laboratory head should be open. They should be openly hired from among personnel of all departments and units. Members of academic committees should also

be selected from all parts of the country. The directors of these open laboratories should have greater authority in handling personnel and financial affairs. Scholars living abroad should also be hired to head research projects in areas which are particularly weak at home. Research units, including independent research institutes, universities' research centers or laboratories, which are open to researchers at home and abroad primarily for basic research projects, should have a regular evaluation system under which their performance and the progress of the researchers should serve as the basis for promotion or demotion, and the increase or decrease of budgets.

Chinese scientists should be encouraged and supported to make use of the good opportunity of opening to the outside world, and take active part in international cooperation and academic exchange. The formalities for approving these personnel's participation in international cooperation and conferences in foreign countries should be simplified. The academic journals of all academic societies should be gradually internationalized, the ability of editing foreign language articles should be improved, and those scientists who write academic articles for international magazines should have our support. Efforts should be made to broaden the scope of cooperation in areas in which international cooperation is possible. The sizable installations completed in China for scientific experimentation should be opened to foreign countries so that they can become international research centers. We should utilize our capacity for building large-size scientific installations and help other countries—especially developing countries—build similar ones, and all foreign exchange income earned from extending such assistance should be spent on research.

Making continuous efforts to intensify basic research is a long-range strategic policy of China's scientific and technical development. As long as we continue to uphold the principle of reform and opening to the outside world, draw up clear guidelines, and take effective measures, China certainly can gradually tap its basic research potential and achieve even greater success in this area.

**Joining the Discussion on Basic Research**  
*OW1004125789 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 5, 1 Mar 89 pp 5-8*

[Article by Qian Xuesen 6929 1331 2773]

[Text]

I

What should China do to further promote the development of basic research in the new situation where it is making scientific, technological, and economic progress? This calls for dialogues and collective wisdom in making plans and arrangements for related work in basic research, which is not only our concern, but also the concern of many countries in the world. Recently the International Council of Scientific Unions held its council meeting in Beijing. Scientists from dozens of countries attending the meeting all touched on the question of

basic research, which is of great interest to both developing and developed countries. This shows that basic research has become an important issue in making policy decisions on development in the world today. I fully agree to the view that the next century will be a century of high technology, and that economic competitions in the world will focus on scientific and technological competitions. A powerful basic research force is essential if we want to make big structural changes in science, technology, and economy so as to open up other unique avenues amid fierce competitions to get ahead of others. This is precisely why some countries, which have great scientific and technological strength and have acquired a certain technological foundation, regard development of basic research an important field of interest in making strategic choices. China is a developing socialist country, which still maintains a wide gap with contemporary developed countries. But we have our superiorities too. If we can formulate a correct policy for basic research, and combine the basic research development with the development of high technology industry and the transformation of traditional industries, China will make big progress in science, technology, and economy and will play a certain role when participating in international economic competitions. I think we can accomplish this.

## II

The traditional view of basic research is that it is concerned with some scientific projects likened to far away water incapable of quenching our immediate thirst, and that it does not have great significance to economic and social development in the real world. This view is outdated. Basic research of modern times includes not only pure basic research in the different branches of natural science, but also basic research in the wide-ranging applied science and technology called basic applied research, which holds broad prospects. Basic research in different fields and at different levels is exerting important forces in promoting modern economic and social development. I think we should also renew our idea of basic research now that it is given a new meaning.

In the natural science basic research, the so-called pure basic research is one of the categories. The purpose of the research in this category is to understand the nature and natural laws. The subjects in this category have no clear and direct application purpose, nor application background. They are mainly an exploration of some new prospects in the frontier of scientific development done in accordance with scientific development laws. They are a scientific exploration of the unknown on the basis of known facts. As Marxists, we of course know that when we explore natural laws under the guidance of Marxist philosophy, all the new knowledge that we acquire will surely enrich and enhance our world outlook and deepen the Marxist philosophy. The exploration itself is of great significance. Besides, the ultimate goal of people's efforts to understand the nature is to transform the nature so as to benefit mankind. For this reason, a

research without direct application purpose and application background is not tantamount to lack of significance to social and economic development of mankind. History of scientific development shows that the application purpose and application background of many important scientific discoveries were unknown to people at the beginning. However, with further development of science, people have seen that those discoveries are playing a great role in helping people understand and transform the world. We should have a lofty conviction in science. All important discoveries of scientific value, including new knowledge on nature and natural laws, are of great significance and will have a great impact on the formation and development of people's scientific world outlook and on the growth of material wealth in the society. It was for this reason, I think, that Comrade Li Tieying supported a plan for "China to surpass the world's advanced level in mathematics in the 21st century" proposed by Professor Chen Shengshen at a "symposium on the prospect of China's mathematics in the 21st century" held at the Nankai Mathematics Institute in Tianjin in late August 1988. Comrade Li Tieying described the plan as "The Chen Shengshen Conjecture" and announced his support for it in both policy and funds. (See the report in NEWSLETTER OF THE SOCIETY OF MATHEMATICS OF CHINA, No 4, 1988.)

In selecting subjects for the so-called pure natural science basic research, we should mainly consider the needs of scientific development, not the direct application purpose and application background. Research in some major subjects in the frontier of modern scientific development often needs many new technologies and equipment and a large amount of capital construction investment and research funds. For this reason, countries in the world, including economically developed nations, need to examine the situation and their financial resources and do only what they are capable of, when selecting basic research subjects. We should deal with the basic research this way even more. We should formulate a policy that calls for us to strive to develop some valuable projects in which we have already laid certain foundation or even have certain superiority. We should undertake major projects independently if we can, and we may take part in international cooperation if we cannot undertake them independently. We may send personnel abroad to take part in research of some projects which we need to develop in the future and for which we don't have the necessary equipment and conditions now. In the contemporary era, science shows a tendency for integrated international development. Competition in the scientific field is not as intense as that in the technological field. Development of international cooperation should be an important aspect that we should consider in our basic research policy.

## III

Basic research in applied science and applied technology is in nature an applied research with application purposes. While it is also basic in nature, it may be called basic

applied research, for short. It is a fairly wide field in basic research. Of course, a specific research field can be a pure basic research at beginning and become a basic applied research later. For instance, nuclear physics was a pure basic research at first; and since fission was discovered, it has become a basic applied research. Another example is that since the emergence of high-temperature super-conducting materials, super-conduction physics has gradually become a basic applied research attracting worldwide attention. I point out the basic research in applied technology in order to enhance the people's understanding of it. It is because when people talk about applied basic research, they usually mean the basic research in applied science and overlook the basic research in applied technology. This is precisely why we are still unable to make a breakthrough in a number of major industrial technologies that concern the national economy and the people's livelihood. There is a difference between the basic research in applied science and the basic research in applied technology. The basic research in applied science is a pioneering research with a specific application purpose or a significance of long-range development, and its purpose is to make a breakthrough in scientific knowledge in a certain field. In the specific situation of our country, the basic research in applied technology is largely in the nature of a make-up lesson, and its main purpose is not making new breakthroughs, but to master existing foreign advanced technologies, know their principles, put them to practical use, and lay our own technological foundation. On such a basis, we of course should also strive to create new things and make development.

Because of uneven technological development, it is commonplace for countries to exchange advanced technologies, and particularly commonplace for developing countries to import advanced technologies from developed nations. To the developing nations, to import technologies is a necessary important policy. However, we should also realize that the import needs a large amount of money. Besides, because of intensifying economic and technological competition among nations, the technology export countries always want to keep the most advanced technologies in their own hands and are reluctant to share them with others. It will be very detrimental to the development of our country, a big country with a large population, if some important industries that concern our national economy and people's livelihood are not founded on our own advanced technological foundation soon, and if we rely on imports or even make repetitive imports in many important fields. For a long time in many areas of production, the quality of our products has been poor and the consumptions of raw and processed materials and energy have been huge. Our products have no competitive power in international markets; and even in domestic markets, their rank has been pushed down to second or third by imported goods. Such a situation is caused by many factors. Let us discuss only the scientific and technological ones. It is not because we don't understand certain basic scientific

principles. It is because we lack our own basic technological research, and lack a thorough research on some technological principles. As a result, problems exist in all major links, such as precision technology assembling ability, industrial equipment, technical training, technical management, and technical monitoring. Some factories don't even have the necessary technological standards and test means. How can they produce products of high quality, high competitive power and high economic efficiency and low consumption? As everyone knows, transport problem is a major problem obstructing our country's modernization. In China, automobile, aircraft, shipbuilding, and locomotive industries are old industries, but so far, we are still way behind foreign countries in engine manufacturing technology, either because of poor quality of raw materials or because of poor technology. These are problems of technological foundation.

What I have just discussed is mainly the basic research in applied technology in traditional industries. The basic research in modern high technology fields is even more important and is often a source of new ideas and new product designs. It is understandable why some countries with high technology industries and some enterprises with high technologies are spending a huge amount of money on basic research in the high technology field. Therefore, I think that importance should be attached to basic applied research not only by academies of sciences and institutions of higher education, but also by industrial departments. In particular, industrial departments should make a list of all important research projects on basic applied technologies, ensure their funding, and strive to achieve good results as soon as possible. Scientific research personnel of academies of sciences, institutions of higher education, and industrial departments should strengthen cooperation with each other and lay as soon as possible a technological foundation of our country that is commensurable to the level of development in the present world. This is our present mission.

In addition, we should improve our research on certain basic data of our country. This is an important aspect of basic applied research. It includes such things as survey of natural resources and collection and analysis of relevant data. The research has an important bearing on our country's development policies. In calculating our cultivated area, there is a great difference between the statistics figure and the data collected through satellite survey. This is an important subject for our basic applied research.

#### IV

In conclusion, I like to discuss some questions concerning the planning mechanism and the market mechanism in scientific research. In the course of socialist modernization, our country has made an important creation: the planned commodity economy. It is the result of our practice and knowledge of many years. In today's world, pure market economy is rare. Take the United States, Japan, and Economic Community nations, for instance.

All of them practice an agricultural subsidy system. Without the subsidy, their agriculture will be in great distress and endanger the stability of their societies. Our major problem in the past was that we failed to take the market as a foundation and integrate well the market mechanism and the planning mechanism. We should see that pure market economy is rather unrealistic. It can bring about great impetus to the development of productive forces, and it also can create a great shock to the development of productive forces. We should pay attention to strengthening macro-control over the society and the economy. Developed capitalist countries also attach great importance to it. I fully endorse the idea that Comrade Zhou Guangzhao [see next article] put forward during the restructuring of the science academy. He said that, in basic science research, the economic principles of the market should not be used as guidance for the large numbers of exploratory, long-range projects which have great scientific significance but which do not yet have conspicuous application values. While planning science research projects, two laws must be followed: the law of the development of science itself and the economic law. Science must, first of all, obey its own law of development because this is something which is more essential. We should not confuse market mechanisms with competition mechanisms. For example, competition mechanisms, and not market mechanisms, have now been introduced into the examination of projects which vie for the natural science fund. In the past several years, the reform of the system of financing scientific and technological research has definitely played a positive role in pushing science and technology departments to heed the needs of the market, the economy, and production, as well as in eliminating the serious dislocation between scientific research and production. We should also realize, however, that this reform has also had a certain impact on basic research. On the whole, the amount of money the state invests in basic research still represents a small percentage of the state's expenditures, or the state's total budgets for scientific and technological research. Not only is our investment smaller than those of developed countries, but it also is smaller than those of the medium developing countries. This being the case, our country should consider it a major policy to increase the amount of investment in basic research and basic application research, making sure that there will be a substantial growth even after being offset by inflation. In addition to a systematic increase of the state's appropriations to the science funds, I also wonder whether industrial sectors, large enterprises, and large enterprise groups should also establish some scientific and technological development funds and whether the state will also render its necessary support by means of tax measures so as to promote basic technological research, to promote development and research in areas where there are important competitions, and to promote the integration of high-technology and traditional industries with an aim to upgrade China's industrial technology as quickly as possible. To achieve results in basic research, we must of course have the right policies as well as greater investment from the state, but more importantly we

must have a contingent of proficient researchers constantly headed by leaders of various disciplines. We must provide these proficient researchers a working and living environment in which their research can be fruitful. To make sure that researchers can dedicate themselves fully to tackling major research projects, academic democracy is essential.

Our people's republic will mark its 40th founding anniversary this year. We have already established the necessary departments for our various disciplines, and we have a significant number of fine scientists and technicians who are creative and academically and technically proficient. We must not forget in particular that basic research—no matter whether it is strictly basic research or basic application research—is a highly exploratory endeavor for which researchers' initiative is extremely important. For such an endeavor, both "foolhardiness" and mechanical materialism will lead us nowhere. Fortunately we have dialectical materialism, which is a sharp ideological weapon we can use to our advantage. I think that all these can facilitate our onward march. I think that, as long as we dare to confront the problems in basic research, have a sense of urgency under the new situation, have a steady policy of attaching importance to and supporting basic research, successfully solve the urgent problems confronting those engaged in basic research, firmly support the reform and open policy, fully utilize the favorable situation at home and abroad, properly coordinate and manage various sectors of basic research, and integrate basic research with upgrading our production technology, our basic research and basic application research will develop steadily and play a significant role in our scientific, technological, and economic development. We should now heighten our confidence and promote dialogues so that we can understand each other better, achieve a unity of thinking, and push basic research forward by bringing our advantages into play and planning properly.

#### **Scientific Achievements and Chinese Scientists' Historical Responsibilities**

*OW0205021989 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 5, 1 Mar 89 pp 9-13*

[Article by Zhou Guangzhao]

#### **[Text] Modern Scientific and Technological Development Is One of the Most Brilliant Achievements in the History of Mankind**

Everyone knows that there have been three scientific and technological revolutions in the history of mankind. The first took place between mid 16th century and late 18th century. This period was marked mainly by wide applications of the steam engine; and a number of great masters of modern science and philosophy, such as Galileo, Bacon, and Newton, were born. The second revolution took place between late 18th century and early 20th century. The development of electromagnetics brought about the advent of the era of electrification and

the establishment of a large number of classical scientific theories with the theory of evolution, the theory of cytology, and the principle of energy momentum conservation as their representative achievements. During this period, scientific experiments began systematic development and became one of the major practices by means of which mankind gain a better understanding of the world. The public began to recognize the value of science. Since then, science, which aims at pursuing knowledge with a pattern and law, and technology, which aims at developing production and markets, promoted each other in accordance with their respective law of development. Joining forces, they launched the second scientific and technological revolution, which surged forward with great momentum and dealt an impact with capitalist commodities on every slumbering corner of the world. The successive discoveries of radioactivity, the theory of relativity, and the quantum mechanical theory since the beginning of this century have shaken the classical mechanism and determinism and started the third scientific and technological revolution, which has extremely profound and far-reaching influences and which is on an unprecedentedly gigantic scale.

Today, as a result of great scientific and technological advances, the vision of mankind has reached out to the universe, which has an expanse of billions of light-years. In their exploration of the microcosmos, people have been able to take clear pictures of single atoms and observe the internal structure of an particle, whose size is equivalent to one-billionth of "the end of an autumn hair." In recent years, new progress in the field of high-energy physics has further sparked the enthusiasm of physicists, mathematicians, and astronomers to unify the four great acting forces in nature and has brought about the possibility of incorporating particle physics, which delineates microcosmos, and cosmos science, which studies the origin of the universe, into a harmonious and unified framework of theory. In respect of science dealing with life, the exposition of the twin screw structure of DNA, a genetic substance, and the study of the genetic coding mechanism has shed light on the common origin of evolution, as well as the rich and colorful educational process of all living things—from germs to mankind—at the molecular level. In recent years, research into the functional activities of the brain of mankind, which have been strictly established on the basis of experiments, have enabled modern science to delve into the realm of the mentality and psychology of mankind.

Spurred on by the development of basic sciences and the requirements of social and economic development, a large number of technical sciences, such as information, material, energy, space, and ocean sciences and bioengineering, have sprung up. Their rapid development has attracted the attention of many people. Information science makes the distant planets within reach and turns the whole world, in which mankind lives together, into an "earth village." The computer, imitating the principle

of the network of nerves, on which scientists are working, may possibly break through the present predicament encountered by artificial intelligence and make machines truly take the place of a portion of the work required by the brain. The era in which mankind can only passively use the materials and species available in nature is over. Material science has enabled people to design molecules according to their needs and produce new types of material with different properties. Biotechnology has enabled people to begin a new era of making new species through mutation of genes. People's dreams of acquiring a tremendous amount of energy through atomic nucleus fission and fusion has come true. Mankind has left its footprints on the bottom of the ocean and in outer space. In the last 40 years, eras named after scientific and technological inventions, such as the high polymer era, nuclear energy era, space era, and information era, have made their appearances in such quick succession that people cannot attend to them all. The accelerated increase of scientific and technological know-how according to the index law has made the new scientific and technological discoveries and inventions since the beginning of this century far exceed the sum total of those achieved in the past 2,000 years.

Scientific and technological advance has also changed the relationship of confrontation between mankind and nature. In ancient times, mankind was powerless against natural disasters and feared and worshipped the forces of nature. Following in the wake of the development of science, technology, and production, mankind began a long march to conquer nature. In order to seek profit and temporary material gains, mankind carried out predatory exploration and development of nature over a long period. A large proportion of forest and vegetation was destroyed; rivers and the atmosphere were polluted; soil erosion became serious; desert areas expanded; total population of the world is gradually approaching the limit which the earth can sustain; and global changes caused by human activities are destroying the basic conditions for the existence of mankind. Mankind must exist with nature in harmony and seek coordinated development. Environmental ecology must be protected and population growth must be brought under control; otherwise, mankind will be subject to merciless punishment. This truth, which has not been easily learned, has fundamental significance for sustained social progress in the future.

Science, on the one hand, gives impetus to the development of technology and changes the appearances of production and material civilization of mankind. As an independent system of knowledge, on the other hand, it constitutes the most vital part of the culture of mankind in the present age, changes people's thinking methods, and enriches their spiritual world. Only through a thorough proof by means of scientific experiment and theory can people discard falsehood and preserve truth, acquire the knowledge reflecting the essence and regular pattern of matters by proceeding from the outside to the inside, and get as close as possible to the objective truth. The

knowledge and methods created by science keeps changing the substance of education, promoting the development of technology, and influencing people's minds. Using a scientific approach to observe the world and handle matters and affairs has become a criterion of behavior in modern society. Scientific spirit, in essence, is fearless; it does not recognize dogma or authority which has remained unchanged through the ages. Every conclusion must be subject to the most rigorous scientific examination through practice. It was precisely on this account that Marx looked upon science as a "force of revolution in the highest sense."

The nature of scientific activities is, in essence, international. Scientific knowledge is the common wealth of all mankind; it transcends the boundary of nations and nationalities. Science and technology have been used as tools of war throughout history. However, from a long-term point of view, the development of science will ultimately make mankind understand the relationship of mutual dependence for existence among themselves and the necessity of peaceful coexistence among all nations and nationalities in the world. Science and technology are the means that will conduce to bring about a change in the pattern of world strategy and help mankind achieve common prosperity and development. Both the two major themes in the world today—peace and development—are dependent upon the advance of science and technology.

The role of science and technology in giving impetus to social and economic development, together with their own development, has continually changed the relationship between them and society, as well as the various interacting relationships within themselves. Modern science and technology are undergoing profound changes. Four marked characteristics and trends have emerged.

First, the contents of research: For a long time, the main trend in the development of science had been the conduct of relatively independent, profound research by individual science disciplines. Since the 1960's, sciences have crisscrossed one another as a result of developing research methods and a widening field of vision; and the tendency to undertake joint research has been strong. Thus, comprehensive, multidiscipline research has been developing rapidly. The chemical and physical processes of life are the basis for probing into the origin of life, which has promoted close cooperation between biologists, chemists, and physicists. The formation and movement of the earth crust brought scientists of mechanics into the field of geoscience. The mechanics of chemical molecular reaction cannot separate itself from the development of atomic and molecular physics and laser science. The origin of celestial bodies and the nature of time and space are common subjects for research in astronomy, mathematics, and theoretical physics. Social and economic development has promoted rapid progress in such comprehensive sciences as information, materials, energy, space, and oceanography. System and control sciences have blended with social science research and

have become important means with which to do research social development. All this shows that the main trend in the development of science in the present age is comprehensive and blending research.

Second, on research organization: If it can be said that many scientific discoveries before the mid-1900's were made mainly through thinking and observation by individual scientists and through experimentation and theoretical analysis by a few people, then, groups of scientists are now playing an increasingly important role in this regard, especially in basic research with broad prospects for application in major branches of science. Today, a high-energy experiment group to probe into the structure of materials in the bathyal zone consists of hundreds of people with doctoral degrees. It takes years to manufacture thousands of tons of probing instruments at the cost of tens of millions of U.S. dollars. To build a human gene bank, it will cost billions of U.S. dollars, and is necessary to mobilize scientists the world over to make concerted efforts in this regard. Two major factors for the further development of science are free thinking, research, and blazing new trails by individual scientists and organizations of scientists, and academic exchange and cooperation. It can be said without exaggeration that a scientist in the 21st century will be at once an organizer and a social activist. One who cannot organize and lead a research institute can hardly become a successful scientist. Such a tendency is an outcome of the increasing modernization and socialization of science.

Third, on research achievements: The period from scientific discovery to technology and to the application of such technology in production has become steadily shorter. New technology, new discoveries, and technical transformation of traditional industries have depended more and more on basic research. People generally realize that basic research serves the long-term and sustained development of the national economy. It should be pointed out, however, that it will be impossible to work out national economic plans, to assess the feasibility of major projects, to improve product quality, and to update traditional technology without knowledge of the law. Thus, it cannot be done without collection and analysis of basic data, and without basic work in applying engineering and technology.

A main reason to shorten the period from scientific discovery to its application in production is the two-way flow of talented people, information, and technology between basic research and application, as well as the increase in investment in basic research according to market demand. The transfer of talented people with information and technology, and the input of funds have accelerated the process of turning scientific and technological achievements into productive forces, have promoted basic research with set objectives, and have made it possible for basic researchers to maintain their vitality and invigorate themselves. This is a prerequisite for building a compact contingent of competent basic researchers.

Finally, on relations with society: Natural science research today is no longer the initiative of a few people, but an essential activity and need of a modern society and a fairly sizable state business. While science is closely related to society and the economy, it is also relatively independent from them, since it has its own values and it follows its own law of development. Today, many countries have come to realize that a social environment favorable to scientific development, respect for knowledge, and talented people, working with a scientific approach and a scientific spirit, democratic and liberal academic environment, and material support and policies guiding scientific and technological development according to individual country's economic development and needs, are essential to sound scientific development, and that they are obligations of their governments and societies. They realize that, in order to arouse the initiative of scientists and technicians to contribute to economic and scientific development, it is essential to correctly understand the mutual relationship between science and economy and the law of scientific development itself, make a rational investment in scientific development according to their individual capability, maintain an appropriate development scale and speed, and set specific requirements and policies according to the nature of different research projects, to maintain a rational proportion among them.

#### Chinese Scientists' Historical Responsibilities

China is now at a crucial historical period. The great, world-renowned successes achieved in carrying out reform and opening to the outside world during the past 10 years have brought us hopes for revitalizing the nation. However, further development will be severely restricted because of the country's excessive large population; its excessive population growth; the size of arable land and the amount of water resources, energy, and major metals available to each person are below the world's average; the shortage of food and raw and semifinished materials; and serious environmental pollution and ecological deterioration. The friction, conflict, and mistakes caused by the replacement of the old system by a new one, the prevalent habits of living beyond our means, the extravagant and wasteful style of living, widespread irregularities, the deeprooted sentiments of eating from the same big pot and holding life-long tenure, and the small peasant economic mentality are also problems hindering further development.

Developed countries are moving forward. To catch up with them, an economically underdeveloped, big country must work harder. It must devise even better plans for conserving its manpower and material and financial resources. In the light of objective laws, it must have more effective ways to use its strengths of being an underdeveloped country to seize development opportunities. It must also pay greater attention to bringing spiritual strength into play, so that it can mobilize its people to carry out protracted and untiring struggle to achieve their common objectives. While China has the

opportunity to achieve an economic take-off by depending on scientific and technological development, as well as by carrying out arduous struggle, it is also possible for it to fall behind again because of overeagerness to succeed and disregard of objective laws. China's revitalization depends on the unity of the whole people and their protracted struggle. In this regard, scientists, technicians, and education workers have their special historical responsibilities.

The 13th party congress stated that scientific, technological, and educational development is the top priority in the strategy for economic development, and that the nation must place its hopes for achieving social progress and economic prosperity on scientific, technological, and educational development. This is the strongest appeal ever made to the people within China's scientific, technological, and educational circles. As each and everyone must share the responsibility for the rise or fall of the country, Chinese scientists and educational workers are therefore duty-bound to accept this sacred mission.

In the mid-1950's, Mr Ma Yinchu scientifically analyzed the impact of population on China's social and economic development and proposed family planning. The validity of his scientific foresight has been borne out by China's historical development. But, regrettably, his proposal was not accepted when it was first advanced. China's current population has reached 1.1 billion and is forecast to grow to 1.3 billion by the end of the century. The huge and continuously growing population, plus its poor quality in culture, science, and technology, has become a most difficult problem in China's modernization process. Mere subsistence will put a huge pressure on our depleted natural resources and worsening environment. This will be acutely reflected in agriculture and the soil and water resources on which our food supplies depend. Currently, a number of Chinese environmental and ecological experts have issued a serious warning. China's ecological environment is subjected to large-scale man-made destruction and is degenerating. The problem of pollution is very serious. Each year, some 5 billion metric tons of silt is being washed away. Forests are shrinking in acreage. Annual lumber consumption exceeds what the land can produce by 100 million cubic meters. Some 770 million mu of grassland are degenerating. Each year, about 1,500 square kilometers of land are turned into desert, which has already accounted for 11.4 percent of China's entire land mass. Pollution is spreading from the cities to the countryside. About 150 million people are using and drinking polluted water. Acid rain has appeared in Southwest China. Beijing and a number of other cities have become foggy. We are faced with the most serious ecological and environment pollution unprecedented in Chinese history. If no decisive measures are taken, it will threaten the very future existence of the entire Chinese people.

The contradictions between population and the natural resources and environment will perplex Chinese society for a long time to come. The only way out is to rely on

scientific and technological progress and work hard and practice thrift for a long period in order to develop the economy and other undertakings.

Although a huge labor force causes employment problems, it is also one of China's important potentials. But, this potential can be developed only when the labor force's cultural, scientific, technological, and moral qualities have improved. Therefore, one of the important missions of China's scientists is promoting eugenics and education, and spreading scientific and technological know-how, thereby turning China's heavy population burden into a strong labor force.

The conditions in China today call for the scientific and technological circles to concentrate their main resources on developing the national economy. They must always attach importance to agriculture, make rational use of the land and its natural resources, protect the ecological system, and develop new technologies to save energy, water resources, and raw and processed materials. They must apply the latest achievements in engineering science and technology to continually upgrade the traditional technologies and industries. The pressure on employment compels us to mainly develop labor-intensive industries in order to trade cheap labor for capital and expensive equipment. But, the high technological industries built on the foundation of the latest scientific and technological development and competitive on the international market is where China should place her hope of achieving an economic takeoff, shaking off poverty, and entering modern society. When a part of the personnel, engaged in scientific research in vanguard positions and mastering the latest scientific achievements, walk out of their laboratories and join China's high-technology industries, they are bound to write a victorious chapter in the history of China.

As a big power, China must, while fully utilizing the conditions of opening, develop its own research personnel and research centers to engage in basic research and play an active role in the frontline of scientific progress. To do so, will not only help build up, in terms of science and technology, our capacity for sustained economic development, but also constantly train and provide high-level scientific and technical personnel and make contributions to economic development. At the same time, through international cooperation and competition, it will win honors for the Chinese nation in the history of world scientific development.

China's current investment in basic research is inadequate; in terms of per capita investment, it lags even further behind the world's advanced nations. We must exert all manner of effort to change this state of affairs. We must, however, also be soberly aware that we cannot place high expectations on the near future, because the volume of investment in basic research is restricted by the level of economic development of social awareness. Investment can only increase gradually, year by year,

along with the development of the economy. This dictates that the objectives of our nation's basic research must be limited, its scale appropriate, and the personnel highly trained and competent. In order to efficiently utilize the limited funds and equipment, we should break free from the undesirable departmentalist and sectarian customs and renovate the existing laboratories by way of promoting opening, mobility, cooperation, and competition, so that the nation's best scientists will be able to work, cooperate, exchange experience, and promote scientific progress together, that the fine young scientists will be able to give full rein to their talents and shine, and that some of the accomplished scientists will turn to research in applied sciences and in new, combined disciplines. With the support of scientists across the nation, research institutes and university laboratories have, over the past few years, implemented this new management system with good results. This is a heartening change. In future, we must, by way of making continued efforts to help solve major problems arising from economic construction and social development and through education and propaganda, make society better understand the importance of basic research to its long-term interests, and thus recognize and support basic research. Meanwhile, scientists must uphold their own values, maintain their dignity, and, in spite of their straitened circumstances, struggle tirelessly for the long-term interests of the motherland.

Chinese scientists and educators of the older generation have set a glorious example for us. During the tangled fighting between warlords and the difficult years of the War of Resistance against Japan, they defied difficulties and dedicated themselves heart and soul to establishing China's educational and scientific undertakings. After the founding of the People's Republic, a large number of scientists gave up their favorable living and working conditions abroad and returned home to dedicate themselves to science and education. Under the current economic conditions, the fact that China has such a strong scientific and technological force today is one of their important legacies.

The generation of middle-aged scientific and technological personnel will still be the backbone force in the next 10 years. They experienced many twists and turns and suffered a lot as they were growing to maturity; they lost their most valued time to work and create, and have to bear the heavy burden of supporting a family. They are a fine contingent of workers, trained and nurtured by our country. As a member of this contingent, I am deeply aware of their difficulties and their strong desire to prove their value to society. Dispersive efforts by individuals are certainly indispensable but, if we leave things at that, our generation will probably not be able to leave its mark on the history of China's science and technology. We should unite and concentrate our efforts on solving major problems of science and technology, as well as those arising from economic development, take the initiative to reform the management system in science and technology, and usher in a new period for the development of China's science and technology.

Youth is our hope. The vast number of young people versed in modern science and technology are a great, potentially strong point for China. Today, a small number of youths have already displayed great talent and ability and scored outstanding achievements in the frontline of scientific research. We should encourage those youths who are resolved to work hard on the soil of China, in spite of straitened working and living conditions, overcome the tendency of emphasizing seniority, give them maximum support, and have them understand that they are shouldering a heavy, historical mission. The baton of scaling the heights of world science on behalf of the Chinese nation has been handed to scientists of the younger generation. It is hoped that they will unite as one, brave hardships and dangers, and open up a broad road for China's scientific undertakings to enter the world arena.

**A Thorough Summary of Socialist Financial and Economic Work in Our Country—Studying the Expositions in 'The Selected Works of Li Xiannian' on Financial and Economic Issues**  
OW0404214789 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 5, 1 Mar 89 pp 14-19, 8

[Article by Duan Yun 3008 0061, Li Chengrui 2621 2052 3843, and Zuo Chuntai 1563 2054 0669.]

[Text] Following the publication of the *Selected Works of Deng Xiaoping* and the *Selected Works of Chen Yun*, the *Selected Works of Li Xiannian* have also come off the press. This is a significant event in the political and economic life of our country.

Written during the period from June 1935 to February 1988, the 94 articles incorporated in the *Selected Works of Li Xiannian* (hereafter referred to as "Selected Works" for short) provide a profile of the glorious but exceedingly arduous struggles Chinese communists have carried out in the political, military, and economic spheres. These articles also reflect comrade [Li] Xiannian's image of a proletarian revolutionary who has for decades defied hardship, worked earnestly, upheld truth, and dedicated himself entirely to winning China's new democratic revolution and ensuring an uninterrupted development of socialist construction, the country's prosperity, and the people's happiness. The articles also reflect his simple and practical work style.

In September 1954 Comrade Xiannian was vice premier and finance minister and concurrently director of the State Council's Fifth Office (the Financial Affairs and Trade Office), and we were staff members of that office. Later we also took up financial and economic work under his leadership. Thus, not only do we feel a special sense of closeness, but also acquire a deeper understanding from them when we reread Comrade Xiannian's articles after so many years. Now, in connection with Comrade Xiannian's works about financial and economic affairs, we would like to talk a little about our understanding and feelings.

I

The Financial Affairs and Trade Office under Comrade Xiannian was an office under the State Council providing the premier assistance in handling financial and banking affairs, food management, commercial affairs, foreign trade, and commodity prices. In the realm of socialist reproduction [ZAI SHENG CHAN 0375 3932 3934], financial affairs and trade are the middle links dealing with distribution and exchange. Just as Comrade Chen Yun described, the work in this area resembled "wheat between two grinding stones," meaning that it would be affected and "attacked" from two sides—production and consumption. All economic disparities or problems concerning total supply and demand would be promptly and collectively reflected by the work in the financial and economic sectors.

As the head in charge of financial and economic work, Comrade Xiannian bravely faced realities and problems. He observed the overall situation from the work in the financial and economic sectors and observed the financial and economic state from the development of the situation as a whole. He was keenly aware of the necessity of ensuring overall balance and was particularly sensitive to any economic dislocation. He resisted the "leftist" misdeeds, such as rash and unscrupulous pursuit of anything phoney, large in size, and hollow. Instead, he actively implemented all correct and practical policies, which he also developed and came up with new concepts during the course of their implementation.

In "Problems Concerning Market Prices and Currency Circulation and Measures for Surmounting the Problems"—a report he submitted to the CPC Central Committee and Mao Zedong in September 1961—he said: "The complex problems today can be seen in many sectors. These problems, which have been reflected by the market situation, commodity prices, and currency circulation from all sides, have more often than not generated all kinds of contradictory ideas in our minds. When talking about [commodity] coupons, people complain that there are already too many coupons and the issuance should be cut back. However, whenever they need money to spend or loans, they would hope that there could be more coupons. When talking about commodities, people complain that commodity supply is inadequate and should increase; but during procurement of grain and other agricultural goods, they would hope the procurement quotas could be cut back so that they could retain more grain and agricultural goods for themselves. When talking about the retail prices of various kinds of commodities, people complain that their prices have already increased a lot and the people's living standard should not drop any further; but when it comes to purchasing prices for agricultural goods, they want higher purchasing prices. We admit that all these ideas are legitimate from a certain angle, but seen from the whole situation, problems in all sectors must be studied and observed at the same time so that practical measures can be found to resolve the fundamental issues."<sup>1</sup> We

can see from this passage the way Comrade Xiannian pondered the role and characteristics of financial work and trade and how he took all factors into consideration. It is helpful if we study other articles in the "Selected Works" from this perspective.

## II

The way our economy has been handled during the past 40 years since the founding of the republic shows that financial and trade departments are places where the warning signals of economic dislocations and upheavals will first appear, and where readjustments for such dislocations and upheavals will begin. The way is to balance financial receipts and expenditures and credit receipts and payments, curtail demand, increase supply, and make efforts to achieve a better overall balance. Of course, new readjustment measures will keep appearing and developing. The articles concerning economic readjustments in the 1950's, 1960's, and 1980's are still significant guidance for our work today.

The year 1956 was a year in which enormous successes were achieved in socialist construction and socialist transformation; but that was also a year in which the tendency for feverish and unscrupulous pursuits began to appear. Although Premier Zhou Enlai and some leaders of the central authorities had proposed to combat the tendency and Comrade Xiannian had also made the same appeal in his 1956 budget report and said that production and the development of some projects should be reliably planned, all these correct views were later denounced. In the financial and trade sector, the unscrupulousness caused a deficit of 1.5 billion yuan in 1956, an unfavorable balance in credit receipts and payments of 1.69 billion yuan, and an unfavorable balance of 2.4 billion yuan in commodity purchases and sales. Examining the lessons learned in that year, Comrade Chen Yun put forward the well-known guideline that the size of construction must be in line with the national capability, and that financial receipts and expenditures, credit receipts and payments, and commodity supply and demand must be balanced individually and collectively. Comrade Xiannian fully endorsed these views during a meeting of provincial, municipal, and regional party committee secretaries and in the budget report he submitted to the Fourth Session of the First NPC in June 1957. Based on the experiences gained in the financial and banking departments, he presented these two proposals: First, there should be an overall balance and coordination in these three areas; namely, financial receipts and expenditures, credit receipts and payments, and commodity supply and demand, especially the balance in financial receipts and expenditures because it is essential for achieving an overall balance. Second, while drawing up state plans and budget for any given year, the state must make sure that, in addition to paying attention to the balance of payments in that fiscal year, attention should also be paid to the fiscal years before and after it so that a continuity can be maintained and excessive fluctuations can be avoided. Based on this

guidance, construction slowed down in 1957, capital construction investment in that year was reduced to 11.1 billion yuan from 13.9 billion yuan in 1956. To balance credit receipts and payments, the state also began to allocate funds for bank credits early in the year, instead of thoughtlessly depending on surpluses of the preceding year. That was an innovative and significant step toward implementing the principle of achieving a balance in the three major areas. Thanks to the immediate measures for dealing with the problems, 1957 became one of the best years for economic work since the founding of the republic.

Guided by the "leftist" ideology, the Great Leap Forward and the movement to turn rural areas into people's communes were unscrupulously launched in 1958. Because of miscalculated macroscopic policies, what was turning to be an excellent situation became increasingly chaotic. In July 1959, Comrade Xiannian timely pointed out that an anomaly had appeared behind what appeared to be an "excellent situation." He said: "While there was a large budget surplus because receipts exceeded expenditures, the volume of currency in circulation was also increasing (note: a strange phenomenon appeared in the first half of 1959 during which money supply kept on increasing but no money was withdrawn from circulation); and while there seemed to be a large amount of available funds, there was shortage in the supply of certain commodities. Why was there such a dislocation? This is a question that needs an answer."<sup>2</sup> Comrade Xiannian said descriptively that he smelt a "rat" in it and this "rat must be caught." All financial and trade department began to study the issues. Prior to the Lushan conference, Comrade Mao Zedong and the Party Central Committee also made efforts to correct the mistakes that had been detected. Meanwhile, Comrade Xiannian, in a report he submitted to the Central Committee in the name of the State Council's Financial Affairs and Trade Office, pointed out: "Observed collectively, the state in the budget, credit receipts and payments, and commodity supply and demand shows that not only is there a shortage of supply of certain commodities, there is also a shortage of capital supply in the country. The phenomena that receipts have exceeded expenditures and that ample funds are available are superficial, and they are different from the actual state of money supply in the country."<sup>3</sup> The truth was that there was no revenue surplus, only budget deficits. Unfortunately, after the Lushan conference, a campaign to repudiate Comrade Peng Dehuai was launched erroneously and, following this campaign, the struggle against the "Right Deviation" began to engulf the whole party. As a result, efforts to rectify the "Leftist" economic mistakes were interrupted, and the Great Leap Forward, like a car losing control, started to run wild for quite a while before it ran into a stone wall. In the winter of 1960, the Party Central Committee put forward the policy of "readjustment, consolidating, filling out, and raising standards." However, genuine and vigorous readjustment did not start before 1962 when Comrade Liu Shaoqi, upon receiving a report from the Ministry of

Finance, took steps to expose the truth about the financial situation in the years of the Great Leap Forward, revealing that "the surplus is a sham and the deficit is true." The exposure was made at the famous "Xilou Conference," which was the target of criticism in the Great Cultural Revolution. At this conference, central leading comrades pointed out that some comrades had underestimated the difficulties and failed to carry out vigorous readjustment. The central leading comrades called for "extraordinary measures in an extraordinary period" and demanded that retreat must be far enough. After the conference, Comrade Chen Yun was entrusted to give a report to members of the leading party groups of the various ministries and commissions at the State Council's small auditorium. The report was entitled "The Current Financial and Economic Situation and Measures for Overcoming the Difficulties." Comrades Li Fuchun and Xiannian gave supplementary reports. Comrade Xiannian pointed out that the financial and trade situation could be summarized as follows: "Bank notes have increased, the supply of commodities has decreased, the prices of some commodities have risen, the state revenues have decreased, and budget deficits have surfaced."<sup>4</sup> The mistakes had continued for 3 years, creating many problems. This had made readjustment more difficult. How were the problems resolved? First, no measures were taken which would increase the people's burden. On the contrary, the amount of grain collected as agricultural tax was reduced from 34.7 billion jin in 1960 to 23.6 billion jin and the amount of grain procured was reduced from 86.6 billion jin to 67.9 billion jin. In addition, a policy of refund was implemented in the rural areas. Furthermore, the procurement prices of grain and edible oil were raised by 25.3 percent and 19 percent, respectively. Second, no measures were taken to raise the commodity price in general. On the contrary, rationing of 18 categories of daily necessities, which accounted for 60 percent of the workers' expenditure, was implemented to stabilize the price. At the same time, prices at trade fairs were allowed to float; no action was taken to rigidly control them. Third, no measures were taken to incur foreign debts. On the contrary, debts owed to the Soviet Union were repaid on schedule. This was achieved mainly in the following way: With a strong will, the leadership and the rank and file worked diligently to readjust the economy according to a well-worked out plan. After retreating far enough, they started to advance by practicing economy and increasing production in a down-to-earth manner. By working together and sharing weal and woe, they were able to pull through. Presided over by Comrade Xiannian, the Finance and Trade Office drafted, on behalf of the State Council, the "Decision on Seriously Strengthening Centralized Unity in Banking Affairs and Strictly Controlling the Issuance of Currency" and the "Decision on Strictly Controlling Financial Management," known as the "Two 6-Article Decisions," to make full use of the role of finance and banking in macroeconomic readjustment. At the same time, vigorous efforts were made to scale down capital construction. Investment in capital construction was reduced from 35.4 billion yuan in 1960 to 5.5 billion

yuan by 1962. Some 20 million workers were mobilized to go to the countryside in an effort to alleviate grain supply shortages in the cities and to support agricultural production. Priority was given to exports to earn foreign exchange for the import of grain. Readjustment of the heavy industry was carried out to produce more consumer goods. A policy of raising the prices of high-grade nonstaple food items and reducing the prices of lower grade ones was implemented to recover surplus money from circulation. In addition, the "40 Articles" for commerce and the "35 Articles" for handicraft industry (the light and handicraft industries were once under the jurisdiction of the Finance and Trade Office in the 1960's) were formulated and implemented on a trial basis to improve commodity circulation and restore and develop traditional handicraft industry. By 1962, readjustment began to produce results. The amount of currency in circulation stood at 5.277 billion yuan in 1957, climbed up to the peak of 12.566 billion yuan in 1961, and dropped to the normal level of 7.996 billion yuan by 1964. The prices of high-grade commodities gradually dropped to their original level, and the prices at trade fairs also declined, approaching the past level. The people began to feel that the "bank notes have more purchasing power." Instead of "rushing to stand in lines and purchasing whatever was on display," they began to "do window shopping, to make some calculation before buying, and to be more selective." Between 1963 and 1965, industrial production grew at an annual rate of 17.9 percent and state revenues rose 14 percent. Agricultural production had also been restored, surpassing the 1957 level. In addition, there were enough light industrial products to meet market demands. The situation was very good.

However, the "Leftist" ideology was not rooted out, and the Great Cultural Revolution took place in 1966. Comrade Xiannian first assisted Premier Zhou and later supported Comrade Deng Xiaoping in shoring up the shaky situation, experiencing all kinds of hardships. We all know how harmful effects of the 10-year turmoil were.

Between 1977 and 1978 following the smashing of the gang of four, the masses were in high spirits, the economic situation was good, state revenues increased substantially, and the people's living standards, which had remained at the same level for a long period, began to improve. However, we were carried away as soon as the situation improved. Imports began to rise and investment began to shoot up, creating potential danger to the national economy. The large amount of budget deficits in 1979 and 1980 sent out the danger signal. In the wake of the 3d Plenary Session of the 11th CPC Central Committee, the Party Central Committee put forward the policy of "readjusting, restructuring, consolidating, and improving." In contrast with the readjustment policy of the 1960's, this policy called for advance as well as retreat, increase as well as decrease, efforts to guarantee certain projects as well as efforts to cut down on others. In addition, it called for the use of readjusting and

restructuring to complement each other, to focus on readjustment, and to carry out readjustment, consolidation, and improving in the course of readjustment. The speeches made by Comrade Xiannian in this period and collected in the "Selected Works" systematically explain the economic situation during that period and the central principles and policies on readjusting the economy. Comrade Deng Xiaoping had suggested that we must retreat in certain areas and we must retreat far enough. In 1981, capital investment was reduced from 50 billion yuan to 30 billion yuan. Comrade Zhao Ziyang put forward the readjustment demand of "two balances and one stability" (balance between revenues and expenditures, balance between credit receipts and payments, and price stability). By 1983, balance between revenues and expenditures was basically achieved, and notable results in rural reform were obtained. The market was thriving, and commodity prices were basically stable. It was, to a certain extent, a buyer's market. Although not without certain shortcomings, the readjustment was richer in content than the previous two readjustments. Not only had it achieved tremendous success, it had also created a favorable environment for the reform carried out in the first half of the 1980's.

As Comrade Xiannian is getting on in years, he no longer directs economic work, which requires onerous efforts. However, he still stresses the need to draw lessons from our country's past economic work. He has stated on numerous occasions that it is necessary to uphold the principle of seeking truth from facts, of proceeding from reality, and of doing what one is capable of. He said: "A person who is capable of lifting 80 jin will end up hurting himself if he forces himself to lift 100 jin. He will not be able to lift even 50 jin after he gets hurt. Don't you think he is stupid? After suffering setbacks, some comrades still do not learn lesson. They get carried away as soon as the situation begins to turn for the better, demanding unreasonable speed." He also said: "When we fought the war in the past, we would fight if we were sure of winning; otherwise, we would retreat. We were very sensitive about this, very flexible. This was because we would be eliminated if we did not retreat. Economic construction requires even more attention to this matter. Serious economic problems sometimes are hidden several years before they are discernible to us, and what is worse, we cannot run away from them. The only way out is to carry out large-scale readjustment. As I see it, economic work sometimes is more difficult than fighting a war. This is why we must be extremely sober-minded." He said that "it is necessary to develop our economy in a planned way and in proportion and to achieve overall balance in finance, credits, material and goods, and foreign exchange," and that "otherwise, disorder and setback will tend to occur."<sup>5</sup> These are valuable words derived from his many years of experience in presiding over the economic work.

### III

In directing financial and trade work, Comrade Xiannian attached importance to the questions of market

price and currency circulation and took the role of the market seriously. In his June 1978 speech, "Attach Importance to Socialist Commodity Production and Circulation," he explained the role of commodity production and the law of value in socialist economy and the significance of doing a good job of finance and trade.

The speech by Comrade Xiannian at the Eighth CPC Congress in 1956 on "The Issue of Commodity Prices" may be regarded as a fundamental review of the situation on commodity prices since 1950 when steps were taken to unify the budget and economy, and to stabilize commodity prices. During his speech, Comrade Xiannian pointed out that, during that period, while implementing the commodity price policies, emphasis had been placed on price stabilization while rational adjustment at timely moment had been neglected. Moreover, due to the general absence of price competition from other regions, it was not easy for problems to surface. Therefore, it was important to be aware of the role played by price policies in state-run commerce, and to attach importance to their studies and research (toward the end of the 1950's, the Finance and Trade Office established a commodity price group to administer commodity prices in commerce, and which later merged with the Commodity Price Committee). Comrade Xiannian has always taken an interest in commodity price and has spoken on it on many occasions. The "Selected Works" contains only a portion of his works in this respect. His discussion on this issue may be summarized as follows: First, to strive for the basic stability of commodity prices while not adopting the simple method of "unified price" or "price freeze." Second, one should focus on grain when it comes to setting the price for agricultural products. One must resolve the issue of receiving low income while making great contribution as experienced by peasants in the commodity grain producing regions. One must maintain a reasonable proportion between the production of grain and cash crops, and narrow the price gap between industrial and agricultural products in order to consolidate the bond between workers and peasants. Third, the price of industrial products should be helpful to the expansion of production as well as improvement of product quality and standard of management in enterprises. One must implement the principle of setting prices according to quality, and good quality receiving good price. One must not raise price in order to protect those lagging behind. Fourth, price adjustment should serve nation building and take individual consumption into account. It should enhance the people's purchasing power and consider the possibility of supply. It is unrealistic to demand their complete rationalization soon without weighing their importance and urgency. Fifth, as the price of some commodities rises and a wide gap exists between the planned price and price in the open market, one should not follow the latter by raising price all round, or control the open market price too rigidly. While upholding the planned price, one must also provide room for the market price to maneuver. Sixth, the price adjustment of daily necessities must be conducted carefully. When necessary, ideological work must be well

done, and additional allowance be paid to workers. The price of goods which are not daily necessities may be decontrolled and allowed to rise a little higher. Seventh, one must avoid falling into the trap of three "waves"; namely, the prices of grain and cash crops, the prices of agricultural and industrial products, and agroindustrial goods prices and workers' wages taking turns to rise.

Commodity price in the market is closely related to the amount of money in circulation. Comrade Xiannian has always placed emphasis on tackling this issue. Before 1956, when revenue exceeded expenditure and when the budget and credit operation were unified and balanced, the people did not experience any market shortage. In 1956, when there was a budget deficit and an excessive issuance of money, shortage was widespread. It was only then that we realized the importance of balancing the budget and credit operation. An event that brought greater realization was the critical imbalance that happened to the national economy during the Great Leap Forward. At that time, when banks conducted studies on the ratio between the amount of money in circulation and retail prices, they discovered that over the years when the market was stable their ratio was around 1:8 (that is money changed hand eight times during the year); in 1960 and 1961, it dropped to 1:7.3 and 1:5.5 respectively. At the same time they also conducted studies on the relations between the amount of money in circulation and inventories, and between the former and the total value for procuring nonstaple farm produce. Comrade Xiannian spoke highly of their studies. Although they were "experience and data" based on the particular conditions of that time, they revealed the severe imbalance and inflation in the national economy, and had played a constructive role during that period. It had a dampening effect on those who were feverishly shouting "everything was fine." During that period, comrades in the banking sectors had been sending reports on the amount of money in circulation to the CPC Central Committee and the State Council. Like the "one-line news," although it was only in one sentence—namely, the net amount of currency issued or withdrawn from circulation on a given day after subtracting total withdrawal from total amount issued—it had captured the attention of many leading comrades. When Comrade Xiannian went to work each day, he would see this report first. He even required his secretary to draw a graph showing the daily amount of currency in circulation in order to study its development and trend. Comrade Xiannian was always studying bank reports, such as credit and loan plans and their implementation, and so on. Compared with 1957, money supply from 1958 to 1961 increased by more than 6.2 billion yuan, of which more than 4 billion yuan was not supplied in a normal way. After spending 3 years withdrawing the money from circulation, we eventually restored normal circulation of currency by 1964. Comrade Xiannian said with feeling: It is easier to supply than to withdraw money, so let our comrades know the importance of bank notes.

These words are bound to arouse a deeper feeling among us today, when we are faced with this arduous task of controlling inflation again after more than 20 years.

Comrade Xiannian worked on foreign trade for a long period of time. He always said: "Giving priority to self-reliance, we should never reject foreign aid, and should cooperate with other countries in supplying one another's needs."<sup>6</sup> During the difficult period of the Great Cultural Revolution, he still managed to seize the right opportunity when China's legitimate seat was restored in the United Nations, and, in view of the closed-door tendency at that time, stated that "China should make a bigger progress in foreign trade."<sup>7</sup> He stressed the need to put greater efforts in investigations and studies, keep close watch on the developments in the international market, and avoid subjective and one-sided approaches. He emphasized that we should proceed from realities, strive to increase exports, achieve a balance between imports and exports, and overcome the tendency of giving more consideration to our needs than our capability, to the subjective than to the objective approaches, and to the partial than to the overall interests. He also made many important expositions on importing advanced equipment from abroad.

In a talk with foreign guests during the first half of 1987, Comrade Xiannian summarized the important experiences gained since China started to make reform and open to the outside world. He said: In making reform and opening to the outside world, we should properly handle the relationship between planning and market. In developing commodity economy, the main idea is to develop socialist commodity economy based on the system of public ownership. In the course of reform, we should allow those people, who do more work and do it better, to get rich first. Our objective is common prosperity for all people. We should never allow them to be polarized. The basic state policy is to guarantee that the 1 billion people have enough food and clothing. Generally speaking, powers should be relegated to the lower levels in the course of reform, but not all powers. Some powers should still be held by the state. We should avoid runaways in capital construction, consumption, and commodity prices. He also emphatically pointed out that reform and opening to the outside world cannot be separated from adherence to the four cardinal principles, and that as a unified whole, the two can and should develop in a coordinated manner. It is necessary to maintain self-reliance, and pay attention to opposing the corrosive bourgeois ideology and styles, and improve social practice and public order. It is necessary to uphold and improve party leadership, adapt to the needs of reform and opening to the outside world, and uphold the party's fine traditions.

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Comrade Xiannian has shared with us his rich and profound experiences from his expositions and practical actions in financial and economic matters. The most

fundamental experience is that we should do our work in a down-to-earth manner in keeping with the principle of seeking truth from facts. In order to seek truth from facts, he paid attention to investigations and studies, and listened to different opinions so as to select the good ones and act accordingly, and prevent one-sidedness. To seek truth from facts, he bravely faced the reality, and promptly exposed problems and presented solutions when the people were overjoyed with achievements. He has never forgotten the basic conditions of China with its huge population, poor foundation to start with, and economic backwardness. He has consistently urged for waging hard struggle and building the nation through frugality and diligence, and has never tolerated the excessive demands which are well-intentioned but cannot be reached under the objective conditions. He attached great importance to the principle of proceeding from China's capability in achieving an overall balance, overall balance in finance, credit, foreign exchange, and materials and goods in particular. He was not afraid of "offending others" for the sake of balancing revenues and expenditures or balancing supply and demand. He always said amusingly: "In doing financial and economic work, we should carry a dagger behind us so we can slash or whittle away anything that should be slashed or whittled away (referring to tightening excessive expenditures and demands)." When mistakes were made in our work, he bravely made self-criticism and assumed full responsibility. Never has he shifted the responsibility to the lower level. Now China has made important achievements in national economy by making reform and opening to the outside world, and new problems have also cropped up. The principle of working in a down-to-earth manner and seeking truth from facts is a fundamental experience, which is applicable in financial and economic work and will remain unchanged for a long period of time. This is the essence of the expositions on financial and economic work contained in the "Selected Works."

#### Footnotes

1. *Selected Works of Deng Xiaoping*, page 268.
2. *Ibid.*, p 246.
3. *Loc. cit.*
4. *Ibid.*, p 265.
5. *Ibid.*, pp 487-488.
6. *Ibid.*, p 240.
7. *Ibid.*, p 302.

#### Theory Should Serve Reform in a Theoretical Manner

OW0405072289 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 5, 1 Mar 89 pp 19-22

[Article by Chen Yanqing 7115 2518 3237 from Tianjin Nankai University]

[Text] Theory should serve reform in a theoretical way. This does not seem to require further explanation, but for many years, very untheoretical approaches have been taken in theoretical activities. In other words, theory has been confused with politics, policy, and policy decisions. It has done what it is not supposed to do, while failing to do what it is supposed to do. In short, theory has not always functioned as it is supposed to function.

#### I. Understand the Functions of Theory in Making Explorations and Criticisms

The basic function of theory is to explore. The most fundamental difference between the activities of man and beasts is that man always previews his activity before taking any practical actions; that is, he first thinks about the goal of an activity and the means and steps for achieving this goal. This preview activity can be called an "ideological experiment" in a broad sense. Taken as a whole, these ideological experiments conducted in the mind constitute theoretical exploration. Animals can use only their bodies and limbs to explore. By comparison, man is superior and safer for being able to explore by using his mind. Using the body to explore may result in real danger, but using the brain to explore can prevent danger or even turn danger into safety. Since theoretical activity constitutes exploration through which man avoids harm and brings benefits, there should not be any prohibitions. All places, fields, problems, theories, and aspects of human activity should be explored by theory. Only by letting theory absorb the risk can we prevent and reduce risks in our actual work. This dialectical relationship between theory and practice should have been more than clear enough. However, for many years in the past, we chose to take greater risks in actual work than to allow theoretical work to take a little risk. As a result, theoretical work has found a safe haven and will choose any approach that appears safe to it. Practical work has to take great risks now and then because it lacks normal theoretical exploration. Do we have similar problems and lessons in the present reform? Is the neglect of theoretical exploration one of the factors that causes the difficulties and problems in the course of reform? This is a thought-provoking question. Neglect of theoretical exploration is like using the body to explore. This is dangerous under most circumstances. In practical action, before we take correct aim, we should take smaller and slower steps. In theoretical exploration, the steps should be bigger and faster. What kind of risks lie ahead? How can we prevent or reduce risks? We should

let theory explore first, and then we will follow up with large-scale action. This is called making theory functional. The so-called theoretical path primarily means this method of exploration.

**Another important function of theory is the function of criticism.** What is there to criticize? We must criticize reality as well as theory itself.

For theory to guide practice, it must transcend reality. To transcend reality, theory must criticize reality. If it approves everything in reality and does nothing but praise the perfect state of reality, how can theory be expected to transcend reality? How can we progress? No measure, however good, is without flaw or side effects. Theory's function of criticism can help people discover the side effects. Essentially, theory is supposed to remove what is undesirable in reality. Therefore, criticizing reality is a prerequisite for reform. Summing up experiences is also a form of criticism. Discovering where the reform has succeeded and where it has failed, as well as the reasons for its success or failure, is also considered criticism.

Because theory has the function of criticism, theoreticians with genuine independent thinking can often come up with views that differ from those of many other people and discover abnormalities in things people usually regard as normal. In their contacts with theoretical workers, leading comrades must be prepared to hear advice which is sound but which is unpleasant to their ears. They must be good at differentiating between what is good and what is bad advice. Those who readily agree with the leading comrades on what the leading comrades say is good are not giving sound advice.

Criticizing reality entails the need to criticize theory itself. Self-criticism of theory means exposing and resolving contradictions between theory and reality as well as those intrinsic contradictions within theory itself. For instance, is what the theoretical pillars of our reform based on really reliable and perfect? It must be scrutinized at all times and should not be blindly followed. The theory on the socialist commodity economy is the kernel of theoretical reform. Indeed, the theory on the socialist commodity economy represents a major breakthrough. But is it perfect? Has it completely overcome all intrinsic contradictions within the theory itself? I am afraid not. What kind of relationship is there between the commodity economy and socialism? Under the condition of a commodity economy, how should the principle of to each according to his work be upheld and applied? What is the status of the planned economy under the condition of a commodity economy? As we develop the commodity economy, how should democratic political building be carried out? How should we maintain the integrity of government workers? What must we do in order to ensure that social morality and civilization do not collapse under the condition of the commodity economy? All these problems must be solved through the theory on a socialist commodity economy.

For instance, the advancement of the "criterion of the productive forces" has indeed played a tremendous role in emancipating people's thinking. However, the criterion is theoretical and not quite clear, which has inevitably produced undesirable side effects. Some people have said: The criterion of the productive forces is in essence the application of the theory of seeking truth from facts. This argument is incorrect. When you have pushed up production, does it mean that you are sure you have held the truth in your hands? The criterion of practice is also the criterion for gauging whether or not one's understanding is correct, while the criterion of the productive forces is the criterion for judging whether practice and actions are sound. Engels used the criterion of the productive forces to prove that the replacement of the primitive commune system by the slave system was tremendous progress in history, and to show the validity of this historical change, but he never used it to prove the "correctness" of the slave system. The criterion of the productive force and the criterion of practice are two different criteria and should not be confused with one another. If the criterion of productive forces is regarded as a criterion for understanding truth, it follows that all one has to do is to push up production, because it proves that what one does is correct, and that all the ideology that directs one's actions is in keeping with the truth. There would be no contention between truth and falsehood or between right and wrong, meaning one could do things by fair means or foul so long as one's goals are attained. Some people have simply equated the criterion of the productive forces with the criterion of economic results. Some people have even written articles on it and have done propaganda work by simply turning the criterion of productive forces into the criterion of cadres, morality, and others. As theoretical workers, they should not do so. This is irresponsible. Then what are the things that are supposed to be judged and evaluated by the criterion of the productive forces? What is the standard of the criterion of the productive forces? These are problems which must be theoretically clarified.

Therefore, the function of theory in regard to criticism also includes the criticism of theory itself. This criticism is aimed at examining whether or not the conclusions of theory are correct and unequivocal, its basis reliable, and its proof full. Discarding theory's incorrect part by means of self-criticism, defining the limitations of theory's correct part, and supplementing theory with new findings are the only earnest and scientific ways to treat theory.

## II. Maintaining the Basic Quality of Theory

In order to really give play to the role of theory in exploration, criticism, and evaluation, it is necessary to make theory maintain its own basic quality or character, so that it may truly serve reform by the methods of theory. The following are three major aspects of theory:

### A. The Independence of Theory

The issue of the relationship between theory and political affairs has always baffled theorists and many leaders who sincerely wish to succeed in the work of theory over

a long period of time. After having experienced practice and drawn lessons from it for years, we should have a comparatively clear answer by now. Theory must show concern for the realities of life, otherwise it will have no vitality. If theory must show concern for the realities of life, undoubtedly, it must also show concern for political affairs. By serving reform, theory shows concern for political affairs. However, theory can only show concern for political affairs and reform by the methods of theory. If we want to really show concern for political affairs and reform by the methods of theory, it is necessary for us to maintain the relative independence of theory.

As a tool that explores, criticizes, and evaluates human activities and the activities of our party, theory, in terms of its inherent quality, can only obey truth, because the direct objective of viewing activities through theory is to seek truth. If theory is required to obey other things which do not need its obedience, theory will then lose its independence and will not become true theory, let alone serve practice by the methods of theory. It is necessary to make a distinction between theory and political affairs, policies, and decisions and let it do what should be done by itself. This issue should be properly solved if we want to have theory serve reform.

It is necessary for policy-making to depend on theory. However, theory is not equivalent to policy-making. Theory will have to go through many intermediate links before it can be transformed into policy-making. First, policy-makers must correctly choose theory. At present, theorists put forward various viewpoints and proposals and hope that they can all be adopted by policy-makers. Among them are "special native products" of our own theorists, but a great number of them are introduced from the West. Let us use those theories which are of higher theoretical level as an example. There are various theories for social development. Some advocate economic growth as the central objective, while others maintain that the development of man is the central objective. There are theories that concern economic work, such as the stock system, "big cycles," high consumption, whether inflation and deficits are harmful or not, and so forth. Which theoretical proposal, or which aspect of a certain theoretical proposal, is suitable for the solution of our problems? Obviously, a choice has to be made. After all, we cannot adopt all the proposals at the same time or take an equivocal attitude. Least of all can we adopt this proposal today and that proposal tomorrow. Of course, we must have the necessary background and accomplishments in theory if we want to make a correct choice. Meanwhile, it is necessary for policy-makers and leaders to both encourage and promote free discussions between various theoretical areas, and also to take part in such discussions in the capacity of a theorist on equal footing with other theorists. Choice does not mean making a decision that is in favor of one proposal and against another. In most cases, it means combining the reasonable portions of every proposal. In this sense, the process of policy-making is also a process of theoretical exploration. It is hard to make a clear

distinction between policy-making and theorizing. Although policy-making must be based on theory, the latter is only a part of the basis, not the whole basis, for the former. Even though certain theories have been deemed feasible after a correct choice, we must still consider the conditions for application of the chosen theory in our country or in our area and correctly choose the timing and specific ways for proposing or implementing a decided policy. We must not directly treat a theory as a policy just because we favor it. In many cases, this practice is undependable or even dangerous.

This should be the relationship between theory and policy and between theory and various other plans for practice.

The primary conditions for theory to maintain its own relative independence come from the following two sources: First, leaders and policy-makers must treat theory as theory and let theorists conduct independent theoretical exploration, instead of simply asking theorists to explain the actual proposals and stands which they have already decided upon and carried out. Second, theorists must treat theory as theory. Of course, theorists must have a strong consciousness of participation. However, theory can only participate by the methods of theory. Of course, our emphasis on the relative independence of theory should absolutely not be misunderstood as meaning that theorists and their theorizing can do without the leadership of the party. What we are discussing here is the independence of theory with regard to political affairs, policies, policy decisions, and so forth. It is also the independence of theory with regard to practice. Positively affirming and respecting the independence of theory is indispensable for it to successfully flourish and develop, as well as for ensuring correct leadership and policy-making.

#### **B. The Systematic and Comprehensive Aspects of Theory**

Theory should, in itself, be systematic and comprehensive, and even the theoretical solution to a practical problem should be systematic and comprehensive. In a strict sense, a view expressed from a certain angle should not be taken as a scientific theory. Since reform is an extremely complex systems engineering project which should be carried out with support measures, the comprehensiveness of reform is needed even more for the theory on reform. Overall, the problems we are facing today are those involving our serious inability to exercise control and balance. They are caused by such complicated factors as an incomplete structure, as well as other factors that have been accumulated over a long period of time. Subjectively, however, these problems are linked directly to the lack of systematic theoretical guidelines. To work out a systematic theory, it is necessary to consider every aspect of the theory on reform in a comprehensive manner and with the help of philosophy. For example, it is necessary to rely on philosophy to grasp the relations of coordination between reform and

construction, progress and stability, destruction and establishment, centralization and decentralization, planning and the market, supply and demand, accumulation and consumption, revenue and expenditure, economic and political aspects, and various economic and political aspects on the one hand and ideological and cultural aspects on the other. Philosophy must also grasp the relations of mutual restrictions among various factors.

I would like to discuss the in-depth study on the law governing the harmonious development of society. For a long time, we did not talk about competition, which is now discussed at length. Today, however, we seldom talk about harmony, which is the antithesis of competition. The two exist interdependently. It is impossible for any society to have only competition (i.e., lack of harmony) without harmony. While there is a strong effect of the law of competition under a developed commodity economy, there should be an equally strong effect of the law on harmony. Along with the progress of competition in society, there will be new factors and relations, and thus new imbalances, which need to be balanced or coordinated on a broader scale and to a greater extent. Artificial destruction of any form of coordination over a protracted period of time may bring about disturbances, stagnation, or anomalies in the society locally or even as a whole. Such phenomena are reflected even more prominently in the course of reform. Therefore, the law governing harmonious development is a very important law which we must respect and study. It is necessary to conduct still more systematic theoretical study in order to grasp the law governing the harmonious development of society.

### C. The Thoroughness of Theory

Theory should have a degree of thoroughness. The thoroughness of theory means grasping the essence of a matter, not just dealing with the superficial explanation of its minor aspects. To work out a thorough theory, it is necessary to execute the intrinsic logic of the theory itself. Efforts to explore a theory and draw a conclusion for the theory should not be stopped halfway for fear of interference by factors outside the theory. Only a thorough theory can point out the direction of reform and build the confidence of reformers. To work out a thorough theory based on the theoretical summation of the experience in and lessons from the reform, we should not only conduct phenomenal analyses of certain problems in the course of reform, but also seek the root causes for such problems. This is to say that as far as inflation is concerned, there are both historical and realistic, as well as objective and subjective, causes. Of the objective causes, there are both economic and noneconomic factors; of the subjective causes, there are factors in both understanding and mentality. Inflation is caused by the comprehensive effects of a variety of factors. It is necessary to analyze all these factors, identify their intrinsic relations, and discover the root causes, instead of covering up certain circumstances for fear of causing offense. Only a thorough theory can provide an effective solution to problems.

To uphold the independence and thoroughness of theory, execute the functions of theoretical exploration and criticism, and make theory serve the reform through a theoretical form in a genuine sense, theorists should have the required theoretical quality and political and ideological attainment required for theorists, in addition to a wholesome environment, especially political environment, for theoretical activities. We trust that the theorists as a whole in China today will be able to meet these requirements step by step. In the light of this, we are convinced that China's reform will succeed.

### Noneconomic Factors for Overheated Economy and Optimum Choices for Reform

OW2904133389 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 5, 1 Mar 89 pp 23-26

[Article by Wang Xiangguang 3769 4382 0342]

#### [Text] I. Cold and Heat in Economic Life

China's economic development in recent years shows that there is both cold and heat in the economic composition. The cold parts are two. First, agriculture, as the foundation of economy, is still weak, with grain production decreasing or stagnant for four consecutive years as a result of sharply reduced agricultural investment. Second, there are considerably great shortages in communications, energy sources, and raw and processed materials, and some infrastructures in national economy are weak links. Annual economic losses caused by electric power stoppage and strained transport and material supply amount to hundreds of millions of yuan, reducing both the effective supply in the society and the basis for further economic development. Nevertheless, in contrast to these, industries that support extravagant consumption are rapidly expanding.

(1) Great investment is made in blindly building office buildings, meeting halls, and guesthouses. The trend of developing the industries for producing high-grade household electric appliances, tobacco, and wine is becoming more and more intense. These are obviously an unbearable burden to our country in which the people's basic needs in food and clothing have not yet been completely met.

(2) Commodity circulation is abnormal, creating a situation of almost "everyone being engaged in business operation." Sharp increase in intermediate links of circulation is slowing down the turnover of capital funds and raising the overhead for commodity circulation. The increased overhead, excessive commercial profits and skyrocketing commodity prices, are putting too heavy a burden on both production enterprises and consumers. Running business operation by everyone and by all trades and professions is in fact a withering of specialized division of labor. Now, workers do not want to work, peasants do not want to farm, students do not want to study, and specialized technical personnel and

party and government cadres are engaged in business operations. Such a phenomenon runs counter to the demands of large-scale socialized production.

The above contrast between cold and heat shows the abnormality of our country's structure of production. The chaos in the field of circulation and the excessive commercial profits at the expense of producer's profits are enabling more and more people to indulge in extravagant consumption. A large number of office buildings, meeting halls, and guesthouses have been built with extrabudgetary funds, and many expensive institutional purchases have not been included in official statistics. The majority of those construction projects and institutional purchases were funded with money from "small coffers" of various organizations. Racketeers could spend money like water and indulge in visiting prostitutes and gambling because they became rich by violating laws in the circulation field.

## II. Noneconomic Factors Causing Overheating of the Economy

According to economics, the aforementioned overheated phenomenon is an abnormality of the structure of production. It is a moral degeneration characterized by unrestrained lust. Such short-sighted behavior and practices have something to do with a certain kind of mentality among people.

As a matter of fact, everyone knows that our country has a large population, a poor foundation, a late start, and a backward economy. Our society is definitely not a society in which we can spend without restraint. However, what people see are the following facts: The standards of office buildings, meeting halls and guesthouses are becoming higher and higher. Cars are becoming better and better. More and more people are spending public funds on extravagant dinner parties. Office equipment is becoming more and more luxurious. In the last decade, our state revenues grew 160 percent, but institutional purchases increased by 380 percent (not yet including the spendings in disguised form designed to escape auditing, and the spendings funded with money from small coffers). In last decade, our national income increased by 110 percent, but the number of office buildings, meeting halls, and guesthouses completed and the number of automobiles bought increased ten-fold and fifteen-fold respectively. We cannot but have worries if we compare these abnormalities with the facts that our agricultural investment is small, our fundings for energy industry, communications facilities and education are insufficient, and the people's basic needs in food and clothing have not yet been met in old revolutionary base areas, minority nationalities regions, and border regions.

Socialism is the people's correct historical choice during the century-long revolution. The reason the people made this choice lies in the tremendous appeal of justice in a socialist society; and in the powerful rallying strength of

Chinese communists who, while championing the socialist cause, have demonstrated to the people their resolve to build a strong and prosperous country. The combination of this great political strength and the Chinese people's patriotic tradition has become an indomitable national spirit to build a strong China. However, proliferating corruption—such as using public office for personal gains, accepting bribes, using public office to facilitate commercial undertaking, and grabbing money by force or trickery—is an extremely harmful corrosive. That is why there are the "crisis of faith," the disintegration of the spiritual force and the political strength which rally the people to build a strong country, the deterioration of public order, the resurfacing of evils that had vanished, and the obsession of making money in all social sectors. All this can be observed from the cynical life style characterized by political apathy, pleasure seeking, and unbridled spending spree. Affected by these two mutually infiltrating tendencies, people's sense of social responsibility gradually has gradually become blunted and living beyond our means has become a common social conduct. This has created a behavioral and consumption mode, namely "the poorer one is, the more he will eat; and the more he eats, the poorer he will become." Affected by this, contradictions between supply and demand caused by unmatched reform projects have become more acute, inflation keeps spiralling upward, and the economic gap between us and developed countries continues to grow bigger. This shows that behind the overheated economic activities there is a noneconomic factor—sapping willpower and proliferating corruption.

## III. The Political Environment Which Spawns Corruption

Why is it that power, corruption, and deterioration of public conduct can possibly appear in a socialist society theoretically superior to a capitalist society? Aside from outside infiltration and influence of traditions, one direct cause is the lack of a political environment in which the people can be motivated, corruption is suppressed, and a normal commodity economic development can be ensured.

1. Because little attention has been paid to democratizing decision making, decisions cannot be made in a scientific manner. How much political and economic affairs can be openly handled is one issue to be dealt with urgently. The fact that the people do not have the right to know has directly hindered their participation in discussing state affairs; and the lack of a broadly-based democratic participation not only will lead to the dearth and distortion of information about decision-making, but also to untimely feedback for decision-making. This being the case, decisions are apt to be erratic and changeable because they are not made on a scientific and timely basis. The practices of tightening and relaxing macroscopic control every now and then, the erroneous spendrift policy, the "corporation craze," the adoption of the "contract system," the retracting of the idea of

"replacing profit delivery with tax payment," and the "kingdom economies" [zhu hou jingji 6175 0186 4842 3444] spawned by the independent financial planning power given to localities in recent years are all unscientific, short-term behaviors, and short-term decisions are results of ineffective democratization of decision-making. Not only does this have something to do with the decision-making processes, but also with the implementation of the "double-hundred" policy. The tendency of appealing to the will of the higher authorities [wei shang qing xiang 0787 0006 7308 0686] in theoretical study not only eliminates the liberal environment for the development of social science, but also the intellectual support for scientific decision-making. Consequently short-term decisions often collide with one another. Such collisions naturally increase the entropic value [shang zhi 7772 0237] of reform. Because of the existence of all kinds of disorderliness, desperate people can of course take advantage of the loopholes. Such "legitimate corrupt phenomena" as "coping with policies by means of countermeasures" is the result of disorderly decision-making mechanisms.

2. Owing to the lack of effective mechanisms for controlling power, power can be abused. "Power corrupts, absolute power corrupts absolutely." This is not a patent of the bourgeoisie, but a scientific summation of the experiences of state management and a cultural legacy of the human society. One theoretical basis Marx and Engels laid down for the political structure to integrate the parliament with the executive branches is to prevent the state and state organs from becoming the masters, and not the servants, of the public. According to them, all-out supervision and control of the power executors should be the basis of the power transfer. Facts show that any power entity has its self-protective mechanisms and that without effective supervision and control, any power can become corrupt. The 70-year history of political institution concerning the "management of the state by vanguards" never rejected such mechanisms. China, a country with a long feudalistic tradition and conspicuous supply-demand contradictions, is particularly susceptible to bureaucratic irregularities and abuses of power for personal gains. If there is not any effective supervisory and control mechanism, corruption cannot possibly be combated. In real life, it is common that the little, sycophantic people can enjoy both fame and wealth and the upright, loyal, and justice-upholding people suffer; nor is it unusual that orders and prohibitions are ignored, or that people will collude for evil purposes. How can corruption be deterred in such a political atmosphere? Even the best political system can be distorted by those "princes of little kingdoms."

3. With the stagnation of reform of the political system, the development of a commodity economy lacks the necessary political guarantee. Improvement of politics, the medium linking the economic base with ideology, is an essential condition for the creation of a new order for the commodity economy. As the traditional product

economy is being gradually abandoned, the superstructure serving the original economic order should also make corresponding changes. However, our reform is basically a single reform of the economic structure, with the old bureaucratic privileges and ways of conduct still playing a role. This has led to chaos in the operation of a commodity economy. The involvement of both government functionaries and businessmen in the market, the making of exorbitant profits as a result of collusion between government functionaries and businessmen, covert or overt graft and acceptance of bribes, unauthorized collection of fees under various pretexts—all these are super economic extortions of a feudalistic nature. This interference has made the macroeconomic regulation of the state ineffective. "Brief informal notes," "bank notes," and "face" have become the lever and lubricant for smoothing economic operations. The law of value has lost its effectiveness to a certain extent. This has been described as "an invisible foot" is stepping on "an invisible hand." Once the law of value is taken out of a commodity economy, its important production factors, as well as the optimum organization of resources, will be lost to a considerable extent. As a result, all kinds of strange things will emerge: Power has been delegated to lower levels with a view to invigorating the economy, but "regional economies" have emerged to disrupt the entire national economy; attempts have been made to invigorate the enterprises, but there have cases in which plant directors and workers have ganged up to harm the state; we have advocated fair competition and prosperity through hard work, but a problem has emerged with the reversal of the income of workers doing simple jobs and workers doing complicated jobs and of workers doing physical labor and workers doing mental labor. The practice of squandering money to build grand offices, auditoriums, and hotels and to buy new sedans to replace the old ones, in disregard of the financial capability of the state, is in effect an imitation of foreign ways of seeking pleasures, but it is more or less the same as the landlord-style consumption such as keeping concubines, building graves, restoring ancestral temples, visiting prostitutes, engaging in gambling, and wining and dining, which have emerged in some localities. The problems are not the problems of a planned commodity itself. They are the defects created by the lack of a comprehensive reform program and the lack of an effective political guarantee.

#### **IV. The Historical Coordinate of Socialism and the Optimum Selection of a Reform Program**

There is the view that corruption emerging in the course of reform is unavoidable and that corruption will be totally checked following the realization of the goal of economic structural reform. The author of this article dares not share the same opinion. My reason for disagreement lies in the historical coordinate of socialism and the historical characteristics of political involvement. It is precisely these historical characteristics that determine that our reform cannot advance in the midst

of rising corruption and that we cannot advance economical structural reform one-sidedly at the expense of weakening our political superiority.

It is known by all that practical socialism is not the ideal form of socialism designed by the founders of Marxism. Economically and culturally backward countries' taking the socialist road is not a historical transition realized on the basis of developed productive forces but, as pointed out by Lenin, is the result of using the revolutionary situation created by war to "entrust our destiny to the most revolutionary class in order to move on to a higher mode of production as quickly as possible."<sup>1</sup> Obviously, this is a kind of political involvement and is a historical leap over the stage of capitalism realized by political parties through reliance on their political superiority and the use of their progressive political views and powerful political means. Since there is the historical characteristic of political involvement in socialism, ruling parties must continue to preserve their political superiority and to give full play to the superiority of socialism, first of all, in the field of politics. Obviously, this is required by history and constitutes the fundamentals for running a country.

Generally speaking, socialist countries lag far behind their capitalist counterparts in terms of economic development. The basic reason for people's acceptance of socialism is that it will enable them to have the sense of being the master and will remove serious social injustice under the system of exploitation. If some "public servants" are involved in the unjust phenomena seen in the system of exploitation, it will certainly cause a crisis of conviction and trust, thus destabilizing the national foundation. Some theorists have tried to explain the current corruption by citing corrupt phenomena emerging in the early stage of capitalism. This is a flat denial of basic historical facts. We must understand that the early stages of socialism and capitalism experienced two totally different historical environments. What capitalism was to rival in its early stage was feudalism, which had become decadent and moribund after having been in use for thousands of years. Although there are also corrupt phenomena in a capitalist system, they are less evil compared with those in a feudal system. The economic and political superiority of capitalism immediately stands out upon comparison. Therefore, feudalism could not be allowed to continue to exist in the development of history. However, the opponent of socialism is capitalism, a capitalism that has well developed. Policy readjustments after World War II have moderated various contradictions found in capitalist society, which has recorded considerable economic and technological progress. This has posed a serious challenge to socialism. Being in a completely different historical environment, socialists certainly can not take the old road as capitalist did. The prosocialist ruling party must not tolerate corruption within itself.

We should not allow corruption to destabilize the national foundation; otherwise, we can not deal with the challenge posed by capitalism. Historically, this is a

prerequisite for the development of socialism. Although we can achieve temporary economic development in spite of corruption, we will pay dearly for it. Many historical facts have proved that reform and development are a great social engineering project where various economic, political, and cultural offshoots of the social system couple with each other and resonate. These offshoots interact with each other and call for coordinated and simultaneous reform. Any imbalance will inevitably cause functional disorder and increased entropy. By reviewing the reform of recent years, we could understand that the above view is by no means an abstract deduction. The mutual coordination and support between the economic and political structural reforms is not only objectively demanded, but is also a way to fully develop the good while avoiding the bad, as demanded by the historical coordinate of socialism [she hui zhu yi li shi zuo biao 4357 2585 0031 5030 2980 0670 0976 2871]. Given its national conditions, China may take generations of hard struggle to reach the top international standards in terms of economic development. However, we can embody the superiority of socialism by establishing a clean government and pursuing social justice. Since the ruling party has turned a semi-colonial and semifeudal society into a socialist society by resorting to its own political advantages, and since the current objective situation won't allow the principle of welfare to become the driving force behind history, we cannot but bring political advantages into full play, genuinely realize people's democracy, and establish a clean government, to push forward socialism in China. It is unpractical for China, as a contradiction-ridden and backward country with a vast territory and time-honored culture, to pursue economic revitalization at the expense of clean government and morality, because the development of productive forces is a gradual process. The per capita income of the Chinese people lags far behind that of the people of the developed countries. It is impossible for the Chinese people to catch up with their foreign counterparts in terms of material satisfaction and living standards within 50 years. If no efforts are made to balance interests and achieve harmony among various parties in this relatively long period, it is very easy for social injustice and moral distortion to trigger unrest. Political disintegration will inevitably lead to economic collapse—a historical fact frequently witnessed in modern or ancient times, in China or elsewhere.

The Chinese are a people with group consciousness. They are also a people that pays close attention to moral evaluation. Therefore, patriotism, a tradition resulting from these two traits, has become a force to bind the Chinese people together. The internal vitality of socialism has enriched the national consciousness and has become the driving force behind the great revitalization of the Chinese nation. It is necessary for us to establish a good political structure to serve as a medium so that this lofty national spirit and moral force can effectively dovetail and interact with the economic foundation. By doing so, we can streamline the economic environment and contribute to the development of productive forces.

Although productive forces will affect social development in the long run, man is the very subject that bridles productive forces, as well as the most important among various elements for developing productive forces. Without an improved human environment and fine human qualities, productive forces are nothing but an object whose development is frequently disturbed and impeded. Efforts to improve human qualities and interpersonal relations can not do without a sound political structure and the healthy operation of a political mechanism. Only after the political environment is improved and lofty moral force brought into full play, can the relation of interests of various parties in the economic environment be fairly and effectively regulated, and productive forces in society be really liberated, thus ensuring lasting and steady development. It is inevitable that, when carrying out socialist reform in China, we must use economy as the foundation, politics as the medium, and morality as the inspiring force, and have them coordinate with each other to bring their functions as a whole into full play. I believe practice will compel us to make such a choice.

#### Footnote

1. *Lenin's Selected Work*, Vol 3, p 168.

#### Linear and Nonlinear Thinking

OW0504213889 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 5, 1 Mar 89 pp 27-30

[Article by Jiang Niantao 1203 1819 3447 of QUN-ZHONG 5028 5883—THE MASSES—Journal of Jiangsu Province]

[Text] In mechanics, there is a law called Hooke's law, which states that within the elastic limit, the deformation of a solid under the action of an external force is directly proportional to that external force. Here, the external force and the deformation maintains a relationship of ratio of equality; that is, when the independent variable increases or decreases, the dependent variable will increase or decrease proportionally. If plotted on the rectangular coordinates, the graph of the function will be a straight line. In scientific terms, this is called a straight-line relationship, or briefly a linear relationship. The interaction between two variables with a linear relationship is called linear interaction. In engineering and technology, many questions are of a linear nature. Moreover, a number of relationships that are close to ratios of equality are often simplified and described as relationships of ratios of equality. For a long time, linear relationships and linear interactions have been the main subjects people have studied. Even today, linear functions and linear planning are still important mathematical tools. In addition, both the history and the reality of the development of science have shown that using a linear model to describe certain complicated phenomena is a significant method in discovering the laws which govern the changes of matters.

With the subjects of study in science and technology becoming more and more complicated, however, it has been discovered that not all physical systems are linear. In many cases, the changes of variables are not in a ratio of equality. When plotted on the coordinates, the graphs of their functions are not straight lines, but curves. Even in the case of a linear physical phenomenon, there is always a certain limit. That is, beyond a certain scope, the linear relationship ends, and the two variables have a relationship of an unequal ratio, which is a curve instead of a straight line when expressed by a functional graph on the coordinates. In science, this unequal-ratio relationship is known as a nonlinear relationship. Since World War II, the scientific and technological community has put nonlinear interactions high on their research agenda in view of the numerous nonlinear relationships that exist. Beitalangfei [6296 1044 2547 5481], initiator of the systems theory, regarded the nonlinear relationship as the essence of various systems. Cybernetics holds that the relationship between input and output is nonlinear. The information theory holds that the increase in information is due to nonlinear interactions. The dissipative structure theorized by Prigogine is an orderly structure that exists in a nonlinear zone far from being balanced. The science of coordination [xie tong xue 0588 0681 1331] of Haken [0761 5146] states that "all equations in the science of coordination are nonlinear." According to the mutation theory, the nonlinear interaction is the root cause of diversification in the world.

By comparison, social science is far behind natural science in recognizing the nonlinear interaction. In society, there are more factors and complicated relations than in nature and in the engineering and technological fields. For a relatively long period, however, we have used the simple method of linear thinking to deal with complicated social issues. The so-called linear thinking is to regard all relationships between issues as or approximately as linear relationships of ratios of equality without analyzing them. For example, regarding production and productive forces, we maintain that the greater the degree of public ownership of means of production, the greater the effect on promoting productive forces. In dealing with the relationship between the superstructure and productive forces, we maintain that the greater the size of the state organ, the more easily it can direct production. In dealing with the relationship between production and the superstructure, we also maintain that the more advanced the relations of production, the more advanced the superstructure and particularly the state of ideology; in other words, the greater the degree of public ownership is realized, the stronger the people's concept regarding public ownership will be. Regarding the distribution question, the longer people work, the more they should be paid whether the work is simple labor or innovative and complicated labor. In dealing with the relationship between input and output, we maintain that the more materials and energy we put into a project, the greater the output will be. Regarding the rate of economic growth, it is believed that the output value can rise proportionally in a linear manner as time passes.

Obviously, using this type of linear thinking means removing two factors from an entire system of multiple factors, links, changes, functions, and trends and isolating them to examine the cause and effect relations between them. When these two factors are examined, they are treated as variables while all of the other factors are presumed to be invariants and not considered. By the same token, when another pair of factors are examined, all other factors are also presumed to be invariables and not considered. Although this way of thinking makes research work simpler, it sacrifices the richness found in objective things; although it renders thinking pure in nature, it severs the objective links between these two isolated factors and other factors; and, although in this way one can arrive at an ideal or nearly ideal relationship of ratio of equality, the answer will not accord with objective reality. The colorful and diversified picture of society is thus presented in the form of a rough sketch done in thick lines, the complicated network of causes and effects is turned into single and parallel lines of cause and effect chains, and the curves on the coordinates are stretched out into straight lines. As a matter of fact, the various factors within the social system influence one another, and are mutually reactive and restrictive. In other words, there are coherent effects and links between them which crisscross and act as cause and effect on each other. This is precisely the kind of content nonlinear thinking seeks. Hence, nonlinear thinking is much more in keeping with reality.

Take the relationship between production relations and productive forces. Needless to say, production relations must be adapted to the nature of development of the productive forces. However, this does not mean that, in any country or nation, all developed productive forces are compatible with the advanced production relations and all advanced production relations can help bring about developed productive forces. There is no linear relationship between the two. Rather, what exists between them is a nonlinear relationship. Because of the development of society's history, "there are numerous interlocking forces and numerous force parallelograms, out of which a general result is produced."<sup>1</sup> Production relations are influenced not merely by productive forces. Likewise, productive forces are influenced not merely by production relations. They both are influenced also by political, cultural, educational, scientific and technological, military and international factors. Therefore, there is not just a single one-value correspondence point between them. There is a multivalued correspondence area between them. It was once believed that any little development of the productive forces would immediately cause a corresponding change in production relations. The fact of the matter is, it is possible for production relations to undergo a change simultaneous with the development of the productive forces, but it is also possible for the change in production relations to surpass or fall behind the development rate of productive forces. Provided that this relatively faster or slower change in production relations does not exceed a certain extent, after some internal adjustments, production relations

will become adaptable to the development of productive forces. In the past, we held that development of China's productive forces was in direct ratio to, or at least was directly connected with, the extent in which the means of production were placed under public ownership. We, therefore, adopted the method of constantly increasing the extent of public ownership of the means of production to promote development of the productive forces. Now we have finally realized this serious historical lesson: When the extent of public ownership reaches beyond a certain limit, that is, when it exceeds the level of awareness of the producers, goes beyond the managerial level of the managers, and oversteps the advanced level of the means of production, every single step to raise the level of public ownership will result in some damage to the productive forces. What simple linear thinking brought to us was output reduction, harvest losses, passive work slowdowns, low work efficiency, waste and other malpractices. This is a lesson we must learn and keep firmly in our minds.

Those who practice linear thinking are used to comparing complicated things to simple things. As a result, they often make mistakes in policy decisions. This is true in their evaluation of creative and scientific labor products. Regarding a simple labor product, its value is directly proportional to the average time it took to make it. Economists in history created the labor value theory on the basis of this linear relationship, and decided on the amount of labor and the value of a product according to the labor time of the product. However, as far as a product of creative, scientific labor is concerned, the situation is far more complicated. The average amount of labor and the time needed to make this type of product is in equal proportion. It usually takes years or decades and even the efforts of generations of people to score a creative achievement in scientific research. In appraising the value of a scientific labor product, it is necessary to figure out compensation for the labor as well as the cost of updating the knowledge. The value of science, estimated according to the linear value labor theory is always too low. The value of a scientific labor product is not linear, nor is the value of knowledge. Its value cannot be determined according to the linear value labor theory, and it should be determined using nonlinear methods. Therefore, encouraging measures should be taken to give necessary compensation. In the light of our wage policy, the value of a scientific labor product and the remuneration for its labor have always been too low. So far the situation remains serious with manual workers being paid more than mental workers. One of the reasons for this is that some people habitually compare the compensation for making a simple labor product with that of making a complicated labor product, maintaining that since the length of time needed to make them is equal, the compensation for both should be the same—this is confusing a linear relationship with a nonlinear one.

The linear thinking method usually makes people overly critical of new things, techniques, or products. They expect the progress or improvement of such new things,

techniques, or products to be in direct proportion to their social benefits; otherwise, they will no doubt criticize or even discard them. They fail to realize that when a new thing, technique, or product first comes into being, its social benefits cannot be seen immediately just a new baby can do little for society. A new thing, technique, or product can gradually show its social benefits when it is improved step by step and is used along with other things, techniques, or products. When it is first improved and used along with other things, techniques, or products, its social benefits cannot increase proportionally; at this stage, the relationship between its improvement and its social benefits is in a nonlinear zone. Only when it is improved, is used along with other things, techniques, or products to a given extent, benefits the people, and becomes increasingly popular among them, can its social benefits increase proportionally; by that time, the relationship between the improvement of a new thing, technique, or product and its social benefits becomes linear. Take new things that have emerged in the course of reform for instance. When they first appeared, they were young and crude in form; acceptance was difficult, and sometimes they were suppressed. Such new things struggle to survive growth, but their social benefits are negligible. However, when they gradually improve, and similar new things also emerge one after another, their social benefits increase considerably improvement every time. By that time, the relationship between the improvement of new things and their social benefits becomes nearly linear. However, regarding the entire process, the relationship between the growth of new things and their social benefits is not linear, but nonlinear.

Linear thinking often creates the illusion in people's minds that things rise and develop in a linear way and not in a fluctuating and tortuous manner. In any country or region, economic growth does not increase at a fixed rate. More often than not the growth fluctuates in cycles. During the past several decades, however, we refused to admit that socialist China also had such cyclical fluctuations, and thought they were ills and crisis of the capitalist world. In recent years a group of Chinese economists have conducted a systematic analysis of the nonlinear development of the national economy, and they find that there were nine fluctuations in China's macroeconomic growth between 1952 and 1986, with the shortest cycle being 2 years and the longest being 5, showing an average of 3.7 years per cycle. They also find that the range of fluctuations exceeded 20 percent in three cycles.<sup>2</sup> The range of China's economic fluctuations far exceeded other countries. Its unstable coefficient of 0.1175 was 3 to 4 times higher than that of the USSR, the United States, Japan, Germany, Britain, or France.<sup>3</sup> The results of the research serve as a harsh denunciation of linear thinking which demands growth every month, every quarter, and every year, as well as multiple growth "as compared with the same period" of a given year in the past. This is unscientific. In fact, such increases were untrue at times. This will only upset the balance of development, create problems for the future,

and cause even greater shocks. Objectively speaking, China has long-term and short-term economic development plans, and we must carefully study the law of nonlinear growth to ensure a relatively stable development. By stability, we mean a fluctuating, nonlinear stability, and not a linear stability without fluctuations.

Comprehensively speaking, linear reactions can be observed in one singular space, producing only one possibility in the systematic evolution; whereas nonlinear reactions can be observed in many possible spaces, producing all kinds of possibilities in the systematic evolution. When handling linear relations, we can achieve the anticipated results one way; but when handling nonlinear relations, we have to use various methods according to the various situations, and we cannot achieve our objectives without the cooperation of various other quarters. If we use the linear method to describe this complex situation, we can draw only a simple and monotonous picture of the world. Using the nonlinear method we can draw an intricately structured, multifunctional, and colorful world with all sorts of possibilities. During the past 200 years and more, the linear mode of thinking, basing on Newtonian mechanics, demonstrated linear reactions under idealized conditions, and such thinking has indelible effects on scientific and social progress. Even today, linear thinking is still essential in relatively simple and small areas where the conditions are not yet ripe for nonlinear thinking, and where objective facts cannot be obtained by systematic methods. However, as scientific and social development continues, the insufficiencies of linear thinking have become increasingly pronounced. In view of this, A. Toeffler, an American futurologist, says: "Linear error is an important error caused by the way of thinking of a mechanical age." Nevertheless, instead of simply forsaking linear thinking, we should consider it as the limit and exception of nonlinear thinking and incorporate it into nonlinear thinking, just as relativity mechanics regards Newtonian mechanics as a limit and exception, and as non-Euclidean geometry regards Euclidean geometry as a limit and exception. While nonlinear thinking has all the information of linear thinking, and has made it its basic starting point and an organic part, it has far more information than linear thinking, enabling it to fully reflect the essence and law of things. With a much broader field of vision, and greater regulatory capacity than linear thinking, nonlinear thinking is now playing a tremendous role during the process of mankind's understanding and changing the world.

#### Footnotes

1. *Selected Works of Marx and Engels*, Vol 4, p 478.
2. JINGJIXUE ZHOUBAO [ECONOMIC WEEKLY], 22 Apr 1988.
3. GUANLI SHIJIE [MANAGEMENT WORLD], No 1, 1988.

**Random Changes to Standards in Production**  
*OW1605234789 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 5, 1 Mar 89 pp 30-32*

[Article by Dong Degang 5516 1795 047 of the CPC Central Committee Party School: "Do Not Add to the Productive Forces Criterion at Will—Discussion with Comrade Duan Ruofei"]

[Text] QIUSHI issue No 12 carried an article by Comrade Duan Ruofei entitled "Adding A Few Words—Spiritual Productive Forces Should Be Listed in the Productive Forces Criterion." After reading the article, I felt that the views expressed in Duan's article were untenable, so I discussed them with Comrade Duan Ruofei. I hope that my counterparts in theoretical circles will also offer their opinions.

**I. Is the Concept of "Spiritual Productive Forces" Discussed in Duan's Article Clear Enough?**

The concept of spiritual productive forces is central to Duan's article. However, this concept lacks clarity in intention and extension.

The people have gradually become aware of the sphere of spiritual production while making profound research into questions like culture, in a broad sense, and spiritual civilization. But, only a few scholars in this area have explored spiritual productive forces and the concept of the relations of spiritual production. They have yet to acquire a unanimous understanding of this issue. Some people still have reservations regarding the need for this concept. Under these circumstances, Duan's article should have provided an explanation of the concept of spiritual productive forces. But, no explicit explanation can be found throughout the article. After reading the article, I felt it was equivocal and confusing.

The intention of spiritual productive forces is man's ability to produce spiritual products, or the spiritual aspect of the productive forces that create material products (such as science, technology, workers' enthusiasm for production, their willpower, and so on). Duan's article tended toward the former view because it said that "spiritual productive forces not only produce natural science, technical science, management science, and other spiritual products of this type, ... but also produce culture, art, religion, morality, laws, and other spiritual products, ... besides, spiritual productive forces also produce philosophy and social sciences." But we do not know whether spiritual productive forces refer to the ability of the members of the whole society to create spiritual wealth, or do they refer to the production capacity of a specialized clique (such as the intellectuals); and whether spiritual products created by the spiritual productive forces refer to all ideologies of the society or only to products of a certain form.

As to the extension of spiritual productive forces, what is its concrete substance? First of all, we generally do not exclude the subjects of spiritual production. However, do these subjects refer to mental workers who specialize in the production of high-level ideological products of society, or do they include all normal and conscious people who can think and create spiritual products? Second, is the means of spiritual production one factor that constitutes spiritual productive forces? What does the means of spiritual production specifically refer to? Does it include the objects of spiritual labor? If so, what are these objects? These and other questions were not addressed in Duan's article. How can the people understand a concept with such an ambiguous extension?

I think it is unscientific to use this ambiguous concept to "supplement" the productive forces criterion.

**II. Do Productive Forces, as a Basic Element of the Materialist Concept of History, Include Spiritual Productive Forces?**

Duan's article quoted two paragraphs from Karl Marx to support his assertion that productive forces include spiritual productive forces. However, a look at the whole forest instead of individual trees of Marxist thought will only produce the opposite conclusion.

Productive forces are a basic element of the materialist concept of history established by Marx (also called historical materialism). From where or what did Marx develop his productive forces? Friedrich Engels has a classic explanation for this. He said: "As Charles Robert Darwin discovered the law of the development of the organic world, Karl Marx discovered the law of the development of history; i.e., a simple fact that has been concealed by a crowded, disorderly array of ideologies—mankind must first satisfy his needs for food, shelter, and clothing and then engages in politics, science, art, and religion. Therefore, the state of economic development of a nation or an era serves as the basis on which rises mankind's state system and legal, artistic, and religious concepts. Consequently, we must try to explain it based on this instead of the other way around as we did in the past."<sup>1</sup> Apparently, Marx and Engels saw material production as the basis of all social history, and when further analyzing material production, they came up with the concepts of the forces and relations of production, from which came the economic basis and superstructure. The productive forces mentioned here, of course, can only mean the material productive forces, and both are synonymous. Marx mentioned this on several occasions; for instance, in the preface to the *Critique of Political Economy* while summarizing the basic thought of the material concept of history, he repeatedly and expressly stressed that the productive forces that serve as the most fundamental link for social development and that determine the relations of production and the superstructure are material productive forces<sup>2</sup>

Precisely because Marx and Engels accurately regarded material production, particularly the productive forces in material production, as the foundation and decisive force in the historical development of society, they were able to effect a fundamental change from idealism to materialism in the concept of the history of society, thereby bringing about a revolutionary change in this field.

To sum up the above discussion, the productive forces, as the basic category of historical materialism, refer to the material productive forces or the material producing productive forces; they do not incorporate spiritual productive forces. Although the spiritual productive forces mentioned here are not clearly defined, it is common understanding that spiritual productive forces must exist in spiritual production. Since spiritual production and material production are two different types of production and the former does not exist in the latter (of course, there might be cases of overlapping between the two), the spiritual productive forces should not be incorporated in the productive forces (that is, in the material productive forces).

If the views expressed in Duan's article are valid, then the following conclusions are inevitable: The foundation of the historical development of mankind includes both material and spiritual production; spiritual as well as material productive forces determine the relations of production in society, that is, the material and economic relations between man and man; many elements of social ideology (such as philosophy and social sciences), being the means of spiritual production and, therefore, elements of the spiritual productive forces, become part of both the superstructure and the productive forces; and science, art, religion, and other kinds of spiritual production are as important as the material production in society. These conclusions, if established, will radically change historical materialism to the extent beyond our recognition.

In view of the above, I believe that the views expressed in Duan's article are an erroneous addition to the productive forces criterion. Besides, the views themselves are not scientific.

### **III. What Purpose Does It Serve To Incorporate the Spiritual Productive Forces in the Criterion of the Productive Forces?**

Here, we might as well begin with a discussion of the meaning of the productive forces criterion in order to examine what impact Duan's article will have on society, whether it is positive or negative.

Like the criterion of practice, the criterion of the productive forces is also a simplified statement. The complete statement is: The productive forces are the fundamental yardstick (that is, the highest criterion) for measuring social progress. The meaning of this statement is two-fold. First, it means that there are a variety

of criterion to measure social progress. This is because fundamental criterion is different from sole criterion; fundamental criterion means there are also non-fundamental criteria. Second, it means that the many criteria for measuring social progress are not equally important. Of all the criteria, the productive forces criterion is most significant and most decisive.

The productive forces criterion is something inherent in historical materialism. In the historical materialist viewpoint, social phenomena, with all its variety and complexity, can be roughly divided into three mutually interactive levels; namely, the productive forces, the relations of production or the economic foundation, and the superstructure (including political superstructure and social ideology). Since the three levels all follow their distinctive laws of development and because their development may not always proceed at the same pace, they can all become criterion for one aspect of social progress. Thus, we have the productive forces criterion, the production relations criterion, the social political criterion, the ideological criterion, and so on and so forth. All these criteria are valuable in their own right to a certain extent. However, because the productive forces are the ultimate decisive force in the fundamental contradictions between productive forces and productive relations and between economic foundation and superstructure, the productive forces criterion, therefore, become the fundamental, highest criterion of social progress.

The productive forces criterion is not profound in theory, yet it is very significant in practice. From the second half of the 1950's until the 3d Plenary Session of the 11th CPC Central Committee, "leftist" ideology was dominant in China. The foundation underlying the philosophy and concept of history of this ideology is "the determinism of the productive relations" and "the determinism of the superstructure," which regard the social system (its theoretical expressions are certain so-called socialist principles and models) as the paramount and absolutely correct criterion but give the productive forces, the most decisive criterion, a secondary and subordinate status. The "leftist" ideology deviated from the law of social development as revealed by historical materialism, seriously shackled people's minds, and caused incalculable losses to socialist causes. Today it still constitutes a major ideological obstacle to the implementation of our reform and opening policy. In such historical conditions, by stressing again the productive forces criterion, our party has dealt a destructive blow to the erroneous "leftist" ideology, exposed the essence of historical idealism, which regards abstract socialist principles as the highest criterion, provided a fundamental basis for the reform of the socialist structure and a fundamental criterion for judging its success and failure, and restored the authority of historical materialism. This is of major and positive significance to the further emancipation of our minds, to our bold exploratory efforts, and to the acceleration of socialist modernization.

The major and fundamental issues of social progress are what the criterion of productive forces emphasizes and highlights. Theoretically this is entirely correct, and practically this is significant. The argument that the criterion of productive forces is one-sided is groundless. We must realize that we cannot fully understand the issues of social progress and development through studying the criterion of productive forces alone. These are issues that can only be handled by historical materialism and scientific socialism. In fact, historical materialism has already provided answers to these issues. As mentioned earlier, seen from the angle of historical materialism, the unity of monism and multiplicity is the criterion of social progress. Monism means that criterion of productive forces is the supreme, decisive criterion; and multiplicity means that all social sectors, aspects, and strata have their own criteria; and their unity means that these criteria should constitute an organic system under which they depend on each other and control each other with the criterion of productive forces playing the dominant role. During his remaining years Engels time and again emphasized this thinking. While fully reaffirming the ultimate, decisive role of the economic factor, he also opposed the philistine materialist idea which considers the economic factor the only decisive factor.<sup>3</sup> Thus, with regard to issues concerning social progress and development, we should uphold the unity of comprehensiveness and selectivity, instead of simply upholding the criterion of productive forces and ignoring all other criteria, or equating the criterion of productive forces with all others and forgetting what is fundamental. The lessons we have learned since the founding of the republic show that we should pay special attention to selectivity.

Thus, by proposing in his article to supplement the criterion of productive forces with spiritual productive forces, Duan intends to help people correct their one-sided understanding of the criterion of productive forces. The criterion of productive forces itself, however, has nothing to do with one-sidedness. Thus, in spite of his efforts to supplement it, he still fails to achieve any comprehensiveness. This is because the article, while failing to discuss any issues concerning democratic construction or civil construction of our institutions, has blurred the main issues which we should highlight and underscore today, thus losing its genuine significance. Such a social role can hardly be considered positive.

#### Footnotes

1. *Selected Works of Karl Marx and Friedrich Engels*, Vol 3, p 574.
2. *Ibid.*, Vol 2, pp 82-83.
3. *Ibid.*, Vol 4, pp 477-478.

#### **An Extensive Talk on Current International Investment—An Interview with Jing Shuping, Chairman of the Board of Directors of the China International Economic Consultants Corporation** *OW0205000189 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 5, 1 Mar 89 pp 33-38*

[Article by staff reporter Chang Huaili 1063 2037 4539]

[Text] Recently, this reporter had an interview with Mr Jing Shuping, [4842 0647 1627] chairman of the board of directors of the China International Economic Consultants Corporation, in connection with the question of current international investment. At 70, Mr Jing Shuping is a prestigious veteran expert in the fields of industry, commerce, and trade. He is also well-known in international economic circles. Amiable, Mr Jing Shuping spoke with fervor and assurance.

Reporter: Since the end of World War II, international investment has become a new stage in the process of the development of the internationalization of capital. International investment is now a frequent topic of discussion. What do you think of this?

Jing Shuping: International investment, which is frequently discussed, principally means the movement to internationalize capital, mainly production capital, which also includes currency and commodity capital. There are two forms of international investment: 1) Direct investment. This means investing directly in the factories, mines, and enterprises of other countries; 2) Indirect investment, also called stock investment. This means either issuing and buying intermediate- or long-term bonds in the international securities market, or buying shares of foreign enterprises on the stock market. According to the Marxist doctrine on capital, the inherent expansive power of capital will inevitably enable it to surpass state boundaries and enter the world arena, forming a strong current of international capital propelling the development of capital from the field of commodity circulation to that of currency credit, and further to that of direction production. There are different features in all the different stages of the internationalization of capital. The export of commodities is the principal feature of the period of capitalism, where there is free competition; the export of capital is the main feature of the period of monopolistic capitalism. Since World War II, international investment has become the main feature of the internationalization of capital.

There are links, as well as differences, between current international investment and traditional export of capital. On the one hand, their objective is seeking maximum profit for capital spent. The essence of current international capitalist investment has not changed. Like the export of capital, it is strongly exploitive in nature. On the other hand, due to the different stages in the development of the internationalization of capital, current international investment and traditional export of capital are different in terms of investment inducement,

methods, objectives, flow, and economic ties related to them. In particular, there has been an explicit difference in objective investment inducement. Before World War II, the export of capital was the result of limited internal markets, which were unable to absorb surplus capital. The surplus capital had to be exported to open overseas markets. Since World War II, propelled by the development of the economy and technology, international division of labor and cooperation have deepened; international competition has become increasingly acute and complicated; economic ties among various countries of the world have been unprecedentedly strengthened. As a result, it is impossible for the economy of a country to develop separately from the world economy. This has compelled all countries of the world to seek the best markets overseas and to invest their capital in areas where the cost is lowest and the profit is highest, in order to develop their economies. Since the war, although most of the original systems of capital export in Western countries have disintegrated, these economic powers have not been developing their economies behind closed doors. They are still investing heavily overseas. At present, the Soviet Union, socialist countries in Eastern Europe, and some developing countries are also engaged in international investment in order to enter the world's economic arena. In our reform and opening to the outside world, while making good use of foreign capital, we should also invest overseas and open international markets. In recent years, the China International Trust and Investment Corporation (Group), in line with the operational principle of "seeking benefits but not seeking profit as one's only aim," have invested funds raised from international markets in the production and service departments of countries and regions, such as Canada, Australia, and Hong Kong. This shows that since the war, international investment, unlike traditional exports of capital, where surplus capital is exported because it cannot be absorbed domestically, is the outcome of the development of the integration and internationalization of the world economy.

**Reporter:** In comparison with the period before World War II, what changes in factors and conditions do you think will influence international investment?

**Jing Shuping:** Generally speaking, the fundamental cause of the flow of international funds is the economic one, that is the investors' eventual goal of seeking higher profits. Under this premise, investors will specifically analyze two factors. The first is the security, or risk, factor. This includes both political and economic aspects. In the political aspect, it mainly depends on political stability of the target or debtor country, the relations between the target country and the creditor country, and the target country's views on foreign investment and its related policies. In the economic aspect, it mainly depends on the debtor country's economic situation and policies, in particular, the rate of inflation, foreign exchange rate, and repayment capability. The second is profit. Funds will be invested in countries where the highest profits can be obtained. Therefore, it is

imperative to practically analyze the target country's prices of raw materials, wages of workers, transportation costs, rate of tariff, market situation, and estimated profits. Besides, the international financial market, especially the soundness and development of long- and short-term financial markets in various countries will also have a great influence on the flow of international capital.

Following World War II, we can see two most conspicuous changes in factors and conditions, which will influence international investment. First, investors are setting a higher demand on investment environment. Investors do not want their investment to become "frozen money." The investment environment is a comprehensive concept, namely the comprehensive conditions of a debtor country for the operation of international capital in the course of making investments. It mainly includes material conditions and social environment. In other words, they are the hard and the soft environment. Now many countries have considered improvement of the investment environment, especially that of the soft environment, as an important part of attracting foreign investment, and so those countries have formulated a series of flexible policies to encourage foreign investments to take root and enable investors to have full decisionmaking power and carry out their operations and production in a flexible manner. South Korea, Singapore, and Thailand are precisely those countries which have adopted such policies. Second, the development and improvement of the international financial market and the extensive use of modern means of communication have also greatly promoted the development of international investment.

**Reporter:** According to the statistical data gathered by some foreign countries, the international capital market now has a total capital of U.S.\$4 trillion, or 33 times the total capital in 1970. Besides, the international capital market also issues international bonds and extends intermediate and long term banking credits to various debtor countries, totaling approximately U.S.\$300 billion to U.S.\$400 billion each year, 20 times the amount in the early 1970's. Therefore, we can see that the scale of international investment has rapidly increased. What do you think are the main reasons for this situation?

**Jing Shuping:** There are many reasons. In addition to the increase in money supply as a result of the expansion of economic trade following the war, there are also the following reasons:

1. Labor productivity has been raised and the accumulation of capital has been expanded. Inspired by the new scientific and technological revolution following the war, the Western countries have generally paid attention to "research and development," and have made efforts to promote renovation, creation, and invention. In particular, those countries have promoted a "further industrialization movement" to constantly improve production technology and managerial levels. As a result, labor

productivity has been greatly raised. This, in turn, has raised the surplus value rate, increased profits, and expanded the accumulation of capital.

2. The second reason is the trend of internationalized economic trade and financial work in Western countries. Since the war, various countries have started to have a closer economic relationship, and competition in international economic activities has also intensified. Various countries have enhanced their sense of interdependence and joint development. Multinational banks and corporations have absorbed funds and extended loans throughout the world and have made investments in various countries. As a result, the total amount of international investment has greatly increased. In particular, since the beginning of the 1980's, the trend of reform of financial work in Western countries has promoted the method of using negotiable securities to gather funds and has expedited the further expansion of the scale of international investment.

3. The third reason is the rapid expansion of social welfare disbursements. Since the war, in the wake of the increase of labor productivity and social reform in capitalist countries, the talk of "a welfare country for the whole people" has become quite popular in Western countries. The system of social welfare has changed from the form of individual subsidies before the war to the huge social security system. The disbursements for various forms of social welfare have increased rapidly and now have become the largest item in government expenditure in various Western countries. In 1981, the total welfare disbursements by the federal, state, and local governments already accounted for about one-fifth of the GNP in that year. The social welfare expenditures in the Federal Republic of Germany, France, Italy, Britain, the Netherlands, and Belgium also account for quite a large proportion of their total budgets. The governments often entrusted trust and investment corporations to manage the huge amount of social welfare funds and these special funds are being used in investments through various forms of securities. This in turn promoted the expansion of international investment.

Reporter: Compared with the prewar period, what are the changes in the market trend in contemporary international investment, and in the areas of investment? What are the reasons for these changes? Are there any other new trends worthy of our attention?

Jing Shuping: As far as market trends are concerned, investments by developed nations were mainly made in backward countries and areas before the war. In 1938, investments by developed nations in backward countries and areas accounted for 70 percent of developed nations' total direct investments in foreign countries. After the War, the center of developed nations' investments shifted to developed countries. At the end of 1982, three-quarters of Western countries' total foreign investments were in developed countries. At the same time, outflowing capital of some developing countries and

funds smuggled out of these countries also poured into developed nations. The reasons for this, in addition to the good investment climate in developed nations, are: First, investing in developed nations yielded higher rates and profits, and therefore was more profitable. New technology revolution after the war greatly raised developed nations' productivity, which, in turn, markedly increased profit rates. This increase in productivity and profit rates attracted a large amount of international investment. Investors not only considered the rate of profit, but also were very concerned about the amount of profit. The amount of profit not only depended on the rate of profit, but also on the amount of capital put in. In addition, international investors sought investment markets with large capacity. After the War, Western Europe and Japan, following their rapid economic recovery, gradually caught up with the United States in economic development. As a result, the capacity of the investment market expanded sharply, resulting in the influx of a large amount of international investments into developed nations. The second reason was that the Western economy has become more unified and has developed into group economy since the war. Western countries not only have similar social systems and ideologies, but also have similar economic structures and close economic development levels. Therefore, in the course of internationalization, regional economies first gradually developed into a unified and group economy. Attracted and restricted by this trend, international investments flowed to and fro between developed nations. The third reason is that developed countries had strong purchasing power and huge markets. Western developed countries had a high economic development level and a large economic base, and therefore, both their institutional and individual purchasing power were very strong. Their markets had a big capacity, and were stable and promising; their commodity capital transformed quickly into currency capital, ensuring full, steady, and quick anticipated return of capital. All this contributed to attracting large amount of direct personal investments by these developed countries.

Similar to changes in the market trend of international investments, the areas of international investments also shifted from the mining and transportation industries before the war to the manufacturing industry since. Since the 1970's, this trend has been clearly reflected in developing nations. In addition to the average high profit rate of the manufacturing industry, there are other reasons for investing in it. From the developed nations' point of view, increasingly keen international competition is an important reason. In the fierce competition in technology-intensive and capital-intensive products and in the high-technology field between developed countries and newly-industrialized nations, technological level, how well new technologies are applied, and how well technological management is conducted, have become a key to deciding the outcome of competition. As a typical technology-intensive and capital-intensive industry, the manufacturing industry has a large capacity for technology, renews technologies frequently, and maintains a

high level of technology, and therefore is an indispensable base for high technological development. For this reason, large international investment poured in the manufacturing industry. In addition, world-wide readjustment of the industrial structure has resulted in changes in developed nations' internal industrial structure. While moving to developing nations their outmoded industries, which consume large amounts of labor, capital, and energy, and cause serious pollution, developed nations have modernized their conventional industrial technology.

The readjustment of economic policies has become very important in developing countries. Since the 1960's, more and more developing countries have come to realize that, to develop their economies independently, it is necessary to change the resources export-orientated and products import-orientated economic structure. To achieve this goal, they have adopted the policy of safeguarding their sovereignty over resources and of nationalizing the production of resources, of safeguarding the ecological balance, and of substituting imports for domestic products, and providing guidance for exports. This has gradually shifted foreign investment in developing countries from mining to the manufacturing industry.

Currently, two trends are worthy of our attention. First, while major changes have taken place in the flow of international investment, Japan is still retaining a considerable amount of investment in developing countries, particularly in the mining industry. This has been determined by Japan's shortage of natural resources and strategy for foreign economic development. Second, since the 1980's, while investment in the manufacturing sector has continued in international investment, the proportion of investment in high-tech production and in real estate has gradually been increased. This is the result of the readjustment of the industrial setup throughout the world in the past 10 years.

Reporter: What changes have taken place in the methods of current international investment? What caused these changes?

Jing Shuping: First, judging from the change in the structure of private and state investment, capital exported from the capitalist countries before World War II mainly belonged to private individuals, and very little state capital was exported. Since the war, different forms of state investment have emerged, and the amount has increased quickly. The reasons for this are: 1) State monopoly capitalism's economic expansion abroad; 2) leading the way, state investment is aimed at helping private individual monopoly capital to strengthen its capability in international competition; 3) to safeguard and strengthen the capitalist system, and to prevent developing countries from taking the socialist road. Since the 1970's, private capital has increased sharply, surpassing state capital in the same period.

Second, judging from the change in the structure of direct and indirect investment, in Western countries, except the United States, indirect investment was the main form of foreign investment before the war, but after the war, the direct investments of Western countries have sharply surpassed indirect investments. The main reasons for this are: 1) the deepening international division of labor and close international cooperation; 2) under the situation in which trade protectionism is on the rise and international competition is very keen, direct investment becomes an effective measure for countering trade protectionism and sharpening competitiveness; 3) compared with indirect investment, direct investments are flexible and capable of controlling enterprises, and yielding a higher rate of profit.

Third, transnational corporations have become the principal organizations investing directly overseas. Since the war, transnational corporations have developed quickly under the impact of the expansion of the productive forces and of the technological revolution. Transnational corporations, with their global network organizations and structure, are capable of directly connecting all the links of production; they exercise a high degree of centralized and unified management and possess flexible and varied means of operations and rich economic technology and competitiveness. Therefore, direct investment abroad is the main activity of transnational corporations. Since the war, 80 percent of the direct foreign investment by private individuals have been conducted through transnational corporations.

Reporter: The "feedback of petrodollars" in the mid 1970's is currently a significant financial source in the international financial market. What is its influence on international economic activities?

Jing Shuping: In general, petrodollars refer to the increased income of oil exporting countries as a result of the increase in oil prices. Because trade in petroleum has always used U.S. dollars in fixing prices and accounting, the profits of oil-exporting countries are therefore called petrodollars. The emergence of petrodollars has created a serious gap between income and expenditure in various countries. In other words, oil-exporting countries have huge, favorable trade balances, while oil-importing countries have greatly increased their unfavorable trade balance. In order to improve the situation of this international trade imbalance, industrialized countries and other oil-importing countries need money to make up for their unfavorable trade balance. On the other hand, oil-exporting countries want to make use of their petrodollars. In this way, petrodollars have started to return to oil-importing countries from oil-exporting countries, mainly West Europe and the United States. This is the feedback of petrodollars. This encompasses two periods. The first was from 1973-1974, the first oil-price increase, to 1978 and the second was from 1979 to the early 1980's. In either period, the feedback of petrodollars was

mainly in the form of deposits in commercial banks. Besides, those oil-exporting countries used petrodollars to purchase stock and real estate, and provide gratuitous aid to Islamic countries.

The feedback of petrodollars as a new situation in the international financial market has a profound bearing on international economic activities in various aspects. They have negative, as well as positive, aspects. The huge increase in petrodollars is naturally favorable to strengthening the actual power of oil-exporting countries and their economic development and the establishment of their own financial undertakings. However, the rise in oil prices by a great amount has also caused the "stagflation" of the capitalist economy and deteriorated capitalist countries' international balance of payments. The flow of large amount of petrodollars has rapidly expanded the scale and operation of, and added vitality to, the international financial market. However, its uncertain flow and short-term activities have also brought unstable factors to the changeable international financial market. How to justly handle those problems, stabilize and improve the feedback of petrodollars, improve the new Arab banking system, have Arab banks directly take part in the feedback of petrodollars and strengthen South-South cooperation are all new problems facing the world economic circles.

Reporter: As an important international economic activity, what will be international investments' bearings on the world economy, politics, culture, and sociopsychology?

Jing Shuping: Regarding this question, we must first understand two points: First, international investments, being international economic activities with abundant and complicated contents, will influence many things, although their main influence is in the economic field. Second, their influences, direct or indirect, all have a dual nature, namely the positive and negative sides. However, the positive influence is the main thing.

Viewing from international investments' economic influence, we cannot but affirm international investments' great role in promoting today's economic development in the whole world. The large scale expansion of international investments following the war has proved this point. The normal operation of international investments should be based on international division of labor and cooperation. The economy of various countries are interrelated and interdependent and international investments have satisfied the need of both the demand and supply sides. Therefore, international investments have promoted the full development of international division of labor and cooperation in the world, and strengthened economic contacts, interdependence, and cooperation between various countries. International investments are conducive to promoting the reasonable arrangements of key elements of production in the world, can promote the dissemination, application, and improvement of science and technology, and will lead to

the development of international financial work and trade. International investments have also adjusted the surplus and shortage of capital in different regions of the world, raised labor productivity, and increased the actual total world output value.

Today, as the old international economic order has not been eliminated, the profit-seeking speculative nature of international investment have brought about a negative influence on the world economy. For the developing countries, the negative influence is even worse. For example, the raising of interest rates by the developed countries has aggravated the debt crisis of the developing countries. Therefore, the people of all countries should urgently strive to establish a new international economic order. However, as the old international economic order still remains, developing countries should know how to judge the time and size up the situation, how to make the best possible use of favorable conditions and avoid the effects of unfavorable ones, and to make use of international investment.

It should also be pointed out that international investment has strengthened contacts and understanding between the people of various countries and has enabled them to learn from one another, to overcome their weak points and learn from each other's strong points, to expand their horizons, and to renew their concepts. Moreover, international investment has strengthened the social consciousness for peace and development, thus playing a role in promoting the stability of world politics and the spreading of world civilization.

Reporter: In the past 9 years, how did China fare in the utilization of foreign capital? According to the present condition and trend of international investment, in our future use of foreign capital what particular problems should be solved with special attention, in your opinion?

Jing Shuping: Opening to the outside world is our national policy, and will not be changed for a long time to come. Using foreign capital is an important part of this policy. In the past 9 years, we have utilized U.S.\$43.46 billion yuan worth of foreign capital, established a number of joint ventures, cooperative enterprises, and wholly foreign-owned enterprises, and embarked on building some basic construction projects involving energy, raw and semifinished materials, and transport services. We have carried out the technical transformation of old enterprises in order to upgrade their equipment; we have readjusted and improved the industrial setup, strengthened our export capacity, and imported a number of new technologies.

This has played a positive role in invigorating China's economy, and we have scored marked achievements in many areas. Nevertheless, we are confronted with many problems, two of which are major ones: First, we lack an effective policy for guiding investment, thus making the flow and structure of foreign investment irrational. As a result, we have been unable to achieve our planned

objective of raising economic results and improving the industrial setup; second, our management is poor. The use of foreign capital involves the entire process of "borrowing, using, and repaying." Management is an important link in this process. Our present failure to attach sufficient importance to management has created many problems for us. In close connection with the actual conditions in our country and the current situation in the use of foreign loans, China should work out a medium and long-range plan for the use of foreign investments and give proper guidance to the work concerning such loans. In this connection, the following issues must be solved first:

1. We must strictly control the scale of our foreign debts. Eventually, all loans have to be paid. In using foreign funds, we must take into account whether the state can withstand the strain and whether it has the capability to put all the funds to good use and pay them back. If the scale of these loans is too large, they will be no end of trouble in the future. The lessons of many countries prove this point. In recent years, we have borrowed too much money from foreign countries. The rate of growth of loans from abroad has reached 30 percent. We are now a medium debtor nation, with a rate of redemption of about 15 percent, which is quite close to the warning level. At the same time, the peak time to pay back debts will soon arrive. On top of all this, we are suffering inflation. Therefore, we must fully realize the situation and strictly control the scale of loans from foreign countries.
2. We must improve the pattern of foreign loans and put foreign funds to their best use. Currently, the pattern of foreign loans is conspicuously irrational. Most of the foreign investments are in hotels and the service trades, while little investment is made in production, particularly in the production of export-orientated products. All this does not keep pace with the trend of international investment. It prevents the structure of production from being rationalized and the economic results from being improved. The key to putting foreign loans to their best use and improving the pattern of such loans is to work out a good policy to put all foreign funds to their best use.
3. We must raise our efficiency in using foreign loans in terms of macroeconomics or microeconomics. Currently, both macroeconomic and microeconomic results are far from ideal. Sometimes, they even contradict each other. It is for this reason that, on the one hand, we must adopt a realistic approach, study the feasibility of our plans, and strengthen the overall control of the economy in the country, while on the other hand, we must handle relations between the local and overall interests, and between immediate and long-term interests.
4. We must strive to improve our investment environment. Foreign businessmen complained of this most. From now on, we must improve the hard investment environment, while attaching importance to improving the soft investment environment by setting up a scientific system, strengthen our sense of law and international practices, overcoming bureaucracy, and raising our work efficiency.

While actively using foreign investments, we must also lose no time in investing abroad. This will help us go out of the country to understand the outside world, study advanced science and technology, as well as managerial experience, and promote China's foreign trade. Currently, we have made investments overseas and opened up more than 300 business establishments. From now on, we must pay attention to two issues when we make investments abroad. One, we must adopt a realistic approach, make investments within the limits of our own resources, strengthen unified management, and prevent many departments from contacting the same foreign source and rushing headlong into mass action. Two, we must make use of the abundant investments abroad to raise funds on the money market of the host country, because we are short of funds ourselves and have little money to invest abroad.

**Explorations Under Bashing, Choices Amid Perplexities—A Survey of How the Regiment in Which Lei Feng Served During His Lifetime Conducted Learn-From-Lei-Feng Activities**  
*OW1104151989 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 5, 1 Mar 89 pp 38-41*

[Article by Zhang Lieying 1728 3525 5391, Shi Yukun 4258 3768 0981, Li Bo 2621 0590, and Jiang Changbo 1203 7022 3134; authors' work unit: Political Department of the Shenyang Military Region]

[Text] The learn-from-Lei-Feng activities, as an important content of ideological and moral education and the building of spiritual civilization, have had a far-reaching influence on millions of people in the country, youth in particular, in the past 20 years. However, with the rapid development of commodity economy, the learn-from-Lei-Feng activities have met with rigorous challenges. Faced with difficulties and hardships, how does the regiment in which Lei Feng served during his lifetime, being the "window" to spread the spirit of Lei Feng, react to challenges and make choices? With this problem in mind, we visited this regiment and carried out an investigation. The results of the investigation are not only encouraging but also thought-provoking.

In the past 20 years, this regiment has always taken the lead in launching learn-from-Lei-Feng activities. It has devised some good methods and acquired good experience in the course of activities to learn from Lei Feng. It contributed to the spreading of the spirit of Lei Feng and promoted the activities to learn from him. It won wide praise both from the military and civil circles. However, when confronting with the great historical turning point, cadres and fighters of this regiment face the kind of perplexities they have never experienced before; they begin to realize that the launching of the learn-from-Lei-Feng activities is not as easy as it used to be.

Fighters in the past felt honorable when they joined this regiment. They responded positively to the call for learning from Lei Feng. Now, things have changed. When leaders speak from the rostrum and call on fighters below to learn from Lei Feng, some fighters either shake their heads or just laugh.

In the past, cadres and fighters took pride in being named Lei-Feng-studying activists. This is no longer true today. When the leadership intends to set an outstanding platoon leader up as an advanced individual in learning from Lei Feng, he says bluntly: I am not learning from Lei Feng; I am just doing my part.

This regiment undertook some construction task in recent years. To win the bidding for a project, sometimes it had to engage in fierce competition with local construction units. At other times, it exercised information blockade which was necessary to obtain economic benefits. It had to haggle over prices. To secure the supply of raw materials and funds, cadres and fighters had to humble themselves when dealing with suppliers of raw materials and fund providers; they even had to resort to exploiting personal connection. They not only had to try to secure a foothold in the environment of commodity economy but also would not do away with the spirit of Lei Feng and damage the prestige of the regiment in which Lei Feng had served during his lifetime. What to do and how to do? Cadres and fighters are annoyed by this problem.

Surprise, perplexity, worries, and expectations are troubling cadres and fighters. Faced with reality, comrades do not complain; nor do they become pessimistic or take a wait-and-see attitude. They made an in-depth review of the learn-from-Lei-Feng activities in the last 20 years. On the basis of drawing lessons and summing up experience, they adopt a new thought: Though the role model of Lei Feng has its specific background and historical limitation, still his spirit shows the traditional virtue of our nation and reflects the state of thought and morality that are aspired by the people and the masses. The continued promotion of the spirit of Lei Feng today will undoubtedly produce a positive role in improving interpersonal relations under the condition of a commodity economy, in creating a good environment conducive to the development of productive force, in doing a good job in building spiritual civilization, and in promoting the development of economic construction. We should, however, know better that the learn-from-Lei-Feng activities have, in witnessing the upheaval in our country's political life, traversed an uneven road. The activities, from contents to methods, are part of history. Some of the good methods should be kept and promoted; others, which showed good results in the past, have lost their effectiveness now; still others, such as formalism and things of the "Left," should be abandoned. If we do not have a correct understanding on this point and continue adopting the old ways in guiding the learn-from-Lei-Feng activities, little result will come out of the activities even if we put extra efforts into them; worse, it

will arouse the animosity of the people. Therefore, under the condition of developing commodity economy, we should persist in the direction of the learn-from-Lei-Feng activities. However, we must change the methods. In the course of the learn-from-Lei-Feng activities, cadres and fighters of this regiment dare to promote good methods and scrap bad ones; they boldly put advantages into play and shun shortcomings; they guide the learn-from-Lei-Feng activities by new way of thinking.

1. In guiding thought, the "reform of people" is changed into nurturing of people. "If you look into the image of Lei Feng, things pertaining to individualism will all be gone; if you measure by the yardstick of Lei Feng, bourgeois thinking will all be swept away." This has long been a saying made out from experience. In the activities to learn from Lei Feng, some leaders tend to negatively use youths as the objects for education and reform; they, out of habit, like to use some of the shortcomings of fighters as "targets" and shoot with the spirit of Lei Feng as an arrow. Whenever the talk is on learning from Lei Feng, matters will invariably turn to such things as rectification, correction of deviations, examination; when something goes wrong, the leaders tend to ask: Where is the spirit of Lei Feng? This kind of work style is counterproductive; youths revolt against it, making them believe that the Lei Feng's spirit is a dose of medicine specifically designed for them. To solve this problem, this regiment makes the care for the people and the nurturing of people as the starting point of the activities to learn from Lei Feng. The leaders of this regiment apply the spirit of Lei Feng which is "treating comrades like the warmth of spring" to guide the activities of learning from Lei Feng. They do not use Lei Feng as a "broom" to sweep away problems of fighters; instead, they use Lei Feng as the pole of a surveyor to encourage fighters to strive forward. Even if ideological shortcomings are found among fighters, they are pointed out and made known to fighters through a democratic way and in an atmosphere of trust and friendship. The leaders do not seek easy way out of simply making fighters examine themselves. They closely link the learn-from-Lei-Feng activities with nurturing of people. They try to create conditions for cadres and fighters and fulfill their desires to learn professional skills. They spent 160,000 yuan for their professional development. Now 90 percent of the personnel in the regiment have acquired professional skills. This kind of practice has made all feel the warmth of the learn-from-Lei-Feng activities and made them see the benefits that the activities bring for their development and progress.

2. As far as the publicity is concerned, the regiment has transformed Lei Feng from a "god" to a "human." In publicizing Lei Feng's deeds in the past, we used to give excessive emphasis on his loftiness and unselfishness out of fear that his image might be smeared, his deeds underestimated, and his role diminished. With such an unrealistic publicity method, Lei Feng was "idealized" as an venerable person who could not be emulated and would never exist in any sector of the earthly life. In

order to obtain an accurate picture of Lei Feng, the regiment invited his former comrades-in-arms and students to recount his deeds, and visited his hometown and the Military Museum to collect relevant materials on Lei Feng for holding an unprecedented exhibition of his watch, suitcase, leather jacket, and other belongings he left behind. Through realistic publicity, the regiment has returned Lei Feng from the "heaven" to the earth, enabling the soldiers to recognize Lei Feng not as a "tall, powerful, perfect" man, but an ordinary soldier with human body to experience both the ecstasy of success and agony of setbacks. Lei Feng was advanced in the sense that he was apt to correct his shortcomings for continuously improving his ideas. In this way, the regiment has presented Lei Feng with a sincere, realistic, trustworthy image that can be emulated by everyone.

3. In guiding the activities on learning from Lei Feng, the regiment has encouraged soldiers to take part in the activities instead of designating them as "mandatory" because they should be mass activities of self-education and cannot be carried with compulsory administrative orders. A few units used to set rigid rules requiring soldiers to perform a certain number of good deeds every week and subordinate units to train a fixed number of "Lei Feng type" soldiers a year; some party and CYL officials stood high above young soldiers in instructing them to learn from Lei Feng. Facts have proved that such a practice often produced contrary results. In guiding young soldiers to learn from Lei Feng since 1987, the regiment has stressed their participation on a voluntary basis. Even a handful of comrades who showed no interest in the activities were not subject to criticism; they were gradually won over through positive guidance. The regiment party committee has set three rules on learning from Lei Feng: first, everyone should try his best and nobody should be forced to do things he does not want to do; second, everyone may develop his talent and no restrictions should be set on individual development; and third, everyone should benefit and nobody should suffer from the learn-from-Lei Feng activities. This method in guidance has fired people's latent enthusiasm. Some soldiers have remarked that they were previously asked by their leaders to learn from Lei Feng, but now they want to learn from him on their own.

4. In learning from Lei Feng, we should change the form of a grand and spectacular scale into one that stresses results. A few years ago, the campaign to learn from Lei Feng was launched in such a grand scale, with tens of thousands of people taking to the streets, carrying red flags and beating gongs and drums. Up to now many comrades still think of this method of learning from Lei Feng. They will be disappointed if this method is not adopted, believing that without this method, it is impossible to continue the campaign to learn from Lei Feng. After conducting an objective analysis, comrades of the regiment to which Lei Feng used to belong commented that the old method of learning from Lei Feng did play a role in spreading the Lei Feng spirit, but the campaign was launched under the influence of formalism and

"leftist" ideas. Today, as all our work should center around economic development, we should concentrate on developing the social productive forces. It is impossible to devote too much time, manpower, and material resources to learning from Lei Feng, not is it permitted to regard learning from Lei Feng as "a political task having priority over everything else." It is unrealistic to believe that a sudden enthusiastic campaign can upgrade people's ideological and moral standard substantially. In learning from Lei Feng, effectiveness should be stressed, not social campaign. To achieve this goal, this regiment has stressed learning from Lei Feng on a regular basis while paying attention to overcoming the tendency toward launching a grand campaign for formalism's sake. It has insisted on the following: The first class new recruits attend is a lecture on the Lei Feng spirit; the Lei Feng Memorial Hall is open to the public on a regular basis; organizing special forums to test how much one knows about the Lei Feng spirit; using letters and souvenirs received from all parts of the country to conduct education to remind the soldiers that they must not disappoint the people and that they are one of the members of the Lei Feng regiment. In addition, the regiment also organizes various forms of small-scale, yet lively, regular discussion meetings and speech competitions to learn from Lei Feng. These activities have imperceptibly taught the cadres and fighters the Lei Feng spirit.

5. In setting requirements for the cadres and soldiers, we changed a fixed form into a flexible form. This regiment has asked its cadres and fighters to observe these requirements: "Before you do a thing, think of Lei Feng; while you are doing a thing, learn from Lei Feng; after you do a thing, compare yourself with Lei Feng." This way of doing things that calls for following the example of Lei Feng in everything one does played a certain role in the days when people's minds were fairly simple. Today, however, it won't work any more. Some comrades commented: Lei Feng lived a hard life. He would be 48 now and would be as old as the fathers of contemporary young people; Lei Feng had scars on his body, but today's young people are of a different generation; Lei Feng lived in an era when calls were issued to expand the people's commune and its socialist nature, the present era is one of opening to the outside world. How can the requirements remain the same as times as well as the goal have changed? If Lei Feng were still living, he would certainly change some of his ways of doing things. Therefore, in learning from Lei Feng, these comrades paid attention to the following two things: First, they set the requirements by taking into consideration the characteristics of contemporary young people. For example, in learning from Lei Feng's hardworking spirit, they no longer insist on the criterion of drinking plain water instead of soft drink, no longer regard appropriate material benefits as extravagance and waste. Instead, they encourage young people to strive to advance by doing their work or occupations well. In learning from Lei Feng's "nail" spirit, they no longer insist that everyone must study only Chairman Mao's works. Instead, they

encourage the cadres and fighters to study revolutionary theories, science, and literature. In learning from Lei Feng's "screw" spirit, these comrades not only stress that everyone should obey the leaders but also encourage young people to think independently in an attempt to cultivate their democratic and creative thinking and also to instill in them the concept of participating in state affairs. In learning from Lei Feng's spirit of helping other people, they no longer insist that everyone should do as Lei Feng did. They also encourage the cadres and fighters to do good things that Lei Feng never did before. Second, different requirements are set according to different levels. Being aware of the difference between the cadres and fighters who are party members and those who are not party members, between the advanced and the backward, and between old and new soldiers, the comrades do not insist on uniformity. In other words, everyone is required to learn from Lei Feng, but he is not required to become a soldier of the Lei Feng type. This method meets the needs of young people at different levels, and so they accept it happily.

6. In dealing with ideas and conduct that ran counter to the Lei Feng spirit but permitted by society, we adopted a tolerant attitude. A few years ago, one-sidedness and absoluteness often emerged in our activities to learn from Lei Feng. We stressed devotion while excluding all demands; we stressed selflessness while negating individual interests; we talked about ways to correctly deal with gains and losses. We only encouraged people to lose something, believing that this was the correct thing to do. As a result, our ideological work to raise the moral standard was divorced from reality and became idealistic. Regarding this question, the leadership of the regiment held that in the initial stage of socialism there are many kinds of economic components, management methods, pluralistic forms of distribution. This objective reality determines people's thinking, thus leading to varied forms and different levels of moral standards. Today, on the one hand we should vigorously promote the Lei Feng spirit in order to encourage people to regard the spirit of hardworking and working selflessly for the public as the basic moral standard; on the other hand, we should take into account the primary stage and should refrain from setting what is advocated against what is permitted. In other words, we should permit the existence of ideas and conduct which are not most advanced and lofty moral standards but which are permitted by society. Besides, we should neither advocate nor oppose ideas and conduct that are neither useful nor harmful. Of course, we should openly resist decadent ideas which slander the Lei Feng spirit and poison people's body and soul. By adopting the principle of tolerance, our comrades were able to reduce errors in ideological-political work. For example, a few years ago, fighters of the Lei Feng squad felt a kind of pressure—to break away from selfishness. Now, leaders at all levels know how to reduce their pressure by not demanding absolute pureness. In the past, when the Lei Feng squad was asked to make social contributions, it was not allowed to make fewer contributions than other units. Now, fighters of the

squad are allowed to make contributions as they wish. In the past, the squad was asked to contribute voluntary service, the fighters had to use their own money to buy the necessary materials. Now, they are allowed to recover whatever money they have spent on buying the necessary materials. In 1988, the regiment won a contract for building part of an underground street under the new Shenyang North Railway station. While encouraging the soldiers to learn from Lei Feng, to make more contributions, and not to care for rewards while doing their work, and to work selflessly and to be honest in economic dealings, the regiment promoted the concept of value, strengthened the notion of risks, and adhered to the principle of material benefits, and enhanced the role of competition. In finishing the project, the regiment tried its best to haggle for economic benefits that it deserved to get. Thus, it safeguarded its economic benefits under the prerequisite of ensuring construction quality.

7. In handling the relationship between learning from Lei Feng and learning from the advanced, we adopted the principle of letting a hundred flowers bloom instead of letting one flower bloom. The contemporary young people are a multicolor polyhedron. Each youth has his specific object of worship. We must break away from the general pattern that all young people are the same. We must free ourselves from the narrow concept that only moral standards and typical examples about fighting heroes should be propagated among young people. This understanding was put into practice by the comrades of the regiment to which Lei Feng used to belong. In educating the young people, the comrades did not insist that only Lei Feng should be learned from. Instead, they tried to understand in a broad sense the campaign to learn from Lei Feng in an effort to turn it into a campaign to learn from the advanced. To meet the young people's needs, the comrades provided them with a typical group. In this way, the young people may learn from heroes of the Lei Feng type; contemporary advanced examples on all fronts; and ancient, modern, Chinese, or foreign figures who possess the virtues of mankind. Thus, young people will be able to grow in a situation where there will be both individual characteristics and the distinctive features of the times.

**Reform and Opening Up to the Outside World  
and a New Train of Thought on the Women's  
Liberation Movement—Notes on the Symposium  
on Theories Concerning Women**

*OW1504042589 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 5, 1 Mar 89 pp 42-45*

[Article by QIUSHI reporter Liu Jinxiu 0491 0093 4423]

[Text] The Department of Political Theories of QIUSHI magazine, ZHONGGUO FUNUBAO [CHINESE WOMEN'S JOURNAL—0022 0948 1244 1166 1032], and the Research Institute for Women under the Institute of Management Science of China held a symposium

on theories concerning women on 14 February to extensively study and discuss new issues, new characteristics, and new trains of thought regarding the women's liberation movement in the course of carrying out reforms and opening to the outside world.

**Participants in the symposium reflected upon the women's liberation movement in China.** Ma Lizhen [7456 7787 3791] of ZHONGGUO FUNUBAO held: China's women's liberation movement is aimed at guiding women to leave their household chores and participate in productive labor in society. Sometimes, the employment rate for women is used as the only criterion to judge the degree of success in developing the women's liberation movement. Undoubtedly this movement has played a significant role in helping the broad masses of women break away from the yoke of feudalism and foster the concept of being equal to men and of earning their own living. However, under the strong influence of reform and the open policy today, the actual situation in society demands that we reflect upon the women's liberation movement in the past. The original train of thought concerning the women's liberation movement is straightforward. For example, we encourage women to seek employment, thus we cannot tolerate women working at home. To emancipate women means to turn women into men. This line of thought has driven us into a narrow alley in regard to gender. It has prevented women from breaking away from their status as the weaker sex. Therefore, to explore a new train of thought for women's liberation, we must do away with the original and outmoded line of thinking.

Zhang Yongjie [1728 3057 2638] of the General Office of the State Council held: We must study and discuss the issue of women's liberation from the angle of women's status in the whole society. Between the founding of New China and the mid 1970's, the social status of women has increased greatly. However, this improvement in status is not very solid, because it is caused by political factors to a certain extent. It has not been completely consolidated economically and culturally, particularly in concept. Therefore, when society is faced with new economic facts, the women's liberation movement is beset by changes which prevent women from improving their social status. Such changes have put the women's liberation movement in a difficult position.

Li Shun [2621 2815] of the Institute of Marxism - Leninism of the Chinese Academy of Social Sciences says: After comparing the women's liberation movement in China with the Western movement for women's rights, we realize that men are the ones who first upheld women's emancipation. What were their objectives? The Western countries promote women's rights on the basis of the theory of natural rights. China advocates the theory of equal rights between men and women for the purpose of saving the nation and turning China into a powerful country. The criterion for women's liberation in society at first was to "help women become masculine." It was similar to the saying which prevailed later

that "women can do whatever men can." All this does not conform with the pluralistic development and standards of a modern society. For a long time we have regarded equal status between men and women as a sign of success in revolution. For example, the higher authorities must attract and train women and make arrangements for them to participate in politics, work in society, and seek employment. Women themselves have not asked for help or made their own choices. This situation does not help women achieve their goal of genuine liberation.

**Some comrades study women's liberation in terms of entire human liberation.** Li Ming [7812 7686] of the Research Institute for Social Progress of the Ministry of Civil Affairs holds: China concerns itself with human liberation most. Women's liberation is a part of human liberation. When we talk about human liberation, we cannot ignore the liberation of the family or the liberation of the society. These three are closely related. Women demand liberation. From whom or what do they seek to liberate themselves? In the final analysis, they seek to liberate themselves from traditional ideas and outmoded concepts. Cheng Yuanzhong [4453 6678 0022] of the Government Offices Administration of the State Council points out: The issue of women's liberation should be linked to the issue of human liberation from the beginning to the end. He believes: The women's liberation movement in China has mainly gone through three stages. If the "4 May" period was mainly for the liberation of "feet" and the early years of the People's Republic of China were mainly for the liberation of "hands," then the women's liberation today is aimed at the liberation of "brains." Right now, women have begun to display their own personalities, examine themselves and men as well as society with their own standards, and vigorously participate in various social activities as an independent element of society and history. The new issues which have cropped up in the course of carrying out reforms are basically issues as to what kind of people women would like to become. Therefore, changes in the following three aspects are needed for the women's liberation movement at the present stage: changes in the relations between men and women, particularly marital relations; changes in the patriarchal society with men as the center; and changes in the traditional masculine culture, particularly masculine ethics.

In what way can the women's liberation movement develop at the present stage? Feng Yuan [7458 1254] from RENMIN RIBAO believes: One of the trains of thought concerning the women's liberation movement at present is to deepen reforms and develop a social mechanism to vigorously promote a commodity economy and create a new economic order while continuously opposing feudalism. She points out: Women's liberation has a double meaning. One is to ensure that women work hard for their special privileges in order to liberate themselves from a society in which men have the authority and in order to enjoy equal rights and opportunities the same as

men. The other is to make the women's liberation movement an important aspect of human liberation, help women work hard for their own interests, and change those social relations which are aimed at binding the hands and feet of the people so that "each person's own free development becomes the condition for all the people to freely develop themselves." Right now, an important task for the women's liberation movement in China is to continue to oppose the feudalist mentality with men as the center, ensure that men and women enjoy equal status, and achieve one of the missions for the joint liberation of men and women—the change of the outmoded economic system and social structure. It is precisely this outmoded economic system and social structure that put women in a difficult position. For example, some women have been disqualified in the course of pressing for the optimum organization of labor. It is not so much sex discrimination as women's incompetence in a modern mass production mechanism and the shortcomings in the old employment system. For example, women do not receive fair treatment in school admissions and employment. This has only revealed the irrational old economic system and social structure. We have often found ourselves in a "strange circle" in which we follow the train of thought on the basis of the existing economic system and social structure while talking in large amounts about reforms. Thus, a contradiction prevails with the reform and open policy providing people with more opportunities and freedom, while people ignore such opportunities and freedom.

Du Xichuan [2629 6007 1557] of the Research Office of the NPC Standing Committee holds: The women's liberation movement is an indispensable ideological change in the long history of human development. The women's liberation movement in China, which actually began with the 4 May Movement, has forged ahead and made continuous progress after going through a series of ideological changes which are compatible with the political, economic, and cultural developments in society. With the implementation of the reform and open policy today, the women's liberation movement is faced with extremely complex problems. In order to solve these problems, we should continuously bring about changes and continue our revolution in the realm of ideology, and establish new values that are needed for further promoting social developments.

**The issue of employment was one of the topics during this symposium.** Li Qiang [2621 1730] of the Institute for Sociological Study of the People's University of China believes: In China, where the level of civilization has not reached a certain level, women are often considered liberated when a large number of women are employed and they play the role of men. Actually, this is another form of wrecking women. There are not many women who are doing intellectual work at a high level. Most women are still engaged in hard manual labor. This is precisely the reason why Chinese women look much older than their counterparts in developed countries.

Therefore, we propose that ordinary women working in various trades have the right to go home to take care of their children when they are needed to raise them.

However, Ding Juan [0002 1227] of the China Managerial Cadre College for Women stresses women's employment from another aspect. She holds: The liberation or development of women may be defined as the realization of the value of women's participation. First, it is necessary to persistently let women obtain employment in order to enable them to raise their consciousness and to foster ideas that are conducive to social development and their own development. In science, man is defined as an animal engaged in labor with tools. If a man does not engage in labor with tools or work, he cannot be a perfect man; if a woman does not do so, she cannot have a consciousness of self. For most women, obtaining employment means making a living. Employment compels people to have a consciousness of self and to adopt ideas that are conducive to social development. If a woman gives up such an opportunity, it amounts to her forsaking the possibility of continuing to make progress as a member of mankind.

Jin Nan [6855 7181] of the Institute for Talent under the State Science and Technology Commission discussed women's employment according to the distribution of women's occupations. She said: Considering the specific conditions of the country at the initial stage of socialism, it is inevitable for women to obtain employment. However, the problem now is that the structure and distribution of women's occupations are very irrational. Men and women vary in intelligence, and they are good at paying attention to and thinking of different things, thus leading to their different favorable conditions in imagination and creativity. Thus, men and women have their own favorable conditions for employment suited to their sexes. Surveys show that the distribution of educated women's occupations does not tally with their strong points in intelligence and that many women now work under very poor conditions in industry. This is very detrimental to bringing women's ability and wisdom into full play. This certainly will make them discontent with their work and decrease their contribution to society and will cause society not to appraise them as highly as it should be. This, in turn, will dampen their confidence. Therefore, rationalizing the structure of women's occupations is a practical problem to tackle.

The Political Bureau elected by the 13th party congress consists of no women members. When new governments were elected at the provincial, city, prefectural, county, and township levels, a number of leading women cadres were voted out of office one after another. Thus, women's participation in government and political affairs suddenly became a popular topic of conversation. On this topic, Wang Xingjuan [3769 5887 1227] of the Women's Institute of the China Management College pointed out: Participation in government and political affairs is an indication of a high degree of women's

liberation. Whether or not women have a strong consciousness in participating in government and political affairs reflects whether or not they have a strong sense of playing the role as the mainstay. Women's participation in government and political affairs can be characterized as being on two levels: The first level is to acquire the same right to vote and other political rights as those exercised by men. Such rights should be protected by the law. The second level is to participate in political activities, to influence and make policy decisions, and to take leading political positions. Why did some leading women cadres lose in elections? There are three possible causes: 1) Because of their poor quality, they enjoy no popularity among the masses; 2) women are afraid of power; and 3) they take for granted that men exercise power. It is necessary to ensure a certain proportion of women's participation in government and political affairs in order to achieve the goal in this regard. This is because, first of all an environment of competition on an equal basis has yet to be created. Second, all media should be used to raise women's consciousness in participating in government and political affairs and assisting them in building up their confidence and overcoming the idea of regarding women's participation in government and political affairs as a favor. Third, social forces should be used to mitigate problems resulting from the double role played by women in participating in government and political affairs and doing household work.

Jiang Yandong [5592 1693 2639] of the Central Organization Department analyzed women's participation in government and political affairs in relation to the work on cadres. He maintained that under China's present conditions, the proportion of women cadres participating in government and political affairs, on the whole, is not low, but the development is not even enough. This is illustrated by the discontinuity and irrationality in the distribution of women cadres in different localities and departments and at different levels. For instance, in party and government departments, especially leading bodies of party and government departments at the prefectural and county levels, as well as at the grass-roots level in the rural areas, the proportion of women cadres is too low. There are even fewer women cadres assuming full power and responsibility. In the course of reform and opening to the outside world, female cadres are faced with the challenges posed by competition in which only the fittest will survive. The primary concern of the work on women cadres now is how to improve the quality of women cadres. How should we look at the "proportional policy"? He maintains that over the years, we have relied on the "proportional policy" and administrative intervention to keep the number of leading women cadres of all categories in proportion. We can say that this political accomplishment was acquired "ahead of time" by legislative and administrative means under the situation where the level of social, economic, and cultural development as well as the productive forces was still low. From practice we know that this method has played a

certain role in promoting social development and stability. Before women completely achieve political "independence," some proper support for them is still essential. We should also realize that this method has its limitations and is suitable only for a certain stage of development.

In view of the stark realities faced by Chinese women, who have a low scientific and cultural level, and inadequate self-awareness and competitiveness, participants in the meeting called for keeping China's realities in mind and doing more solid work in order to promote the women's liberation movement. They unanimously regarded it as the most pressing task at present to do a good job in education for women.

Dai Qing [2071 2532] of GUANGMING RIBAO maintains that before greater changes are made in China's social conditions, especially economic conditions, women's organizations should not demand too much in matters like the proportion of women participating in government and political affairs, employment, assignment of female college students, and so on. Instead, they should ponder reality and open up new avenues, like the mass book reading club sponsored by the Beijing Municipal Women's Federation. By devoting their talents and wisdom to these meaningful endeavors, women's organizations will expedite women's liberation. She laid special emphasis on education for women, and held that many problems faced by women could be readily solved if their quality is fundamentally improved through education for women, especially girls. She hoped that women's organizations will pay special attention to education for women, a boundless beneficence.

Zhang Min [1728 2404] of the Central People's Broadcasting Station analyzed the tremendous economic, ideological, cultural, and social gap between a few elite among women and the majority of women, especially those in rural areas or backward areas, and maintained that inadequacies in China's present basic education has directly affected the efforts to improve women's quality. She noted that posing special threat to the future of women are the high dropout rate of schoolchildren in rural areas, most of whom are girls, society's lack of appreciation for knowledge, and the unhealthy view that schooling is useless. This situation, which we cannot afford to ignore, has directly hampered the efforts to improve women's quality, and has put women in a more inferior position in future competition. This is very unfavorable for women's liberation.

Chen Yiyun [7115 0001 4596] of the Sociology Institute under the Chinese Academy of Social Sciences thoroughly explored the question of educating and enlightening women. She maintained that China is facing an educational crisis. The many origins and solutions to the question of Chinese women are closely related to education. During the early years of liberation, because of an inadequate educational foundation, emphasis was

placed on employment of women. This not only surpassed the level of development of the productive forces, but also surpassed the awareness and capability of women themselves. Other matters, like women's participation in government and political affairs, were also premature. Since the adoption of the reform and open policy, market mechanism, competition, and the principle of stressing beneficial results have been introduced into the economic and social life. Due to the inadequate educational foundation of women and the virtually non-existent scientific education (not political education or policy education, which is truly equal for boys and girls in the whole society), it is inevitable for women to lose the "rights" and status that they have gained. In recent years, education has been sacrificed for the sake of "developing the productive forces" and "commodity economy." This has resulted in neglect of the efforts to improve the knowledge and cultural quality of man, who is the subject of the productive forces, and in the disregard for construction and development in noneconomic spheres. Both have done direct harm to women. It is inevitable for women to be further excluded from basic education in which the state has invested very little and from the mainstream of social production; hence the high illiteracy rate among women, high dropout rate for girls, increase in female child workers, and decrease in the competitiveness of female undergraduate and graduate students. It is hard to fundamentally solve these problems without developing education about science and culture and improving women's quality. If we say education is the foundation of national construction, then for women it is the "foundation on which to survive." In this sense, educational revitalization should be the primary concern of women's liberation.

### **Regarding the Good as Good or Regarding the Evil As Good?**

*OW0904233189 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 5, 1 Mar 89 p 45*

[Article by Shi Ying]

[Text] It is beyond my recall when the good was greatly devalued.

Again I cannot recall since when the good has become synonymous with good-for-nothing.

It seems in those days of the Great Cultural Revolution that the old saying, "Filial piety is the most important of all goodness," was criticized. It may be right if we say this old saying is kind of feudalistic and rotten. The question is that we have never imagined the innocent "goodness" was accordingly criticized indiscriminately and at great length as the "theory of human nature" lacking class viewpoint. At that time, though, the evil was not advocated in explicit terms, we did noisily eulogize the philosophy of legalists. We regarded those who were granted the title of legalists as superior. Even

Public Enemy No. One Cai Jing and his son Cai Xiao, a big crook, who opportunistically joined the reformist clique headed by Wang Anshi, were labeled "quasi-legalists" by some people.

After that, some years again elapsed. Because certain foreign decayed ideologies inevitably infiltrated our country, the good even became a taboo-violating word that made people keep quiet out of fear. Harming others to benefit oneself, trying to outwit others, and regarding the weak as one's prey seemed to be the skills people all envied. Those who entrapped and hoodwinked others and swindled money out of others to reap staggering profits overnight were regarded as having fashionable "modern ideology."

As a result, various abnormal phenomena have appeared in our social values. In the relationship between people there exists more indifference, suspicion, and jealousy than warmth and sincerity. For example:

An old woman from a rural area was walking on Changan Street, holding her granddaughter by the hand. She asked a fashionably dressed young woman how she could reach the Imperial Palace. The young woman turned a deaf ear to her, looked ahead with fixed eyes, uttered no sound, showed nothing in her facial expression, and strutted away. There was even more. Two young men nearby, who loved to play practical jokes, helped the old woman by pointing in the wrong direction. They enjoyed making fun of others.

Is our inherent character good or bad?

In his recent speech delivered at Nankai University, Dr Yang Zhenning [Chinese American Nobel prize holder Chen Ning Yang], with deep sentiment, touched on the development of the Chinese nation's traditional virtues. He said: In view of various chronic maladies and cold, indifferent relationships between people in Western modern society, people there highly praise the Chinese people's traditional virtues. Thus, in the eyes of men of insight in the West, China's traditional national heritage absolutely did not consist of the disgrace on the pigtail and the stink on the bound feet only.

As for our traditional human nature and fine moral character, today some people belittle both of them as out-of-date ideas, as if they were incompatible with the development of the productive forces. They argue that now is the era of commodity economy and that it is pedantic to the core to prattle about traditional morality. Some contention seems to be justified: When we take a job in society, particularly when we contact people, whoever is good usually suffers losses. This is also the case on everyday trifles. For example:

A good-hearted young man helped an old woman stand up. He did not knock her down, but she put the blame on him. He became the troublemaker who found it hard to vindicate himself. His goodwill is taken for ill intent.

Disguised as a cripple, a "disabled" beggar travelled both south and north of the Changjiang and met good-hearted alms givers every day. As a result, he became a 10,000 yuan householder at the end of his first year as a beggar. Though he now has every electric appliance in his house, he still persists in this mendicant career. Moreover, he wants to meet more and more generous alms givers. Objectively speaking, those alms givers are actually "suckers."

In the face of possible trouble and misfortune brought by evil doers, perhaps some good people will also draw a negative lesson and "retaliate" on life. They use honey brewed in the hearts of other people to satisfy the need of their own soul. Thus, a malignant cycle is formed to see who is more wicked.

A question that does not entertain imaginary or groundless fears is: Shall we patch up various shortcomings in life with personal positive actions and use new style to eliminate the sinister atmosphere, or contaminate life by hurting others and make the filthy water even dirtier?

During the years of competition, we should use our own strengths to win convincing victories. We make clear to all not only with economic results but also with lofty moral character. We should never strive to kick others out so as to show we are superior to others.

Pointing out the weaknesses in our national character and examining the accumulated malpractices in our historical development are necessary and helpful. However, if anyone concludes that the question lies in China's failure to push the gunboat policy to wantonly plunder foreign countries, or believes that the slow development of China's modern commodity economy was owing to Qi Jiguang and others failing to make good friends with "Japanese bandits," we cannot but feel dumbfounded.

We should handle personnel and matters from the viewpoint of developing the productive forces. However, this must be implemented without coming into conflict with striving for a clean government and improving the party style. He who is brave enough to make innovations should also be honest and upright in his ways and have a strong sense of democracy.

It is not necessary to start again the dispute of more than 2,000 years ago over whether mankind's inherent nature is good or bad. However, at least we must not advocate "the evil is the highest of all badness." A good man is not necessary a worthless wretch; he may be a "strong man" of the times. Speaking in words the common masses can understand, we had better have more good intentions and less bad intentions. Do not regard the good as evil. Contrarily speaking, do not regard the evil as good.

### On Not Seeking Fame and Wealth

OW3103002889 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 5, 1 Mar 89 p 46

[Article by Mei Sangyu 2734 2718 2810]

[Text] Not seeking fame and wealth means not being too concerned with contemporary happenings and the ability to control one's desire for material riches. However, at present, when the whole world is nearly engulfed by a surging tide of money worship, if anyone still preaches the value of refraining from seeking fame and wealth, or regards not seeking fame and wealth as a virtue, he would be either ridiculed or condemned as a fool. Nowadays, how to make money and how much money one makes are the hottest subjects of conversation when friends meet to shoot the bull.

Money is indeed a good thing. When talking about wealth and inheritance, Mr Schopenhauer said: Only when a person "has that much money from the very beginning, can he lead a truly carefree and independent life, because he already has the privilege of being able to free himself from life's poverty and worries and emancipate himself from slavery, which has been the fate of mankind... He is the master of his time, and every morning he can say to himself: 'This day is mine.'" What these words mean is that money can buy freedom and time, while freedom and time are precisely the basic stuff which guarantees success. It is precisely because of that, that I, Sangyu, like everyone else, regard money as something of which the more one has, the better. However, if we merely live and die for money as the saying goes, "a man dies for his money just like a bird dies for its food," then we would be at the same intelligence level as the birds. Therefore, when compared with greed and blindly seeking the satisfaction of one's material desires, not seeking fame and wealth is something belonging to a nobler realm. Of course, not seeking fame and wealth does not mean letting things take their own course, or letting one's life being dictated by fate. When Zhuge Liang wrote in his "Letter on Rules to My Sons" that "only by refraining from seeking fame and wealth can one embrace lofty aspirations, and only by turning a blind eye to the secular world can one have foresight," he meant it not only for his sons but for himself as well. If Mr Zhuge had left his Wolunggang to seek fame and wealth in his youth, there would be one less great man in Chinese history. At all times and in all countries, countless people have given up seeking fame and wealth for worthier causes. To these people, forgoing fame and wealth is like shedding a cumbersome burden before setting out for their destinations, or transforming their lives and wisdom into a powerful laser beam which can penetrate layer upon layer of obstacles to reach the goal of success.

Great men were like that. We ordinary people can also forgo some worldly desires. If we want promotion for ourselves when we see other people have been promoted; if we want to become rich when we see others have

become rich; and if we also want our own cosy nest when we see others have built their cosy nests; then, we would be up to our necks with trouble and be unable to fulfill our own duties, not to mention accomplish anything else.

The American psychologist Maslow called a man's physiological, material, and security needs elementary needs while honor, achievements, and dignity advanced needs. He called those who make full use of and develop their talent, ability, and potential to the fullest "self-actualizers." These people are willing to sacrifice more for their advanced needs, can readily bear the loss of their elementary needs, and will forgo wealth and fame for self-actualization. I think that kind of spirit fits in with what we mean by "not seeking fame and wealth." From this, we can see that even in Western countries, where "money means everything," not everyone is crazy about money. It is also a fact that the more self-actualizers a nation has, the more talented people it will have also, and the more advanced and brilliant its science, technology, and arts will be.

If after having satisfied our elementary needs and become rich, we still remain at a level where "a man dies for his money, and a bird dies for its food," still risk our lives seeking material possessions or still squander bundle upon bundle of money in gambling houses or drinking bars, it would be a really sad thing.

### **The Return of the Soul—Reading the Reportage Work of 'The Soul of Dawang'**

OW0904231589 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 5, 1 Mar 89 pp 46-47

[Article by Han Zuorong 7281 0155 2837]

[Text] The town named "Dawang" is torn wide open like a sparrow by the sharp pen of the authors. Its vital organs, muscles, skeleton, nerves, skin, feathers, and blood are all brought before the readers for scrutiny and pondering as well. This is the reportage work entitled "The Soul of Dawang" by Li Cunbao [2621 1317 5508] and Wang Guangming [3769 0342 2494] (carried in RENMIN WENXUE [PEOPLE'S LITERATURE] August 1988).

The authors trace through the history of the town of Dawang to seek the "soldering points" between the cross sections of the past and the present; they break up the order of time and space, link up the various episodes with "soul" throughout the whole work, and put into words the mental break, suffering, joy, sorrow, and shock from new concepts and new ideology that people experience. In each episode there are vivid depictions of people of both soul and flesh.

"Dawang" is an ordinary but typical Chinese town. It boasts the first translation of the "Manifesto of the Communist Party" by Mr Chen Wangdao [7115 2598 6670] in 1920; the first rural party branches in China; the

most Kuomintang generals in Shandong; and the pilot area for "communism" in Shandong from the beginning of the Great Leap Forward to the winter of 1978.... As a literary work, or as a nonfiction reportage work, however, it covers not just the simple historical changes of a town and the fates of a number of people; in fact, the town itself is a miniature of rural China. The glory of the bygone days is history, the olden times are in rags, life comes into being with stains of blood, and the originally unclear reality unfolds before us in the form of a scroll of an animated, moving, and tragic picture full of new ideas.

China is in a time when it tries to give up some of the old and taking on the new. After escaping from a near collapse economically and mentally, and after going through much suffering and confusion, the recovery and reconstruction of a nation's spirit inevitably has to undergo the unbearable pangs of birth and the chaos caused by the lack of scrutiny and careful selection amidst the haste to press ahead. This, however, is a beautiful chaos and the pangs of birth are sweet. Despite all the hardships and stains of blood, the profound experiment tests the truth, and this is the very hope of China. As a reportage work that looks straight into the facts of life, it tries to reproduce the historic reality in writings. Either the rough sketch, the strength of the work, or the detailed description of "The Soul of Dawang" is both dazzling and inspiring.

During the days when "the bogus communist ghost is loitering in the sky above Dawang," the extremely weak productivity of Dawang can be likened to the broken bicycle with 47 spokes and the poor public who slurp a bowl of yam porridge after their stomach sing "the empty-city stratagem." Surprisingly, the owner of the broken 47-spoked bicycle falls victim to the "severe beatings." An extraordinary election puts an idiot at the head of a production team and elects a blind person as an accountant and a deranged old woman as a women's leader. "The seed of the dragon is sowed, yet fleas are reaped instead"; this very place where the seed of revolution was first planted harbors so much sorrow and suffering from desperation! Certainly, it is very difficult to come out of the shroud of the "bogus communist ghost"; but the days when one class enemy is dragged out of every 2.5 households have finally faded into history. Now, is it, by any chance, an easy job to completely get rid of the deep-seated inertia in politics, economy, and culture of ages? No. It is an extremely difficult process to go from "ghost," "the expulsion of ghost," "the exchange of souls," to "the purification of souls" and "the integration of souls." Here, we deal with not only the extreme left "bogus communist ghost" but also the more difficult breakaway from the bondage of the past, as the feudal culture of thousands of years has deeply embedded itself in the blood of the people.

The reportage work does no abstract talk about or general listing of all that happens. Instead, it tries to look at the whole picture away from a vantage point, it weaves

in and out of reality, and it carefully selects its materials and puts them together. This is a literary work that contains the special purpose of the authors.

Reportage has in a very short time become a popular form of literature that has great effect and is pursued by many a writer. It will take some time for us to get to know the artistic aspects of this form of literature. The fact that it takes a look into the very core of the cultural structure, that it explores the depth of mankind's consciousness, that it gathers the fascinating flowers of life itself, and that it provides writers with endless resources for their creation is very inspiring. That one of the authors of "The Soul of Dawang"—Li Cunbao—is a novelist perhaps sets this work apart from other reportage works, as it does not strive for sharp thinking or strong criticism and has little place for artistic trappings; instead, its thoughts and objects are integrated together as soul and body are inseparable, and emotions are felt throughout the whole work. Reading the chapter of "The Contemporary Sister Hong" makes you feel excited; the chapter of "The Brandishing of Datewood Sticks" can make even the best yarn-spinning writers feel clumsy in describing the details of the election scene and the urinating contest; in the days when "monsters and demons" roam all over the place, "The Noise Made by Streetsweepers" can give you the creeps.... In addition, the leading characters of the work including Yan Jinfen, Li Junfu, Li Peiyi, Tian Xiuxue, and Ma Hongyong, as well as Little D and Big B are all very vivid with blood and flesh and leave a deep impression in your mind....

It is worth mentioning here that "The Soul of Dawang" reproduces the complicated conflicts of life and depicts various aspects of "Dawangese" struggling in the huge wave of commodity economy; the description of the pioneer spirit and the firm determination for changes of the "Dawangese" is especially touching and admiring.

Yes, all the outmoded and false is passing away, the new and real is coming into being, and the national spirit full of real strength and creativity is making its comeback. This is the portrait of Dawang as well as the whole China of today, although the future allows no blind optimism.

### **Crossing the Bisuo He at Night**

*OW0904231189 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 5, 1 Mar 89 pp 47-48*

[A "Jinshitan Cup" Prize-Winning Article by Yang Shufang of the Writers Department of Information Center of the Yunnan Provincial Military District]

[Text] On a night of pitch darkness when the ancient Hengduan Shan vibrated, an area 50 km in width and 100 km in length embroidered with a pattern of ethnic groups was rocked several times by the tremor. Without any premonition or indication, hundreds of people perished in their own adobe homes. Rivers changed courses;

roads collapsed; and cars were overturned. An earthquake has brought us to Bisuo He [1801 5560 3109]. Darkness fell quickly in the mountainous regions. As soon as the sun went down, visibility quickly dropped to near zero.

Though without a guide, we still managed to find the bridge by memory of 30 years ago which was supposed to take us across the river. I told my colleague Secretary Yang that after crossing over the bridge, Suosuo Village was not far away. In front of us was the "road," a bridge built with thin bamboo strips joined together with rattan and suspended by two strong and long rattan ropes. One end of the rattan ropes was tied to rocks shaped like rhinoceros horns, while the other end, as I remembered, was anchored on a tall firewood tree that looked like an umbrella. In the night breeze, the bridge reminded me of a 20-meter long centipede kite I used to fly in springtime but which suddenly dove toward the earth at dusk. When I was serving in the nationalities company, this bridge carried us across the Bisuo He countless times. But I was really surprised to find that after over 30 years, I still had to rely on it to cross the river.

"Who goes up there? Do you want to kill yourself? Who are you anyway?"

The shouting came from below the bridge, but we could not see anything down there. After a moment's hesitation, we suddenly heard the rattan-rope bridge squeaking. Obviously, the shouting was targeted at us. A moment later, a gleam of light appeared at the edge of water silhouetting a stooping figure that looked like a herdsman in a straw rain cape drawing water from the river in a crouching position. "Oh, two PLA comrades!" When we approached, an old man of the Lahu nationality was the first to recognize us by the flickering light from the burning firewood under an earthen wok. "I am awfully sorry!" He said while continuously striking his forehead with an open palm, causing his hair, which was wrapped in a piece of black cloth, to fall loose all over his face. "I knew you were coming. Some units already arrived here today."

Thus speaking, he moved some burning firewood from inside a temporary shelter built with odd-and-ends material to the outside. A thick blanket of cogon grass was laid on the ground on which slept the old man's grandson with no blankets. The child's body was naked and so muddy it looked like a sweet potato just dug from the ground. Seeing us, the kid immediately grabbed some grass to cover his face. Lifting the earthen wok cover, the old man then warmly invited us to join him in a meal of cooked cassava slices. "Please eat. I will take you across the river after eating."

"Thank you. We have just...."

Knowing what Yang was going to say, I dropped him a hint—because under those circumstances, one is not supposed to refuse even if one is full. I believe that if the old man had had better food, he would never have invited his guests to a meal of cooked cassava slices.

“Come. Let us eat together.” I produced two packages of compressed biscuits from Yang’s backpack, tore off the wrapping, and laid them by the fire. Seeing them, curiosity prompted the old man’s grandson to run to us in his bare feet. Obviously, he had never seen them before. Not wanting to offend the old man, Yang and I ate the cassava slices with great relish. I noticed that the old man was beginning to pay attention to me. Suddenly, as if trying to remember something, the old man called out my name. I responded to it like a PLA fighter. He was the first to recognize me. I was sure that once here, I would meet many Lahu nationality friends of the past. But I had never thought that even before I entered the Suosuo Village, I would meet Old Bai, who used to guide us during a bandit-suppressing campaign. “Old Brother Bai.” I called out.

The old man was astonished. Tears came from his eyes.

It was in that dark night, the old man recalled, that all the houses collapsed and heaven took away the lives of almost all people of Suosuo Village. The old rattan-rope bridge had gone long ago. The old man was operating a ferry boat here with his grandson. Beyond their expectation, they became the only survivors of the earthquake.

“This boy is...?”

“He is my grandson, the son of ‘Future.’”

“Future?” All of a sudden, my memory reminded me that that was the name I had given the eldest son of this old man. Thirty years ago, the old man, wishing to get good luck, carried his newborn baby to us and asked us

to give him a name. On hearing the name “Future,” he could not but ask: “What is Future?” The comrades of our detachment who were along on that occasion vied to explain to him: Future means the days when you will no longer need a torch to find out the way at night, when there will be electric poles, electric wires, and electric lights, when you will no longer use the pestle to husk rice, and when water power will generate electric power and electric power will drive a steel mill and the steel mill will husk rice. It is the days when you will live in a new house and eat new rice, when you will eat rice and flour instead of chaff and cassava chips, and when there will be a broad road passing through Suosuo Village and you can go wherever you like, even Beijing. In the future, we will no longer need the rattan ropes to cross the river. We will build a big bridge with a flat roadway on it, and even our ox-drawn carts can pass that bridge.

“Future means the good days!”

It seems that many, many more things were said at that time.

The old man told me that his son had died. He should not have gone because he did not see the future. So saying, the old man sobbed. I was really sick at heart.

“Don’t be sad, uncle. We are here!” Little Yang’s voice seemed to have changed because of emotion. “We have come here to help our brothers of the Lahu nationality to rebuild their home. We will build brick houses to replace the collapsed mud cottages. In the future, we will have electric lights and watch television. What is more, we will build on Bisuo River...”

“Little Yang.” I tapped cadre Yang on the shoulder and said, “What you have said is right. But what we have to do right away is to go into the village—we must say less and do more.”

Then, we were led by Old Bai to board his wooden boat and we headed for Suosuo Village.