

365021

JPRS-CRF-85-021

15 October 1985

China Report

RED FLAG

No 16, August 1985

19991221 105

DTIC QUALITY INSPECTED 2

DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

**Reproduced From
Best Available Copy**

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

7
95
A05

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

15 October 1985

CHINA REPORT

RED FLAG

No 16, AUGUST 1985

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

CONTENTS

Devote Our Energies to the Building of the Two Civilizations (p 2).....	1
It Is Necessary To Arduously Study the Basic Theory of Marxism--Gist of the Speech Delivered on 7 June 1985 to the Responsible Comrades of Organs Under the NPC Standing Committee (pp 3-5) (Peng Zhen).....	3
The History of the New 4th Army in the Anti-Japanese War (pp 6-16) (Chen Yi).....	8
A Beautiful Rose Which Will Be Treasured Forever--On the Television Series 'Four Generations Under the Same Roof' (pp 17-18) (Cao Yu).....	27
Be Persistently Loyal To and Profoundly Affectionate Toward Communism--Marking the 85th Anniversary of the Birth of My Teacher, Comrade Wentian (pp 19-25) (Deng Liqun).....	30
Love the Army, Support the Army (p 26) (Commentator).....	43
Leaders Must Make Themselves Models in Self-Criticism (pp 27-28) (Gao Zhiguo).....	45
On Commercializing Technological Results (pp 28-33) (Fang Gongwen).....	48

Speeding Funds Turnover, Raising the Efficiency of Funds Use (pp 34-36) (Wei Xinghua, Wu Shuqing).....	59
Setting Up and Strengthening Socialized Services Systems in the Rural Areas (pp 37-38) (Wang Xinglong).....	65
Survey Report: How Haian County Readjusted Its Internal Agricultural Structure (pp 39-42) (Chen Yi, Yin Zheng).....	69
An Official Teacher's Breadth of Vision (p 43) (Yang Liuxie).....	77
Answers to Questions: Why the Principle of Commodity Exchange Cannot Be Allowed To Invade Inner-Party Political Life (pp 44-45) (Liu Peng).....	79
Some Views on Improving Teaching (pp 45-47) (Zeng Qixian).....	82
Whoever Wants To Enter Paradise Must Brave the Journey Into the Inferno--A Brief Critique on 'The Door of Paradise' (p 48) (Zhang Zhizhong).....	87
On Reading 'A Random Chat on Capitalism and Socialism' (inside back cover) (Shu Lin).....	90

DEVOTE OUR ENERGIES TO THE BUILDING OF THE TWO CIVILIZATIONS

Beijing RED FLAG in Chinese No 16, 16 Aug 85 p 2

["Forum"]

[Text] Recently, the market has been flooded with some unhealthy tabloids and publications, resulting in disastrous consequences. This tendency of consciously or unconsciously spreading and proliferating the decadent ideologies of capitalism and feudalism is diametrically opposed to the great cause of the people, in their hundreds of millions, in building the four modernizations and to the requirements for building socialist spiritual civilization, thus seriously poisoning the minds of the masses, in particular the youngsters. While it is necessary to adopt measures to consolidate newspapers and periodicals, it is also necessary for some comrades of the intellectual circles to earnestly consider a serious question: To what should we devote our energies? We must get a clear understanding of our social responsibilities and should not lose our bearings.

Comrades of our intellectual circles, whether the literature and art and theoretical circles or the press and publishing circles, all should become engineers of the human soul as well as designers and engineers of socialist spiritual civilization. We need to disseminate the new knowledge and experiences about building the motherland and realizing the four modernizations among the people, in particular the youngsters; propagate among them the concepts of patriotism, collectivism, socialism, and communism; help them establish the correct outlook on the world and life; and encourage them to work energetically, aim high, surmount all difficulties, and strive ceaselessly for the reform and the four modernizations, but should not allow them to be fed with spiritual trash. Some comrades say that some things of vulgar interest cannot do much harm to us and there is no need to make such a fuss. This viewpoint is wrong. If we drop our guard and let these things spread unchecked, there will be serious consequences. Whether the building of socialist spiritual civilization is grasped well or not has a direct bearing on the success or failure of the reform, the policy of opening up to the outside world, and socialist modernization; so under no circumstances should we overlook it or relax our vigilance. If there is a better moral custom prevailing among the people of the whole country and everyone fosters lofty ideals and moral integrity, cultivates a strong sense of discipline, and studies assiduously and energetically, it will be easier for us to carry

out the reform and realize the four modernizations. Comrades working on the ideological front, whether party members or nonparty members, should not forget that they hold glorious and sacred posts in building socialist spiritual civilization and shoulder very important responsibilities, and, therefore, should devote all their energies and wisdom to the building of the two civilizations.

Some other comrades hold that only by producing some less tasteful things can we have readers and audience. This is also a muddled idea. People have varied interests and people in different realms of thought have different interests. We should not cancel those interesting works, but instead, should analyze and guide them. Ours is a socialist country, and our spiritual products should not yield or cater to or even advocate low and vulgar interests. Morality can be fostered, so can interests. Through the subtle influence and appeal of spiritual products, we should foster people's interests in keeping with the needs of socialist development and cultivate their abilities to appreciate and enjoy the true, the good, and the beautiful and to distinguish and resist the false, the bad, and the ugly. Marx once said: Production should not just produce objects for subjects but also produce subjects for objects. "Art objects bring about people who can understand art and have aesthetic feelings." This requires us not to forget the responsibility of leading the masses forward but to try to do our best to produce spiritual products which can reflect the great era of ours and are healthy in content, exquisite in artistic form, and loved by the people, including novels, popular literature, dramas, films, telefilms, prose, poetry, music, dance, arts and crafts, and so on, so as to get rid of backward, vulgar, and ugly things. In consideration of the vitality and development of the Chinese nation as a whole, this is a great thing to be done. But, this is also a difficult thing. Only when our comrades surmount all difficulties, put in time and energy and make painstaking efforts can it be done well.

Educators must be educated first. To upgrade the realm of thought of the masses, comrades of the intellectual circles should, first of all, upgrade their own realm of thought. An important issue at present is to oppose the practice of seeking nothing but profits and "putting profits before everything." In producing spiritual products, we should attach primary importance to whether they are good for the society and regard whether it is favorable to the building of socialist spiritual civilization as the main criterion for judging our work. Under this condition, we can strive to raise economic effectiveness. We should absolutely not reverse the order of importance and pay no heed to social effort for the sake of making money.

CSO: 4004/36

IT IS NECESSARY TO ARDUOUSLY STUDY THE BASIC THEORY OF MARXISM--GIST OF THE SPEECH DELIVERED ON 7 JUNE 1985 TO THE RESPONSIBLE COMRADES OF ORGANS UNDER THE NPC STANDING COMMITTEE

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 3-5

[Main points of Peng Zhen's speech]

[Text] We must uphold the four fundamental principles and, in particular, must advocate the study of the basic theory of Marxism-Leninism at present. This question is very important because Marxism-Leninism is the fundamental theory that guides our thought. Without a revolutionary theory there will be no revolutionary movement. In undertaking socialist construction, there must be a theory for socialist construction. Without such a theory we will encounter many difficulties in our work.

It is a very urgent task at present to study the basic theory of Marxism-Leninism. A lot of people are ideologically confused now. Why? One reason is that, in recent years, we have not systematically and universally organized cadres and young people to study the basic theory of Marxism-Leninism as we had in the early days after the founding of new China. Another reason is the lack of efforts to use the theory of Marxism-Leninism to systematically explain some of the major problems now confronting us.

Studying theories is not only a problem of ordinary cadres and young people but also a problem of leading cadres. Busy with their current heavy work, many cadres assuming leadership over practical work do not have sufficient time for reading books on theories. As a result, there is a general lack of enthusiasm for studying theories. However, our comrades know that if they put aside the basic theory of Marxism-Leninism, it is not easy to clarify, and is even impossible to fundamentally clarify, some problems. For example, should we proceed from reality or not, or should we apply dialectics or metaphysics, in observing and solving social problems? Should we make social practice or something else the criterion for verifying truth? These fundamental questions must be clarified by studying the basic theory of Marxism-Leninism.

The process of building socialism and the final attainment of a communist society will go through a long historical phase. The orientation of historical development is clear. Although fundamental principles are clearly

explained in Marxism, Marx and Engels were then not trying to solve specific problems in the process of construction, and it would have been impossible for them to do so. As for how to undertake construction during an entire historical phase, one can only advance by groping in the dark in the course of socialist practice in the absence of a systematic and comprehensive experience. However, some experiences have been gained in building socialism. China has also gained some experiences and learned some lessons in the past few decades. It is necessary, and also possible, to integrate theory with practice and apply the Marxist theory in explaining some of the current major problems.

Dictated by the needs of the times, Marx and Engels were then mainly trying to expound the inevitability of the development of a capitalist society into a communist society. Marx held that a revolution will occur when the productive forces exceed the capacity of the relations of production. But, due to special historical conditions, socialist revolutions have not taken place in the world's capitalist countries where productive forces are highly developed. Instead, backward Russia and China have successively won victories in socialist revolutions. After winning victory in their revolutions, these two countries encountered many difficult and complicated problems in economic and cultural development because of their backward productive forces.

In building socialism in these countries, there is, of course, no choice but to proceed from the actual conditions in these countries, study the new situations, solve the new problems, and gain new experiences. It is necessary to theoretically expound the current problems by applying the Marxist stand, viewpoint, and method.

Studying Marxism means studying the spiritual essence of Marxism and the stand, viewpoint, and method of Marxism; it does not mean simply memorizing some phrases or sentences of Marxism or Marxist conclusions on solving some specific problems. Therefore, it is necessary to distinguish between the general basic principles expounded in the works of the creators of Marxism and the methods of solving some specific problems. Marx and Engels pointed out in the preface to the German edition of "The Communist Manifesto" published in 1872: "The general principles laid down in this manifesto are, on the whole, as correct today as ever. Here and there some detail might be improved. The practical application of the principles will depend, as the manifesto itself states, everywhere and at all times, on the historical conditions for the time being existing, and, for that reason, no special stress is laid on the revolutionary measures proposed at the end of section II. That passage would, in many respects, be very differently worded today." ("Selected Works of Marx and Engels," Vol 1, pp 228-229) Why was it necessary to revise some revolutionary measures or even some individual principles for handling specific problems? Because of the practical experience gained in the February Revolution in France (1848) and the Paris Commune (1871). This shows that Marx and Engels did not regard their theories as dogmas. Confounding the general principles of Marxism with the methods of solving specific problems laid down by Marx, some of our comrades have either neglected the creative application of these general principles in trying to use the specific methods laid down by Marx to solve all our current practical

problems, or have doubted the correctness and guiding role of the general principles and thus have neglected the study of these principles after finding out that these specific methods are inapplicable today.

The socialism expounded by Marx in "The Critique of the Gotha Program" is socialism with highly developed productive forces, a socialism in which commodities are not needed because direct distribution is possible. As for China, its productive forces have not yet developed to that level, and there still exists the three types of economics--the state, the collective, and the individual--which still need to carry out commodity exchanges. As there is also a need for the different units within each type of economy as well as for producers and consumers to carry out commodity exchanges, can we do without commodities? As there are commodities, there must be markets. The important question is how to ensure the proportionate and coordinated growth of the national economy by achieving an overall balance through economic planning and by depending on the supplementary role of market regulation. Marx criticized Lassalle for only talking about distribution, by arguing that any distribution of consumer goods was but the outcome of the distribution of the productive conditions themselves. In the capitalist society of that time, the means of production were in the hands of capitalists. This being so, what was the use of only talking about consumer goods distribution in the program of the proletariat? Nevertheless, Marx' outstanding scientific foresight laid down the principles of socialist and communist distribution: The principle for socialist distribution is from each according to his ability, to each according to his work; the principle for communist distribution is from each according to his ability, to each according to his needs.

In China, as the means of production have fallen into the hands of the people following the basic completion of the socialist transformation of the ownership of the means of production, can we do without systematically and comprehensively studying how to properly distribute consumer goods, or without particularly studying the ratio between accumulations and consumption, on the basis of the growth of production?

We say that the decision of the 3d Plenary Session of the 12th CPC Central Committee on reform of the economic structure is, in reality, a textbook on the socialist political economy. By this we mean the fundamental tenets and general principles and policies concerning the reform of the economic structure. Undoubtedly the general principles and policies are correct, and of course we should uphold them with the confidence that we will surely be successful in doing so. As for how to realize these principles and policies and the concrete work involved, explorations and trials by the masses are required. Just as Comrade Deng Xiaoping has said, in making reform, we must take one step and look around before taking another. Many fundamental tenets of the reform of the economic structure are explicitly stated in the constitution. Facts have proven and will continue to prove that they are necessary in order to accelerate China's socialist program of the four modernizations and to build socialism with Chinese characteristics. In the course of advance, we will meet with problems of one kind or another, but as long as we can discover these problems promptly and strive hard to solve them, our cause will continue to develop and progress. We emphasize that social practice is the

sole criterion for verifying the truth. This is not only aimed at countering the "two whatevers" but is also applicable to all work we are doing.

All our work cadres of the NPC Standing Committee should make strenuous efforts to study Marxist-Leninist theory. Previously I have said that cadres of the organs of the Standing Committee should work as hard as "coolies." As a matter of fact, you should not only act as "coolies" in doing your day-to-day work, but should also pay attention to studying practical issues in the economic, political, ideological, and other fields. In short, if we are to proceed with revolution and construction, we should study and work painstakingly. Theory comes from practice and should be integrated with practice. Comrades Marx, Engels, Lenin, Stalin, and Mao Zedong were not purely theoretical workers. Take Marx and Engels as examples. Both were leaders of the international communist movement. When Marx was writing "Das Kapital," he used the library of the British Museum in London and spent more than 20 years there studying a large amount of real materials and bourgeois works. Engels conducted in-depth investigations into the conditions of the British working class. If one wants to become a proletarian theoretical authority by keeping himself behind a closed door and divorcing himself from reality, I am afraid his goal will be very hard to achieve. For this reason, comrades doing theoretical work should be in contact with reality, while those doing practical work and legislative work should study and grasp theory. On the one hand, they should study the basic Marxist-Leninist theory. On the other, they should read the works of various representative individuals that are related to their jobs, including the works of representative bourgeois scholars, so as to know the views of both sides. Only in this way can they make a correct judgment.

The scope of the NPC's work is very wide, but a major task is legislation. Legislation must have a theoretical basis. For instance, our constitution is based on systematic theories and forms an integrated system itself; that is, it has a consistent and well-organized setup. Laws should, of course, be based on the party Central Committee's principles and policies, but not all policies can be immediately framed in the form of the law.

We must pay attention to finding out results of the implementation of the policies, analyze and study all typical cases, and see which have been proven successful by practice, which have been proven unsuccessful or not entirely successful by practice, and which have yet to be proven. If a policy has been proven successful by practice and the time is ripe, it can be written into a law. Otherwise, it cannot be formulated into a law. In enacting a law, it is imperative to draw on collective wisdom and absorb all useful ideas and to include in the law what has been proven correct by practice. Once the law is enacted, it must be enforced strictly. At the same time, close attention should be paid to any problem that may arise in implementing the law. On the one hand, we should keep the law stable and should not change it frequently and without discretion. On the other, if we find something inappropriate or imperfect in the law, we should make revisions or necessary amendments at a proper time. It follows that we should study the basic Marxist-Leninist theory and the party Central Committee's principles and policies. At the same time, we should also pay attention to the questions encountered in the course of practice and make a serious effort to sum up experience.

We should gradually perfect the NPC Standing Committee's working organs. The chairman, vice chairmen, and members of the Standing Committee will collectively make decisions on all issues. But all routine work, as well as investigations and studies and the specific preparatory work of various departments still has to be carried out by the personnel of the Standing Committee's work organs. Therefore, even if the members of the Standing Committee are changed by election, routine work would still be carried out without interruption by the work organs. Perfecting the socialist legal system is not something that can be accomplished in 3 or 5 years. Presently, many people have not even studied the constitution well. How then can they handle specific matters strictly in accordance with the constitution? Besides, the law will be revised and perfected continuously. The NPC Standing Committee is the standing organ of the nation's supreme power organ. Perfecting the socialist legal system is one of its major tasks, as well as a pressing issue at present. China had a feudal society for a few thousand years. Besides, carrying out the socialist four modernizations program while upholding the four cardinal principles is a brand new undertaking. Considering this, it is understandable that making relevant laws perfect in a short period of time is impossible. Because of this, it is not easy to demand that everyone do things according to law. The "Great Cultural Revolution" was a bad thing. But it educated our cadres and people by its negative influence. The 3d Plenary Session of the 11th CPC Central Committee called for promoting socialist democracy, perfecting the socialist legal system, and making socialist democracy institutionalized and embodied in laws so that the socialist democracy and legal system will not change as leaders, their views, and their attention changes. By doing so, we may expect people to observe all laws enacted, ensure that these laws are enforced, and that lawbreakers are dealt with. However, perfecting the socialist legal system to such a degree takes a long time and systematic work and effort. A part of the important work is to gradually perfect the NPC Standing Committee's work organs. Otherwise, they would not be able to carry out legislative work and other basic tasks.

Our thinking should be active yet unified in the course of economic reform. The theoretical basis for this unified thinking is Marxism-Leninism and the four cardinal principles. We should deal with the major issues facing us by integrating theory with reality. In dealing with the problems of ideology and understanding, we must follow the "double hundred" principle, that is, let a hundred flowers blossom and a hundred schools of thought contend. We must tolerate criticism and counter criticism.

It does not matter if it is criticism or counter criticism; we must present the facts and reason things out. Right is right and wrong is wrong. The criteria for differentiating right from wrong is social practice. One should not consider oneself always in the right. Still less should one use lame arguments. No matter if one's opinions or criticism is right or wrong, they should be studied and discussed in a scientific manner. In doing so, we should say all we know and say it without reservation. Furthermore, we should insist in the principles of "blame not the speaker, but be warned by his words" and "correct mistakes if you have made any, and guard against them if you have not." The reason for doing so is to make everybody's thinking unified under Marxism-Leninism and the four cardinal principles.

THE HISTORY OF THE NEW 4TH ARMY IN THE ANTI-JAPANESE WAR

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 6-16

[Article by Chen Yi [7115 3015]]

[Text] Editor's note: This was Comrade Chen Yi's speech at the Seventh CPC National Congress on 1 May 1945. The speech explained in detail the history of our party in guiding the New 4th Army and the work in central China, and profoundly summed up the experience of our party in leading the New 4th Army to resist the Japanese aggressors. The speech fully manifested the revolutionary heroism and patriotic spirit of our party, army, and people in central China in waging arduous struggles and fighting bravely against the aggressors. To mark the 40th anniversary of the victory of the anti-Japanese war, we issue this historical document especially for our readers. Except for correcting some characters, no alterations have been made in this version. The sub-heads are ours.

I. Message to the Congress

The presidium and fellow deputies:

The people of the whole nation have long focused their attention on the preparations for our party congress, anticipated the opening of the congress, and attempted to take new moves under the call of the congress to accomplish the tasks of wiping out the Japanese aggressors and building new China. Our party has stood the test of the events that have occurred in the world and China between the Sixth CPC National Congress in 1928 and the Seventh CPC National Congress. Today, the 8th Route Army and the New 4th Army, powerful anti-Japanese forces, stand rock-firm on the Far East antifascist battlefield and have the strategic position including north, central, and south China under their control. This is the result of our party standing the test of the events that have taken place over the past decade or so. The rise and fall of many parties, military and political groups, and leading figures over the past 30 years or so in China have proved that our party can endure hardships and stand the test of straitened circumstances. The protracted and

tortuous nature of the Chinese revolution has indicated the party's difficult position and its heroic spirit in waging struggles. This is unprecedented in the history of China as well as the history of the political parties of other countries. Our party now has 100 million people under its leadership and the liberated areas in 16 provinces behind the enemy lines. It also has a CPC Central Committee that is competent to lead and the great revolutionary helmsman and leader Comrade Mao Zedong. This is the honor of our party and the Chinese nation. Today, our party and army have become one of the decisive factors for the solution of the Far East issue. Our congress should take pride in these achievements.

On behalf of the party, government, and army of central China, I would like to extend my Bolshevik greetings to the congress and wish the presidium, fellow deputies, and our great leader and the head of the congress Comrade Mao Zedong good health.

I completely agree with Comrade Mao Zedong's political report and the reports delivered by other responsible comrades. In my opinion, the instructions on defeating the Japanese aggressors, seizing victory in the anti-Japanese war, and building new China are the guide to resisting the aggressors and building our country. I believe that the action taken by you all under Comrade Mao Zedong's report and instructions will be the guarantee of victory in the anti-Japanese war and the building of the country. I would like to further stress that Comrade Mao Zedong's report has enabled our congress to make great contributions to the world antifascist cause and world peace after the war.

Now I would like to describe the history of our party in guiding the New 4th Army and the work in central China, and the situation of the 8-year anti-Japanese war. From this point, we can see how far our communists have advanced in the great anti-Japanese project. Meanwhile, I would also like to explain how we will implement Comrade Mao Zedong's instructions and the resolutions of the congress in central China.

II. Advance East To Resist the Enemy, a Review of Past History

The New 4th Army grew out of the Red Army guerrilla forces in the southern provinces. The party led these guerrilla forces and spent the most reactionary and terrible years of armed "encirclement and suppression" in the mountainous areas in Hunan, Guangdong, Fujian, Jiangxi, Zhejiang, Anhui, Hubei, and Henan. The period lasted from the Long March launched by the Red Army from the soviet areas in October 1934 to the outbreak of the anti-Japanese war in 1937 and until peace was achieved within the country in October that year. During the long-term guerrilla warfare which lasted for 3 years, the party led the guerrilla forces in repulsing hundreds of enemy assaults. The enemy forces were often several hundred times ours and the methods used in assaults, encirclement, and suppression were unprecedented, cruel, and well-conceived. For example, the policies of sealing mountain and tunnel passes, cutting off grain supplies, moving the inhabitants away, burning the hills, slaughtering the masses, and compelling the captives to surrender by means of torture and coercion. I am not going to describe the

tragic and moving scene in which the people were driven to the abyss of misery after the fall of various soviet areas and how they were forced to rise in resistance on the vast land where they had no place to hide. Nevertheless, I must say that during the years when revolution suffered setbacks and the people experienced untold suffering, if our party members had feared hardships and forsaken the masses, the masses would also have forsaken us in turn. In order to protect the interests of the masses, our party members integrated themselves with the masses and made arduous struggle. While sharing weal and woe with the masses, we enabled the people suffering from hardships to listen to the revolutionary voice of the party, watch the political outlook of the party, and follow the party in bravely fighting against the enemy. Our party members were not isolated even when they lived in hunger and cold in the barren mountains. Thousands upon thousands of masses still maintained close contacts with us. By integrating closely with the masses, we smashed all reactionary offensives. When the reactionaries tried to change their offensive methods in an attempt to eliminate us, our party integrated itself with the masses to further improve the art of resistance. We summed up the experience of combining flexible armed guerrilla warfare with underground work and created the valuable revolutionary experiences of launching guerrilla offensives and dispersing the troops to await opportunities, thus expanding the struggle to military, economic, political, open, secret, legal, and illegal fields. As a result, the counterrevolutionary offensive plans miscarried year in and year out, while our guerrilla forces in the southern provinces maintained their positions, arms, party organizations, and large numbers of cadres. Thus, we could hold high the glorious revolutionary banner of the party, make concerted efforts with the masses to tide over numerous difficulties, and hail the arrival of the great anti-Japanese national war and the birth of the New 4th Army.

Following the outbreak of the war of resistance against Japan in the fall of 1937, the guerrilla forces in the southern provinces received orders from the CPC Central Committee and were ready to be reorganized by the national government and to drive east to resist the enemy. This move conformed to the party's new policy of practicing unity to resist the Japanese aggressors. The guerrilla forces in the southern provinces resolutely left the revolutionary base areas which they seized and protected through years of bloody battles and went on an expedition to the enemy rear areas. Following are the 13 base areas: the Hunan-Hubei-Jiangxi border region, the Guangdong-Jiangxi border region, the Hunan-Jiangxi border region, south Hunan, the Fujian-Jiangxi border region, east Fujian, west Fujian, south Fujian, north Fujian, south Zhejiang, northeast Jiangxi, the Hubei-Henan-Anhui border region, and south Henan, including over 40 small base areas scattered in more than 100 counties. This move clearly manifested our party's spirit of dedicating itself for the realization of the anti-Japanese national united front and being faithful to its promises and policies in all respects. If the CPC Central Committee had not decided to send the guerrilla forces to resist the enemy, no forces could have compelled us to leave the mountainous areas in the southern provinces. It was the fine quality of the revolutionary armed forces, led by the Communist Party, to surmount all difficulties and hold fast to their position during the years under reactionary

rule and to take the overall situation into account for the sake of the country and dedicate themselves to the national defense front during the anti-Japanese war years. With such revolutionary spirit, our New 4th Army marched on toward the anti-Japanese battlefield by the end of the civil war and the beginning of the anti-Japanese war.

I have one point to add on this occasion. When the New 4th Army left the southern mountain areas in 1938, the KMT perfidiously sent troops to attack the above-mentioned areas. The KMT reactionaries assumed that they could implement their policy of opposing the Communist Party and the people without obstruction. However, the facts went contrary to their wishes. The unreasonable offensives launched by the KMT evoked the local people's resistance for self-defense and the self-defensive wars have continued up to the present. For example, the following localities were forced to take up arms again for self-defense: Chongan and Shaowu in north Fujian; Pingyang and Longquan in south Zhejiang; Yongding, Shanghang, and Longyan in west Fujian; Xinfeng, Dayu, and Nanxiong in the Guangdong-Jiangxi border region; Yizhang and Lechang in the Hunan-Guangdong border region; and Pingjiang, Liuyang, Xiushui, Tonggu, Yongxin, Chaling, and Lianhua in the Hunan-Jiangxi border region. These examples have again given the KMT reactionaries a good lesson. They should understand that the people in these areas who are united and who have political consciousness are not to be bullied. They have engaged in guerrilla warfare for more than 10 years. The whole party should learn from their spirit of fighting independently under difficult circumstances. Their firm revolutionary will is oriented toward our party, our congress, our leader Comrade Mao Zedong, and the 8th Route Army and New 4th Army.

Before the New 4th Army set out, our party maintained its underground work in central China and the southeast provinces. This was the backbone preserved under various persecutions within the country. Following the outbreak of the anti-Japanese war, our party led the people's anti-Japanese movement centered on Nanjing and Shanghai. After the fall of Nanjing and Shanghai, our party maintained the strongholds of the workers' movement and the cultural movement in Shanghai on the one hand, and launched anti-Japanese guerrilla warfare in the rural areas in the Nanjing-Shanghai-Hangzhou delta on the other hand. Meanwhile, many party members who were released from prison also armed themselves to fight against Japanese aggression in the rural areas. Moreover, the empty-handed nonparty personages in central China also conducted anti-Japanese work in the fields to defend their hometowns. With the concerted efforts of the local people, the underground forces of our party in central China organized armed guerrilla forces and made preparations to set up an anti-Japanese base in the enemy rear areas in central China. The main force of the New 4th Army advanced to the east and joined the peripheral forces, thus vigorously building up a theater in the central China liberated area that extended to the north and south of the Changjiang.

III. The Mingling of Aggression, Surrender, and Resistance

The central China liberated area, which includes Jiangsu, Zhejiang, Hubei, Henan, Jiangxi, and Hunan, runs through the middle and lower reaches of the Changjiang and is drained by the Changjiang, Huai He, Huang He, and Han Shui. It also covers the Changjiang-Huaihe plain, the Hunan-Hubei plain, the south Jiangsu plain, and the Henan plain. The area in central China is rich in resources and has a galaxy of talent. Since the outbreak of the war, the Japanese aggressors have occupied Nanjing, Shanghai, Wuhan, and other large cities and held that "central China is the group concentration area for the Greater East Asia war," "the zone where China, Japan, and Manchuria are excellently coordinated," and "an exemplary region for peace and opposing the Communist Party." Politically, the Japanese aggressors retained Wang Jingwei's Chinese style fascist tricks, such as "the KMT," "the Three People's Principles," "the National Government," "the National Revolutionary Army," "the New National Movement," "new economic construction," "anti-communist politics," "wipe out the communists in rural areas," "support the supreme leader," and "long live the supreme leader." Moreover, the Japanese aggressors also "recognized" the Wang Jingwei puppet regime in form. According to their plans, it would be much better to use Wang Jingwei rather than themselves to slaughter the Chinese people. The policy of the Japanese aggressors to dominate China is indicated in the specific plans of establishing a "Manchukuo," a "Mongolian state," a "north China state," and a "central China state." The Japanese aggressors needed different kinds of running dogs, but did not want a head among them. That is why Pu Yi, Wang Kemin, and Chen Gongbo applied to be head slaves in vain. Militarily, the Japanese aggressors exercised military control, established a puppet army to serve as their vanguard in invading China, and used political and other means to instigate the KMT troops to surrender. Economically, the Japanese aggressors set up a Central China Revitalization Corporation to plunder and dominate central China's economic undertakings. This corporation had close contacts with the senior officers of the headquarters of the troops garrisoned in central China. Military aggression was well coordinated with economic plunder. The Central China Revitalization Corporation had the following 14 branch companies: Central China Railways, Central China Mining, Central China Hydropower, Shanghai Inland River Shipping, Shanghai Industries, Shanghai Gas, Central China Aquatic Products, Central China Silkworm Breeding, Central China Textiles, South Huaihe Coal Mining, Central China Bus, Central China Telecommunications, Central China Salt Industry, and Central China Housing. These large aggressive organizations were first established in 1938. They were perfected in recent years and have attempted to penetrate the rural areas from the urban areas. According to a rough estimate, their investment totals over 2 billion Japanese yen, including some Chinese shares. Apart from protecting the leading role of Japanese capital in the economic departments at all levels, the Japanese aggressors also used various means to absorb Chinese capital to serve their purposes. They gave a small share of benefits in return in light of the services provided by the Chinese capital. For example, they "abrogated the unequal treaties" politically and returned the factories to the owners economically. That is why the Chinese comprador and landlord classes, represented by the traitor Wang Jingwei, were grateful to the Japanese aggressors. Culturally, the

Japanese aggressors advocated "Sino-Japanese cultural exchanges" and "cultural gatherings," encouraged "Confucian and Mencius orthodoxy" and "reading the classics to save the nation," and opposed British and American liberalism and "communist heresy." Wherever the enemy troops went, they organized cultural teams to collect calligraphy, ancient books, ancient bronze and stone tablets, and other cultural relics. They plundered, on a large scale, our cultural treasures, including public and private antiques and books in Nanjing, Shanghai, and Hangzhou.

These are the military, political, economic, and cultural measures adopted by the enemy to make China its colony and to set central China as an example in conquering the country. This determined the tit-for-tat struggle and white-hot war between the enemy and ourselves in all fields. Although military struggle constituted a main factor, it would be a great mistake to confine the struggles between the New 4th Army and the enemy to the military struggle. We used production, construction, and peace and a prosperous life in the liberated areas to match the enemy's economic plunder. We used the anti-Japanese mass cultural movements in the liberated areas to match the enemy's back-to-the-ancient culture and poison literature. Under the leadership of the party, we relied on the unremitting efforts of the army and people to shatter the enemy's mopping-up operations. We used the successes achieved through hardships in the enemy's rear areas to check the trend to surrender stirred up by the enemy and the Wang puppet regime. When the KMT generals surrendered to the enemy in the past few years, which shocked the nation, the enemy and puppet troops congratulated each other. However, the anti-Japanese headquarters in Chongqing were helpless and kept quiet out of fear. It was our 8th Route Army and New 4th Army that took up arms to resolutely suppress the traitors so as to boost the anti-Japanese morale and set the public mood at ease. This was a magnificent feat which won public acclaim. Viewed from the 8-year history of the anti-Japanese war, central China has now prepared an anti-Japanese battlefield to coordinate with the allies and to wipe out the Japanese aggressors. If the enemy was allowed to occupy China at its will without being resisted by the 8th Route Army and New 4th Army in north and central China, like the occupation of Manchuria over 10 years ago and the occupation of Henan, Hunan, Guangxi, Yunnan, and Guizhou last year, the situation of the nation's anti-Japanese war would have come to a complete failure long ago. This can prove the great contributions made by the New 4th Army and the people in the enemy rear areas in fighting arduously for 8 years in Nanjing, Shanghai, and Wuhan. The people in central China have expected the New 4th Army to "block the enemies' retreat, eliminate them, and recapture Nanjing." These are the successes and strategic position of the New 4th Army and the task of counterattack entrusted to the New 4th Army. The commanders and fighters of the New 4th Army exerted themselves and lived up to the expectations of the people.

IV. Plant Anti-Japanese Banners Throughout Central China

In May 1938, the 4th Division of our troops north of the Changjiang arrived at the enemy rear areas in Chaoxian County and Wuwei Prefecture, while the 5th Division crossed the Tianjin-Pukou railway and arrived in the

Jiangsu-Anhui border region. In June and July of the same year, the 1st and 2d Divisions of our troops in south of the Changjiang arrived at Zhengjiang and Nanjing and advanced east to Suzhou and Wuxi in September. In 1939 the troops advanced farther east to Suxong and the outskirts of Shanghai. After the fall of Wuhan, Xuzhou, and Kaifeng in 1938, our party and army remained in the enemy rear areas to lead the anti-Japanese guerrilla warfare. After the central China liberated area was set up by our party and army in 1938 in the enemy's rear areas, anti-Japanese banners were planted throughout the occupied areas in central China.

At that moment, the defeated KMT army retreated in panic. The KMT governments at all levels also fled in disorder and the KMT party headquarters disappeared from the scene. Some surrendered and betrayed the country for personal gain. At last, Jiangsu, a model province built by the KMT through painstaking efforts, collapsed at a single blow. In Nanjing, "the houses previously owned by distinguished people changed hands, and the officials at the courts were new ones." In the outskirts of Nanjing, the tombs of Sun Yat-sen and Emperor Taizu of the Ming Dynasty felt sorrow for each other on both sides of the withered grass. During the days when the enemy burned and killed, and the bandits looted wherever they went, millions upon millions of people in the southeast, having no refuge, desperately looked westward. The Japanese aggressors went to the countryside in threes or fours and humiliated the people there at will. Our New 4th Army rushed to the enemy's rear areas, attacked Chaoxian and Wuwei, captured Weigang and Longtan, encircled Danyang, Wujin, and Jurong, and carried out guerrilla warfare in Jiangdu, Daqiao, and Yangzhong by crossing the Changjiang to and fro. These military successes have forced the Japanese aggressors to realize the existence of the New 4th Army and understand that invading China is a "war that must be paid with blood." Under the leadership of our party and army, millions upon millions of people in the southeast stopped fleeing and cooperated with the army in fighting. With the assistance of the broad masses, our army, with redoubled might, opened up a great anti-Japanese battlefield in the enemy rear area north and south of the Changjiang.

Our guiding principle at the moment was to follow Comrade Mao Zedong's instruction, boldly advance to the east, and create anti-Japanese guerrilla base areas behind the enemy line with the three magic weapons--rigorous discipline, flexible guerrilla tactics, and the anti-Japanese national united front. This instruction promptly brought about practical results. Our flexible guerrilla tactics punctured the arrogance of the Japanese aggressors. In the spring of 1938, Kaneko, head of a detachment of the enemy's 15th Division stationed in Jintan, said: "The guerrilla tactics of the New 4th Army have been toughened through numerous battles, so our army should not underestimate the enemy." Our troops returned everything we borrowed and paid for things damaged. When we put up for the night in the homes of the people, we lived in small rooms and never disturbed the owners. Our commanders and fighters spoke with the masses politely. In fighting battles, our troops first covered the masses' evacuation and we cherished every tree and blade of grass of the people. As a result, the people resolutely decided to stand on the side of the New 4th Army and resist the aggressors. A historical change took place in popular feeling

and the people were no longer afraid of our troops. Our party and army explained to the people the major principles of resisting Japan and building the country and used these principles to mitigate the contradictions among the people in the southeast, between the urban and rural factions, between the new and old schools of thought, between local inhabitants and people coming from other places, between the landlords and peasants, and between the capitalists and workers. Instead of wiping out the bandits, we reformed them and encouraged them to resist the aggressors. We implemented the policy of persuading the puppet troops and organizations to come over from the enemy's side and the policy of eliminating the capitulators. With regard to the local armed forces, we did not try to reorganize or annex them, but encouraged them to expand their forces in the course of the war of resistance against Japan. We also adopted the policy of making concerted efforts with KMT members in the occupied areas to resist Japan and gave them support in various ways. These correct policies united the people of all strata, aroused the forces from various fields to attack the aggressors, and enabled us to win victory. Thus, the leading position of our party and army in the enemy rear area took shape naturally.

V. Smash the Mopping-up Operations and Oppose Capitulation

During the period from 1939 to the south Anhui incident in January 1941, the Japanese aggressors and anticommunist KMT troops launched converging attacks against our party and army. As the expansion of our army in the enemy's rear area was a fatal threat to the Japanese aggressors, they launched mopping-up operations one after another. In 1939, traitor Wang Jingwei usurped power in Nanjing in the capacity of puppet emperor. He instigated the KMT troops to surrender group after group, which further whetted the ambitions of the aggressors. The enemy and Wang puppet troops jointly launched frenzied mopping-up operations against our army. At this moment, the KMT realized from the breakthrough made by our army and its firm foothold in the enemy rear area that there was plenty of scope for the military situation in the rear areas. Consequently, the KMT sent troops in batches to the enemy rear areas to carry out the so-called mission of recovering lost territory from our army. They drafted schemes to attack the New 4th Army from various directions. In this critical situation, our army had to take countermeasures against the joint mopping-up operations of the enemy and Wang puppet troops on the one hand, and to adopt a stern self-defense principle against the offensives of the anticommunist KMT troops on the other hand. Under the correct leadership of Comrade Mao Zedong and the CPC Central Committee and the personal command of Comrade Liu Shaoqi on behalf of the CPC Central Committee, and with the concerted efforts of the whole party and army, we shattered the offensives of the enemy and puppet troops and maintained our base areas through the counter-campaigns against the mopping-up operations in south Jiangsu in 1939, the counter-campaign against the mopping-up operations in south Huaihe in the fall of 1940, the counter-campaign against the mopping-up operations in Tongfan, south Anhui in 1940, and the Taizhou campaign to suppress the traitors Li Changjiang and Yang Zhonghua in north Jiangsu in 1941. Meanwhile, in the north Changjiang, south Jiangsu, and east Anhui campaigns, we smashed the plots of the KMT which attempted to wipe out the New 4th Army from three directions. This

victory taught the enemy and puppet troops a lesson: Like the 8th Route Army in north China, it is quite impossible to eliminate and drive the New 4th Army away from central China by launching a few mopping-up operations. The Japanese aggressors examined their mistake and worked out new plans to deal with our party and army after 1942. The victory also taught the KMT reactionaries a good lesson. Realizing that the New 4th Army was not to be bullied, the KMT supreme command plotted to wipe out the units of the New 4th Army in south Anhui. They first instructed and lured Ye Ting and Xiang Ying to lead the troops across the river. Then they used a force of 70,000 men to wipe out our troops on the wary. Strictly speaking, the southern Anhui incident was actually not a war, but an evil scheme plotted by the KMT leader Chiang Kai-shek to take advantage of his anti-Japanese command position to eliminate his subordinates. Ye Ting and Xiang Ying made a mistake not because they acted in defiance of orders, but because they faithfully obeyed orders. Chiang Kai-shek was good at resorting to all kinds of tricks to deceive his opponents. Ye and Xiang lost to Chiang Kai-shek in carrying out plots and schemes, but they beat Chiang in upholding justice, practicing unity, and resisting Japan. The southern Anhui incident brought both Chiang Kai-shek and Ye Ting to the just international antifascist court. General Ye Ting represented the just anti-Japanese stand of the Chinese nation, while Chiang Kai-shek lost his anti-Japanese command position and degenerated to the disgraceful position of an indecent politician and warlord. During the southern Anhui incident, the New 4th Army had more than 9,000 men in south Anhui. Most of them were killed and only a thousand or so escaped. The men who escaped expanded the forces to over 20,000 within a few years, which is now the 7th Division under the New 4th Army. The efforts made by the loyal and brave commanders and fighters are commendable. They made up their losses at the hands of the enemy and puppet troops within a very short period. The casualties we suffered in the southern Anhui incident were only one-ninth of the 100,000 men in the whole army, so the position and strength of the New 4th Army in the enemy rear areas were not affected. Following the southern Anhui incident, public opinion at home and abroad held that the incident instigated by the KMT reactionaries was aimed at coordinating with the enemy and Wang puppet troops in opposing the Communist Party and was an attempt to stop the war of resistance against Japan and to surrender to the enemy and Wang puppet regime, while the New 4th Army became, through the incident, an internationally honored anti-Japanese army.

It is particularly important for us to review the process by which Comrade Mao Zedong and the CPC Central Committee dealt with the second anticommunist onslaught in the southern Anhui incident. Under the general principle of resisting Japan, practicing unity, and upholding progress, our party used mighty political means to expose and make public the anticommunist capitulation plots of the KMT. Under the military self-defense principle, we reinforced our position in the enemy rear areas and issued the order establishing the new headquarters for the New 4th Army. If we compare the speech made by Chiang Kai-shek on the disbandment of the New 4th Army in the name of the Military Council of the National Government on 27 January 1941 with the order of the Revolutionary Military Commission of the CPC Central Committee on 20 January, we can see clearly how Chiang Kai-shek minced words and spoke incoherently to hide mistakes, and how our party upheld justice,

took the overall situation into account, and led the people of the whole country in resisting Japan and opposing the anticommunist capitulators. As a result, the southern Anhui incident came to the following conclusion: Chiang Kai-shek and the KMT were downgraded from the anti-Japanese leading position to the position representing the narrow interests of the KMT reactionaries. They lost the nation's popular feeling and international sympathy, which encouraged the enemy and the Wang puppet regime. On the contrary, Mao Zedong and the Communist Party rose to the anti-Japanese leading position, represented the will of the whole nation, enlisted international sympathy, utterly shattered the plots of the enemy and puppet troops to instigate KMT capitulation, and kept the KMT within the anti-Japanese camp. Comrade Mao Zedong's staunch leadership once again set a revolutionary example in which his acts are closely linked with the safety of the nation.

The situation of the anti-Japanese war over the past few years indicated that there were various theories and ways of capitulating, such as "although I am in Cao's camp, my heart is with Han; I surrender to Han and not to Cao, namely, I surrender to Wang Jingwei and not to the Japanese aggressors," "if you do not enter the tiger's den, you cannot get his cubs; I have surrendered for the sake of resisting Japan," the anticommunist policy of "resisting the enemy in a zigzag manner" adopted by the KMT troops in coordination with the Japanese aggressors in the rear areas, and creating a trend of KMT troops' capitulation. Consequently, there were various ways of capitulating, including that of Wang Jingwei, of Pan Bingxun and Sun Dianying, of Li Changjiang and Yang Zhonghua, of Tao Xisheng, Gao Zongwu, Wu Kaixian, and Fang Xianjue, and of the pro-Japanese factions which hid in the KMT rear areas and had secret contacts with the Japanese aggressors. Whether the old style capitulation of Guan Fuzi, or the new style capitulation of President Wang Jingwei, or the capitulation of the new Qin Kuai who returned to the south with approval of the government in the north, they all took opposing the Communist Party and the people as their basis for betraying the country and seeking personal gains. Our Communist Party insisted on resisting Japan, condemned the traitors, and sent troops to suppress them. Without the spirit of and efforts by our party and army against capitulation over the years, it would have been impossible to overcome the capitulatory trend and carry on the 8-year anti-Japanese war.

VI. The Ruthless Clean-up Operations in Rural Areas, When the Enemy Advances, I Attack

After 1942, the Japanese aggressors elevated their defeated mopping-up operations to large-scale ruthless cleaning-up operations in the countryside. Prior to implementing this plan, the enemy and puppet troops jointly set up a commission to sum up the experience of the KMT in carrying out encirclement and suppression on five occasions during the civil war. They put forward the principle of using 30 percent military means and 70 percent political means in launching the cleaning-up operations in the countryside. The enemy undertook the task of launching offensives and encirclements, while the Wang Jingwei KMT and puppet troops were responsible for checking on household occupants and laying the political, economic, and cultural conditions for the cleaning-up operations. Their plan was carried out in the following

manner: First, they used military means to launch cleaning-up operations in an attempt to eliminate our army forces. Second, they used political means to launch cleaning-up operations in order to destroy our local party organs, political power, and mass organizations. Third, they used economic and cultural means to launch cleaning-up operations, implemented the policies of imposing taxes, confiscating goods, and encouraging people to make political recantations and surrender to the enemy, and spread poisoned culture such as building a "paradise in the east" and so on. The procedures of the cleaning-up operations were conducted from military to political means, from economic to espionage means, from culture to ideological means, from armed to peaceful means, from concentration to dispersion, and from a short term to a long term. In addition, they also launched so-called mobile cleaning-up operations. This whole set of measures was aimed at totally driving the anti-Japanese forces of our party and army in the enemy's rear areas away from the lower reaches of the Changjiang, destroying the central China liberated area, and turning it into a peaceful, anticommunist model in launching cleaning-up operations so as to contribute to and serve the Greater East Asia war.

Under the new situation in which the enemy and puppet troops launched cleaning-up operations in the countryside, our party and army had to stand a severe test. Thus, the white-hot struggles between the enemy and puppet troops on the one hand, and our party and army on the other hand started. The ruthless struggles between cleaning-up operations and counter cleaning-up operations were carried out for 2 whole years from the spring of 1942 to the end of 1943 in Suzhou, Wuxi, Wujin, Zhengjiang, Danyang, and Jiangning south of the Changjiang; in Taizhou, Jiangdu, Taixing, Jingjiang, Rugao, Nantong, Haimen, Qidong, Dongtai, Yancheng, and Xinghua north of the Changjiang; and in Xiaogang, Huangpi, Huangang, Yingshan, Hanchuan, Yingcheng, and Qianjiang in Hubei. The struggles between the enemy and ourselves in these areas became the frontline of the enemy's rear areas in central China which determined the outcome of the war. The tense struggles here were similar to the ruthless struggles between the Japanese aggressors and the liberated areas in north China. Our party and army implemented the strategic principle of Comrade Mao Zedong and the CPC Central Committee on fighting dispersed guerrilla warfare, carried out the policy of better troops and simpler administration, and adopted the new method of coordinating armed struggle with unarmed struggle. The main formations transferred and assaulted in the light of circumstances, while the local party and government organs, armed forces, and militia conducted guerrilla warfare. They took cover on the spot, waged unremitting struggles, and maintained close ties with the masses at all times. They hid by day and came out at night, conducted dispersed guerrilla warfare, and maintained their leading position in the anti-Japanese war. We made surprise attacks on concentrated enemy forces, surrounded and annihilated dispersed enemy troops, checked the puppet troops dispatched to the countryside from returning to their positions, eliminated the diehards who insisted on serving the Japanese aggressors, and kept the wavering middle elements close to the Japanese aggressors so as to serve the anti-Japanese war and perform meritorious services to atone for their crimes. When the enemy concentrated forces to launch cleaning-up operations in the countryside, our troops simultaneously

attacked them from all directions, which made the situation difficult for the Japanese aggressors. This correct and flexible fighting principle shattered the cleaning-up operations scheme of the enemy and Wang puppet regime. In the struggles against the cleaning-up operations, our party, government, army, and people in the liberated areas tempered themselves and built up their strength.

After the autumn of 1943, our party and army got a deeper understanding of the enemy's cleaning-up operations tricks. In order to puncture the enemy's aggressive arrogance, we adopted the tactic of launching attacks during the enemy's advance. When the enemy launched cleaning-up operations against our liberated areas, we waged guerrilla warfare in the enemy-occupied areas. Equally matched, both the enemy and our army reached a stalemate, thus enabling the various liberated areas to extend the battleline to the enemy-occupied areas. As the old saying goes "deal with the enemy as it deals with you." This was the new principle guiding our struggle against the enemy's cleaning-up operations.

I would like to quote the enemy's observation of our counter cleaning-up operations to prove this point. In his article entitled "The Inside Story of the Communist Army" carried in Shanghai's DAILY NEWS and monthly LITERATURE in March 1944, a Japanese called Wu Ke said: "The areas occupied by the Japanese Army were the places the New 4th Army haunted. Operating in the vast rural areas, the New 4th Army surrounded the strongholds of the Japanese Army, created confusion in the areas occupied by the Japanese Army, undermined communications, and isolated and blocked the cities. As a result, the Japanese Army gained nothing. Furthermore, its material and ammunition supplies were also obstructed." He continued: "While using small groups of guerrilla forces to draw the Japanese troops stationed at various localities, the communist army concentrated its main forces to wipe out certain divisions of the Japanese Army. Their purpose was to isolate the strongholds of the Japanese Army and control and dominate the vast rural areas." In January 1944, the headquarters of the 11th Army Group of the Japanese Army stationed in Shanghai sent an advisory team to conduct a survey of the cleaning-up operations in central Jiangsu. The report prepared by the advisory team said: "Although the New 4th Army has been in north Jiangsu for a short period, its impact on the local people must not be ignored. The greatest resistance to the cleaning-up operations in north Jiangsu comes from the New 4th Army. Since 1 April 1943, we have gone all out to launch mopping-up operations. However, the New 4th Army also had a sound basis and local organizations to take countermeasures against the cleaning-up and mopping-up operations. Therefore, it would be impossible to attain the results of eliminating the communists by conducting mopping-up operations in a general manner. The strong point of the New 4th Army lies in its military and economic strength as well as in organizing the people. We should use this experience for our reference. We must be aware that the New 4th Army still exists in Jiangsu's countryside. Now the New 4th Army has mighty resisting forces because it has its spheres of influence and organizations in the local areas." This is the general conclusion drawn by the Japanese aggressors on the struggle between the enemy and ourselves. It is unnecessary for me to cite further examples. The

arrogant Japanese aggressors which seemed to be invincible at the beginning of the war had to face the facts after suffering setbacks in the long-term mopping-up and cleaning-up operations. This evidently proves that the iron fist of our party and army has taught the Japanese aggressors to behave themselves.

VII. The Competition Between Destruction and Construction

I have just mentioned the countermeasures taken against the mopping-up and cleaning-up operations. This shows one side of the struggle in the enemy rear areas. The other side is the great construction work of our party and army in the struggle behind the enemy lines. Without crushing the enemy and puppet troops' mopping-up operations, it would have been impossible for our party and army to gain a foothold. It would also have been out of the question to talk of anything when the beautiful rivers and mountains do not belong to us. After solving the question of gaining a foothold militarily, it is quite obvious that the military struggle would not last long if we failed to carry out the necessary construction. Military successes in the enemy's rear areas shielded construction work, while construction work has supported military successes. While military successes are achieved by exhausting energy, construction work accumulates and preserves energy and can ensure supplies for a long time. This basic characteristic has run through the work of our party and army in the enemy's rear areas in central China over the past 8 years.

Our construction work has been carried out on the ruins left over after the enemy's destruction, under the enemy's encirclement, by means of a series of shock tactics, and in light of the principle of taking the interests of the war into account as well as using human, material, and financial resources sparingly. Our construction can be summed up as follows: First, the building of mass work; second, military building; and third, the building of new democratic political powers. The building of mass work proceeded from the people's vital interests and economic benefits, and from reduction of land rent and loan interest to organizing and training the masses, heightening their awareness, and mobilizing them to form a mighty anti-Japanese force. By conducting mass work over the past few years, we have organized the 30 million people in central China. This people's anti-Japanese army has become the solid basis of our party and army in the enemy's rear areas.

When our party and army started to organize the majority of the people in central China in 1942, namely, to thoroughly carry out the movement to reduce land rents and loan interest, millions of people went into action. With independent human dignity, they decided and managed their own affairs, adapted themselves to new circumstances, and took an active part in the war of resistance against Japan. The scene of such great mass movement shocked every corner in the countryside. The masses danced with joy for the reform of the tenancy system, an unjust and inhuman system which lasted for several centuries. This immediately led to a division among the gentry. Some enlightened people from among the gentry supported us, while others doubted the mass policy of our party and army. In order to lead the millions of people in fighting the war of resistance, our party implemented

its firm principle of the mass movement and removed all kinds of obstructions and resistance. Following the movement to reduce land rents and loan interest, our party put forward the new principle of transforming basic level political powers, supplying the masses with arms, and developing mass production. The implementation of the above principles enabled several million people to coordinate with our army in resisting the enemy's large-scale mopping-up operations. The victory of the people's participation in the war has proved that the strength of mass movement is directly manifested in resisting the enemy and saving the nation. Those who doubted the mass movement began to realize the correctness of our party's policy and that the party's mass policy, which has taken the interests of all strata into account and is the correct policy for resisting Japan and saving the nation. We persuaded the people who had doubts: "China should resist Japanese imperialist aggression and oppression. The whip in the hands of the Japanese injures the Chinese people and so does the whip in the hands of China's ruling class. The whip in the hands of the Japanese is different from that in the hands of China's ruling class, but they both can cause pain. There is no national line of demarcation between them. If we are willing to resist Japan in earnest, we must first lay down all whips. If some people are willing to lay down the whip in the hands of the Japanese, but not the one in their own hands and if they reserve the right to whip others, it would be unfair. Moreover, if they whip all the Chinese people and drive them away, who will go to help save the country from danger?" These remarks stated the necessity for democracy in the anti-Japanese national war. To try to enslave the workers and peasants, to regard the people as their cat's-paw in the anti-Japanese war, and to maintain their feudal autocracy intact are extremely reactionary ideas that are far behind the times. Through undergoing the three great revolutions, the Chinese people and the Communist Party will no longer be easily deceived. The reactionaries should open their eyes wide and see: This is the 1940's and the era in which the reactionary fascists of the world are going down to their doom!

I must all the more point out that mass movements should be unfolded not only in carrying out the war of resistance against aggression through armed struggle but also in launching mass production campaigns. Production campaigns in central China over the last few years concentrated on building water conservancy projects, improving crop cultivation, strengthening mutual aid in manpower, promoting textile industries, developing cooperative undertakings, combating famine due to crop failures and plagues of locusts, and encouraging the army and government offices to be self-sufficient in vegetables. In the course of these production campaigns, we encouraged the integration of the armed forces and the labor force, that is, adopting the slogan of combining fighting with production. In production work there emerged large groups of labor heroes and model workers and in the course of helping the people to tide over natural disasters, there also emerged large groups of able leaders and they all began to study and master techniques. The mass movement of this kind is really a constructive mass movement. The politics of new democracy is based on the material foundation of this great production campaign.

Our army building is based on a solid combination of the main force, local formations, and people's militia self-defense corps, which are strong in manpower resources. Local forces, such as independent regiments and battalions, county, district, and township armed forces, and guerrilla forces in various border regions, play a connecting role, while the main force, being well-equipped and powerful, plays the leading part in military and political affairs. Mutually dependent and supportive, the three have formed a powerful military force in the liberated areas, a force which is inexhaustible. The present main force of our army no longer has the status of a visiting army from Jiangxi Province as it did in the initial stage when it entered Jiangsu and Anhui Provinces. It has now become the Chinese people's own localized, popular army in central China. Our local forces and militia are no longer old-type peasant forces which used to be attached to their native land and unwilling to leave it. After being tempered by the war and educated through mass movements, they are now capable of fighting anywhere in the country and have gradually improved their combat efficiency. The general experience of our army building is to integrate the protection of the interests of the broad masses of local people with the national interests of smashing the enemy's mopping-up operations and the operations to rid the countryside of bandits in the war of resistance against aggression. This enabled us to build a powerful military foundation on the basis of the support of thousands upon thousands of people.

As for the construction of the state apparatus in the liberated areas in central China, we have first abolished the Bao-Jia (tithing) system of the feudal dictatorship and established a people's democratic conference [hui yi 2585 6231] system, which is different from the Soviet-style representative conference of workers and peasants, because it includes people of all classes and is also different from the various political advisory bodies, because under it, legislative and administrative bodies are directly formed by the people through democratic elections. The township people's congress is the highest organ of state power where everything is decided by a majority vote. Under the system, the people are in a position to initiate various undertakings and to arbitrate disputes among themselves according to their own wishes. Every district, county, and special district has its own interim legislature which elects an administrative committee in charge of government affairs. The CPC Central Committee stipulated that party members should not exceed one-third of the number of personnel in each organ of state power. The implementation of this three-three system has enabled people outside the party to take more seats in the legislature and enabled the democratic regime in the various liberated areas to become an entity in which all classes jointly manage government affairs. Consequently, many KMT members in various places in central China are taking an active part in government administration in the capacity of a KMT member. Many nonparty personages also participate in managing the government administration at various levels. The harmonious unity of all classes of the Chinese nation has really come true in various liberated areas. The Communist Party and the New 4th Army only have the right to support and no privilege to intervene in the government. Under the leadership of the government, all communists and officers and men of the New 4th Army must act as citizens

resisting Japanese aggression and enjoy the same treatment as other citizens do. This form of state power under new democracy is a new form of state power suited to the needs of resisting Japanese aggression and building the nation. Under this form of state power, the people have the right to adopt the lifestyles which they desire. The hideous evil doings of feudal enslavement over the last several thousand years have been finished off in a clean sweep. The people in central China live in a new land of freedom and democracy which they chose themselves for the first time since the dawn of history. In this free land people are preparing to ultimately drive the Japanese imperialism out of the land.

VIII. Recognize Difficulties and Overcome Them

In the course of the above-mentioned victorious struggle lasting 8 years, were we confronted with any difficulties? My answer is that we were confronted with tremendous difficulties. First, the enemy's mopping-up operations and the operations to rid the countryside of bandits endangered and hindered our work in all fields. Many tasks had to be carried out haltingly and took 1 or 2 years rather than 1 or 2 months as was usual for their completion. Second, some difficulties were caused by sabotage by KMT diehards in various fields, such as military attacks and disturbances created by their special agents. To this day the KMT army in central China is still attacking us. Third, our army, led by the party, is an independent army without any foreign financial or material assistance. Fourth, the present conditions in the areas behind the enemy lines which were wrecked by the enemy in the initial stage of resistance were the old, decadent systems forged by the KMT. They were not suitable for resisting Japanese aggression and saving the nation. Hence, we should create everything anew in this respect. Fifth, since the vast rural areas behind the enemy lines were scattered and divided, it was difficult to direct operations there in a centralized way and, moreover, the economic and production conditions were rather backward and the ability of the areas to give direct support to the war were limited. Therefore, everything had to be reformed and improved.

How did we overcome the difficulties? In the light of our practice over the years, we took the following ways: First, we drew on local resources and despised no backward or humble conditions because all conditions, after being processed, could serve us most effectively. Second, we used our own hands rather than sitting idle at home eating away our resources. Third, we learned from the people rather than being self-important and fond of lecturing people. Fourth, we drew supplies from the enemy in a manner of doing unto them what they do unto us, and armed ourselves with the weapons we captured from the enemy. Fifth, we stressed unity between the higher-ups and the lower levels and between the party, the government, the army, and the people and used favorable human and geographical conditions to form a mighty political superiority (climatic condition) so as to vanquish the powerful invading economy. Sixth, we made significant sacrifices in the last 8 years by relying on the party and the army. In fighting the enemy and the puppet regime, numerous soldiers laid down their lives for the country. They included party members and nonparty comrades. For example, to relieve the distress of the people and to work for the country with

absolute sincerity, Mr Lu Yu-ting, veteran general of the Northwest Army, and Mr Tung Han-chang from Hefei came over to our army with their troops and fought side by side with our party and they either died a glorious death for the country or died from constant overwork. Among the comrades in our party who gloriously laid down their lives for the country were: Peng Xuefeng, Deng Zhenxun, Wu Hengtong, Peng Xiong, Tian Sourao, Yang Xuecheng, Lin Yingjian, Hu Fajian, Long Shulin, Luo Huacheng, Luo Zhongyi, and Liao Haitao; those comrades who were killed in the Wannan incident, such as Xiang Ying, Yuan Guoping, Zhou Zhikun, and Zhang Zhenkun; and also more than 160 cadres at the regimental level or above, some 2,000 cadres at the battalion, company, and platoon levels, and at least 60,000 soldiers. However, the losses of our outstanding talented people and the cream of our army contributed to the cause of resisting Japanese aggression. Their heroic undertakings will illuminate the world and we will always cherish their memory. Seventh, we relied on the various kinds of help given to our party and army by the enlightened gentry in the various liberated areas in central China. They included the late Mr Han Kuo-chun and Mr Tsou Tao-fen who rendered considerable help to our army in the capacity of nonparty personages. After Mr Han died for his country, the army and people in central China incorporated his native place into Zishi County in memory of him, and after Mr Tsou died for his country, his cultural thinking of serving the masses has spread far and wide in central China, which is regarded as a model. At present, everywhere in central China there are nonparty personages who are fighting side by side with our army, becoming a helping hand for our army. Particularly our compatriots in Hong Kong, Overseas Chinese residing in areas covering Southeast Asia, the cultural and industrialist circles, the mass organizations of workers, youth, and women in Shanghai who have concern for and sympathy with our army have continuously given our army spiritual and material assistance over the last few years, thus making great contributions. In brief, without the help mentioned above, our party and army would find it more difficult to persistently carry out the war of resistance against aggression in central China. Our party and army must exert themselves so as to live up to their expectations.

Finally, the wise leadership of our party leader Mao Zedong and party Central Committee pointed out the direction of advance, regulated the progress of resistance, indicated various methods and far-sighted calculations for overcoming difficulties, and always urged us to make fewer mistakes while taking the road full of twists and turns, thus enabling us to forge ahead with firm strides. At present there are more, new difficulties awaiting us in the war of resistance in the areas behind the enemy lines. We must be more prepared to meet and overcome them.

IX. Get Ready To Counterattack and Greet Victory

The present war has entered a transitional stage of preparing and organizing a counteroffensive. Our party and army must get ready to organize all forces to carry out the counteroffensive. Prior to this, the invading enemy may launch final, large-scale mopping-up operations in the areas behind the enemy lines and therefore, instead of taking their strength lightly, we must work hard to preserve the present situation, be prepared

to launch a counteroffensive, and strive to win victory in the counter-offensive. This is the priority of our tasks in the transitional stage.

In order to smoothly tide over difficulties and to complete all preparations for a counteroffensive, first, it is necessary to make vigorous efforts in troop training, to heighten combat effectiveness, to study the art of war, and to improve tactics in operations and it is also necessary to sum up our experiences in leading troops and maintaining the army, to boost morale, and to be prepared to fight at close quarters. To put it briefly, troop training has become our central task at present. In central China the New 4th Army is now a 300,000-strong regular army, complemented by a militia force of 800,000 people. This is a great force. All military work must be centered on how to better train and organize this force and how to use it to finally defeat the Japanese aggressors.

Second, we must strengthen the relationships between the party, the government, the army, and the people so as to go all out to meet head-on the invading enemy with their desperate mopping-up operations and proceed to initiate the transition to the stage of the counteroffensive. We must clearly see that the present 30 million people in central China are a great force for preserving the present situation and counterattacking the invading enemy. Our party must examine its policies and art of leadership as well as its competence to command this great national army. The exemplary role of party members, the ability of party organizations to guide, and the party's work methods and democratic style must be improved or raised. We must be good at making suggestions, using cadres, learning from the masses, and keeping close to the masses of people. While preserving the present situation, we must endure with dogged will, use our brains soberly, and be able to build strong defense works and to fight to the death rather than becoming panic-stricken. In the stage of the counteroffensive, we must keep a clear head and march boldly forward. In the face of diverse and difficult military and political problems arising in the war situation, so long as our party is above all prepared ideologically, politically, militarily, and organizationally, it can withstand all tests and lead the army and the people on the road to final victory.

Third, we must conduct an extensive political offensive among the enemy and puppet troops and let them know with facts that the day of decision for victory or defeat in the current war is coming and that they should choose the road of helping themselves by expiating their crimes by good deeds. In accordance with the political prestige of our party and army over the last 8 years among the enemy and puppet troops, the explosion of this political shell will rock the internal structure of the enemy and puppet organizations and will help end the war rapidly as one may well predict.

Fourth, we must make solid and reliable preparations in all fields of endeavor in the enemy-occupied urban and rural areas. We must regard the formation of local troops as a central task and issue a solemn call to them to wipe out the Japanese invading troops at the right time so that they can get into action, annihilate the enemy, and clean up their remnants in coordination with the offensive launched by the New 4th Army, and proceed to accomplish the great cause of resistance.

Fifth, we must coordinate with the allied forces in their landing operations. Central and south China has a long coastline, 60 percent of which is in the hands of the New 4th Army. In regard to the possibility of allied forces choosing these places for landing operations, the New 4th Army has long been prepared to coordinate with them in military operations. The forces available for the New 4th Army to dispatch and the forces among the masses of people that can be mobilized are quite significant. We are reluctant to make a premature appraisal of the precise size of the forces as the time is not yet ripe today. We ask the Japanese aggressors to wait for the most decisive day.

Sixth, the day when the war of resistance is won must be a day when a democratic China is materialized to the full. The army and people throughout the country must keep a sharp lookout and make every effort to prevent the reactionaries from stealing the fruit of 8 bloody years of resistance and from continuing their reactionary rule. The New 4th Army in central China in particular must keep sober-minded and adhere to its stance of fighting the war of resistance independently so as to ensure the fruit of resistance is really in the hands of the people who have contributed to the war of resistance.

What I have mentioned above are the explanations I made under the direction of Comrade Mao Zedong to what our party and army have done and will do in central China. I submit this report to the congress for examination and direction.

I respectfully wish this Seventh National Congress of our party success.

CSO: 4004/37

A BEAUTIFUL ROSE WHICH WILL BE TREASURED FOREVER--ON THE TELEVISION SERIES
'FOUR GENERATIONS UNDER THE SAME ROOF'

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 17-18

[Article by Cao Yu [2580 4417]]

[Text] Every Sunday, my family and I remember that the series "Four Generations Under the Same Roof" will be on television. I have watched the series week after week, and have been excited by the show week after week. I have thought quite a bit about China, the Chinese, and the sufferings of the Chinese nation. Those historical scenes will stay in my memories all my life... I found "The Collection of Lao She," Volume 4, and began to read it carefully.

Reading the novel and watching the film series on the television almost at the same time, I found Lao She's "Four Generations Under the Same Roof" to be heartrending, rousing, indignant, and touching, giving me much food for thought.

The characters portrayed by Lao She were mostly people of no consequence who lived in the small alleys of old Peiping. They led an ordinary life which was trivial and even commonplace. They earned a living hand to mouth, but in peace, which they were quite used to. A small alley with one quadrangle accommodated households squeezed close to each other. A row of trees provided shade against the sun in the alley. Portrayed was a fair taking place at Huguo Temple, where happy people in beautiful attire were bound to appear; the paper-white vests of young men pulling rickshaws; the maize gruel smelling sweet even without much meat in it... The ancient and unique style of Peiping could be found everywhere until the outburst of the "7 July" incident.

Everything changed with the Japanese imperialist invasion. Peiping became a bleeding creature trampled under a wild beast. The people living in this ancient city changed as well, becoming a people who suffered and were bullied. The most profound changes were those in their minds. In their minds, which originally knew only earning a living, abiding by the law, behaving, being respectful to their parents and grandparents, and the happiness of a family with four generations under the same roof, hatred, love, a sense of responsibility for the nation, and the stirrings of resistance now

burst forth. They were not heroes, these people of no consequence; perhaps they would never be. However, in the face of the aggressors, they felt every inch Chinese in the depths of their hearts! When they thought, when they did anything, when they suffered, and when they expressed their hatred, they were all saying to themselves: "We are Chinese."

Lao She understood very well the people he described, and expressed his deep sympathy and great admiration for these working people. The scenes portraying the death of Xiao Cui and what the neighbors did for Mrs Cui after her husband's death left me with a very deep impression. These ordinary Peiping people resisted the cruelty of the aggressors through their unity and mutual support. They did everything within their capability.

While there were hearts which maintained their brilliance despite being bullied and humiliated, there were souls which were mean and ugly that took joy in insulting and humiliating others. Sometimes I was astounded at the ugliness of such souls. Lao She gave a profound and thorough portrayal and exposal of the heartlessness of those beasts, and expressed the sadness of the fact that they knew no shame in betraying their nation.

"Four Generations Under the Same Roof" portrays the unforgettable days of the Peiping people--days always to be remembered by the Chinese people. Japanese militarism brought the Chinese nation suffering and humiliation, as well as the courage to struggle and for vigilance. Likewise, the aggressive war brought the Japanese people great disasters. The misfortune of one of the elderly Japanese women in "Four Generations Under the Same Roof" precisely demonstrates this. Both the Chinese and Japanese peoples suffered in and hated the aggressive war. All aggressors will inevitably die from aggressive acts. All this should be well remembered by our people today and serve as a warning to those who still hold militarist ideas.

The television series "Four Generations Under the Same Roof" is outstanding. It has truthfully expressed the style of Lao She's works. A strong and open atmosphere of local conditions and customs runs through the show from the very beginning. It has recorded history as well as the local customs of Peiping. It has depicted the Peiping people, and the ideas, feelings, and lifestyle peculiar to them at that time. Such profound and simple style is inseparable from the deep understanding of the work on the part of the director. The understanding of a piece of artistic literature and adaptation of it into television art is a science. It is worth the study of television producers, since television has a very large audience today. It is a serious and solemn undertaking. The collective creation of "Four Generations Under the Same Roof" has set us a very good example in this respect. The direction, performances, scenery, lighting, make-up, costumes, and props have all made appropriate contributions to the completion of this artistic work. It is precisely the combination of imagination and the pursuit of truth that has made the film series perfect and exquisite.

Particularly worth mentioning are the artists in this television series. They have closely followed the style of the original novel and concentrated their talents on the body and soul of every character. Watching the

performances, I believed them to truly be Old Man Qi, Yunmei, Ruixuan Ruifeng, the fourth Aunt, Xiao Cui, Mrs Cui, Inspector Bai, Da Chibao, Guan Xiaohe...come to life. These actors and actresses have expressed the understanding and actions of the characters they portray. This is worthy of our admiration and praise. As an audience member sitting in front of my television set, I have wanted to thank them whenever I watched the show. Many thanks to the artistic creators who have presented us such a wonderful television series through their efforts. I hope more people in China and Japan and in all countries of the world will see it in order to understand our people, our history, and our art.

I was heartbroken when I saw the death of Old Man Tianyou on the series, and I associated Mr Lao She and his death. He died unwilling to suffer humiliation as well, very much like Old Man Tianyou in his novel, who drowned himself in a river in Beijing. Watching Old Man Tianyou, the image of Lao She appeared before my eyes. Although I did not see Lao She when he died, I think I knew what it had been like. I cried during the scene for Old Man Tianyou, but the more so for Lao She.

In 1946, Lao She and I visited the United States at the invitation of the U.S. Department of State. Having toured the country east and west, we settled down in a rented house on a quiet street in New York City. We spent much time together; however, we seldom had time for idle chat, as he was completely submerged in creative writing. In the morning he would shut himself in his study. Sometimes I found him concentrating on reading a novel by the great U.S. novelist Faulkner. Faulkner's language was rather subtle, but Lao She found it very interesting. I knew that by shutting himself in his study he could concentrate on his latest piece of creative writing, which seemed to be a lengthy work. He did not mention it, and I didn't ask. Later, I found out that he was writing a sequel to "Four Generations Under the Same Roof." It was a third volume, to be called "Famine." Even while he was in a foreign land, he was thinking of things in the motherland, meditating, and worrying about problems in the motherland. He finally completed his patriotic masterpiece, hoping for the prosperity of the motherland in the future.

People say Lao She was a great man of letters, a greater painter of the local conditions and customs in Peiping, and a great master of the Chinese language and the portrayal of characters. They also call him many other things which make the Chinese people proud. To my mind, Lao She was primarily a great patriot.

In his novel "Four Generations Under the Same Roof," we find the following passage: "You are soft and beautiful, like a flower. Your beauty is derived from the moisture and sunlight you have absorbed but is provided for the world. However, you are so vulnerable. The more beautiful you are, the more you will invite relentless fingers which will crush you until you die. Perhaps it is the same with a flower, a city, and a culture! The wisdom of a rose lies not only in its beauty and fragrance, but its thorns! Only together--the thorns, fragrance, and beauty--will a rose be safe, lasting, and prosperous!"

The works of Lao She, especially his "Four Generations Under the Same Roof," are forever a precious rose.

BE PERSISTENTLY LOYAL TO AND PROFOUNDLY AFFECTIONATE TOWARD COMMUNISM--MARKING
THE 85TH ANNIVERSARY OF THE BIRTH OF MY TEACHER, COMRADE WENTIAN

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 19-25

[Article by Deng Liqun [6772 4539 5028]]

[Text] This 30 August is the 85th anniversary of the birth of Comrade Zhang Wentian, and 1 July is the 9th anniversary of his death. Thanks to the concern and supervision of his old comrades-in-arms and joint efforts exerted by several of his students, friends, and relatives, "Selected Works of Zhang Wentian" has recently been published. This is the best memorial to Comrade Wentian. At this moment, words can hardly describe the feeling of gratification of all of his comrades-in-arms, students, relatives, and friends.

I have felt for many years that he deserved such a tribute. The 3d Plenary Session of the 11th CPC Central Committee held in December 1978, rehabilitated Comrade Peng Dehuai and Comrade Zhang Wentian. On 22 May 1979, I went to the Beijing railway station to receive his ashes, which were later buried at Babaoshan. In August of the same year, a memorial meeting was officially held. At the meeting, on behalf of the central authorities, Comrade Xiaoping delivered a memorial speech reaffirming Comrade Mao Zedong's just appraisal of Comrade Wentian that his "merits outweighed his faults." At present, selected works of Comrade Wentian and the book "Recalling Zhang Wentian" have been openly published. Life is progressing. Comrade Wentian's status and role in the history of the party have been recognized by more and more people. However, I do not yet feel that the suffering and death of Comrade Wentian have been appeased. As his student and subordinate, I hold his character and knowledge in high esteem. I think it is my duty to write something to commemorate him.

In the summer of 1976, when the campaign of the so-called "repulsing of the rightist deviationist wind to reverse correct verdicts" was launched, a "new upsurge" was begun to criticize the "three big poisonous weeds." The office in charge of political research under the State Council was regarded as the "source revealing the harmful writings." The "gang of four" tried to ferret out the "backstage supporters" of the "sources." During a recess of a repudiation meeting, a comrade told me that Comrade Zhang Wentian had died. He immediately handed me a copy of XINHUA RIBAO for 13 July. The 78-character

report was printed in the lower right corner of page 3. Several friends and students of Comrade Wentian circulated the paper and read the report without saying a word. Returning to the conference hall, I heard somebody criticize him, and saw somebody put on a grave face. However, I was lost in thought. The past events over scores of years involving my teacher and myself leapt up vividly again before my eyes. After 1959, he was in a difficult position. We rarely met each other except at meetings. In 1964, I was sent to the countryside to take part in the "four clean-ups" movement. During the "Great Cultural Revolution," our contact was completely cut off. I was told that he continued to work quietly and study diligently. He carried out economic surveys and continuously sought truth and conducted investigations. When he left us so quietly, I could not even present a bunch of flowers to express my grief and mourn his death. I could only bury all this in my heart.

While I was deep in meditation, an event which happened shortly after the "Great Cultural Revolution" suddenly struck me. Several comrades and I, who were separated from the masses, did manual labor every day in the yard of the institution where we were. I read a big-character poster intermittently which said that a rebel organization of a certain university in Tianjin had questioned Comrade Wentian about the issue of the "61-men clique." The big-character poster also had a copy of a short letter by Comrade Wentian. The letter said that to help those 61 comrades be released from prison, Comrade Liu Shaoqi, the then secretary of the northern bureau, presented a report to the central authorities. The report was approved by Comrade Wentian, and he said that he was wholly responsible for the event. After the end of the "Great Cultural Revolution," I heard Comrade Liu Ying say that Comrade Wentian had written two letters to Kang Sheng asking him to help the central authorities clarify this matter. Kang Sheng not only withheld the letters, but also accused Comrade Wentian of "creating confusion." He warned him not to write any more letters. Before the 7th CPC National Congress, an official judgment had already been passed on the history of the 61 comrades who had been released from prison. Many comrades inside the party knew all the details and how these comrades carried out their struggle in the prison. However, during the "Great Cultural Revolution," things were turned upside down and enemies and friends were transposed. Comrade Shaoqi's efforts to rescue those comrades with the approval of the central authorities were regarded as a "plot." The relations between Comrade Shaoqi and those comrades were regarded as the relations of a "renegade clique." I believe that during the "Great Cultural Revolution," Comrade Wentian was paraded through the streets and struggled against because of his connections with Comrade Peng Dehuai, who was also ferreted out and struggled against at that time. The matter of the Lushan meeting was mentioned again. An increasingly higher importance was given to the matter. He was imprisoned and in a very difficult situation. Apart from facing severe political pressure, he faced a problem of primary importance which involved the safety of and danger to the entire party. In the meantime, he was repeatedly compelled to give confessions. As described by Comrade Shangkun in his article on Comrade Wentian, under such circumstances Comrade Wentian never "shifted responsibility onto others or talked ambiguously." He "swallowed humiliation, bore a heavy load, took the interests of the whole into consideration,

and was held fully responsible for events" in order to protect Comrade Shaoqi and other comrades. Time reveals a person's heart, and a long acquaintance can only be tested in times of difficulties. Comrade Wentian deserved to be called a model communist intellectual. I was deeply touched by his deeds. When I was in a difficult position, I thought of purifying my soul and my party spirit. I was determined to be faithful to facts and history. When I was put in a small isolation room, I thought of the great undertakings of the party. The boundless loyalty and lofty spirit expressed by Comrade Wentian and many other veteran comrades supported me during the whole strenuous course of the "Great Cultural Revolution," and helped me to withstand the pressure from the campaign of the so-called "repulsing the rightist deviationist wind to reverse correct verdicts."

After the smashing of the "gang of four," Comrade Wang Zhen repeatedly told me that according to information provided by Comrade Liu Ying, during the "Great Cultural Revolution," Comrade Wentian time and again mentioned his students whose names he could still remember. He hoped that they would stand up to all tests and that they would withstand political pressure. He frequently revealed his true feelings of trust in his students. He continued to do so even when he was confined to bed and to his last breath. After returning to Beijing, Comrade Liu Ying told me again that when my personal history was reviewed, RED FLAG magazine sent people to question Comrade Wentian about me. In answering the questions, Comrade Wentian pointed out my merits and weak points and said that I had no political problems. When writing related material, he said that his relationship with me was one of comrades. Comrade Liu Ying handed me these materials personally written by Comrade Wentian. I will keep them forever as a precious legacy from a teacher to his student. During the "Great Cultural Revolution," we lived far from each other and could not communicate with each other. However, the teacher still thought of, showed concern for, and trusted his student, as did student regarding teacher. Our hearts were linked. His works written when he was critically ill and his lofty moral character still educate his students who are alive. However, it is too bad that the teacher can no longer personally examine the performance of his students, and that his students can no longer report to him and ask him for advice!

In April or May 1978, Comrade Wang Zhen asked me to go to his home. He solemnly transferred to me articles totaling 400,000 characters written by Comrade Wentian, which Comrade Liu Ying wanted him to keep. These articles were written by Comrade Wentian from 1962 onward. Comrade Wang Zhen asked me again and again to conscientiously sort out and edit these articles and publish them as early as possible. With my hands holding these articles, I became very excited. At home, I read through these articles. Some were reading notes; some were notes on what he had gained from study and research; some others were well-written articles or comprehensive theoretical works. While reading these articles personally written by Comrade Wentian, his countenance and smile came to mind, and I could see him bending over a desk reading.

In May 1941, after listening to a report on "reforming our study" made by Comrade Mao Zedong in Yanan's Yangjialing Assembly Hall, Comrade Wentian was the first central leading comrade who voluntarily asked to go to the countryside. He led a rural investigation group to carry out studies and investigations in the northern part of Shaanxi and the northwestern part of Shanxi. The work lasted 14 months. After returning to Yanan, he wrote an article entitled "Notes on Starting Off and Returning Home." In the article, he wrote what he had learned from the investigations and seriously analyzed his study style. The article showed that he had completely accepted the ideological line of seeking truth from facts advocated by Comrade Mao Zedong, and that he had become ideologically and theoretically mature. After the party rectification campaign in 1944, the central political research office was reorganized and the central political materials office was established. In June of the same year, the organization assigned me to work as his secretary. Soon afterward, we did preparatory work for the publication of CANKAO ZILIAO. He was an editor in chief of the journal, and I worked as a secretary in the reference room. As his assistant, I took part in the editing of the journal. After discussions on selecting the topics for each issue, he used to personally take charge of the work on one or two topics. He personally did the work of collecting and sorting out materials, drafting and writing articles, and so on. After soliciting opinions from the persons concerned, he revised the articles. He always told comrades in charge of other topics that they should have a large quantity of accurate data. After they had finished writing their articles, he repeatedly discussed the articles with them and worked with them to revise the articles until they were finalized. He repeatedly told us that while studying problems, we should proceed from reality and base everything on data. We should avoid drawing a conclusion before sorting out and analyzing the data concerned. He stressed that we should use the stand, viewpoints, and methods of Marxism to sort out and analyze data, and draw scientific conclusions from them. Our conclusions should be based on data. We should be careful to avoid making subjective guesses, drawing inferences out of the blue or drawing a forced analogy because of insufficient knowledge. After the party rectification campaign began, comrades working in the reference room generally came to understand that theoretical workers should study practical problems rather than paying attention to the wording of the articles alone. However, they were unfamiliar with research work and the work of collecting, sorting out, and analyzing data. Comrade Wentian taught them by personal example as well as verbal instruction so that they gradually established a correct study style and enhanced the level of their research work. This was the start of my study of practical problems, and my first teacher was Comrade Wentian. His teaching and exemplary role enabled me to understand the way to carry out research work in order to achieve better results. I will never forget this.

After reading those unpublished articles handed to me by Comrade Wang Zhen, I knew that in subsequent years, although Comrade Wentian was in a difficult situation, he maintained the spirit of studying hard and being conscientious and meticulous until he was critically ill and could no longer hold his pen.

Later I invited some of his students who were in Beijing, including Ma Hong, Zeng Yanxiu, He Fang, Xu Dashen, Sun Shangqing, and others, to discuss the matter of extensively collecting the manuscripts of Comrade Wentian. We decided that his literary works would be published separately, and that the rest would be compiled into "Selected Works of Zhang Wentian." In addition, several articles would be selected from those 400,000-character manuscripts for open publication. On 25 and 27 August 1979, the articles "Politics and Economy Under Proletarian Dictatorship" and "Inner-Party Struggle Should Be Correctly Carried Out" were published in RENMIN RIBAO. Through these articles, readers understood Comrade Wentian's real knowledge, deep insight, and theoretical courage. These articles played an important role in the drive of bringing order out of chaos.

After the surrender of the Japanese imperialists in August 1945, Comrade Wentian voluntarily applied to work in the northeast. His application was approved by the central authorities. Several comrades of the reference room, including myself, also applied to work in the northeast. We submitted our applications to Comrade Wentian, and they were approved by the central organizational department. We left Yanan for the northeast separately. Later I learned that the article "Several Opinions on the Work in Manzhou," published on 30 November 1945, which was a very important document in the struggle for success in the northeast, was discussed by Comrade Chen Yun, Comrade Wentian, and Gao Gang. A unanimous agreement was reached in the discussion that the article would be drafted by Comrade Chen Yun and then be submitted to the Northeast Bureau and the central authorities in the names of Chen Yun, Zhang Wentian, and Gao Gang. I also learned that Comrade Wentian was later assigned to work as provincial party secretary of Hejiang. In early 1948, DONGBEI RIBAO published a report by the Northeast Bureau, summarizing the experience of land reform in the region. The report said that the development of land reform in Hejiang Province was healthy, and that the provincial CPC committee was stable in implementing the policy. It particularly praised the province for doing well in uniting with the average peasant and protecting national industry and commerce. In July of the same year, the organizational department of the Northeast Bureau transferred me to work in the inspection group under the bureau. After a separation of more than 3 years, I met Comrade Wentian again in Harbin. I was fortunate enough to work again under his direct leadership. After meeting him, he repeatedly told me that he had gained experience and drawn lessons from the practical work of the previous 3 years or so. He said that he needed time to study quietly and that he wanted to study Comrade Mao Zedong's works and the works of Marx, Engels, Lenin, and Stalin. Comrade Wentian also told me that the central authorities had decided to reprint Chapter IV of Lenin's "'Left-Wing' Communism, an Infantile Disorder" in order to call on the entire party to overcome the tendency toward empiricism. He wanted me to conscientiously study and grasp the essence of the article. Under his guidance, I wrote two articles on the special topics of summing up experiences and drawing lessons. They were published in DONGBEI RIBAO after his examination.

During that period, Comrade Wentian gave me the draft of "An Outline of the Economic Structure and Basic Principles for Economic Construction in the

Northeast," which he had written. He wanted me to read it. The article enlightened me and helped me expand my field of vision. Before studying the article, although I said that we should persist in adopting an overall viewpoint in work, actually I only paid attention to the overall situation of the land reform in the rural areas. I neglected the overall situation of economic development in the northeast after land reform. Although we examined the mistakes in the work of land reform in accordance with the general principle of land reform, we never thought about entering a socialist transitional period after the victory of the new democratic revolution. Although we knew that after the land reform we would launch a campaign of mutual aid and cooperative production in the rural areas, we never thought of simultaneously carrying out cooperative activities in the supply and marketing field. Comrade Wentian's article broadened my horizons and enabled me to see the bright prospects for socialism. I was unable to hold back my excitement, and copied the article immediately. I sent it to Comrade Wang Lu, the party secretary of Qingxian County in Jilin Province where the experience in carrying out cooperative work in supply and marketing had been achieved. I asked him to send the materials concerned to me. Very soon after, I got a reply from Comrade Wang Lu saying that after reading Comrade Wentian's article, he was very excited. He sent me the materials I wanted. After reading these materials, I gave them to Comrade Wentian for reference. In the meantime, I asked DONGBEI RIBAO to send reporters to the county to cover the new things which had happened there. I revised the reports sent back by the reporters and reported them to Comrade Wentian. These reports were later published in DONGBEI RIBAO. From then on, I had a close relationship with Comrade Wang Lu. He continuously sent me the new materials and told me his opinions, proposals, and views on many topics. I also wrote him frequent letters, asking him about the situation and urging him to make investigations and studies on certain subjects. By that time, the Northeast Bureau had moved from Harbin to Shenyang. I presented the material sent by Comrade Wang Lu to Comrade Wentian after sorting it out. He said that he was happy to read the material, and instructed DONGBEI RIBAO to publish it. I concentrated my efforts to studying the experiences of Qingxian County in establishing supply and marketing cooperatives and reading Comrade Mao Zedong's works on economic and financial problems, his articles on the cooperatives in the southern district in particular. In the meantime, I studied the classical works of Marx, Engels, Lenin, and Stalin on guiding peasants to march along the path of mutual aid and cooperation. When I encountered problems in my study, I reported them immediately to Comrade Wentian.

In December 1948, Comrade Wentian asked me to write a draft resolution and draft rules and regulations on rural supply and marketing cooperatives. These would state that while purchasing agricultural products and selling industrial products and daily necessities, a principle of serving members of the cooperatives and ensuring small profits but quick turnover would be followed. In supply and marketing activities, friendly competition with private commerce should be encouraged. Peasants should be urged to become shareholders, and the amount of their shares should not be restricted. They should share bonuses based on profits. Rich peasants could also become shareholders, and the amount of their shares was not restricted either. With

regard to the matter of dividing bonuses, they were to be treated equally with the peasants. However, they had no right to vote or to stand for election. After the publication of the draft resolutions and draft rules and regulations, Comrade Wentian told me that comrades of the Northeast Bureau had unanimously approved them. However, not long after that, at a meeting of directors of commercial bureaus in the northeastern region, some comrades said that the method of dividing bonuses based on profits was wrong. Comrade Wentian discussed their criticism repeatedly with me and several comrades working at his side. We did not accept the criticism. He wanted me to draft "opinions on the issues of dividing bonuses based on profits in the rural supply and marketing cooperatives and other areas." During the period of drafting the document, he came to my office almost every day to express his views on the issue concerned. He signed the document after revising it, and then submitted it to the Northeast Bureau. His views were later confirmed by Comrade Mao Zedong, and practice proved that they were correct.

In December 1948, Comrade Wentian resigned from his post as director of the organizational department under the Northeast Bureau, and the investigation group of the bureau was dismissed. Recommended by Comrade Wentian and approved by the organizational department of the Northeast Bureau, Comrade Yong Wentao and I were respectively appointed director and deputy director of the financial office. Comrade Wentian personally organized cadres at and above the level of departmental head to study various chapters and sections after Chapter 9 of "History of the Communist Party of the Soviet Union (Bolsheviks)." A discussion was held once a week. At each and every discussion, he repeatedly expounded his ideas contained in "An Outline of the Economic Structure and Basic Principles for Economic Construction in the Northeast" in light of the true situation of the entire northeast after liberation. Returning from the Second Plenary Session of the Seventh CPC Central Committee, he relayed the spirit of an important speech delivered by Comrade Mao Zedong so that people could clearly understand the situation in the transitional period from the new democracy to socialism after the victory throughout the country.

In April 1949, the Northeast Bureau decided to establish Liaodong Province, and Comrade Wentian was appointed party secretary of the province. I was transferred to work as director of the policy research office under the Liaodong Provincial CPC Committee. In early May, I accompanied Comrade Wentian to go to Andong City (what is now Dandong City). In early June, Comrade Wentian told me that he had received a telegram from the central authorities. He wanted me to hand over my work to other comrades immediately and report for duty at the central government. Before departure, he invited me to dinner at his home. During the dinner, he said that he had originally intended to study the problems of guiding principles and policies concerning the economy of the northeast and the whole country in light of the practical work in Liaodong. He wanted me to become his assistant to help him make investigations and sort out materials. Although he did not speak too much at the dinner, I knew he was sad and reluctant to part. Comrade Liu Ying, who was present at the dinner, was also deeply touched by this. Comrade Wentian said that since the order for transfer issued by the

central authorities had arrived, he could not object to it. He asked me to report for duty immediately. The same night, I left Andong for Beiping via Shenyang. Although all this happened 36 years ago, it is as fresh in my mind as if it had happened yesterday.

In August 1949, I returned to Xinjiang's Yili from Moscow, and arrived in Urumqi in September. Not long after that, Comrade Wentian was appointed Chinese ambassador to the Soviet Union. In the summer of 1952, he returned to Urumqi via Alma-Ata of the Soviet Union to examine the implementation of the Sino-Soviet treaty in Xinjiang. I accompanied him to visit textile plants, power plants, farm machinery plants, cement plants, automobile repair and spare parts plants, and an opencut coal mine. Comrade Wang Zhen briefed him on how the PLA units stationed in Xinjiang conserved food and clothing in order to open up wasteland areas and develop agriculture. He also briefed him on their future plans. Comrade Wentian was happy about the great achievements made by the Xinjiang sub-bureau and production and construction corps headed by Comrade Wang Zhen in the short period of only a year or so.

In October 1952, I was transferred to Beijing and worked in the general office of the CPC Central Committee. Every time Comrade Wentian returned home to report on his work or on a vacation, I called on him. He used to tell me what he had seen and heard in the Soviet Union and his views on certain matters. In 1955, he returned home and was appointed the first vice foreign minister. Thereafter, I visited him once every several months. Very often we went to the Summer Palace or the Temple of Heaven to walk. He frequently expressed his views that we should take an active part in the world peace movement, but we should have our own views. He also said that we should study international laws and that we should deal with different laws in different ways. He stressed that the focal point of our foreign policy should be Asia, Africa, and Latin America in order to support their struggle for national liberation, national independence, and the development of their national economies. He emphasized that the Chinese embassies in foreign countries should organize their staff members to study the economies, politics, and culture of the countries in which they were stationed, and that we should strengthen our study of international economies since World War II. He also made his own analysis of the tendency to boast and exaggerate during the "Great Leap Forward" and the tendency to effect the transition to communism prematurely. He also expressed his views on a number of theoretical problems. He continued, as always, to treat people in an equal and comradely way. He talked a great deal. Although he seldom said anything astonishing, he expounded matters in a well-conceived way and his arguments were convincing. Every time I talked with him, I always felt as if I had taken a useful course. It helped me widen my vision, enrich my experience, and clear my mind of doubts about some problems.

In November 1960, Comrade Wentian worked as a special research fellow of the Economics Institute under the Chinese Academy of Philosophy and Social Sciences. As a scholar, he began to carry out special research on the economic problems of socialism. He continuously took notes on what he had learned and submitted his reports to the CPC Central Committee and Comrade

Mao Zedong. The general office of the CPC Central Committee gave copies of these notes to me. Before I was sent to take part in the "four clean-ups" movement, I read several articles from his "Study Notes on Politics and Economics." There is no denying the fact that some viewpoints contained in the articles were not tenable. This is understandable because they were influenced by the ideological trends of the times. This is one aspect of the matter. A more important aspect of the matter is that from these articles, especially the seven articles written from August 1961 to February 1964, which are published in the book of his selected works, readers can see that Comrade Wentian was loyal to communism, the party, and the people. He studied hard, carried out thorough investigation, and pursued his studies meticulously. Although he was lonely, he was firm and persistent in seeking truth. His theoretical summation based on practice and many of his original views still enlightened people. The valuable spirit which runs through Comrade Wentian's articles is admirable and encouraging.

I worked twice at the side of Comrade Wentian for a period of more than 2 years: from June 1944 to October 1945, and from July 1948 to May 1949. Before June 1944, I was already his student. How I was educated by Comrade Wentian is still fresh in my mind, and I can never forget this.

I arrived in Yanan in April 1937. After that, I was assigned to work as a secretary in the educational department of the central party school. On 1 July of the same year, teachers, students, and staff members of the school held a rally to mark the 16th anniversary of the birth of the party. This was the first time I had attended such an open and solemn rally since I joined the party. All central leading comrades in Yanan were present at the rally. Apart from Comrade Li Wei-han, who presided over the rally, those who delivered speeches at the rally included Comrade Mao Zedong and Comrade Zhang Wentian. This was also the first time I had been educated about party history. Later, I listened to reports criticizing Zhang Guotao by Comrade Mao Zedong and Comrade Zhang Wentian at a small auditorium in Yanan City. This was the first time I learned about inner-party struggle concerning principles.

In April 1938, the Institute of Marxism and Leninism was established, and Comrade Wentian was made president of the institute. I was sent by the party school to study in the institute. In accordance with the principle of proceeding from the close to the distant, from concrete to abstract, and having condensed and concentrated an educational program, we spent the first 3 months studying the basic problems of Leninism, political economics, and basic experience in party building. Then we spent another 3 months studying Chinese modern history, the modern history of the West, and philosophy. The subject of the basic problems of Leninism was taught by Comrade Wu Liangping. After the completion of each topic, Comrade Zhang Wentian presided over a question and answer session which lasted half a day. He raised different questions and asked different comrades to answer them by grasping the main points of these questions in light of the realities of the revolution and the different situations of old comrades and new comrades, comrades who had practical experience, and comrades who had book knowledge. In so doing, he could assess the level of understanding of the

students. He then gave summation lecture with definite objects in mind. When he raised questions, his students feared that they would be asked to answer the questions and that they would not be able to answer them clearly and accurately. They also feared that other comrades would listen to their answer and know which questions they had answered well and which questions they had failed to answer accurately. When he finished asking questions, all the students breathed a sigh of relief and listened to his lecture. When Comrade Wentian gave a lecture, he used to explain matters in simple and unadorned language. He thought very clearly and explained the profound in simple terms. His lectures enabled all the students to carry out a comprehensive study of what they had learned from books and the lessons given by teachers, and to integrate them with their views. In so doing, they deepened their understanding of Marxism and Leninism. After the class, on the one hand they feared that they would be asked to answer questions the next time. On the other hand, they eagerly anticipated the next class and its questions and answers.

Educational materials about the history of the modern Chinese revolution were based on Comrade Wentian's lecture notes compiled at the Anti-Japanese Military and Political College. His lectures ended with the topic of the failure of the great revolution in 1927. At the Institute of Marxism and Leninism, Comrade Wentian gave a lecture on the topic of a "reactionary period between the two high tides of the revolution." He also gave four or five lectures on the topic of the "Soviet revolutionary movement." He talked about the establishment, development and setbacks of the base areas, and analyzed the correctness and mistakes of the guiding principle and policies for the building of these base areas in light of the problems that had occurred.

In regard to the line, guiding principles and policies for the period of the war of resistance against Japan, he spent 5 or 6 half days at the Institute of Marxism and Leninism relaying the spirit of the Sixth Plenary Session of the Sixth CPC Central Committee and explicitly expounding the correctness of Comrade Mao Zedong's ideas, and criticizing the rightist deviationist capitulationism of Wang Ming without mentioning him by name. He also reported on the strategy of the anti-Japanese national united front, and relayed the spirit of the instructions issued by the central authorities. He sent more than 10 students, teachers, and staff members of the institute to listen to the speech delivered by Comrade Mao Zedong on the topic "on protracted war." They then relayed the spirit of the speech and organized people to discuss it. He personally invited Comrade Mao Zedong to give reports at the Institute of Marxism and Leninism. The reports, which I can still remember, included a report on the "problems of war and strategy," a report on opposing capitulationism, and a report on the topic "on new democracy." He also invited central comrades such as Zhou Enlai, Zhu De, Chen Yun, Li Fuchun, and others to give reports on the work concerned. Comrade Zhang Qilong and Comrade Wang Xuewen, who were responsible for the day-to-day work of the institute, invited party, government, and military leading comrades, who had returned from the front, to give reports at the Institute of Marxism and Leninism.

In regard to party members' character, morals, personal development, and training in party spirit, Comrade Wentian personally lectured on "problems of getting along with people." He invited Comrade Shaoqi to give a report on "how to be a good communist," and Comrade Chen Yun to give a report on "how to become a Communist Party member." He also organized other reports on the party policies for cadres, the work of party branches, and so on.

The lectures and reports given at the Institute of Marxism and Leninism by central leading comrades, Comrade Wentian, and other teachers provided students with basic education on Marxism and Leninism, the history of the party, the line of the party, and the principles governing inner-party life. As far as I am concerned, before joining the party, I truly believed that only the CPC could save the Chinese nation. I had revolutionary zeal and was determined to sacrifice myself in order to save our nation. However, it was only after studying in the central party school for 4 months and working in that furnace of revolution for 8 months that I initially began to understand the law of development of the society; the differences and connections between the minimum program and maximum program of the CPC; the significance of the victory of the Chinese revolution which went through a process of struggle, defeat, struggle again, and defeat again until the final victory; the principle governing inner-party life; and the way to strengthen my training in party spirit so that I could become a qualified party member who conformed to the demands of the party constitution. My 6-month study at the Institute of Marxism and Leninism enabled me to further complete, deepen, and enhance my understanding of these problems. It played a key role in my growth as an intellectual Communist Party member and the formation of my communist world outlook. When I encountered setbacks, was accused of committing mistakes, or was in a difficult position, I never admitted defeat. I endured all the hardships and survived. I always thought of the lessons taught by our president Comrade Wentian and other central leading comrades at the Institute of Marxism and Leninism, as well as the lessons provided by comrades such as Wang Xuewen, Ai Siqi, Wu Liangping, Yang Song, Chen Chang Hao, and others. I always encouraged myself and struggled so as not to let them down.

Another class of students was recruited in autumn before the graduation of the first class. In May 1941, the Institute of Marxism and Leninism was reorganized. In July of the same year, it was turned into the Central Research Institute. There were classes in the Institute of Marxism and Leninism, and the number of the students was less than 1,000. The purpose of establishing the institute was to train party cadres responsible for propaganda and theoretical work. Many of the students studying at the institute were formerly cadres working in various institutions in Yanan, on the front, and in various base areas. They had varying degrees of practical experience. After graduation, most students were sent to the front or the areas of Shaanxi, Gansu, and Ningxia to do practical work. Some comrades were selected from among the first group of graduates to work with some comrades from the Anti-Japanese Military and Political College and the public school of northern Shaanxi in the newly established Marxist and Leninist research office, the research office for political economics, the research office for philosophy, the research office for the problems of

China, the research office on Chinese history, and the editorial and translation office. After the rectification campaign in Yanan, the education at the Institute of Marxism and Leninism was criticized for its failure to integrate theories with practice. I personally believed that those who were sent to various localities to do practical work after studying basic theories at the institute could more easily solve the problem of integrating theories with practice. Those who worked at the institute after graduation or were assigned to do research or teach, including myself, did have the tendency to pay too much attention to book knowledge and neglect practical work. We must say that this was connected with Comrade Wentian's failure to stress the importance of integrating theories with practice. After Comrade Mao Zedong delivered his report "Reform of Study," Comrade Wentian tried to overcome this defect by organizing an investigation group to go deep into the rural areas to carry out investigations and studies. Other comrades also received education about the rectification campaign. They realized the importance of going to the grassroots units, establishing links with the masses, proceeding from reality, and studying practical problems.

In the autumn of 1939, I was transferred to work as director of the educational department under the dean's office of the institute. After that, I was promoted to deputy chief of the dean's office. Later I succeeded Comrade Wang Xuewen as chief of the dean's office. At that time, the leadership system of the institute was that there was a general party branch which was composed of elderly, middle-aged, and young cadres. Under the leadership of Comrade Zhang Wentian, the general party branch was in charge of the teaching and administrative work of the whole institute. The secretary of the general party branch was Comrade Zhang Qilong. Members of the standing committee of the general party branch included Comrade Wang Xuewen, who was vice president of the institute, Comrade Li Guohua, who was director of the organizational department, Comrade Wang Taojiang, who was director of the administrative department, and myself. At that time, I was concurrently director of the educational department under the general party branch. Our relationship was close and harmonious. I was a student of Comrade Wentian. I was also working under his leadership. Under normal circumstances, Comrade Zhang Qilong and Comrade Wang Xuewen reported the work of the institute to Comrade Wentian and asked him for instructions. Sometimes Comrade Wentian came to the institute to talk with comrades of the general party branch. I also took part in the discussions and listened to his instructions on the work of the institute. In 1939, when Comrade Mao Zedong called on people to carry out a campaign of production, he also urged cadres in the Shaanxi-Gansu-Ningxia border region to take part in the study campaign. Comrade Wentian organized several section heads of the Propaganda Department of the CPC Central Committee and several economists to read through Volume 1 of "Das Kapital." They read at least 30 pages per week and then discussed what they had learned. They persisted in doing so regardless of the weather, until they finished reading through the volume. I also took part in the study. At that time I was interested in economics. However, I did not quite understand a number of economic problems. After taking part in the discussions and listening to Comrade Wentian's explanations and elaborations, I felt that Comrade Wentian was a competent teacher who was good at passing on knowledge and freeing people's minds of doubt.

During the 40 years from July 1937 when I listened to his report for the first time to 1 July 1976 when he died, Comrade Wentian was always my teacher whether I was his student or subordinate, whether we worked together or were separated, whether the circumstances were favorable, or whether he was in a difficult situation. He is still my teacher to date. In particular, I should always remember Comrade Wentian's persistent loyalty to and profound affection for communism. Under no circumstances should I forget this.

CSO: 4004/36

LOVE THE ARMY, SUPPORT THE ARMY

Beijing RED FLAG in Chinese No 16, 16 Aug 85 p 26

[Commentator's article]

[Text] Our party has always advocated that the people should cherish and support the army and our people have maintained this good tradition of cherishing and supporting the army over the protracted revolutionary struggle. At present, the army is carrying out its structural reform and is reducing its troops. We should, as required by the circular issued by the CPC central leadership and the State Council, continue to carry forward the fine tradition and form a good atmosphere of cherishing and supporting the army in the whole society so as to help the army fulfill its task of reforming its structure and reducing its troops.

The long-standing peaceful circumstances have made some people neglect the importance of national defense and neglect the position and role of the army. At present, the overwhelming central task is to carry out economic construction, but this on no account means that we can look down on the status and role of the army. Our economic construction needs a peaceful environment, and we have to make efforts to strive for and maintain such a peaceful environment. A strong army is an important guarantee for the security and peace of our country. The modernization of national defense is a part of the "four modernizations," and the most important measure for the national defense modernization is to consolidate the army. Now, the army is to reduce its troops by 1 million people. This step will not affect the strength of the army. As a matter of fact, the force reduction will in turn strengthen the combat capacity of the army. The People's Liberation Army is not only a great wall of steel that defends the motherland, but is also an important force in the building of socialist material and spiritual civilization in our country. The army has played and will continue to play a major role in participating in and supporting economic construction, in dealing with emergencies and taking rescue actions, and in joining hands with civilian units to build spiritual civilization. Therefore, our support for the army's reform and consolidation is in fact part of our efforts for the realization of the four modernizations.

Some comrades do not quite understand the arduous tasks shouldered by the army and the actual difficulties encountered by the army, and they also do

not fully realize the achievements of the army in its own construction. So it is necessary to strengthen education and propaganda among the people to make them love the army. Since the 3d Plenary Session of the 11th CPC Central Committee, the army has achieved marked results in its construction and has greatly improved the military and political quality of its troops and its self-defense capacity in modern warfare. The army is shouldering a special mission and has to face various hardships and sacrifices. The PLA commanders and soldiers have demonstrated a revolutionary spirit in carrying out combat and patrol tasks, in guarding the borders of the motherland, and in overcoming difficulties in their own family lives. Their deeds have set a good example for the people throughout the country. Recently, since the work of reducing 1 million troops began, many old cadres and old comrades in the army have again demonstrated a noble spirit of subjecting their individual interests to the overall interests, and they have again set a good example for us. We should redouble our love for this great army.

Over a long period, our people have regarded supporting the army as their glorious responsibility and unshirkable duty. There have been innumerable models of supporting the army among the people. Today, we should all the more support the army's reform and consolidation. To fulfill the task of restructuring the army and reducing the troops and to increase the strength of the army is not only a task for the comrades in the army but is also a task for all comrades in the party and all people throughout the country. Party and government leading comrades at all levels should first realize and perform their duty in this regard. They should use various effective forms to create an atmosphere of supporting the army in society. To cherish the army, one should take concrete action to support the army's work. The people should be encouraged to help the army enthusiastically and to do good things for the army. The army's restructuring and force reduction will also affect civilian units and needs the warm cooperation from party organizations, governments, and the people. Local party organizations and government organs must resolutely follow the relevant instructions of the party central leadership and the State Council and properly handle the affairs concerning the work of supporting the army. They should properly help cadres retired from the army to settle down and should take good care of their daily lives. At the same time, they should educate the public on the citizens' duty of serving in the army. There is a great deal of work to do in order to properly place the retired army cadres and the relevant policies must be strictly implemented. Civilian organs and cadres must show an enthusiastic, active, and serious attitude to do this work well. Communist Party members should play an exemplary role in supporting the army's reform and consolidation.

As the people cherish and support the army, the army should also cherish its own reputation and should do more good things for the people so as to carry forward the army's long-standing fine tradition of being united with the government and the people.

LEADERS MUST MAKE THEMSELVES MODELS IN SELF-CRITICISM

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 27-28

[Article by Gao Zhiguo [7559 3112 0948]]

[Text] In reviewing and summing up historical experience in the course of the party rectification, I deeply feel that carrying forward the party's tradition of criticism and self-criticism, in particular the fine tradition of self-criticism, is of great importance to healing the internal injury caused by the "Great Cultural Revolution," checking the unhealthy tendencies existing in the party, strengthening unity within the party, and inspiring the whole party to strive for the four modernizations with one heart and one mind.

A good leader should attribute the success to the party and the collective if he makes some achievements in his work and should be the first to bear the responsibility when something goes wrong. In no case should he act otherwise. If a leader always attributes achievements to himself but shirks the responsibility when something goes wrong, then who dares to work under him?

Even if some people were willing to work under such a leader, they would just ask for instructions before every step is taken, and their initiative could not possibly be brought into full play. Therefore, a leader should be open-minded before achievements and honor and remain broad-minded when something goes wrong. As for the mistakes that his subordinates inadvertently make, a leader should bear the responsibility to a certain extent even if he actually was not personally involved in the matters. This will help to inspire the subordinates to sum up experience more conscientiously and draw lessons. In fact, if a leader takes the initiative in bearing the responsibility, the subordinates will surely not shift all the responsibility onto him, and, if he attributes achievements to the party and the collective, people will never forget the contributions due to him.

When mistakes are made, the most efficient way to correct them is for leading people to face the problems squarely and take the lead in practicing sincere self-criticism based on facts. In early 1950, I was transferred from the army to take up the post of secretary of Dazhu Prefectural CPC Committee in eastern Sichuan Province. We were once assigned to collect a

large amount of grain taxes within a short time. Disputes arose between some tax collectors and the masses and some people were beaten. Comrade Liu Bocheng was commissioned to handle this case in eastern Sichuan on behalf of the CPC Southwest Bureau. He did not blame the subordinates but took the initiative in bearing the responsibility and making a self-criticism. He said: It was a heavy and pressing task and the Southwest Bureau failed to provide sufficiently concrete guidance. Therefore the Southwest Bureau should bear the responsibility for this incident and the subordinates are not to be blamed this time. In the future, whoever beats others will be held responsible for the consequences. Finally, all the comrades at the administrative regional CPC committee, the prefectural CPC committee, and the county CPC committee held themselves responsible. They said: In fact the leading body had already given concrete guidance. We should hold ourselves responsible for the incident. The spirit of the leading comrades deeply moved those comrades who had actually been involved in the beating. So they said: None of the leadership authorized us to beat others. We must hold ourselves responsible for what we have done. Thus this case was handled very promptly and the cadres' understanding of policies was enhanced.

One can hardly avoid one mistake or another in his work. The point is that some people may make more and graver mistakes while others may make fewer and more minor ones; and some people may realize their mistakes later than others do. A really capable leader does not guarantee that he never makes mistakes but that he keeps high vigilance against making mistakes or he will publicly admit his mistakes and correct them promptly as soon as they are found. In order to avoid and reduce mistakes, a leader must dare to tell his subordinates and other comrades about his mistakes and weaknesses and ask them to supervise his performance. He must not only follow this principle in one or two cases but must adhere to it in handling everything at all times. Admitting and correcting mistakes bravely will not harm a leader's prestige. A leader will regain the initiative if he takes the initiative in admitting and correcting his mistakes. How can a leader be confident and unafraid? The answer is simple: Either he tries to make sure he makes no mistakes (but this is very difficult to do); or he publicly admits and thoroughly corrects his mistakes as soon as they are found. If he can fulfill either one of the above two points, he will be able to exercise leadership with full confidence. However, if he is afraid to admit his mistakes, tries to conceal his faults for fear of criticism, and exhausts every excuse to defend himself, the result will be just the opposite to what he wishes. The more a leader is afraid to talk about his faults, the more the masses will make comments on them; the more he is afraid of losing prestige, the more likely he will lose his prestige. We must promote materialism rather than idealism. Some comrades had attacked others in the 10 years of turmoil and those who had been attacked by them may have forgiven them out of leniency. However, if these comrades refuse to make even a sincere self-criticism, they will always feel ill at ease and will make a bad impression on others. Then how can they clear up misunderstandings between themselves and others and strengthen unity with others? We should never compromise with our shortcomings and mistakes nor expect that they can be covered up by luck. If we do not examine our mistakes and do not conscientiously correct our minor

shortcomings, they will possibly develop into serious mistakes and shortcomings later. This is the dialectic rule of the development of things.

It is wrong either to gloss over our faults or to try to please the public with claptrap in the course of self-criticism. Those who try to gloss over their faults dare not face their faults squarely or will even exhaust every excuse to defend themselves, while those who try to please the public with claptrap always exaggerate their faults to cater to some people's likes. Both types of people go against the principle of seeking truth from facts and, in psychological terms, proceed from selfish motives. Therefore, neither practice can fulfill the purpose of criticism and self-criticism. Generally speaking, people who are brave in practicing self-criticism according to the principle of seeking truth from facts are likely to readily accept other people's criticism and are adept at drawing valuable lessons from criticism. Also, these comrades can often give fair opinions on others' shortcomings and mistakes. On the contrary, those who do not practice self-criticism are not likely to consider cases from the angle of the comrades that have committed mistakes and always fail to sincerely help others find out and correct mistakes. When they are criticized, they always over-emphasize the inaccuracy of the criticism and even deny correct criticism. Thus it can be seen that whether one can practice earnest self-criticism is the crux in deciding whether one can conscientiously practice criticism and whether one can constantly solicit valuable opinions. So long as our leading people take the lead in practicing self-criticism, conscientiously adhere to the party's ideological line of seeking truth from facts, and carry forward the party's fine tradition of criticism and self-criticism, inner-party unity will be greatly enhanced and the party's cause will thrive.

CSO: 4004/36

ON COMMERCIALIZING TECHNOLOGICAL RESULTS

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 28-33

[Article by Fang Gongwen [2455 1872 3306]]

[Text] The "Decision of the CPC Central Committee on Reform of the Scientific and Technological Structure" advocated the "promotion of the commercialization of technological results and development of technological markets so as to conform with the development of the socialist commodity economy." The recognition of technological results as commodities represents an important change in our understanding and is also one of the major problems that must be solved in the reform of the scientific and technological structure of our country. Hence, to find out in theory why our technological results should be treated as commodities, what the special features are of technological results being commodities, and how to realize the commercialization of technological results carry important and realistic significance.

The Inevitability of Technological Results Becoming Commodities

Technological results are products of the intellect. Simple technological results are manifested in the production techniques of the individual or in the tools employed. Under the conditions of the development of science and technology, they generally exist in the form of charts and diagrams, patent rights, technological materials for special use, and so forth, and sometimes are manifested in the form of concrete objects such as new equipment, products, and raw materials. But these new concrete objects contain new knowledge and the objects themselves are but their shells.

The evolution of technological results into commodities is the product of the development to a certain stage of human socioeconomic and scientific development. Since the coming into existence of human society, production activities have likewise come into existence and mankind has come to accumulate a definite amount of production experiences and grasped a definite amount of technology. For example, primitive man possessed the technique of making bows and arrows, stone implements, and pottery as well as techniques for hunting and planting. These technologies were integrated with their experiences, skill, and the instruments they employed. They did not form a state of independent existence. In slave society and feudal society,

despite the existence of the division of work between mental labor and manual labor and a portion of the intellectual element having begun to conduct research on social sciences and natural sciences, but, because of the low level of economic and scientific development at the time and also because manual labor and the study of production techniques were looked down upon, technology in general had stayed at the stage of the workers' experiences, skill levels, and the tools used. At that time, the spread of technology was principally brought about by transfer from father to son and from master to apprentice. Technological development progressed at a low pace and many of the techniques were lost. By the time of the early stage of the capitalist society, as a result of the expansion of the international market and the tremendous increase in the volume of demand for commodities, the original handicraft production was far from being able to satisfy the market demand for commodities and the industrial revolution thus emerged. At that time, technology began to become independent from the skill of the worker. It established itself as an important department of the social economy. Moreover, the closed state of technology in the Middle Ages was broken. Technological results came into the market and trade in technology was protected by law in capitalist countries. This thus opened up the relationship between technology and production, speeded up the process of converting technological results into productive forces, promoted the development of productive forces, and also promoted the development of science and technology. Trade in technological commodities has not been confined to the domestic markets of capitalist countries. Rather, it has occupied an exceedingly important position in international markets. In 1965, the volume of international trade in technology amounted to \$2 billion. By 1975 it had increased to \$11 billion. This year it is expected to reach \$40 billion to \$45 billion. The growth rate was thus about 2,000 percent in 20 years. In the markets of the capitalist world, following the new development of the technological revolution, the trade in technological commodities will occupy an increasingly important position.

In our country, in the past, we did not recognize that the socialist economy was a commodity economy or that technological results were commodities. Principally, we built our economic structure on the principles of the product economy and also built our scientific and technological structure on the principles of the product economy. Research organs were business units of the government, research expenses depended on government appropriations, research tasks were handed down from upper levels to lower levels, and research results were transferred without compensation. This type of structure under the supply system curbed and restricted the activism and initiative of the research organs and scientific and technological personnel, severed the horizontal, normal, and multichannel relationships between scientific research and production. It not only failed to suit the development of production but also restricted the self-development of science and technology. According to 1983 statistics, of the 9,344 research organs and research staff of 1.2 million people, aside from the minority of research organs subordinate to factories, mines, and enterprises, 61 percent of the research organs and 83 percent of the staff were on "government pay." Due to the state's scientific and research expense appropriations being rather small in amount and insufficient to meet the demands of all scientific and

technological work, many research topics could not be completed on schedule, and the scientific and technological personnel could hardly have a full workload. Even in the case of results obtained from research, a great proportion of them stayed at the stage of just making samples, gifts, and exhibition products. This was due to various reasons, such as unsuitability to production needs; high cost of production; inability, technically speaking, to fit in with other products to form complete sets; and so on. Actual practice has shown that under the conditions of the continued existence of the commodity economy, nonrecognition of technological results as commodities is detrimental both to the development of production and the progress of science and technology. Only by recognizing technological results as commodities will the economic and technological level of our country and the planned commodity economy of our country conform and only then can the development of the economy and technology be promoted.

Although our country has established the public ownership system of the means of production, the system itself may still be split into two different forms, namely, the system of ownership by the whole people and the system of collective ownership, while in addition, there may still be found a little individual economy and economies of Chinese-foreign jointly financed projects and of foreign merchants' solely financed projects. Even in the economy of ownership by the whole people, the various economic units themselves have, relatively speaking, their own independent economic interests. Therefore, the production results of the various economic units cannot be treated as products which can be transferred without compensation but must be taken as commodities subject to exchange at equal value. The great majority of our technological development research organs are units under the system of ownership by the whole people, but they still have their own, relatively speaking, independent economic interests and their technological results should also be treated as commodities subject to exchange at equal value. Enforcing the commercialization of technological results is beneficial to arousing the enthusiasm of the research organs on technological development, enable them to be concerned with the demands for technological commodities in the technological market, pay close attention to the economic benefits of technological development research and strengthen their intrinsic vitality in technological development research. Enforcing the commercialization of technology results is also beneficial to overcoming the enterprises' inclination to rely on the state in matters of technology, compelling them, in the face of the pressure of competition, to actively absorb and adopt new technology.

At the same time, at present, our country's level of economic development is still very low and development is still very unbalanced. Among the several hundred thousand enterprises, there still exists a great disparity in their ability to absorb and develop technology. There are a small number of enterprises which are using advanced technological equipment but there are also a large number of enterprises which are technologically backward and sorely lack talented technical personnel. In addition, there are the extensive rural villages accustomed to traditional technology and having greatly divergent demands for technology. Speaking of the condition of technological development research in our country, it may be said that the research

personnel are few in number and generally weak in capacity, their technological level is still comparatively low, and their technological results are far from being able to meet production needs. Moreover, the technological results are imbued with the special features of being strongly specialized in nature and extremely narrow in adaptability. Very frequently, a technological result is suited to the production of only a certain product or to only one stage of the whole production process. Confronted with a complex situation of this kind, it would be impossible to employ administrative measures to rationally set up the relations between technological development and production. Only through the commercialization of technological results, through the intersecting vertical and horizontal channels of the technological market and through market information and competition will it be possible to rationally, in a relative sense, set up relationships between technology and production, thus enabling the technological results to be speedily put to use in production and in turn promoting the technical transformation of enterprises and development of the economy in our country as well as promoting the development of technological research.

Judging from the above analysis, technological results do possess the objective inevitability of being treated as commodities both in capitalist countries and socialist countries. As technological commodities, they have a common feature in both capitalist countries and socialist countries. For example, technological commodities have a dual character and must enforce the system of exchange at equal value; in order to develop exchanges in technological commodities, it is necessary to open up technological markets; exchanges in technological commodities are the connecting link for the integration of technological development research with production, and so on and so forth. The existence of the common features enables, in fact makes it necessary for, socialist countries to learn from the experiences of the development of technological commodities in capitalist countries. Starting from England's establishment of the first monopoly system for technological inventions, the development of technological commodities in capitalist countries has a history of over 300 years. They have accumulated many experiences in such directions as the establishment of the monopoly system, developing diversified forms of technological markets and channels for circulation of technological commodities, setting up networks of technological information, and promoting the development of technology and the economy. They are well worth our studying.

However, socialism and capitalism are two basically different socioeconomic systems. The commercialization of technological results and technological markets as manifestations of social production relations have a different character under these two social systems.

First, the purpose of developing technological commodities is different. The capitalists' development and purchase of technological commodities are to serve the purpose of chasing after surplus value. In the eyes of the capitalists, science and technology represent tactics to increase relative surplus value. But in our country, although the various technological development research organs and enterprises making use of the technological results have their own, relatively speaking, independent economic interests,

yet, speaking of society as a whole, development of technological commodities serves the purpose of meeting the people's daily increasing material and cultural needs. It is to serve the realization of the modernization of industry, agriculture, national defense, and science and technology and is absolutely not to serve the private interests of a small number of people.

Second, in developing technological commodities, the character of the competition is different. Competition under capitalism is a life-and-death struggle in which the strong devours the flesh of the weak. The results of the competition are, on the one hand, promoting the development of technology and, on the other, the capitalists, anxious to preserve their dominant status in competition, adopt measures of monopolizing the technological results and sealing off technology or preventing its leakage. This effectively impedes the progress of technology. In our country, competition also embraces the feature of the survival of the fittest, but the basic interests of the competitors are identical. Hence, it is possible to follow the principles of equality, mutual aid, and mutual benefit, extensively promote the interflow of technological results and reject the adoption of incorrect measures such as monopolizing technology and blockading technology.

Finally, there are also differences in the form of developing technological commodities. The capitalist economy is an anarchic form of economy. The production, circulation, and application of technological commodities are frequently in a state of spontaneity and anarchy. As a result, in the course of technological development, serious waste cannot be avoided. On the other hand, in our country technological commodities are treated as a constituent part of the planned commodity economy, envisaging a planned development. The form of direct planning is adopted on important scientific and technological research and development projects incorporated in the plans of the central and local governments. As for the other technological development work and applied research work anticipated to be of practical value in the near future, the system of technological agreements is adopted, arrangements are made in accordance with the demands of the technological market, and are indirectly incorporated into the state plan. This can avoid waste caused by a state of anarchy.

It can thus be seen that in enforcing the commercialization of technological results, we should start from the character of socialist economy and the realities in our country. We should draw on the experience of the capitalist countries but should note the differences in character between socialist technological commodities and capitalist technological commodities, avoid the intrinsic defects of capitalism, and must absolutely refrain from wholesale copying and taking over.

Special Features of Technological Results as Commodities

Like other commodities, technological commodities possess the dual character of use value and value. After the technological results' application to production, they can accomplish the following: opening up new production lines, producing new products, improving production efficiency and reducing the consumption of live labor and materialized labor, reducing environmental

pollution and protecting resources, and so on. In short, they can create new productive forces. This constitutes the use value of technological results. Technological results are also the products of human labor and possess value. They solidify the labor of scientific and technical personnel, particularly their mental labor. Since science and technology possess a hereditary character, they even can solidify the labor of predecessors. Mental labor is a complex form of labor. In its formation of labor, it is several times the equivalent of simple labor. Hence, the value quantity of technological results far exceeds that of the material products produced from expending, for a like period of time, relatively simple manual labor.

Compared with ordinary commodities, the use value and value of technological results possess their own special features. In developing trade in technological commodities and opening up technological markets, we must not fail to grasp these special features.

The use value of technological results possesses the special features of being of the intellect, timely, and creative.

Intellectual character: Technological results are commodities of intellect. Ordinary commodities, following their purchase, can be put to use at once. But the purchaser of technological results obtains only software such as papers, charts, and technological materials and only after having in possession definite personnel and material conditions can he put them to use. Even though the technological results purchased are in the form of concrete articles such as new equipment and new products, there must also be persons who can install, operate, and maintain the new equipment coupled with the material conditions to form them into complete sets for use. Therefore, in the sale or transfer of technological results, sellers must undertake the training of personnel for the buyers, perform such technical services as installation, and trial use or operation. Only thus can results be smoothly converted to productive forces.

Character of timeliness: Technological results possess a very strong character of timeliness. A certain new invention may be extremely effective at one time but with the passage of time and the emergence of newer technologies, it may fall into disuse. Following the progress of science and technology, the period of technological renovation is becoming increasingly shorter. In the case of certain technological results, if they are not transferred on time to the production department they may very soon lose their applied value. While commodities in general may also need timely disposal, they can be put in storage and, at times, in adequate and rational storage. In the case of technological commodities, once their conditions for being put into production have ripened, they should not be stored but should be put into production, as the faster they are put into production, the more wealth they can create for the state. Hence, whether or not the circulation channels are smooth going and whether or not the technological results can be timely transferred are extremely important to technological commodities.

Character of original creativeness: Technological development is not a redundant type of labor done on the basis of the original technology but is

labor of a creative nature. Generally speaking, technological results do not come about in large-scale production nor can there be a situation in which many units simultaneously produce the same kind of products. Even though in society there are several research organs or several individuals simultaneously doing research on an identical topic, the right of sole creation belongs to the organ or individual who first obtains the results. Since a new invention frequently consumes a large amount of a person's time, sometimes consuming the energy of his whole lifetime, there is no way to compare the length of time thus spent with the labor time required for duplicating the results of an invention already in existence. Therefore, the inventor's interests must be protected and so must his property rights be legally protected.

Computing the value of technological results is an extremely complex problem. In principle, the value of a technological result should be measured by the amount of social labor time spent on the whole process of formation of the result. But a large proportion of the technological results are of the character of an original creation. Generally speaking, the labor time spent by the research worker who is the first to obtain the technological result, that is to say, his individual labor time, is the social necessary labor time spent on the technological result. Certain technological results, though possessing the character of an original creation, have more or less similar functions and can replace each other; the functions of certain other technological results may be alike, but are different from each other in their planning program or craft. For example, color television sets, though alike, may differ from each other in their circuitry. The social necessary labor time on these technological results should not be determined on the basis of the individual labor time but should be determined on the amount of labor time spent under average conditions of the medium level. As for the value of technological inquiries and technological services, under the conditions of there being such technological inquiry services, its determination should also be governed by the above-mentioned principles.

As for the prices of technological commodities, the situation is also rather complex. Generally speaking, the prices of technological commodities similarly fluctuate around their value. Whether the price is higher or lower than the value, and to what extent higher or lower, is governed by the supply and demand conditions of the technological results, that is to say, determined by competition between the seller and the buyer, by the internal competition between the sellers and by the internal competition between the buyers, and so on.

In the case of technological results of the character of an original creation, since there is only one seller of the technology commodity and no competition to speak of, while there is competition between the buyers, their price is generally higher than their value. The buyer is willing to pay a purchase price higher than the value because this kind of commodities can provide for him new and highly efficient productive forces, can improve the economic results, and can bring him surplus profits. The extent of the price of these commodities being higher than their value is governed by an upper limit and a lower limit. The highest limit is the sum total of the

value of the technological commodity and the surplus profits that can be earned from the use of the technology. If this highest limit is exceeded, the buyer cannot obtain any more surplus profit, then he is unwilling to make any purchase. The lowest limit of the price of technological commodities is their value. If the price falls below the value, then the labor consumption of the research organs cannot be compensated in whole.

There are two methods of selling this type of technological products. The seller can sell the ownership rights to the technological results, that is to say, he can sell the patent rights. This is a sale of the once-and-for-all type. Also, the seller may retain the ownership rights to a technological result and sell only the right to use it, that is to say, make a technology transfer. Since in using this method the same technological commodity may be sold many times by the seller, the price of a technology transfer should be lower than the price of the sale of the patent rights. From the standpoint of the buyers' side of a technology transfer, the larger the number of buyers of a particular technological commodity, the more intense will be the market competition after the buyers put the technological commodity into production, and the less surplus profit he can make. Hence, naturally he will demand the lowering of the price of the technological commodity.

As for the ordinary type of technological inquiries and technological services, the price factor generally fluctuates around the value.

In the event that, in the technology market, a situation of supply lagging behind demand appears, the prices of technological commodities will rise universally. For example, at present, enterprises in the countryside of our country are willing to pay high prices for the purchase of technological results and high remuneration for the services of talented technical personnel. As a result, persons offering even the ordinary type of technological services and guidance to enterprises in the countryside generally can obtain unusually high remuneration. This is because the enterprises in the countryside sorely lack talented technicians. In such circumstances, it is a normal phenomenon for technological commodities to command high prices, since this will encourage technological commodities to head in the direction of enterprises in the countryside and promote the technical transformation of enterprises in the countryside. Conversely, in the event that, in the technology market, a situation of supply exceeding demand emerges, the prices of technological results will universally be on the downturn. For now, such a situation will not come to pass in our country.

The above analysis shows that the factors determining the prices of technological results are extremely complex and that they cannot be arrived at by using the formula of adding together the cost of production and rational profit and can only be determined by consultations between the two parties of the transaction.

Means of Realizing the Commercialization of Technological Results

The change of technological results being transferred without compensation to being dealt with in market transactions represents an important reform in our country's scientific and technological structure. The realization and completion of this conversion demand a definite procedure and much work.

1. Technological development must cater to production.

Catering to production and serving the development of production not only are the objectives of the commercialization of technological results but also are the conditions for the commercialization of technological results. If a research organ is not conversant with the demands of the market and only do research for the sake of research, then the results it obtains are hardly marketable as commodities. In the past, our scientific and technological structure separated research from production, the great majority of the research results could not be applied to production and nobody cared about the large number of ordinary technological problems which production desperately needed to resolve. Hence in order to implement the guideline of the central authorities which urges that "economic construction must depend on science and technology and work in science and technology must cater to economic construction," technological development must cater to production and the topics must be determined in accordance with the demands of production. Only by catering to production can technological commodities have an extensive market and can science and technology enjoy prosperous growth.

2. Opening up the technology market.

In order that technological results may become commodities, it is necessary to open up technological markets. A technological market is not only a place where the value of technological commodities is realized but also, more importantly, a channel for the conversion of technological results into actual productive forces. Production units buy from the technology market the advanced techniques they need and thus raise their technological level and production capacity. Research organs obtain from the technology market a knowledge of the technological demands of the production units, improve the use rate of the technological results and thereby overcome the defects of the dislocation between science and technology and production. The length of time that the technology market has existed in our country is still rather short, but outstanding results have been achieved. For example, in the Wuhan region, before 1981, the use rate of the technological results of institution of higher learning, specialized institute, and scientific and research organs had been only 10 percent. In 1981, Wuhan municipality established a technology market and the situation was at once changed. By 1983, the use rate of technological results had already gone up to 50 percent and, in 1984, to an average of 60 percent. Not long ago, at the first national fair on technological results in the country, a total of 4,180 transactions were concluded and signed, involving an aggregate value of 2.1 billion yuan. In the course of the fair, there were not only research organs dealing in the transfer of technological results but also

enterprises calling for tenders for technology. The tenders included not only general projects outside the state plan but also large projects in the plan. The technology market has promoted liaison and cooperation between research organs and production enterprises.

3. Strengthening the enterprises' capacity to absorb and develop technology.

The "Decision of the CPC Central Committee on Reform of the Scientific and Technological Structure" pointed out: "Basically speaking, development of technology markets is determined by the demands of the buyers; it is necessary to adopt measures from various sides to arouse the enthusiasm of the enterprises to adopt new technology and to strengthen their economic ability to buy technological results."

The capacity of enterprises to absorb and develop new technology is determined by the conditions on two sides. Of first importance are the conditions of the enterprises themselves. Under the original economic structure, the enterprises "ate from the same big pot" at the expense of the state. There was no competition between them and they lacked the urge and demand for the adoption of new techniques. However, following the reform of the urban and rural structure, the situation has changed. The rural villages were the first to carry out the reform. The peasants came to understand the importance of technology. They invited technical personnel to visit their homes. The reform of the medium-sized and small enterprises progressed rather rapidly and vividly. They realized the pressure of competition and hoped that through the adoption of new techniques they could stand firm in the competition. At the first national technological results exchange fair, medium-sized and small enterprises were the largest number of buyers, accounting for 60.5 percent of the total number of the fair's transactions. Following the enlivening of the large enterprises, large enterprises will also become active in the technology markets.

Second, it is necessary that research organs help the enterprises to improve their capacity of absorbing technology. Research organs should not only offer to the production enterprises results that conform with the demands, that can achieve good benefits, and that are technologically stable and reliable but also strengthen their work of providing the enterprises with technical training courses, technological services, and technology inquiry services. They should pay due attention to proceeding from providing single-project technological results to assisting in the development of whole-set technology and contracting for whole engineering projects. Between the research organs and the enterprises, they can establish various forms of combination on the basis of volition and mutual benefit. By means of these channels, it will be possible to improve the enterprises' ability to absorb technology and develop technology and also integrate the research organs' economic interests with the social benefits from their work.

4. Establishing and perfecting the relevant statutes and systems.

Following coming into the market of technological results in the form of commodities, new economic interest relationships have emerged between

sellers, buyers, and the middlemen; between research organs and enterprises; between the state, the collectives, and the individuals; and between those engaged in scientific research. After the research organs have assumed the status of enterprises, the problem of division of benefits and management has also emerged. It is necessary for there to be corresponding legal statutes and systems to coordinate and protect these interest relationships. The relevant statutes and systems should be beneficial to the development of the productive forces and the development of science and technology, safeguard the legitimate rights and interests of the buyers, sellers, and middlemen, and protect the legitimate rights and interests of the scientific and technological personnel. At present, our country has already promulgated the law on patent rights and the law governing economic agreements and formulated provisional regulations on the transfer of technology. The "Decision of the CPC Central Committee on Reform of the Scientific and Technological Structure" has also made certain policy regulations. From now on, it is still necessary to proceed further to perfect the statutes and systems in this connection, such as those on how to prevent the appearance of technological blockades, technological monopolies, waiting for a good price to sell, and other indecent tendencies.

Treating technological results as commodities is still a new thing in our country. Following the development in practice, certainly many new problems will arise which will require our further study and solution.

CSO: 4004/36

SPEEDING FUNDS TURNOVER, RAISING THE EFFICIENCY OF FUNDS USE

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 34-36

[Article by Wei Xinghua [5898 5281 5478] and Wu Shuqing [0702 2885 7230]]

[Text] Our country is, relatively speaking, a backward developing country. In the course of socialist transformation, contradictions exist between the tasks of national construction and insufficient financial strength and limited funds. In solving these contradictions, it is necessary, on the one hand, to follow the principle of acting according to our capability and controlling the scale of construction and the speed of development within the limits of the available national resources. On the other hand, it is necessary to pay serious attention to studying the methods of handling and administering finance including raising money, accumulating money, and using money. Raising money or creating wealth is the foundation. At the same time, if we can make a good and lively use of our limited funds, accomplish the feat of putting in little money but collecting a large return, speed up the turnover of funds, and increase the use results of funds, it will greatly help in lessening the pressure from the insufficiency of funds.

For a long time, we have had a weak concept on the turnover of funds. We have not paid close attention to, and have failed to understand, the important significance of speeding up the turnover of funds. This is an important cause of the slow turnover of funds and the low results of using funds. At present, the following problems exist in regard to the turnover of funds:

First, there is excessive storage of materials and commodities have been stockpiled and have suffered from stagnant sales. On the one hand, raw materials serving as reserves for the enterprises' production purposes have been stored up in excessive quantities. This is particularly true with raw materials in urgent demand, as the more urgent the demand for these raw materials the greater appears to be their storage in the warehouses. On the other hand, many of the products are not marketable, suffer from stagnant sales, and large quantities of commodities are stockpiled. As a result, there has been a slow turnover of funds. In 1982, the turnover rate of circulating funds of state-run industrial enterprises in our country averaged 120 days, that is, a turnover of 3 times a year, or slower by 1.8 times compared with 1965. In Japan, the turnover of the circulating funds

of enterprises average a little over 60 days, that is, 6 times a year, or an increase of 100 percent over our country. The slower the turnover of funds, the more circulating funds are retained for each 100 yuan of output value. In 1956, in our state-run enterprises each 100 yuan of output value held in check 17 yuan of circulating funds; in 1965, it was 28.1 yuan; and in 1982, 31.3 yuan.

Second, the construction period is long and the investment-return period is also long. During the "First 5-Year Plan" period, the construction period of our country's 156 major construction projects averaged over 3 years, but in the "Fourth 5-Year Plan" period and the "Fifth 5-Year Plan" period, in general the construction period of the major products was lengthened to 7 to 8 years and over. If we compute the investment-return period by comparing the fixed assets investments with the increased amounts of taxes and profit, the investment-return period was 5 years in the "First 5-Year Plan" period, but 25 years in the "Fourth 5-Year Plan" period. In the 30 years commencing from 1953, the average investment-return period was 8 years, or about 4 years longer than the economically developed countries.

The results brought about by the above-mentioned problems are: a reduction in the national income and in the yield of taxes and profits from each 100 yuan of funds and also a reduction in the profit-yielding rate of funds.

What are the causes of the weak concept of the turnover of funds, the slow turnover of funds, and the low benefits from the use of funds?

First, before liberation, our country's commodity economy was very much undeveloped and the ratio of the natural economy was extremely heavy. Even in the over 30 years since liberation, the development of the commodity economy has still been very insufficient. Under the influence of the "leftist" guiding thought, the socialist economy was frequently placed in antithesis to the commodity economy while the market mechanism, the law of value, and law of competition were treated as equivalent to capitalism. Thus, the important role of the liaison of funds operations with the value relations of commodities naturally did not receive the important attention it deserved. Second, the old economic structure brought about a situation of the enterprises "eating from the same big pot" at the expense of the state. Whether the turnover of funds was fast or slow and whether the use results of funds were high or low had no bearing on the interests of the enterprises and the interests of their staff members and workers. In the past, capital construction investments came from financial appropriations from the state. The enterprises had use of the fixed assets and fixed amounts of circulating funds without making any compensation, and the more funds they held in use the more advantageous it was to them. Thus, naturally the enterprises watched closely only output value and output quantity and not the speed of turnover of circulating funds or the use results of funds. Third, the scale of fixed asset investments being too large and the capital construction front being too long were also important causes for the slow turnover of funds and the poor results of the use of funds.

In order to augment the concept on the turnover of funds and improve the speed of the turnover of funds, it is necessary to clearly understand the significance of speeding up the turnover of funds.

First, under the conditions of the scale of production of the enterprises being fixed, speeding up the turnover of circulating funds can economize in the use of circulating funds and reduce the amount of the holding up of the circulating funds. For example, in 1982, the fixed circulating funds of the industrial enterprises under the system of ownership by the whole people and with independent accounting amounted to 123.1 billion yuan. If the speed of the turnover of the circulating funds could be increased from an annual average of 3 times to 4.8 times, that is, to the 1965 average, savings of 46.2 billion yuan in circulating funds could be achieved. But aside from the fixed circulating funds, the circulating funds of enterprises also consist of certain surplus circulating funds. If this portion of circulating funds is added to the computation then the amount of circulating funds saved from speeding up the turnover of circulating funds would be even larger. The large amount of funds saved from speeding up the turnover of circulating funds could be used in construction of major projects with a bearing on the whole economic situation and could also be used in the technical transformation, rebuilding, and expansion of the original enterprises and the original industrial bases.

Second, speeding up the turnover of the circulating funds of enterprises can increase profit earnings and raise the profit-earning rate of funds.

If an individual enterprise can speed up the turnover of funds and if the turnover rate exceeds the average turnover speed of the department, then the enterprise can obtain surplus profits. Let us assume that enterprise A has a turnover rate of circulating funds of 2 times a year, the same as the average turnover rate of the department, circulating funds amounting to 1 million yuan of which the wages funds amount to 210,000 yuan (assuming the amount of the wages fund equals the index of the labor volume), a surplus products rate of 100 percent and an annual amount of profits of 420,000 yuan. Assume also enterprise B, due to a higher level of operations and management, has a turnover rate of circulating funds of 3 times a year. Other conditions being equal, enterprise B's annual profits will be 630,000 yuan. In other words, under the conditions of holding the same amount of circulating funds but merely by increasing by once a year the rate of turnover of funds, enterprise B earns an excess profit of 210,000 yuan and its annual profit-yielding rate of funds is also correspondingly raised.

If an entire department, or all the departments, increases the speed of the turnover of funds, then the volume of profit earnings and the yearly profit earning rate of funds of the whole department and of all the departments will increase. This implies a rise on a societywide basis in the results from the use of funds and in the general economic results.

According to the law of value, the amount of social necessary labor time spent each year by a worker and the value he created are equivalent. How is it possible that the fast, or slow, turnover of funds can produce effects

on whether the volume of earnings is more, or less, and whether the profit rate of funds is high or low?

The reason is that speeding up the turnover of funds, under the condition that the amount of wages remains constant, the same amount of wages fund can produce more labor power and create more new value and a larger volume of profits. Under the condition of the circulating funds remaining constant, if the speed of turnover is 2 times a year, 210,000 yuan of wages funds can set in motion 700 units of labor power. If the speed of turnover of circulating funds is increased to 3 times a year, then the total number of labor power units that can be set in motion by 210,000 yuan of wages funds will be correspondingly increased by 50 percent, that is to say, the 700 labor power units will be increased to 1,050 units. Thus, even though the new value and the value of surplus products created each year by each labor power remain constant, the volume of earnings can be increased by 50 percent.

In actual economic life, it does not necessarily happen that the whole portion of the circulating funds saved from speeding up the turnover of the circulating funds is used on setting in motion more labor power. Rather, a portion of the funds is used on acquisition of more advanced technical equipment or on technical transformation. By so doing, the labor productivity rate will be raised, thereby increasing the national income created by the enterprises, departments, and society and similarly increasing the volume of profit earnings and the profit rate of funds.

The fast or slow turnover of fixed funds itself cannot influence the increase or decrease in the volume of profits. But raising the use rate and the use effects of fixed assets can bring about savings in the amount of fixed funds. This also can increase the profit volume and raise the profit rate of funds. Value-forming social necessary labor time includes both animate labor time and inanimate labor time. If an individual enterprise raises the use rate and the use results of fixed assets and the actual consumption of inanimate labor is lower than the social necessary, or average, consumption. The disparity can also form surplus profits. The amount of fixed funds saved can also be used in extending production. If a whole department of society raises the use rate and use benefits of fixed assets, then there can be savings of a large amount of fixed funds. Under the condition of not increasing the capital funds of society, extended reproduction can also be achieved on a societywide basis. Hence, shortening the construction period and raising the use results of fixed assets carry an important significance in the development of socialist production in our country.

The rate of the turnover of funds and the results from the use of funds should ultimately be manifested by the profit volume brought about by a definite amount of funds and can be manifested by the amount of profit and tax realized per each 100 yuan of funds (including the net value of fixed assets and a portion of the fixed circulating funds). It can also be separately manifested by the amount of profits and tax realized per each 100 yuan of original value of fixed assets or per each 100 yuan of circulating funds. In our country's industrial enterprises under the system of ownership by the whole people and doing independent accounting, the realized

tax and profits per 100 yuan of funds was 34.7 yuan in 1957, 29.8 yuan in 1965, and 24.8 yuan in 1980. The realized tax and profits per 100 yuan of circulating funds of enterprises under the system of ownership by the whole people was 29.4 yuan in the "First 5-Year Plan" period but averaged 15 yuan a year from 1979 to 1980, thus showing a downward tendency. If the realized tax and profits per 100 yuan of circulating funds of our enterprises under the system of ownership by the whole people can recover the level of the "First 5-Year Plan" period and computing on the basis of the 1982 total volume of funds of 414.59 billion yuan, then each year the taxes and profits can be increased by over 40 billion yuan.

In order to improve the results from the use of funds, it is necessary to adopt certain effective economic measures.

First, it is necessary to rationally arrange, in the course of macro decision-making, social production and circulation. It is necessary to effectively control capital investments, on the one hand, avoiding the display of insufficient production capacity of an enterprise or its equipment lying idle, and, on the other hand, redundant construction or carrying on production blindly, such as going even to the extent of the small elbowing out the big or the primitive taking the place of the advanced, thus causing the waste of social funds. It is necessary to vigorously develop the departments handling raw materials, energy, and communications and transport, so as to eliminate or reduce losses caused by work stoppages or of production halts on account of the insufficient supply of raw materials and electric power, as well as the difficulties in supply and demand due to insufficient transport capacity. It is necessary to rationally apportion the social gross labor to different production departments according to society's needs for different kinds of products, thus avoiding the supply of certain products lagging behind demand and their loss of the pressure and motive power from competition and from raising the use benefits of funds. At the same time, it is necessary to avoid having the supply of certain products in excess of demand, resulting in stockpiling and stagnant sales and causing a slow turnover of funds. We must smooth out the circulation channels, pay serious attention to organizing and developing commodity circulation, and achieve the feat of achieving a smooth and free flow of goods. Only when in macro policy-making the above-mentioned problems on various sides have been solved well can the turnover of social funds be speeded up and the use benefits of funds be increased.

Second, in order to organize the rational use of funds, it is necessary to make a better use of the leverages of credits and loans and interest rates, and to change the noncompensatory use of funds to the compensatory use of funds. It is necessary to guide the enterprises to establish the input-output concept and the interest concept and, in deliberating on the use benefits of funds, it is necessary to take the interest factor into consideration. For example, assuming that a capital construction project requires an investment of 1 billion yuan, if the construction period is 10 years and the annual interest rate is 10 percent, then 1 billion yuan of interest should be added to the investment, making the total investment 2 billion yuan. If the construction period can be shortened to 5 years, then only 500 million yuan of interest need be added, making the total investment 1.5 billion yuan.

Now, if after entering into production the capital construction project can earn profits of 100 million yuan a year, then, by shortening the construction period by 5 years, that is, by putting the project into production 5 years earlier, a total of 500 million yuan more profits can be earned. Together with the 500 million yuan from interest savings, an increase of 1 billion yuan worth of economic results is made. Conversely, each year's extension of the construction period will bring about a loss of 200 million yuan on account of the increase in interest payments and reduction in profit earnings.

Finally, if the enterprises wish to speed up the circulation of funds and raise the use benefits of funds, they must strive to reduce the production time and the circulation time. The turnover time of funds of an enterprise is the time the prepaid funds take to pass through the procedures of production, supply, and marketing, starting first in the form of monetary funds, progressively taking the different forms of reserve funds, production funds, and commodity funds, and ultimately returning to the form of monetary funds. In other words, it is the time required to pass through two circulation stages and one production stage. Hence, whether the production time and circulation time are long or short determines whether the speed of the turnover of funds is fast or slow.

To shorten the production time, it is necessary to improve the labor productivity rate. This demands the use of advanced technology and equipment, improving labor organization, raising the operating and management level, elevating the staff members' scientific and cultural level and skill, application of new techniques, and so forth. Meanwhile, it is necessary to enforce the rational storage of the means of production and avoid excessive storage bordering on stockpiling.

Shortening the circulation time means shortening the time required for purchasing and selling. This demands the production of marketable commodities, paying close attention to the renovation and replacement of products, strengthening market forecasting, smoothing out the circulation channels, reducing the links in circulation, and so forth. By so doing, funds in the form of commodities can be rapidly transformed into monetary funds. Under the conditions of the gross volume of funds being fixed, the longer the time required for circulation the larger is the amount of funds held up in the circulation sector and, correspondingly, the smaller is the amount of funds occupied in production. Conversely, shortening the circulation time can, relatively speaking, increase the amount of funds for the production sector.

CSO: 4004/36

SETTING UP AND STRENGTHENING SOCIALIZED SERVICES SYSTEMS IN THE RURAL AREAS

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 37-38

[Article by Wang Xinglong [3769 5281 7127]]

[Text] The establishment and strengthening of fairly complete socialized services systems in the rural areas is an important task in the current rural economic work.

The implementation of the system of contracted responsibilities with payment linked to output has motivated the enthusiasm of peasants for developing commodity production. The carrying out of commodity production not only requires socialized services in the production links, but also preproduction and postproduction services. For example, before production, a commodity producer who engages in the planting industry needs to know what is going on in the market and other purchasing and production details. After production, his products need to be processed, stored, transported, and sold. In the entire production process, it is necessary to resolve problems in terms of technology and funds and for the operations to be guided. If one link is missing, commodity production will be obstructed or economic results will not be good. Strengthening socialized services is an objective demand if we are to further promote the commodity economy in the rural areas.

Establishing a commodity production services system is also an important aspect of strengthening the socialist cooperative economy. Following the development of commodity production, division of work has become increasingly specialized. Not only is there division of work between industries, but within industries many links have gradually become independent. As the division of work develops, there will be an increasing need for socialized services. Some things cannot be done, or cannot be done well, by one family or one household and they require collective entities to carry them out in a unified way, or the establishment of a new cooperative organization to handle them. At present, this aspect is still a weak link. The original cooperative economic organizations, which have after years of accumulation, a certain economic strength, should engage in this work. At the same time, they should, together with specialized households and combinations which take on services work and other service organizations, adopt various methods by which to provide the vast number of rural households with preproduction, production, and postproduction services, and do well in planning, guidance,

and coordination work. In this way, it will be possible to push the household operations toward further specialization and establish even closer relationship between households and between household operations and collective operations. This will result in the further development and improvement of the rural economy in the new situation.

In the cities, relevant industrial enterprises, commercial enterprises, scientific research organs, and tertiary and specialized educational institutions should also make efforts in helping to establish and perfect socialized services systems in the rural areas. Through establishing agricultural-industrial-commercial relationships, production-supply-sales relationships, production-scientific research relations, and so on, they will be able to provide superior services for the peasants. This will be of benefit to the rational readjustment of the rural industrial structure and will promote the development of the rural commodity economy. In addition, it will be of assistance in providing the peasants with planned guidance, and in drawing the scattered production activities of the thousands of rural households onto the track of the planned economy. The process of serving the rural areas is also a process by which the urban economy is further developed. This will be beneficial to strengthening the worker-peasant alliance and establishing new socialist relations between the urban and rural areas.

At present, in commodity production in the rural areas, which is mainly based on family operations, there are many industries and the value of commodities produced is not great. The number of types is large, but the commodity rate is low and, in addition, production is dispersed. Thus: 1) The production services system which is established must have the cooperative economy as its main part and must have many components, many forms, and many levels. Only then will it cover a wide range, operate in a flexible way, provide timely services, and accord with household operations; and 2) it must provide services before production, during production, and after production. Only in this way will it be able to accord with the whole course of commodity production.

Does a services system which has many components, many forms, and many levels need to have the cooperative economy as its main part? Some people believe that the function of local cooperative organizations has already diminished and that, as the new cooperative economic organizations are only now developing, none of them are competent to carry out the role of a major services body. I believe this view is incomplete. First, although many of the production and operational activities which were formerly handled by our nation's collective economic organizations have now been taken over by households, many of the collective economic organizations have, over decades of accumulation, realized a certain level in terms of basic production facilities and services capacity. Second, following the development of commodity production, there has appeared in the villages some specialized services households and economic combinations which accord with the needs of the specialized commodity-producing households. In servicing rural commodity production, these households are continually developing new combinations and their economic power is becoming increasingly great. Third, supply and

marketing cooperatives and credit cooperatives have abundant power and are rich in experience. Following the revival of their "people-managed" nature, they will provide more and better services in the development of commodity production in the rural areas. The original local cooperative economic organizations, various types of newly developed cooperative economic organizations, and the village supply and marketing cooperatives and credit cooperatives have become the main part of the services system in the rural areas, and are achieving smooth development in this role. Central Committee Document No 1 of this year stressed undertakings which provide rural services and that "we must especially support those of a cooperative nature." This reflects the actual situation in rural commodity production and the demand of the vast number of peasants.

While the cooperative economy plays the main part, we must also fully bring into play the role of the state and individuals in the socialized services system in the rural areas. The state has superiorities in terms of funds, technology and materials, while individual operations have the superiority of being small-scale and flexible. In brief, those services projects which require little investment, see quick results, and have large benefits should be handled by the rural households, while those projects which require much investment, see results only slowly, and produce little or no profit, should be handled by the township or village. As for those projects which require much technology, are quite large in scale, and which the collectives or individuals would find too difficult to manage, the state should provide a certain amount of support.

In establishing a commodity production services system in the rural areas, we must link services prior to production, services during production, and services after production. If we take the poultry-raising industry as an example, it has the incubation, chicken-raising, fattening, processing, transportation, and sales links. At the same time, there must also be certain conditions in terms of fine breeds, fodder, technology, disease prevention, and so on. If one of these links or conditions is missing, there is no way for production to be carried out.

The mastering of modern scientific and technical knowledge by commodity producers is required by market competition and is also inevitable if economic results are to be raised. Thus, services must develop from the economic sphere to the scientific, technological, and cultural spheres. Scientific and technical knowledge must be widely disseminated to the peasants so as to raise their scientific and cultural levels.

Following the development of commodity production in the rural areas, services organizations or bodies run by the state, collectives, or individuals, or run as combinations, have daily increased in number. Also, their service functions have daily been strengthened. However, in general, the present services system is still not complete. Many operations engage in single aspects of service while few engage in many aspects. Those which directly service the production process are numerous, while those which provide preproduction or postproduction services are few. The information, technology, funds, transport, storage, and processing links are particularly

weak. Some organs are unworthy of their names and their service functions are ill-defined. When they see profits they proceed but when they see difficulties they hold back. Some even travel the former "unified" road and thus lack vigor. The reasons for this are many, but the main one is that some of our cadres consciously or unconsciously handle the new services system according to old models and outworn methods. Some service organs still follow the former method whereby government departments undertook everything and engaged in uniformity, and "serve" solely by using administrative measures. Some still use "the big pot," have not instituted compensated service, and do not adhere to the principle of more benefits for more work. For these reasons they lack vigor.

If we are to establish a complete services system, we must support the spirit of reform. We must change solely "official management" into management by the state, collectives, and individuals, and actively support the development of diversified service organizations and specialized households. We must combine the strengths of the state, collectives, and individuals, arrange coordinated operations, bring all of their roles into play and form service networks. We must change "sit-and-wait" service into "door-knocking" service. It is also necessary to implement a system of contracts whereby the responsibilities of the party providing the service and the party being served are clearly set down. As service is the exchange of labor, it must be compensated. Only by breaking the "big pot" can we promote the raising of service quality, and urge the commodity producers to pay attention to costs and accounting, thereby realizing the goal of mutual benefits.

CSO: 4004/36

SURVEY REPORT: HOW HAIAN COUNTY READJUSTED ITS INTERNAL AGRICULTURAL STRUCTURE

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 39-42

[Article by Chen Yi [7115 7328] and Yin Zheng [0603 6096]--passages within slantlines published in boldface]

[Text]

I

Haian County is located in the very north of the Chang Jiang delta. It does not have the benefits of mountain forest, lacks mineral resources, and has poor conditions for industry. It has a very large population and insufficient land. In 1984, the county had 956,000 mu of cultivated land and a rural population of 877,300. Thus the average amount of cultivated land available for each person engaged in agriculture was 1.09 mu, lower than both the provincial average and the national average (1.35 mu and 1.5 mu respectively).

There are great differences in the county's internal conditions. The Tongyang He and Chuanchang He divide the county into three regions of approximately equal size. There is a high sandy region south of the rivers, a saline cultivated region to the east and a diked region to the north. The altitude of these regions varies by about 3 meters and the quality of the soils in the regions is very different. The salinity and water retention of the soil also varies greatly.

As the population is large and the land scarce, it is necessary to engage in diverse operations in order to bring about overall development in the rural production structure. As the national conditions vary enormously in the planting industry, rational deployment of crops and varieties as well as proper crop rotation should be arranged in accordance with the characteristics of each region. Before 1978, although there was a certain basis for diversified operations, because of the mistakes in overall guiding ideology and policies, this area one-sidedly stressed "taking grain as the key link." For a long period, this fettered the peasants and produced an irrational internal agricultural structure. Although this resulted in high grain and cotton output by the end of the 1970's, the environment had been damaged, agricultural costs had increased, and the economic results were poor. According to a sample survey of peasant family income and expenditures, in 1978 the average net per capita income of peasants in Haian was only 149.1 yuan.

After the 3d Plenary Session of the 11th CPC Central Committee, under new circumstances, the leaders of Haian County conformed with the peasants' demands and, along with reforming the rural economic structure, carried out a bold reorganization of the internal structure of agriculture in the county.

Within the planting industry, there was reorganization in three respects:

1) The system of triple harvesting involving one crop of wheat and then two crops of paddy rice, which was practiced in most districts in the county, was changed to one of double harvesting involving one crop of wheat and one of rice. The area sown to early-season rice was reduced and the area sown to middle-season rice was expanded. This allowed time for plowed earth to be exposed to the sun, and helped in raising the soil fertility and restoring a fine ecological balance. At the same time, the area sown to late-season wheat was reduced, thus alleviating contradictions in terms of labor, fertilizer, and the seasons. On the one hand this promoted increased production of summer grain; on the other hand, it reduced a portion of the planting costs. 2) The area sown to cotton was reduced and the area sown to mulberry was increased. The high sandy regions to the east of the rivers has very poor soil fertility and the cotton produced here is of a very low and unstable quality. In the 12 years from 1970 to 1981, the annual average value of the cotton produced on each mu of land was 95 yuan. At the same time, the average value produced by each mu of mulberry was 165 yuan, with some production teams realizing over 500 yuan. On the basis of investigative research carried out by the county government, it was decided that this region should reduce the area sown to cotton and increase the area sown to mulberry. Since 1981, over 50,000 mu has been planted with mulberry. In 1985, this region will plant no cotton. 3) The ratio of economic crops has been readjusted. In the saline region to the east of the rivers, the peasants have traditionally planted melons, fruit, vegetables and economic crops. In the movement to learn from Dazhai, most of the fruit trees were cut down. In order to raise economic results, this area has now reduced the areas sown to cotton and stressed the development of melons, fruits, vegetables, and special economic crops.

In the animal-raising industry, peasants have been encouraged and supported in greatly developing the production of poultry and eggs. Because there were strict restrictions on breeding poultry in the past, there was a great shortage of poultry products to meet the people's demands, and the prices of poultry and eggs in the agricultural trade markets was very high. Based on current fodder levels, over 4 jin of fodder are needed to produce 1 jin of pork, while about 3 jin of fodder can produce 1 jin of poultry or eggs. As the price of pork and the prices of poultry and eggs are not greatly different, the transformation of value in raising poultry is clearly higher than that in raising pigs. In 1982, Haian County put forward the policy of "stabilizing pork production and developing poultry production." In these 3 short years, the county has experienced a new situation of overall development in the raising of pigs and poultry, and in the production of eggs. From 1978 to 1984, at the same time as per capita pork production more than doubled, per capita egg production rose from 5.7 jin to 30.4 jin and the number of fowl put on the market grew from 530,000 to 4.2 million. The output

value of poultry, goat and rabbit products (mainly poultry and egg products), as a proportion of the total output value of the animal-raising industry, rose from 17.4 percent in 1978 to 27 percent in 1984.

Through readjustment, agriculture in Haian County has achieved a rational internal structure which combines planting and animal-raising. This manifests an exuberant vitality.

/The planting industry and the animal-raising industry have both achieved quite full development./ The production of grain has not declined as a result of the development of mulberry, economic crops and the animal-raising industry. In 1984, grain production totaled 930 million jin, nearly 200 million jin above the figure for 1978, and nearly 100 million jin over the 1983 figure. It has become one of the counties in Nantong City which has quite high per capita grain production. The total output of cotton was 263,932 dan, an average of 30 jin for every member of the agricultural population, twice the national average. Silkworm cocoons weighing a total of 126,840 jin were produced, accounting for one-tenth of the county's production. An average of 144.2 jin of meat, eggs and marine products were produced for every member of the agricultural population. In addition, a large amount of minor economic crops, vegetables, and fruit were produced.

/The relationship between the planting industry and the animal-raising industry was coordinated and each promoted the other./ From 1978 to 1984, while the output value of the planting industry grew in absolute terms, the proportion it occupied in total agricultural output value dropped from 71.7 to 57.6 percent. At the same time, the proportion of the total output value of the animal-raising industry in total agricultural output value grew from 19.4 percent to 31.7 percent. In 1984, 470 million jin of grain was used for fodder. Although this was an average of 1,061 jin for every member of the agricultural population (the 1978 figure was 847 jin), higher than the national average, the situation where "grain was difficult to buy" did not occur. On the contrary, 110 million jin of grain was imported from other areas.

/As animal-raising is gradually turning into large-scale commodity production, the situation of surplus labor in the rural areas has been alleviated./ In 1984, 150,000 of the people in the county, nearly one-third of the rural labor force, were engaged in the animal-raising industry. Also, the various links necessary before production, during production, and after production in the animal-raising industry gave rise to some new industries. In 1984, the labor force solely engaged in the long-distance transport and sale of poultry and eggs totaled over 7,600 people.

/The overall economic benefits are extremely obvious./ Excluding the output value of village-run industries, the total value of Haian County's agricultural output in 1984 was 385 million yuan, a per mu average of 403 yuan. The average net income of every member of the agricultural population in the county in 1984 was 410.7 yuan, an increase of 1.75 times over the 1978 figure. Of this, the income resulting from farming, forestry, animal husbandry, sideline production, and fishery reached 301.6 yuan.

II

On the surface, Haian County's present agricultural situation where "planting and animal-raising are carried out together and agriculture and animal husbandry are combined," seems much like the traditional small-scale commodity agriculture and animal husbandry seen in many other rural areas. However, on closer examination, clear differences become apparent.

First, agriculture in Haian County has already reached an initial stage in being regulated by the market mechanism. For the peasants, the cultivated land is no longer just for planting grain, cotton, and oil-bearing crops. It is a means of production mainly used for satisfying their own needs. The animal-raising industry, likewise, has not simply remained at the stage where it was just a sideline industry for families. What is planted and what is raised now is mainly determined by the market. According to the statistics of the county's industrial and commercial administrative departments, deals concluded in the county for buying or exchanging various types of coarse food grains involved about 150 million jin of grain. This shows that the division of work and specialization is already quite developed in Haian County. Not only do the planting industry and animal-raising industry promote each other, but, as the internal structure of each industry becomes more specialized, it continually gives rise to new specialties. Take the chicken-raising industry as an example. Some people specialize in raising egg-laying chickens, others in raising chickens for meat. These supply large amounts of poultry and eggs to the market. Other households specialize in raising or breeding fine chickens. Still others specialize in producing chicken fodder, and so on.

Second, Haian's animal-raising industry has already become as important as the planting industry, and a relatively independent industry. It is developing toward large-scale socialized production where there is an entire process of selection of fine breeds, epidemic prevention, fodder, technical services, processing, transporting, sales, and so on. In traditional agriculture, the productive forces are low and most of the grain the peasants produce is consumed by themselves, with their limited surplus being sold in the city. Most of the fodder supplied to the animal-raising industry was unprocessed grain and sideline products, unsuitable for human consumption, such as sugar bran and feed cakes produced during the processing of oil-bearing crops.

Since these were produced in small quantities and had poor nutritional value, the animal-raising industry had great difficulty in becoming a large-scale and independent industry. The last few years of reform have resulted in great increases in food grain production in all areas. Commodity exchange has also developed and these conditions have provided guarantees for fodder sources. Haian County seized this opportunity to greatly develop its animal-raising industry. This resulted in the animal-raising industry far exceeding the narrow scope of family sideline operations, becoming a form of commodity production which supplies meat, poultry, eggs, and wool to city markets on a large scale. Specialized households which raise tens or even up to 100 pigs and households which raise several hundred or several thousand fowl are not uncommon these days. Also there are now some specialized villages and

specialized groups which engage in several animal-raising specialties which have become prosperous together. The great development of the animal-raising industry has resulted in a great increase in the amount of fodder consumed. In 1984, over 400 million jin of fodder was consumed in the county. This in turn stimulated the development of the planting industry.

Large-scale commodity production in the animal-raising industry requires that stress be placed on increasing fine breeds. In gearing to the needs of both the domestic and international markets, in 1983 Haian County imported "Durocs," "Hampshires," "Large Yorkshires," and other types of lean-meat pigs. These were bred with the local fine-breed Jiang Qu Hai sows. Experience showed that the lean-meat ratio of the post-crossbreeding generation reached 51.2 to 54.7 percent. In 1984, 11 lean-meat pig rearing stations were established around the county and over 1,000 lean-meat pigs were raised. Also, three semen-supply stations were established to promote artificial insemination. In 1982, fine breeds of poultry which grow quickly and have high egg production rates, including Luo-si chickens, Kangbeier ducks, and Di-gao ducks, were imported from Shanghai and other places. As the "benefits of fine breeds" became daily more obvious, the peasants' demands for fine-breed chickens and ducks grew enormously. In 1984, the county government allocated 150,000 yuan to build a county-level chicken farm for the grandparent-generation Luo-si chickens, and to establish 7 chicken farms for the parent-generation Luo-si chickens. Those large specialized households which raise several hundred or several thousand chickens or ducks have already introduced fine breeds. Basically, this has created a situation where there is a system for raising fine breeds involving the county level (grandparent-generation), township level (parent-generation), and specialized household level (parent-generation and commodity-generation).

The fodder industry has also emerged as the times require, grown quickly, and become a major pillar of the country's animal-raising industry. Excluding the fodder processing factories which the county runs for the state, in 1984 the county had 35 county-run fodder factories and 2 village-run fodder factories, basically one for each township. These factories produced a total of 83.28 million jin of compound feeds. These fodder factories also supplied to the peasants ingredients for making various types of fodder for breeding-pigs, piglets, meat-pigs, breeding-fowl, egg-fowl, meat-fowl, and young fowl, and encouraged the peasants to buy premixed fodder and add these ingredients at home. In 1984, peasants themselves compounded 91 million jin of fodder. Following the popularization of compound feeds, the traditional feeding method of "one dipper of grain, one bowl of sugar and no accounts being kept as to income," which had been followed for a long time by the peasants, was basically changed.

Disease prevention and technical service have already become indispensable parts of the animal-raising industry. The county has instituted the economic and technological responsibility systems for livestock, whereby the healthy are guaranteed protection and the sick are guaranteed treatment. There is also compensation guaranteed for livestock which dies. For the veterinarian staff, technical contracts involving the "six guarantees and one compensation" have been implemented. This includes a guarantee in

preventing disease, a guarantee in treating disease, a guarantee in using medicines, a guarantee in castrating or spaying, a guarantee in breeding, a guarantee in providing quarantine checks before allowing pigs to be sent to market, and, if an animal should die through a technical or veterinary accident, compensation payment in accordance with regulations. In addition, perennial epidemic prevention has been instituted and a livestock quarantine system has been established. Scientific and technical propagation work has seen great development and specialist veterinarians and technicians are enjoying increasing respect. Mass-nature scientific research organs are also appearing.

The wealth of poultry and egg products has spurred on the development of the transport and sales industry, as well as the processing industries. In 1984, individual peasant households engaged in transportation and sales in Haian County sold 3.6 million fowl and 7 million jin of eggs. In 1985, it is planned that in each of the seven districts of the county, a small cold storage warehouse with a capacity of 100 cubic meters will be established and that, linked up with these, there will be seven meat, poultry, and egg processing factories. After these seven meat, poultry, and egg processing plants are established, Haian County will become a relatively complete center for the provision of service to the animal-raising industry before production, during production, and after production. This will promote the development of village and township industry.

Third, agriculture in Haian County is developing toward a modern ecological agriculture which has a fine cycle. In traditional agriculture, the transfer of materials and energy between the planting industry and the animal-raising industry was restricted to the simple cycle of using grain (or other sideline products) to feed the livestock and return their manure to the fields. There was a great waste of resources and energy. In the last few years, Haian County peasants have explored ways to increase links between the planting industry and the animal-raising industry. This has given rise to means of achieving fine cycles. The most basic is the grain-livestock-methane (methane pit sediment)-grain cycle. Although this is quite a simple cycle, it has brought very clear economic benefits, with the peasants continually requesting and obtaining help from specialists and creating cyclical models. Zhang Youmei's household, an animal-raising household in Lingyuan village, Nanbing township, sold 142 porkers, 650 jin of silkworm cocoons, 400 chickens, 1,000 jin of edible fungus, and 100,000 earthworms in 1 year. The fine cyclical model she selected was as follows: The worms were fed to the chickens; the worm excrement, chicken manure, silkworm chrysalides, silkworm excrement, and the ribs of the mulberry leaves were mixed with the fodder and fed to the pigs; the pigs' manure was used in the methane generating pit; the methane-water was used for fertilizing the fields, while sediment from the methane pits was used to grow fungus and later for raising more worms. The results of this cycle were as follows: The chicken manure, silkworm chrysalides, silkworm excrement and ribs of the mulberry leaves replaced fodder to the value of 850 yuan; the use of methane gas over the year saved 5,000 jin of fuel, which would have cost 150 yuan; income derived from growing fungus (including edible fungus) and raising earthworms in the sediment from the methane pits totaled 1,000 yuan. Thus over the

year, the income just from this fine cycle totaled 2,000 yuan. Now, in Nanbing township's Lingyuan village, 270 peasant households have built methane-generating pits, over 50 households are raising earthworms and virtually every family has created a fine food-chain cycle like that created by Zhang Youmei's household. This type of ecological agriculture which makes full and repeated use of biological energy and combines labor-intensiveness with technology-intensiveness, is very beneficial to maintaining an ecological balance in the natural world and resolving the problems of man's energy needs in production and in life. It is already vastly different from traditional agriculture.

Here we should especially look at Haian County's methane, as it is an important link in the entire fine cycle. The method used in Haian County is as follows: Human and livestock manure is mixed with green grass and stalks and put into the methane-generating pit to ferment. What is obtained is marsh gas fuel with methane as its main component.

The thermal use rate of this fuel reaches about 40 percent (the thermal use rate of the stalks which Chinese peasants have used as fuel for thousands of years is only 10 percent). The water and sediment in the methane-generating pit retains the greatest part of the nitrogen, phosphorous, and potassium which are useful for the nutrition of crops. Thus, they are excellent organic fertilizers. The human and animal manure as well as the stalks which are used in the methane-generating pit contain proteins and vitamins which cannot be used by man. However, the sediment can be used to plant edible fungus and raise earthworms or fish. In this way, the use rate of biological energy is raised tremendously and the contradictions in terms of fuel, fertilizer, and fodder can be resolved quite easily. At present, over 25 percent of the rural households in Haian County are successfully using methane gas. The energy needed in cooking the three daily meals and lighting can all, or mostly, be met by methane gas. The technology of using the dregs from the methane pits to grow edible fungus and raise earthworms is being mastered by a growing number of peasants.

In brief, it can be said that agriculture today in Haian County, regardless of whether we are talking in terms of content, form, scale, or technology, is vastly different from traditional agriculture. It links together labor-intensive forms and technology-intensive forms, and has relatively good economic, social, and ecological results. This agriculture is already developing along the road of large-scale socialized production.

III

Through an analysis of Haian's experiences, we can arrive at the following conclusions:

1. In readjusting the rural industrial structure we should first readjust the internal structure of agriculture. Agriculture in our nation is still weak. If we are to gradually change the food patterns of the people, raise the standard of nutrition, and establish a developed foodstuffs industry and agricultural sideline foodstuffs industry, we must continue to greatly

develop the planting industry and animal-raising industry. The achievements of Haian show that there are bright prospects in this respect.

2. The view that the benefits of agriculture are low, that people can only become well-off through industry, and that a way will only be found by shifting the rural labor force to industries other than agriculture is not an overall view. The experiences of Haian show us that if the methods are correct, agriculture is also a way to prosperity.

3. If agriculture is to see full development and have a rational internal structure, it needs to be linked up with and served by the fodder industry, the food-processing industry, and the tertiary industry. This will spur on the coordinated development of the entire rural economy. The road taken by Haian gives new connotations to the principle of using agriculture as a base and provides experiences worthy of being used for reference in readjusting the industrial structure of the vast number of rural areas. This has especially great significance for those areas which have poor conditions for organizing industry, have weak collective economic units, and where commodity production is only just beginning.

CSO: 4004/36

AN OFFICIAL TEACHER'S BREADTH OF VISION

Beijing RED FLAG in Chinese No 16, 16 Aug 85 p 43

[Article by Yang Liuxie [2799 2692 2086]]

[Text] A person who teaches people of talent should not only have exceptional insight, but should also be large-minded and have great breadth of vision. During the Spring and Autumn Period, a hundred schools of thought contended. Among these schools, there was a school that specialized in teaching people of talent. This school did special research into the knowledge and skills related to teaching people of talent. There was a "specialist in teaching people of talent" who taught three people of talent in the Dukedom of Chi. Later, he committed an offense in the Dukedom of Chi and then the three people he had taught for the dukedom all became his enemies: The one who was near the duke refused to see him, the one who was a county magistrate planned to arrest him, and the one who was a high official pursued him to try to catch him until he left the dukedom. On the basis of these incidents, some people said that he did not know how to teach people and told him to be careful in "teaching people" in the future. He smiled silently and looked complacent. In his view, all those he had taught were deeply conscious of the cardinal principles of righteousness, refrained from practicing favoritism, enforced the law strictly, and performed their duties for the dukedom. This was precisely his aim! We should say that this "specialist in teaching people of talent" had a work style, breadth of vision, and method of viewing things that provide much food for thought.

Through the teaching of old cadres, quite a few young cadres have been promoted into leading groups. They conscientiously implement the party's principles and policies, but they do not follow the ancient practice of obeying the rules and regulations formulated by their predecessors, but dare to reform the irrational regulations and habitual practices. They do not follow old cadres' advice blindly, but carefully consider this advice and choose what is good to follow. When their teachers or the relatives of their teachers raise some irrational demands that run against principles, they not only refuse to give preferential treatment to them, but even criticize them, giving no consideration to their feelings. As a result, some of the teachers' feelings are hurt and they are sorry and think that they have taught the wrong persons.

Have they taught the wrong persons?

From the point of view of their personal interests and feelings, they can say that they have taught the wrong persons. Some people act like the prefectural chief that is sneered at in a fable. He wants to recommend a good candidate to replace himself, but he can find no suitable candidate except for a large puppet which "follows without the least deviation the direction of the man who controls it." He thinks that "only this puppet is the right candidate to replace me." In these comrades' minds, the young cadres taught by them must follow their advice without the least deviation. If the person whom they taught begins to formulate new regulations and is keen to carry out reform as soon as he takes the post, he is regarded as an ungrateful person. On these grounds, they think they have taught the wrong persons.

However, from the point of view of the demands of the revolutionary cause, we should rejoice because they have taught the right persons. For we want to teach successors to the revolutionary cause who can carry on and develop our revolution, and we do not want to choose agents for other people. If a person wants to indirectly pursue his private ends through teaching young cadres and making them repay his favoritism, his intentions are entirely wrong. This can never be regarded as something that a communist is allowed to do. As for the methods developed and used by the old cadres in the past, even if they were effective methods at that time, they cannot be entirely perfect under the rapidly developing new situation. Is it not very good if the new cadres perfect and correct the previous methods which are not perfect or are outdated and wrong? If we want to forge ahead, certainly we should continue and preserve some things, and at the same time it is also imperative to eliminate some old methods and develop some new methods. After our old cadres have already helped young cadres to take over their offices and helped them to adapt to their posts for some time, the old comrades should then allow them to forge ahead independently at high speed and there is no need for the old comrades to always keep the young cadres under their control.

The old cadres today should have greater breadth of vision and insight than the "specialist in teaching people of talent" of ancient times. They should ask themselves whether their teaching of virtuous and talented people is aimed at providing successors to the revolutionary cause and enabling the virtuous and talented people to realize their ambition to serve the country. Even if sometimes these new cadres fail to follow the old cadres' advice on certain issues, as long as they behave in accordance with the party's principles and the people's interests and as long as what they do is suited to the trend of the reform and the all-round situation of the four modernizations, they prove themselves to be good cadres who obey only the instructions of the party and the people. Teaching such cadres means the best contribution to the party and people.

CSO: 4004/36

ANSWERS TO QUESTIONS: WHY THE PRINCIPLE OF COMMODITY EXCHANGE CANNOT BE ALLOWED TO INVADE INNER-PARTY POLITICAL LIFE

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 44-45

[Article by Liu Peng [0491 7720]]

[Text] Under the new situation whereby we are carrying out economic structural reform and vigorously developing a socialist commodity economy, we must be on our guard against and resolutely prevent the principle of commodity exchange from invading the sphere of our inner-party political life. This is a new problem worth our attention.

The principle of commodity exchange is the principle of exchange based on equal value. The two parties involved in a commodity exchange transaction both want in return a commodity that is equal in value to the product they have to offer. In other words, both want the other party to repay them with products involving an equal amount of labor. This is an objective demand of the law of value and is conducive to the development of the productive forces. Commodity production has passed through the stages of small commodity production and capitalist commodity production. By the time capitalist society developed commodity relations, development hit its highest point. As a result, the principle of commodity exchange permeates all aspects of the relations between people and all things can be considered commodities. In the "Communist Manifesto," Marx and Engels said: The capitalist commodity economy "has caused people to have no interrelations except for the naked relations of interests and except for ruthless 'cash transactions.'" ("Selected Works of Marx and Engels," Vol 1, p 253) Capitalist commodity exchange is linked to the private ownership of the means of production and class exploitation. When the principle of commodity exchange permeates all aspects of the relations between people, egoism will inevitably run rampant. A socialist commodity economy is founded on the system of socialist public ownership and is a commodity economy guided by state plans. It differs in essence from a capitalist commodity economy. However, the widespread development of even a socialist commodity economy will give rise to a certain blindness and cause the principle of commodity exchange to affect people's minds. If we fail to pay sufficient attention, the principle of commodity exchange may invade our inner-party political life.

Our party is the vanguard of the proletariat. The most fundamental principle for the party's political life is the proletarian principle of party spirit, which differs diametrically from the principle of commodity exchange. First, in commodity exchange, people are particular about the equality of value. But we as communists follow the principle of selflessly devoting all that we have to the people and to the cause of communism. To this end, we would even sacrifice our lives. Thus, we cannot consider what we get in return in accordance with the principle of an exchange based on equal value. Second, commodity exchange is carried out through the use of currency and requires the calculation of value and profits. This is apt to cause some people to accept the idea of "pursuing money in doing everything." However, what communists pursue is to serve the people wholeheartedly. We regard the realization of communism as our loftiest goal. In handling the relationships among the party, the state, and the collective as one party and the individual as the other, we always maintain the stand of the proletariat, proceed from the interest of the masses, persist in putting the interests of the party and the people above all else, regard personal interests as subordinate to the interests of the party and the people, and never "pursue money in doing everything." Third, in conducting commodity exchange, we should pay attention to economic results. We cannot eliminate competition. However, when communists handle the relations among people, we adhere to the principle of being the first to bear hardship and the last to enjoy comforts, working selflessly for the public interest, putting others before oneself, and "being the first to worry about what worries all the people and being the last to enjoy comforts." If we fail to be on guard and allow the principle of commodity exchange to invade our inner-party political life, there will be a malpractice of regarding political, organizational, and ideological problems of principle as a type of commodity exchange among comrades, among units, among departments, or among the leaders and the led. As a result, we will turn the various kinds of relationships inside our party into monetary relations and regard money as the key factor in doing anything. This will cause us to violate the principle of the party's political life, and seriously erode our party organizations and members or even cause them to become degenerate. What is worth paying serious attention to is the fact that at present, the idea of "pursuing money in doing everything" and the ideological trend of "money worship" are eroding some people in our ranks. In this situation, it is imperative to tell people to be on their guard against the invasion of the principle of commodity exchange in our inner-party political life.

In the economic field, we must vigorously develop the socialist commodity economy and implement the principle of exchange based on equal value. Otherwise we will not be able to do our economic work satisfactorily. Nor will we be able to rapidly develop our productive forces or give full play to the superiority of our socialist system. At the same time, in the field of political life, we must strictly adhere to the party's guiding principles and prevent malpractices by some party members whose willpower is weak, who lose their stand, who trade the party's principles for gains, who take advantage of one another, and who apply their knack for business in our inner-party political life. Both preserving the communist purity of our party members and vigorously developing commodity production and

implementing the principle of exchange based on equal value are our indispensable tasks. They do not conflict with each other. In the process of developing commodity economy, it is possible for the principle of commodity exchange to invade our inner-party political life. We must fight against this negative tendency. However, we should not expand the scope of the struggle that is carried out inside our party against this tendency to the scope of our economic life. We must correctly draw a demarcation line between the two. While conscientiously developing commodity economy, we must point out to the vast number of our party members the harm of the invasion of the principles of commodity exchange into our inner-party political life. We must make them consciously preserve the purity of Communist Party members in order to heighten their combat effectiveness and ensure the smooth progress of the economic structural reform and the healthy development of the socialist commodity economy.

CSO: 4004/36

SOME VIEWS ON IMPROVING TEACHING

Beijing RED FLAG in Chinese No 16, 16 Aug 85 pp 45-47

[Article by Zeng Qixian [2582 0796 6343], professor in the Economics Department of Wuhan University]

[Text] How we are to analyze the socialist economy and carry out the theoretical education related to it is a question that people have focused their attention on in the past few years. Among the works, textbooks, and tentative ideas on the system of the socialist section of political economics, there are many similarities between Comrade Li Yining's tentative ideas (see "Some Ideas on the System of Socialist Political Economy" carried in RED FLAG No 13 of 1985) and mine. For example, we both hold that it is necessary to analyze both microeconomic and macroeconomic activities, to analyze both the volume of flow and the stock, and to conduct both static and dynamic analyses. We both hold that the final part of the section should contain narrations about the strategies and goals for the development of socialist economics. Of course, there are also differences between our ideas. The major difference is that there is a main line in my ideas, while Comrade Li Yining does not clearly identify any main line on socialist economics. The order of analysis for my ideas is to start by satisfying the material and cultural demands of the masses, to first analyze the demands and economic activities of people as individuals and then the economic activities of enterprises, and finally to analyze the operation of the entire national economy. Comrade Li Yining, however, first analyzes the operation of the national economy and then analyzes the economic activities of enterprises and people as individuals. There are also other differences.

My ideas were put forth before the promulgation of the "Decision of the CPC Central Committee on Reform of the Economic Structure." I will now further explain my views on the work of improving the teaching and research on socialist economic theories in connection with studying the "Decision."

First, the fundamental characteristics, the core, of the "Decision" lie in the fact that it is based on summing up the experience and lessons that we have learned from our country's socialist construction. It correctly refers to the lessons and experiences of other countries in economic reform. It is free from the fetters of the rigid traditional pattern and the

theoretical explanation of this pattern. It makes breakthroughs and creative theoretical contributions and displays the scientific spirit of being brave and well able to blaze new trails. The key to improving the teaching of the socialist section of political economics should be to promulgate the spirit of the "Decision" in proceeding from reality and being good at blazing new trails. A fairly large part of the educational materials that emerged in our country before the "Decision" was published lack precisely this scientific spirit. These educational materials are fettered by the theses of some books, theses which have not been proved by practice, and these materials are too used to giving theoretical explanations for rigid traditional patterns. Sometimes there are certain "breakthroughs" and "creative ideas" in a small part of the educational materials; however, they correspond to the theory on the "leaps" in relations of production that are determined by subjective will, and thus become theoretical sophism. Of course, there are some works and educational materials that are able to adhere to the standard of being seriously scientific. However, the rigid economic pattern has already had a deep impact and the traditional theoretical framework has been in vogue for a long time. Therefore, we should not overlook the resistance to the reform in the educational materials. That is why I think that the most important thing in reforming our educational materials and teaching at present is to learn from and understand the scientific spirit that is embodied in the "Decision." Carrying out the work of exploration and blazing new trails in a practical and realistic manner without being restricted by certain theses of previous books, without being fettered by long-standing traditional economic patterns, and without proceeding from subjective and unrealistic desires are also important.

Second, in order to implement the scientific spirit of the "Decision" when reforming the teaching of our socialist economic theories, at least at the present stage we should not demand the formulation of a unified educational program or the use of unified educational materials. At a time when the rigid economic pattern and the traditional theoretical framework still have fairly great impact, it is particularly necessary to encourage people to adopt different methods and apply different analytical procedures in order to explore a new theoretical system and new educational methods. For this purpose, we should conscientiously put an end to the long-standing practice of focusing on expounding laws and should earnestly switch to the practice of summing up and proving laws by logic, in a practical and realistic manner.

Third, since we should encourage people to adopt different methods and apply different analytical procedures to explore new theoretical systems, we should not only allow them to proceed from defining the logical starting point and research the key point in establishing the new theoretical system, but should also allow and encourage them to adopt other systems and methods for establishing the new system. Only in this way can a hundred schools of learning contend with one another, and can we learn from one another's strong points to offset one another's weak points and thus enable scientific socialist economic theory to prosper and develop.

The way that I would adopt stresses understanding and researching the economic activities of the various tiers of economic entities in the reality of our socialist economy, and thus discovering the laws governing them. Although these laws can only touch upon some relatively clear relations between economic phenomena and cannot necessarily explain the essence of the socialist economic system, if we can first understand these relatively superficial laws, we may find it easier to directly research and analyze the grounds and the pros and cons of various economic policies. For example, in the current process of carrying out economic structural reform and gradually moving into a planned commodity economy, the response and economic activities of the economic entities of different levels vary greatly. The response and economic activities of some individuals, enterprises, areas, and departments are reasonable, meet the demands of the development of the planned commodity economy, and can be predicted. However, there have also been quite a few economic entities whose responses and economic activities are irrational, who do not meet the demands of the development of the planned commodity economy, and whose activities can hardly be forecast. True, this is a situation that inevitably emerges in the process of a new system replacing an old one. However, from the point of view of the teaching and research of socialist economic theory, it is not enough to only explain the inevitable emergence of this situation, but it is also necessary to understand, analyze, and research the reasons these different responses and economic activities emerge; whether in formulating various measures of macroeconomic control (including the restriction by plans, the financial, monetary, and price policies, and so on) we have considered the various possible responses and activities; what economic activities will emerge under certain conditions when a certain measure is adopted; what policies and measures are more advantageous to advance under the current situation; and so on. The laws that we learn from this analysis and research are on a relatively superficial level, but they more greatly facilitate our understanding of the process of the development of the planned commodity economy and the problems that may crop up in this process. Moreover, starting by probing these laws on a superficial level will perhaps better enable us to understand and prove the laws that are on a more profound level and that can reflect the essence of the socialist economy. Therefore, I think that this can be regarded as one of the ways to probe and improve the teaching of socialist economic theory.

What needs clarification is: Although I am willing to adopt the method that starts by focusing on analyzing economic activities and phenomena to probe theory, I do not object to some comrades spending more time analyzing the concepts and defining the categories (including the starting point category and key category) or applying socialist economic laws that they have already understood to expound the current practice of socialist economics nor do I oppose inheriting the achievements of the theoretical research of the past. In fact, the system I have constructed has absorbed the theoretical research achievements that I think that can be inherited. There is a main line in my system, namely, the interdependent and interactive relations between, the conservation of labor, the planned distribution of labor, and the satisfaction of social demands. This main line was not invented by me, it was expounded by Marx and inherited and stressed by Sun Yefang. I think that the

interdependent and interactive relations between the three are indeed essential relations that objectively exist in all patterns of socialist economics. We try to deal with this main line by handling the relations between three levels of interests, namely the interests of the state, the collective, and the individual. The relations between these three levels of interests are obviously not something I created. As far back as in the mid-1950's, Mao Zedong expounded on the relations between the interests of the three. Since the 1950's, some economists in Eastern European countries have continued their research into the three levels of economic interests and the economic policy decisions related to them. I think that under the prerequisite of confirming the fact that these three levels of interests have differences as well as similarities, we should first analyze the economic interests, decisions, and activities of individuals, then analyze the economic interests, decisions, and activities of enterprises and collectives, and then we should finally analyze the economic decisions and activities of the state as the representative of social interests. This may then be accepted as a procedure or framework that we can choose in analyzing socialist economics. On the surface, this framework is to some extent similar to the framework of Western economics that starts from microeconomic analyses and ends in macroeconomic analyses. However, this framework is not transplanted from Western economics, but has struck even deeper root in the socialist economic theory on the necessity to distinguish the three levels of economic interests that we have developed for a long time. What is to be pitied is that our country's socialist economic theories fail to attach due importance to and duly develop the theories on the relations between the three. Few people ever think that the relations between these three tiers of interests can form a framework for analyzing the socialist economy.

Fourth, the aim of the teaching of socialist economic theory at present should be to guide the students to really understand the process of the operation of socialist economics and the objective necessity and developmental prospects of the planned commodity economy, and know what problems we may meet in the process of the economic structural reform to train their ability to sum up experience, and analyze and solve problems in their economic practice, and to enable them to soundly forge ahead with lofty ideals toward the goal of the realization of the four modernizations of our country and toward the even more magnificent goal of communism. It is not easy to actually achieve this in reforming teaching, but failing to make efforts to realize this goal is dereliction of our duty.

In order to achieve this aim, we should solve many problems. Here I can only deal with the question of how we are to handle the relations between "what the practice is" and "what the practice should be" in our educational materials and teaching. In foreign economic terms, this means the question of how we are to handle the relations between positive and economic analyses. I think that it is not practical or correct for us to act like some foreign economists, regard positive analyses and analyses based on norms as diametrically different, and hold that only positive economic analyses can be regarded as a scientific economic analysis. However, I also think that there is too much economic analysis based on norms concerning the question of "what should the practice be" in most of the previous educational

materials and teaching of the socialist section of political economics. Moreover, most of the economic analyses based on norms concerning the question of "what the practice should be" is based on a certain thesis or a certain law that was expounded by our predecessors or on the economic pattern that has taken shape in a certain country under specific historical conditions. Conducting our teaching in accordance with these norms is obviously divorced from the socialist economic practice in our country. During the process of their study, what the students read and hear is all about "what the practice should be" in developing the socialist economy, but as soon as they touch bases with practice, they will soon find that "what the practice is" in economic reality differs greatly from "what the practice should be" that was taught in their study. As a result, a fairly large number of the students become perplexed or disappointed at the economic reality or find that the theory taught to them is divorced from reality and is useless. To counter this situation, I think that in teaching theory, we should make fewer efforts to expound the theory of "what the practice should be," which is divorced from practice, and make more efforts to guide the students in understanding "what the practice is" in our current socialist reality and in the movement of socialism. However, this by no means signifies that I uphold that the question of "what the practice is" can be entirely separated from the question of "what the practice should be" or that in conducting positive economic analyses, economic analyses based on norms can be entirely dispensed with. Only economic analysis based on norms which is conducted through and in combination with positive economic analysis can be persuasive. Therefore, I think that it is particularly necessary for us to deepen our understanding of and make more explanations about the question of "what is the practice" concerning the economic activities of various economic entities, and the question of "what is the practice" of the process of the socialist economy. On this basis, we will deepen our research and draw a conclusion about the question of "what the practice should be" for the movement and development of the socialist economy.

CSO: 4004/36

WHOEVER WANTS TO ENTER PARADISE MUST BRAVE THE JOURNEY INTO THE INFERNO--A
BRIEF CRITIQUE ON 'THE DOOR OF PARADISE'

Beijing RED FLAG in Chinese No 16, 16 Aug 85 p 48

[Article by Zhang Zhizhong [1728 1807 1813]--on a novel by Wang Lixiong,
published by Huacheng Publishing House in 1984]

[Text] The surging tide of the new technological revolution is pounding on the territory of China. How are the Chinese people of the 1980's, who have weathered prolonged turbulence and great historical change, to meet this new challenge? Can our nation make its ancient eastern civilization regain its youthful vigor in the new era?

The novel "The Door of Paradise" came off the presses at just the right time. This book provides artistic images of the people who have worked hard and with great initiative to make our country prosperous, images that the writer has discovered from our lives. The writer thus helps to strengthen our confidence in meeting the new challenge. Su Ju is a responsible person of the computer enterprise management research group at a certain automobile plant, and is one of the new generation of reformers who looks squarely at the world and the future. He not only has the ability to act by transforming a research organization that threatened to become an institute in name only into a work team with great efficiency that plays its role in the center of the whirl of technological reform, but he accepts new ideas, has a broad field of vision, and is good at considering problems in light of the whole situation of the industrial and economic development of the world. He vigorously urges the introduction of electronic computers from abroad--these are the embodiment of the new productive forces. He holds that all-round management by computers should be established in factories so that the relations of production can be reformed on the basis of the advanced productive forces. He regards the use of computers as the lever that pushes reform forward. As of now, we are not in a position to test Su Ju's tentative idea and to prove whether or not it is feasible. However, we can see that by describing the conflicts centered on the question of whether or not electronic computers should be introduced from abroad, the writer has successfully depicted Su Ju, a reformer of the younger generation. His scientific insight, creative spirit, mental characteristics, and competence are better than those of the older generation, and thus he adds new energy and a new stimulus to the reform and contributes to ensuring the continuous

acceleration of the magnificent cause of the reform itself. Su Ju's new ideas closely match the development of the times and his spirit of dedication and devotion. His heated enthusiasm greatly enlightens, encourages, and inspires the people.

Precisely because Su Ju pursues progress at a rapid pace, his actions cannot help but have strong repercussions. Even factory director Zhou Huaimin, who supports reform, cannot understand the profound significance of Su Ju's activities. Cao Huanqing, secretary of the factory party committee, and Xu Zhenting, director of the planning department, who is regarded by Cao Huanqing as the successor to the post of factory director, try hard to destroy the plans for the all-round computer management. They fear it will threaten their vested interests and "encroach" on their "manor." People like Xu Zhenting are worth noting. He is young, has educational qualifications and talents, and is a political speculator who has undergone the steeling of years of political turbulence. As far as he is concerned, the question of whether the reform is carried out is not important, but the question of whether his personal desires are satisfied is important. At a time when the reform is becoming an overwhelming trend, he has stealthily joined the ranks of reformers and undermined the reform from inside. Such a person often brings greater harm to our undertakings than those who openly oppose the reform.

The title of the novel "The Door of Paradise" has deep meaning. The door of paradise is a permanent fixture and a rocky hill for the factory. On this rocky hill, Su Ju and his colleagues discuss the meaning of life and think about the tragic process whereby the human race first has to journey into the inferno before being able to enter paradise. Combining views on the meaning of life with the tide of times, the book not only reflects the characteristics of Su Ju, who is both a youth and a reformer, but also lays out the ideological and philosophical contents of the novel and gives an answer, on behalf of the youths of our times, to the historical enigma concerning the value and mission of life, which has perplexed people since the dawn of time. If we say that Su Ju's tentative ideas on the reform are an answer to the challenge of the new technological revolution, then his probe into the meaning of life also constitutes a positive answer for Chinese youths of our times to the question related to the value of life. This question causes a crisis in some people's minds in a world where there is the horror of war and social turbulence and where old values are collapsing.

Paradise, as an embodiment of things fine and good, is always linked with people's ideals and wishes. Another aspect of the novel is based on a legend called "Beheaded Country" about the brothers in an ancient country. Su Ji's girlfriend traces the source of this legend. This adds a touch of legend to the novel and expands its ideological contents through the deep significance of the legend. After travel through a turbulent current, steep mountains, and ancient caves, and after facing great danger, the details of the legend are at last discovered. The complicated plot of the legend is very interesting. The legend says that 500 brothers want to look at God's daughter whom they regard as the ideal woman. They make a mountain of wood, climb the mountain, and one after another peek into heaven only to have

their heads cut off one after another. "It is nothing to have 500 people beheaded as long as they can look at God's daughter." This ancient legend with a strong tragic theme is permeated with the Chinese nation's fine tradition of persisting in pursuing its goals with no fear of death by so doing. When this is linked with the spirit of selfless struggle of the contemporary Chinese youths in reinvigorating China and achieving reform, this ancient legend regains vitality and thus makes the novel deeper and imbues it with a magnificent and lofty beauty that knows no bound of time or space. Su Ju says: "The road that leads to paradise is paved inch by inch with blood and sweat." The persistent pursuit like that by the brothers in "Beheaded Country" is indispensable for any great undertaking.

Whoever wants to enter paradise must brave the journey into the inferno.

CSO: 4004/36

ON READING 'A RANDOM CHAT ON CAPITALISM AND SOCIALISM'

Beijing RED FLAG in Chinese No 16, 16 Aug 85 inside back cover

[Book review by Shu Lin [2579 2651]]

[Text] Providing education in communism to the vast masses, especially to young people, and helping them to recognize the superiorities of the socialist system is an important task faced by theoretical workers. The book "A Random Chat on Capitalism and Socialism" (published by SHIJIE ZHISHI Publishing House), edited by Qian Jinrui [6929 0193 3843], was written for this task. Since it was published, the book has received the attention and favorable comments of the vast number of readers. The superiorities of this book are as follows:

1. The structure is original and it is strongly logical. The first two selections of the book take a vertical view and look at the historical process of the emergence and development of the capitalist and socialist systems in a thorough but easily understandable way. They analyze the basic natures of the two systems and discuss the historical positions of the two social systems. The third section takes a horizontal view and compares the two types of economic and political systems, and the peoples' lives and mental outlooks under the two systems. It explains, in a completely convincing way, the matchless superiorities which socialism enjoys over capitalism. Through contrasting the systems, it leads readers to a deep love for the country and a deep love for socialism.
2. The viewpoints are distinctive and the explanations penetrating. In order to assist readers in clearly understanding the superiorities of socialism and in strengthening their communist convictions, the book, through a complete analysis of history since the emergence of capitalism, shows that capitalism has entered its final years, that its basic contradictions are intensifying, and though it may at times see temporary "golden ages," it cannot escape the inevitable trend toward extinction. At the same time, it gives a full explanation of the protracted nature of the course of capitalism's extinction and the complex nature of some economic phenomena. On the other hand, it also describes the process as socialism changed from a vision to a science, from a theory to a fact. It warmly extols the results achieved in economic development by all the socialist countries which have been established since the victory of the October

Revolution, and brings to light the socialist system's great vitality and bright prospects. Also, in a seeking truth from facts manner, it points out the difficulties and problems which the socialist system will encounter as it progresses, as well as the formidable nature of the task of realizing communism. Both in positively explaining problems and in criticizing erroneous viewpoints, the author adopts a fully reasoned and systematic attitude, which is very touching.

3. The arguments are valid and persuasive. The book lists economic statistics of major capitalist countries over the last 100 years. These statistics show that the capitalist world is subject to the dangers and problems of economic cycles. At the same time, the book lists the corresponding statistics for various socialist countries and shows the speed of their economic development. By comparison, one can easily see which of the two systems is superior. Many readers have noted, and even specialists have said, that this book is worth reading.

This work was completed in 1983. Looked at today, some of the viewpoints can be seen to have been affected by the limits of knowledge at that time. But, apart from this, as a book aimed at the vast masses and especially at youth, and at a book which explains technical terms in layman's language, this work has been warmly welcomed by the readers.

CSO: 4004/36

END