

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

北京周報

Vol. 30, No. 45 November 9-15, 1987

Zhao's Report at Party Congress A Major Thesis for Building Socialism





In the Wuyi Mountains tours are conducted by farmers from the region. A tour guide (middle) tells travellers about the local scenery.

Gu Xinsheng

Tourists enjoy the unfolding natural beauties afforded by river travel on a bamboo raft.

Zheng Zhensun



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Ziyang

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HIGHLIGHTS OF THE WEEK

Historic Party Congress Fruitful

■ The 13th National Congress of the Communist Party of China closed with the election of a new Central Committee whose members average 55.2 years of age, 3.9 years younger than the previous committee. The committee elected a new Political Bureau and chose Zhao Ziyang as Party general secretary. Zhao and four other Political Bureau members form the Political Bureau's Standing Committee (p. 5)

Full text of Zhao Ziyang's work report to the congress is printed in this issue (centrefold). Highlights of his report were given in our previous issue.

General Secretary Talks to Reporters

■ In a meeting with Chinese and foreign correspondents covering the 13th National Congress of the Chinese Communist Party, newly elected Party General Secretary Zhao Ziyang answers questions on a whole spectrum of issues including his intention to resign from the premiership and China's attitude towards Soviet reforms (p. 12).

A Major Thesis on Building Socialism

■ The thesis that China is in the primary stage of socialism is comprehensively and thoroughly expounded in Zhao's report to the 13th Party Congress. Worked out on the basis of China's specific conditions, this thesis helps unify the whole Party's understanding of China's conditions and enhance the political consciousness of its members in implementing the Party's political line (p. 4).

A New Generation of Chinese Leaders

■ To keep the Party's cause in vigorous hands, many younger people were elected to the Party's leadership at central and local levels. This interview, conducted at the 13th Party Congress, covers the work and achievements of Li Ruihuan, mayor of Tianjin and member of the newly elected Political Bureau, and three others who have proved their political and moral integrity, professional competence and strong sense of responsibility (p. 16).

Published every Monday by

BEIJING REVIEW

24 Baiwanzhuang Road,

Beijing 100037

The People's Republic of China

General Editorial Office Tel: 893860

English Dept Tel: 831.5599 Ext. 546

Distributed by China **International Book
Trading Corporation** (GUOJI SHUDIAN)
P.O. Box 399, Beijing, China

Subscription rates

(1 year)

USA

US\$24.00

Australia

A.\$24.00

Canada

Can.\$23.00

New Zealand

NZ.\$33.00

UK

£13.00

An Important Thesis on Building Socialism

by Dai Yannian

The thesis of China being in the primary stage of socialism is comprehensively and thoroughly expounded in the report delivered to the 13th National Congress of the Communist Party of China (CPC). It was worked out on the basis of China's specific conditions. The report states that China is not in the position envisaged by the founders of Marxism. They saw socialism being built on the basis of highly developed capitalism. Neither is China exactly comparable with other socialist countries.

China used to be a semi-feudal, semi-colonial country. Through the new-democratic revolution led by the Communist Party, China moved directly into socialism skipping the stage of fully developed capitalism. China has a poor industrial foundation, backward productive forces, and an underdeveloped commodity economy. This situation dictates that having entered socialism, China must go through a very long primary stage in which to achieve industrialization and commercialization, socialization and modernization of production which the Marxist theory anticipated taking place in many countries under capitalism.

Although social productive forces have developed remarkably since the founding of the People's Republic in 1949, they are, to this day, still very low, especially when compared with those in the developed countries. China ranks eighth in the world in terms of gross national product (GNP), but 100th for per-capita GNP; China ranks first in the world in total grain output, but its per-capita share of grain is only 20 percent that of the United States. China's large-scale industrial production has developed, but its pre-

industrialization economic pattern has not changed fundamentally. Rural labour accounts for over 60 percent of all the nation's work force. The level of the rural economy's commercialization and socialization is very low, the rate of commodity grain is less than 30 percent. Although some of China's sophisticated sciences are at the world level, in general its sciences and technologies lag far behind those of the developed countries. A quarter of China's population is illiterate or semi-literate. Obviously, China cannot in one move achieve the level of productivity the developed countries attained in several centuries. It is estimated that China will reach the level of a moderately developed country in the middle of next century. The primary stage of socialism will then cover 100 years from the mid-1950s when China basically accomplished the socialist transformation of the ownership of the means of production.

The CPC came to the correct conclusion that China is still in the primary stage of socialism only after it reviewed both the positive and negative experiences in socialist construction, especially after drawing the lessons of the setbacks caused by "leftist" guidelines.

The two decades after 1957 were marked by the Party's "left" mistakes made in its cause of socialism. For example, it did not take the development of productive forces as the central task, but rather it stressed "taking class struggle as the key link"; in economic construction, it overlooked the objective law and attempted to catch up and surpass the developed countries in one stroke by making steel in the

courtyards and other "great leap forward" fiascos. It rushed to set up the people's communes, raise the degree of public ownership and practise absolute egalitarianism. Many correct policies facilitating economic development and the improvement of people's lives were cast aside as "capitalist" and "revisionist." These were replaced by policies which were seemingly very revolutionary but were actually jeopardizing the revolution. These mistakes culminated in the launching of the "cultural revolution."

An important cause of these "left" mistakes was a lack of proper understanding of the implications of China's being so poor and backward, that a very long primary stage of socialism was required.

After the Third Plenary Session of the 11th Central Committee in 1978, the CPC began to correct these "left" mistakes. The thesis that China is in the primary stage of socialism was first set forth in the CPC Central Committee's 1981 Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China, and reaffirmed in the Central Committee's 1986 Resolution on the Guiding Principles for Building Socialist Society With an Advanced Culture and Ideology.

Recognition of the fact that China is in the primary stage of socialism enables us to grasp the key to comprehending and solving the major issues of China today. Thus the political line of building socialism with Chinese characteristics and a series of principles and policies were formulated on the basis of China's own conditions.

The primary stage theory is widely recognized as promoting the continuity and stability of

13th CPC Congress Closes

The 13th National Congress of the Communist Party of China (CPC) closed on November 1, with the election by secret ballot of a new Central Committee of 175 full members and 110 alternate members.

It was the second and final full meeting of the congress. The meeting also adopted a resolution approving the report made by Zhao Ziyang on behalf of the 12th CPC Central Committee.

The first item on the meeting's agenda was to elect the Central Committee, the Central Advisory Commission and the Central Commission for Discipline Inspection. The 1,959 regular and

specially invited delegates first endorsed a list of 33 scrutineers, which was prepared on the basis of proposals by the delegations and with the approval of the congress presidium.

The delegates were free either to choose the candidates proposed or write in their own suggestions.

The new Central Advisory Commission comprises 200 members and the new Central Commission for Discipline Inspection 69 members.

Starting on October 27, the various delegations spent two days deliberating on the lists of names prepared by the congress

presidium for the preliminary elections to decide the candidates for full and alternate member of the Central Committee and the two commissions. In the preliminary election for the Central Advisory Commission, the number of names was equal to the number of actual candidates to be determined, while in the preliminary elections for the full and alternate members of the Central Committee and members of the Central Discipline Inspection Commission, there were more names than the number of candidates.

In the formal elections for the Central Committee and the two commissions, the number of candidates was equal to the number of people to be elected.

The congress also voted to adopt a resolution on the revision

China's current policies. It means that the development of the productive forces will be made the central task, that China must reform its ossified structures. It also necessitates China's opening up to the outside world, importing advanced foreign science and technology, management expertise and funds. All this is good news for foreign investors.

In order to boost productivity, ownership will not be unitary in this primary stage; public ownership will predominate, individual and private ownership, Sino-foreign joint ventures, Sino-foreign co-operative enterprises and wholly foreign-owned businesses will be allowed to develop. China will not practise absolute egalitarianism in distribution. Rather it will mainly follow the principle of distributing "to each according to his work," while allowing unearned income.

In this primary stage, China will build democracy, socialist culture and ethics; it will also oppose the influence of decadent feudal and capitalist ideas and strive to raise the people's scientific and cultural level.

Members of the CPC generally support the Party's current line and policies, uphold socialism and favour reform and opening up, but there are also a handful of people who stick to ossified notions or negate socialism.

This is often due to differences in understanding. Some people whose "left" thinking is deeply-rooted fail to keep pace with reform; some depart from the basic tenets of Marxism-Leninism to pursue "emancipation of the mind." All this will obstruct the proper implementation of the Party's political line.

The report points out that the thesis of the primary stage implies first, China is already a socialist society, and must persevere with socialism; and second, China's socialist society is still in its primary stage and it must proceed from this reality and not jump over this stage. Under the specific historical conditions of contemporary China, to refuse to believe that the Chinese people can take the socialist road without completing the stage of fully developed capitalism is a mechanistic view on the question of the

development of revolution. This is the cognitive root of right deviationist mistakes. On the other hand, to believe that it is possible to jump over the primary stage of socialism during which the productive forces are to be highly developed is a utopian view on this question. This is the major cognitive root of "left" mistakes.

In elaborating this, the report to the 13th Party Congress helps unify and raise the whole Party's understanding, prevent and overcome both "left" and right interference and enhance the political consciousness of its members in implementing the Party's correct line.

Theory comes from the summing up of experience and in turn promotes practice. The 13th Party Congress' expositions on the primary stage of socialism are evidence that the Party has had richer experience and become politically more mature. Inspired by the spirit of the 13th Party Congress, the Chinese Communists and the Chinese people will stride forward confidently. ■



Deng Xiaoping, Li Xiannian, Zhao Ziyang and Hu Yaobang (from right) vote at the meeting.

WANG XINGQING

of some articles of the Party Constitution, and resolutions on approving the work reports of the two commissions.

Speaking at the close of the congress, Zhao said the whole Party should resolutely put into practice the basic line of the Party for the primary stage of socialism, earnestly implement the resolutions adopted at the congress, strive to fulfil the tasks laid down and lead the Chinese people in their continuing advance along the road of building socialism with Chinese characteristics.

According to Zhu Muzhi, the spokesman of the congress, the full and alternate members of the new 13th CPC Central Committee average 55.2 years in age, 3.9 years less than those on the previous committee elected five years ago.

Speaking at a press conference

after the congress closed, Zhu said that Deng Xiaoping, because of his prestige and wisdom, will still play an important role in China's Party and government affairs although he has left the Central Committee.

In response to a question, Zhu said that under the revised Party Constitution, the secretariat will become a working body of the Political Bureau and its Standing Committee. This is to reduce the levels of policy-making, he said. In the future, the Political Bureau Standing Committee will make policy decisions on a day-to-day basis in accordance with decisions made by the Political Bureau.

In response to another question, Zhu said that in accordance with the principle of separating the Party's functions from those of the government, the relationship be-

tween the Party and the armed forces will also be handled in this spirit. The Party should lead the armed forces in the same manner as it leads the government, he said.

Planning to Rule Only 30% of Economy

Only about 30 percent of China's economy will remain subject to central planning in two or three years time, said Premier Zhao Ziyang on October 29.

In a meeting in Beijing with Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT), Zhao said that nine years ago 100 percent of China's economy was centrally planned. Today only 50 percent remains within the

CPC Elects New Leaders

The 13th Central Committee of the Communist Party of China held its first plenary session in Beijing on November 2.

According to a communique from the meeting, Zhao Ziyang presided over the session, which was attended by 173 members and 106 alternate members of the Central Committee. Members of the Central Advisory Commission and the Central Commission for Discipline Inspection were also present.

The session elected the members and an alternate member of the Political Bureau of the Party Central Committee, the members of the Political Bureau's Standing Committee and the general secretary of the Party's Central Committee.

The session approved the nomination of the members and an alternate member of the secretariat of the Party Central Committee by the Political Bureau's Standing Committee. It decided on the appointment of the chairman, first vice-chairman and permanent vice-chairman of the Military Commission of the Party Central Committee.

The name lists are as follows:

1. Full members of the Political Bureau (listed in the order of the number of strokes in the characters of their surnames): Wan Li, Tian Jiyun,

Qiao Shi, Jiang Zemin, Li Peng, Li Tieying, Li Ruihuan, Li Ximing, Yang Rudai, Yang Shangkun, Wu Xueqian, Song Ping, Zhao Ziyang, Hu Qili, Hu Yaobang, Yao Yilin, and Qin Jiwei.

The alternate member of the Political Bureau: Ding Guangen.

2. Members of the Standing Committee of the Political Bureau: Zhao Ziyang, Li Peng, Qiao Shi, Hu Qili and Yao Yilin.

3. General secretary of the Party Central Committee: Zhao Ziyang.

4. Full members of the secretariat of the Party Central Committee: Hu Qili, Qiao Shi, Rui Xingwen and Yan Mingfu.

Alternate member of the secretariat: Wen Jiabao.

5. Chairman of the Military Commission of the Party Central Committee: Deng Xiaoping.

First vice-chairman of the commission: Zhao Ziyang.

Permanent vice-chairman: Yang Shangkun.

The session approved the election of the chairman, vice-chairmen and members of the Standing Committee of the Central Advisory Commission, which took place at the commission's first plenary session. The name list is as follows:

Chairman of the Central Advisory Commission: Chen Yun.

Vice-chairmen: Bo Yibo and Song Renqiong.

Members of the Standing Committee of the Commission (listed in the order of the number of strokes in their surnames): Wang Ping, Wang Shoudao, Wu Xiuquan, Liu Lantao, Jiang Hua, Li Yimang, Li Desheng, Yang Dezhi, Xiao Ke, Yu Qiuli, Song Renqiong, Song Shilun, Zhang Jingfu, Zhang Aiping, Lu Dingyi, Chen Yun, Chen Pixian, Chen Xilian, Hu Qiaomu, Duan Junyi, Geng Biao, Ji Pengfei, Huang Hua, Huang Zhen, Kang Shi'en, Cheng Zihua and Bo Yibo.

The session approved the election of the secretary, deputy secretaries and members of the Standing Committee of the Central Commission for Discipline Inspection, which was carried out at the commission's first plenum. The name list is as follows:

Secretary of the Central Commission for Discipline Inspection: Qiao Shi.

Deputy secretaries of the commission: Chen Zuolin, Li Zhengting and Xiao Hongda.

Members of the Standing Committee of the commission (listed in the order of the number of strokes in their surnames): Wang Deying, Qiao Shi, Liu Liying, Li Zhengting, Xiao Hongda, Chen Zuolin, Guo Linxiang and Fu Jie.

Zhao Ziyang delivered an important speech at the end of the session.

purview of the plan and in coastal areas, where the open policy was implemented earlier than elsewhere, only about 30 percent.

Zhao said China will gradually expand the scope of market regulation and reduce that of control through planning. Eventually the planned economy will make up only a very small proportion of the country's total.

During their conversation, Zhao thanked Dunkel for his efforts to help China resume membership in GATT. He said China's membership would be beneficial not only to China but also to other countries and to the world economy as a whole.

He said it is understandable that countries have differing views on

whether China should become a member since China is a socialist country and used to practise a highly centralized planned economy. However, he said, people should judge according to China's stated goals and the trends and changes taking place now.

Meanwhile State Councillor Gu Mu said China will open its door wider to the outside world and push its economic and technological co-operation and exchanges with foreign countries to a higher level after the 13th Party congress.

A wide range of measures will be taken following the principles and policies adopted at the congress, and indeed tremendous efforts have been made since last

year to create conditions to attract foreign investment.

As a result, 1,165 contracts with foreign investors were signed in the first nine months of this year, involving about US\$2.66 billion in foreign investment. The figure is a little higher than the same period last year, according to Zhang Haoruo, deputy minister of Foreign Economic Relations and Trade, who joined Gu at a press conference.

Gu, mainly in charge of the state's open policies, urged Guangdong Province, a pioneer in opening to the outside world, to make greater efforts to open further.

Bi-Weekly Chronicle
(October 19-November 1)

POLITICAL

October 21

■ At the weekly news briefing, a spokesman for the Chinese Foreign Ministry says, "We are very concerned about the increasing tensions in the Gulf region and express deep regret over the military action by the US navy."

He says China is opposed to big powers' military involvement in the Persian Gulf and calls on everyone concerned to exercise restraint and prevent a further worsening of the situation.

October 22

■ A ceremony is held in Guangzhou, Guangdong Province, to lay Marshal Ye Jianying's ashes in the Honghuagang memorial centre for the martyrs of the Guangzhou Uprising (December 1927).

A devoted, long-tested Communist and a great proletarian revolutionary, statesman and military strategist, Ye died a year ago today in Beijing.

October 29

■ President Li Xiannian says at a banquet to celebrate the 65th birthday of visiting Norodom Sihanouk that the Chinese government and people understand and respect Sihanouk's efforts towards a just political solution to the Kampuchean problem.

ECONOMIC

October 20

■ The Bank of China's Great Wall card will become a member of Visa International, a leading international credit card group, according to an agreement signed today.

The Great Wall card, which is available for accounts in both Chinese and foreign currency, is the sole credit card issued in China so far.

October 26

■ One of the Ministry of Posts and Telecommunications' principal projects during the Seventh Five-Year Plan (1986-90), — construction of the longest optical fibre telecommunications line in China — started on October 20, says a Xinhua report. It will cover 2,200 kilometres in five provinces. The project's first phase is to be completed by the end of this year.

October 27

■ A border trade contract worth 32 million Swiss francs (about US\$21 million) has been signed between companies in the Xinjiang Uygur Autonomous Region and their Soviet counterparts. Another trade contract is expected in December.

October 29

■ Joint ventures and Sino-foreign co-operative enterprises will be allowed to sell part of their products in China's domestic markets as import-substitutes.

The new regulations, designed to stimulate foreign investment in technically advanced enterprises, have been approved by the State Council and published by the State Planning Commission, Xinhua reports.

CULTURAL

October 27

■ The Wuqiao international acrobatics festival opens in Wuqiao County, Hebei Province, where Chinese acrobatics was born 2,000 years ago.

Attending the opening ceremony for the festival are 27 acrobats from Australia, the Soviet Union, France, Federal Germany, the Democratic People's Republic of Korea and Mexico and 140 Chinese acrobats.

SOCIAL

October 29

■ More than 200 people, including 100 foreigners, stranded by an unexpected snowstorm in the

southwest of the Tibet Autonomous Region, have been rescued.

The foreigners are mainly from Britain; Federal Germany, Poland, Switzerland and the United States. Some of them are being sent to Xigaze and Lhasa, while others are waiting to leave China through Zham.

October 31

■ The China Travel Service (CTS) will offer package tours TRS to the mainland for Taiwan compatriots starting November 1.

The service will make full use of its branches across the country to order tickets, book hotels and tend to other matters for the visitors, a spokesman for the travel service says.

Taiwan compatriots may apply through the Hong Kong branch of CTS.

FOREIGN RELATIONS

October 20

■ A 1987-89 cultural exchange agreement between China and Argentina is signed in Beijing.

October 23

■ Chinese Premier Zhao Ziyang tells the visiting British Secretary of State for Trade and Industry Lord Young of Graffham that there is great potential to expand Sino-British trade.

Zhao says more British entrepreneurs are welcome to invest in China and China will continue to improve its investment environment.

October 24

■ According to an official of the International Liaison Department of the CPC Central Committee, the CPC has established or resumed relations with more than 130 foreign political parties since its 12th National Congress in 1982. The Party now has relations with 230 political parties worldwide.

FRANCE-FRG

Visit Aims to Spur West European Unity

West European unity was the theme of the French president's recent visit to Bonn. With this goal in mind, France and Federal Germany are seeking to step up their bilateral co-operation.

French President Francois Mitterrand has paid his first state visit to the Federal Republic of Germany since he came to power in 1981. During the October 19-22 visit, Mitterrand and Federal German leaders expressed their determination to strengthen bilateral co-operation, which will give a fresh impetus to West European unity.

In an October 20 speech on European policy, Mitterrand called for the development of a "European strategy" and the speedy establishment of a "political Europe." He said it is up to West European countries to create a political Europe, which will be open not only to "Western friends" but also to East European countries and third world nations. He stressed that bilateral co-operation should be strengthened to make France and Federal Germany the axis in the West European alliance.

Mitterrand also called for the quick realization of a monetary union and closer co-operation among European countries in high-technology development to counter competition from outside Europe. A Europe without a currency and without control of its trade will be a dream, he said.

The success of the visit is evident from Bonn's positive response to all of Mitterrand's suggestions. The two countries agreed to take concrete steps to establish a defence council and a joint defence force next January, on the 25th anniversary of the signing of their friendship treaty.

Since 1963 when former French

President General Charles de Gaulle and former Federal German Chancellor Konrad Adenauer signed the treaty, the two traditional enemies have gradually become partners. In a world where competition is increasingly tense, co-operation among the 12 member nations of the European Community (EC) is the only road to defending their individual interests and developing their economies. France and Federal Germany are the nucleus of the community.

Politically, France, Federal Germany and the other West European countries believe it has

become more important to formulate a unified political strategy and build their own defence system, particularly since the Reykjavik summit between the United States and the Soviet Union in October 1986. This year, France and Federal Germany held the largest joint military exercise in history and decided to set up a defence council and a joint defence force as a step towards a joint West European defence system.

Still, the road to bilateral co-operation and West European unity is not an easy one. Clear differences exist in the economic, political and security fields. For example, France and Federal Germany differ on the EC's financial and agricultural policies. France withdrew from the North Atlantic Treaty Organization's integrated military body in 1966 while Federal Germany has remained and is its largest force. And they also have difference in their policies towards Washington and their views on the US-Soviet disarmament talks.

by Xia Zhimian

THAILAND-PAKISTAN

Leaders Share Stand On Invasions

The topics of Afghanistan and Kampuchea figured prominently in recent talks in Bangkok between the president of Pakistan and the prime minister of Thailand.

Zia ul-Haq has become the first Pakistani president to visit Thailand since 1951, when the two countries established diplomatic relations.

During the October 21-24 visit, the Pakistani president and Thai Prime Minister Prem Tinsulanonda held talks on international issues of common interest, especially the Afghan and Kampuchean problems, and on strengthening bilateral economic co-operation and trade. The talks showed that both leaders hold identical views and stands on

Afghanistan and Kampuchea. The leaders pledged to continue to try to resolve the problems as soon as possible and to support each other.

Thailand and Pakistan suffer directly from the effects of the Soviet invasion of Afghanistan and the Vietnamese invasion of Kampuchea. Pakistan bears the heavy burden of a large number of refugees from Afghanistan, while many Kampucheans have fled to Thailand.

President Zia ul-Haq visited the Khao-i-Dang refugee camp in the

eastern border area of Thailand on October 22. He spoke to the refugees and told reporters that the Kampuchean problem was created by Viet Nam's invasion and occupation of Kampuchea, which violated the principles of international law. Because Viet Nam invaded and occupied Kampuchea, hundreds of thousands of Kampuchean refugees have entered Thailand. Although Thailand has support from international groups, its burden is still heavy.

Similarly, the Pakistani president said, because of the Soviet invasion and occupation of Afghanistan, more than 3 million Afghan refugees have entered Pakistan, where they live in 328 refugee camps in the border areas. The effects on Pakistan and the refugee burden borne by the country are similar to those of Thailand.

He also stressed that although the Soviet Union has not invaded Kampuchea directly, it has provided material help and moral support to Viet Nam, so the Soviet Union also plays an important role in the Kampuchean situation. He said Moscow is the key to an indirect settlement of the Kampuchean problem.

The Pakistani and Thai leaders agreed that the fighting by resistance forces has prevented the Soviet Union and Viet Nam from swallowing up Afghanistan and Kampuchea. The resistance forces have held firm on the battlefield while Soviet and Vietnamese economic and military losses have piled up. Moreover, international pressure on the aggressors has increased as more and more countries condemn the invasions. Resolutions calling for troop withdrawal are passed by ever growing majorities in the United Nations General Assembly.

To reduce the pressure from various sides, the Soviet Union and Viet Nam pretend to be willing to resolve the Afghan and Kampuchean problems politically. But their deeds do not match

their words. The Pakistani and Thai leaders pointed out that the so-called national reconciliation proposed by the Soviet Union, Viet Nam and their Kabul and Heng Samrin puppets is aimed at gaining international recognition for regimes that were installed through Soviet and Vietnamese aggression. All talk of political settlements and troop withdrawal is only propaganda aimed at deception.

The Pakistani president and the

Thai prime minister said the key to an early settlement of the Afghan and Kampuchean problems is the withdrawal of Soviet and Vietnamese troops as soon as possible. Only after withdrawal can Afghanistan and Kampuchea realize genuine national reconciliation and self-determination, so the Afghan and Kampuchean problems can be resolved once and for all.

by Liu Aicheng

JAPAN

Putting Profits Before Principles

Many countries have criticized Japan for putting its economic interests above the cause of justice. The country has been expanding its trade with South Africa and Viet Nam.

Since many countries began to supply partial economic sanctions against South Africa, Japan has replaced the United States as Pretoria's biggest trade partner. According to reports on the radio station of the African National Congress (ANC), trade between Japan and South Africa reached US\$3.1 billion in the first half of this year. US-South African trade totalled US\$2.5 billion.

ANC radio said Japan imported US\$1.57 billion worth of coal from South Africa last year. Japan has increased auto export to South Africa by 62 percent so far this year and has also made major gains in other formerly US-dominated sectors, including computers, chemicals and electronics. The station deplored Japan's increasing trade with South Africa.

But Tokyo has not confined its blind pursuit of economic gain to South Africa. While most countries have taken economic boycott action against Viet Nam for its invasion of Kampuchea, Japan has restored economic aid to Hanoi, and its trade with Viet Nam is growing.

Before the Vietnamese invasion of Kampuchea in 1978, Japan was one of Viet Nam's major trading partners. The average annual bilateral trade volume was about US\$200 million. After the invasion, many countries, including Japan, froze economic aid to Viet Nam and suspended trading. But only a few years later, some large Japanese companies quietly resumed dealings with Viet Nam with the consent of Japanese officials. Last year trade volume between the countries was back up to the pre-invasion level, and Japan is now Viet Nam's second-largest trading partner, after the Soviet Union.

Japan's trade with Viet Nam has aroused strong opposition from the members of the Association of Southeast Asian Nations (ASEAN), the United States and other countries. On April 23, the six ASEAN nations lodged a protest with the Japanese government, condemning Japan's expanding trade with Viet Nam. They said Japan's actions have interfered with ASEAN's plan to wear Viet Nam down and force it to withdraw its troops from

Kampuchea, and they asked the Tokyo government to force big Japanese companies to stop trading with Viet Nam. The US Senate also adopted an amendment condemning Japan's restoration of trade with Viet Nam.

The regime of South Africa has been strongly condemned by the international community for its racist apartheid policies. Viet Nam's invasion of Kampuchea has also aroused opposition around the globe. But while the Japanese government has expressed support for economic boycotts of South Africa and Viet Nam, it has allowed some Japanese companies to take advantage of boycotts by other countries to infiltrate the South African and Vietnamese markets. The actions of the Japanese

government do not match its words. Its attitude of ignoring justice to pursue profit has aroused international indignation and damaged its reputation. Japan's activities are tantamount to giving support and encouragement to the racist regime in Pretoria and the Vietnamese aggressors.

Already a big economic power, Japan is seeking to play a larger role on the world political stage. That is only natural. But Japan must decide how to use its economic clout and what role it will play in global politics. Will it promote or damage the cause of peace and international stability? Faced with choosing between profit and justice, Japanese companies should not hesitate to choose justice.

by Li Li

flower exports totalled US\$154 million last year, compared with US\$990,000 in 1970.

Great efforts are being made to develop the energy industry, especially to strengthen the exploitation of oil and coal.

Petroleum used to be the country's most important export after coffee. But because of a continuous drop in output, Colombia became a net petroleum importer in 1975. Last year the government put a lot of money into oil exploration and extraction. It has also been trying to attract foreign funds and encouraging joint efforts by foreign and domestic petroleum companies to exploit oil resources. Since 1985, Colombia has enjoyed a surplus in its petroleum trade. In 1986, it exported about 36 million barrels of crude oil which brought in more than US\$400 million. Oil output currently totals 380,000 barrels a day, of which 155,000 barrels are exported.

The coal industry also looks promising. Since the open-cast coal mine at El Cerrejon—the largest in Latin America—was put into production in 1985, coal output has been on the rise. Last year it totalled 5.1 million tons, of which 4.8 million tons were exported. The foreign currency revenue amounted to US\$172 million.

The country has also taken steps to develop its processing and light industries. It has reduced imports of consumer goods and increased imports of intermediate products, and capital goods, and is promoting its manufacturing industry.

These measures have led to an expansion of non-traditional exports, especially manufactured goods, and have facilitated industrial development and the accumulation of funds. As a result of the growth in the processing and light industries, 90 percent of consumer goods, including colour TV sets and cars, are produced domestically.

by Tang Di

COLOMBIA

Economy Adjusted for Development

Colombia's policies of economic diversification and attracting foreign investment have brought results. The country has the highest economic growth rate in Latin America.

Colombia's gross national product increased by 5.3 percent last year compared with 1985. Industrial output grew by 7 percent, agriculture and husbandry by 2.2 percent, and mining by 27 percent. The country's trade performance was particularly strong. The foreign trade surplus reached US\$1.6 billion, compared with US\$149 million a year earlier. Foreign currency reserves rose to US\$3.7 billion and per-capita national income to US\$1,600.

The improvements in the economy are the results of policy adjustments. These focus on transforming the country's single-product economy into a diversified one, with an emphasis on developing the energy industry; putting domestic financial resources to work and attracting

foreign investment.

For a long time, Colombia's economy has depended mainly on coffee. The country is the world's largest coffee exporter and the second-largest producer after Brazil. Coffee exports have been the mainstay of the economy and the principal foreign currency earner, making the country vulnerable to drops in demand and prices. To lessen its dependence on coffee, Colombia has adopted several measures to diversify its economy.

The country is planting more flowers, fruit trees and vegetables, and an industry that combines the planting, processing and exporting of the products has gradually developed. Colombia has become the world's second-largest flower-exporting country. Revenue from

General Secretary Zhao Meets the Press

Zhao Ziyang, general secretary of the Communist Party of China (CPC), and the four other members of the new Political Bureau Standing Committee — Li Peng, Qiao Shi, Hu Qili and Yao Yilin — met the 400 Chinese and foreign journalists who covered CPC's 13th National Congress at a reception on the afternoon of November 2. The reception, in the Great Hall of the People, was hosted by Zhu Muzhi, spokesman for the congress.

Zhao told the journalists that the just concluded congress and the First Plenary Session of the 13th Party Central Committee were very successful. The greatest achievement of these two meetings is that they have provided a political, organizational and theoretical guarantee for the long-term and steady implementation of the Party's line.

He stressed that the newly elected Party Central Committee will push forward the nine-year-old reform, opening up and modernization process.

Zhao thanked the journalists for their extensive coverage of the congress and other developments in China. He said that as China implements its open policy it needs to know more about the world, and the world, in turn, is expected to know more about China. He expressed the hope that the journalists would continue to work to enhance understanding between China and other countries.

Across the long tables, Zhao and other leaders clinked glasses with the journalists and Zhao answered their questions.

American reporter: What's your comment on reports by Chinese and foreign correspondents on the 13th National Congress?

Zhao: We are satisfied with the reports, which are positive on the whole. At least we find them positive. Generally speaking, the reaction of foreign wire services to the congress can be summarized into three points. First, my report to the congress, based on a clear understanding of China's conditions, was realistic. Second, the Chinese leaders are confident about their cause. And third, it seems China will continue its current policies on reform and opening up. Their appraisal is not too high, or too low. Thank you.

Japanese reporter: Why is only a small section of your report devoted to foreign affairs?

Zhao: My report ran to 35,000 Chinese characters. If there were more about foreign affairs, I would have had to add 5,000 more Chinese characters. If I did that, it wouldn't have been possible for

me to finish delivering the report in one morning.

Japanese reporter: What's your comment on Japanese-Chinese relations?

Zhao: I think the Sino-Japanese relationship is good. Of course this does not mean that there is not a single problem. The problems that have arisen should and can be resolved. I hope Japan will work for the solution of these problems. In short, Sino-Japanese relations, on the whole, are good.

Foreign reporter: Do you think that the Party Congress signals the end of the conservatives or do you think that there are still problems ahead?

Zhao: Some foreign friends think there is a reformist faction and a conservative faction in China and base their interpretation of the Chinese political situation on the assumed struggle between these

two factions. I would like to say that those who analyse China's situation this way will keep making mistakes as some foreign political commentators and journalists have already done. The more than 1,900 delegates all approved my report to the congress. No one was opposed or abstained when it was put to a vote. You have all seen this. Can this indicate that there are reformist and conservative factions among the delegates? How is it that they all endorsed the report? If there were factions, wouldn't you have to admit that they had merged into one? Of course, I do not rule out the possibility that there are people opposing the reforms or advocating bourgeois liberalization since China has 1 billion people and the Communist Party of China has 46 million members. However, there are no factions of conservatives, or ultra-leftists among the core members of the Party. There may be some different views within the leadership on some specific issues.

* *Beijing Review* regrets that we are not able to identify some reporters more precisely.

Advance Along the Road of Socialism With Chinese Characteristics

— Report Delivered at the 13th National Congress of the Communist Party of China on October 25, 1987

Zhao Ziyang



Comrades,

As requested by the 12th Central Committee of the Communist Party of China, I shall now make a report to this congress on the work of the Committee.

I. Historic Achievements and the Tasks of the Current Congress

The 12th National Congress of the Party upheld and developed the line of the Third Plenary Session of the 11th Central Committee by setting forth a programme designed to create a new situation in all fields of socialist modernization. Since that congress, the Central Committee of the Party has convened seven plenary sessions and a national conference. At these meetings timely, correct policy decisions were made which did much to promote reform, the opening to the outside world

and the effort to achieve both material progress and cultural and ideological progress.

It has been a period of nine years from the time of the Third Plenary Session of the 11th Central Committee through the 12th National Congress to the present congress. During these nine years, on the basis of the great achievements scored in socialist construction since the founding of the People's Republic of China, we have opened up a new period of development in the Party's history, and profound changes have taken place in the country.

By concentrating on economic development, we have brought about sustained, stable growth in the national economy. During these nine years the gross national product, state revenues and the average income of both urban and rural residents have all approximately doubled. Therefore, we are fully assured that by the end of this century we will attain the objective of economic development set by the 12th National Congress.

With the growth of production we have started to solve, or found ways for solving, certain serious social and economic problems which had long plagued us:

-- The overwhelming majority of our one billion people have secured a life with enough food and clothing. People in some areas are beginning to become well-off. There are still certain areas where the problem of food and clothing has not yet been solved, but even in those places there has been some improvement.

-- We have created job opportunities on an extensive scale in both urban and rural areas. As a result, 70 million people in cities and towns have been newly employed, while in the countryside, where village and township enterprises have emerged as a new force, 80 million peasants have now shifted full time or part time from farming to industry.

-- Market supplies have greatly increased. We have basically put an end to acute and long-lasting shortages of consumer goods.

-- The serious imbalance between major sectors of the national economy has been markedly reduced, and the economy has gradually been set on a course of more or less co-ordinated development.

It should be said that in the last nine years the national economic strength has increased more rapidly and the people have obtained greater material benefits than in any other period since the founding of the People's Republic. This is in sharp contrast to the situation in the period of 20 years from the late 1950s to December 1978, when the Third Plenary Session of the 11th Central Committee was held. During those years, under the influence of the Left guiding ideology, "class struggle" was taken as the "key link," economic development met frequent setbacks and the people's standard of living improved only slightly.

All these achievements in economic development over the past nine years are inseparable from the resolute efforts we made, after we had restored things to order, to advance the all-round reform and the open policy.

Reform and the open policy have broken down the rigid economic structure and revitalized the economy. The socialist commodity economy has grown vigorously and with irresistible momentum. The coastal areas from south to north are forming a vast forward strip open to the outside world. The enthusiasm of the masses has been brought into play, and this has further liberated the productive forces.

Reform and the open policy have also further emancipated the minds of the people, battering down many old concepts that have long stifled their thinking. It is becoming a trend for people to seek change, to blaze new trails and to stress practical results.

With the passage of time people will see more clearly why it is that these nine years have been extraordinary and have attracted worldwide attention. It is because during this period a great many new ideas have emerged which conform to social progress, and the foundation has begun to be laid for a new structure of far-reaching significance. In terms of the breadth and depth of the changes it is bringing about in society, the socialist structural reform is another revolution.

To guarantee the smooth progress of economic development and of reform and the opening to the outside world, our Party has led the people in an enormous effort to achieve success in the fields of politics, ideology, culture, national defence, foreign affairs and so on. The results obtained have been notable:

-- Political stability and unity have been consolidated and developed. We have achieved this by properly handling social contradictions and promptly eliminating different forms of interference from both the Left and the Right, while upholding

the four cardinal principles* and promoting reform and economic development. There has been a marked turn for the better in public order. The healthy progress of the struggle against bourgeois liberalization has raised people's consciousness and has added to our experience of opposing wrong ideologies through education by positive examples and through correct criticism, instead of through political movements. In the profound changes being brought about by the all-round reform, it is not easy to maintain stability and unity, but it is absolutely essential.

-- Socialist democracy and a socialist legal system have developed step by step. A system of socialist laws based on China's Constitution is taking shape. The people have become more and more active in political life. The patriotic united front has expanded as never before. The system of multi-party co-operation and consultation under the leadership of the Communist Party has been functioning very well. The fraternal unity of all our nationalities has been further consolidated.

-- Major progress has been made in building a socialist society with an advanced culture and ideology. Education in ideals, ethics and legality has been carried out throughout the society. Undertakings in education, science, culture, art, the press, publication, public health and physical culture have been flourishing. The system of nine-year compulsory education is being implemented.

-- A strategic change has been made in the ideology guiding our efforts to build national defence. The People's Liberation Army has scored major successes in its reorganization and reform. While reducing its size by one million, the army has achieved fresh progress in its endeavour to become modernized, regularized and more revolutionary and has improved its defence capability. The army has made great contributions to society by defending the motherland, by dealing with emergencies and disasters and providing relief, and by taking part in every field of socialist construction.

-- In accordance with the principle of "one country, two systems," China has reached an agreement with Britain on the question of Hong Kong and another with Portugal on the question of Macao. We shall strive to achieve a peaceful settlement of the question of Taiwan as well, on the basis of this same principle. History will prove that to apply the principle of "one country, two systems" to national reunification is a great innovation showing the political wisdom of the Chinese nation.

*Keeping to the socialist road and upholding the people's democratic dictatorship, leadership by the Communist Party, and Marxism-Leninism and Mao Zedong Thought. -- *Tr.*

-- In the light of the international situation and the needs of our own modernization programme, we have readjusted the pattern of China's foreign affairs and the Party's external relations, focusing on the two major issues of peace and development. We have developed an independent foreign policy of opposing hegemonism and working to preserve world peace. We now have more friends in the world than ever.

Comrades! Nine years' practice has proved that our Party is truly a great, glorious and correct party and that the line followed since the Third Plenary Session of the 11th Central Committee is a correct, Marxist line. This line is a crystallization of the wisdom of the Party and the people, and of the collective wisdom of the Central Committee. With his courage in developing Marxist theory, his realistic approach, his rich experience and his foresight and sagacity, Comrade Deng Xiaoping has made significant contributions to the formulation and development of this line, to decision-making on a series of key issues, and to the creation of a new situation in construction, reform and opening to the outside world.

The achievements of the past nine years have been the outcome of the hard, concerted work of the Chinese people of all nationalities. Please allow me, in the name of the Communist Party of China, to thank the people for their trust in our Party and for their support. All sons and daughters of the Chinese nation who have lived through the historic changes of these nine years and have personally contributed to them and all people of Chinese descent who care about the destiny of China have reason to be proud of our achievements during this period.

But we have no reason whatsoever to be complacent. We must be soberly aware that we still face a great many problems and difficulties, many more than we anticipated. There are not a few failings in our work of leadership. New structures are being substituted for old ones. Many rules and regulations are yet to be perfected. In many fields, the quality of management and supervision cannot keep up with the changing situation. There still exists the tendency to seek quick results in our economic work, and the contradiction of total demand outstripping total supply has not yet been basically resolved. Bourgeois liberalization still has appeal for some people, and ossified thinking still shackles some comrades' minds. Above all, comrades throughout the Party and the people as a whole are strongly dissatisfied with the bureaucratism and corruption that exist to varying degrees in many sectors. We must face these problems squarely and strive to eliminate them, so as to live up to the people's expectations.

We must also be soberly aware that we have a much longer way to go and even more arduous tasks to perform. We are still at a quite backward stage,

because our economic foundation was very weak to begin with, and because we lost too much time addressing the problem. Today's world is characterized by a rapidly growing revolution in technology, increasingly intense market competition and a volatile political situation. We are faced with formidable and pressing challenges. If we do not recognize this and redouble our efforts, our country and our people may fall further behind, and China will not be able to take its rightful place in the world. History requires our generation and the next few generations of Chinese -- Communist Party members first of all -- to rouse themselves, unite as one, and do all they can to catch up.

The central task of the current congress is to accelerate and deepen the reform. Reform is the only process through which China can be revitalized, a process which is irreversible and which accords with the will of the people and the general trend of events. We shall analyse our experience, uphold and develop the line followed since the Third Plenary Session of the 11th Central Committee, define the basic policies for future economic development, economic structural reform and political structural reform, and decide on basic principles for strengthening Party building as we carry out reform and the open policy. By fulfilling these tasks correctly we shall do much to promote unity within the Party and between the Party and our people of all nationalities, and to ensure our continued advance along the road of socialism with Chinese characteristics.

II. The Primary Stage of Socialism and the Basic Line of the Party

A correct understanding of the present historical stage of Chinese society is of prime importance for building socialism with Chinese characteristics, and it is the essential basis on which to formulate and implement a correct line and correct policies.

Our Party has already made a clear and definite statement on this question: China is now in the primary stage of socialism. There are two aspects to this thesis. First, the Chinese society is already a socialist society. We must persevere in socialism and never deviate from it. Second, China's socialist society is still in its primary stage. We must proceed from this reality and not jump over this stage. Under the specific historical conditions of contemporary China, to believe that the Chinese people cannot take the socialist road without going through the stage of fully developed capitalism is to take a mechanistic position on the question of the development of revolution, and that is the major cognitive root of Right mistakes. On the other

hand, to believe that it is possible to jump over the primary stage of socialism, in which the productive forces are to be highly developed, is to take a utopian position on this question, and that is the major cognitive root of Left mistakes.

China used to be a semi-colonial, semi-feudal country. During the more than 100 years since the middle of the last century, repeated trials of strength between various political forces, repeated failures of the democratic revolution of the old type and the final victory of the new-democratic revolution have proved that the capitalist road is a blind alley for China and that the only way out is the socialist road which China is now taking under the leadership of the Communist Party, having overthrown the reactionary rule of imperialism, feudalism and bureaucrat-capitalism. But precisely because our socialism has emerged from the womb of a semi-colonial, semi-feudal society, with the productive forces lagging far behind those of the developed capitalist countries, we are destined to go through a very long primary stage. During this stage we shall accomplish industrialization and the commercialization, socialization and modernization of production, which many other countries have achieved under capitalist conditions.

How do things stand in China, now that socialism has been developing here for more than three decades? On the one hand, a socialist economic system based on public ownership of the means of production has been instituted, a socialist political system of people's democratic dictatorship has been established, and the guiding role of Marxism in the realm of ideology has been affirmed. The system of exploitation and the exploiting classes have been abolished. China's economic strength has grown enormously and educational, scientific and cultural undertakings have considerably expanded. On the other hand, the country has a huge population and a poor foundation to start with, and its per-capita GNP still ranks among the lowest in the world. The picture is very clear: Out of a population of more than one billion, 800 million people live in rural areas and, for the most part, still use hand tools to make a living. A certain number of modern industries coexist with many industries that are several decades or even a century behind present-day standards. Some areas that are fairly developed economically coexist with vast areas that are underdeveloped and impoverished. A small amount of science and technology is up to the highest world standards while the scientific and technological level as a whole is low, and nearly one-quarter of the population is still illiterate or semi-literate. The backwardness of the productive forces determines the following aspects of the relations of production: socialization of production, which is essential for expanded socialist public ownership, is still at a very low level; the commodity economy and

domestic market are only beginning to develop; the natural economy and semi-natural economy constitute a considerable proportion of the whole; and the socialist economic system is not yet mature and well developed. In the realm of the superstructure, a number of economic and cultural conditions that are necessary if we are to promote a high degree of socialist democracy are far from ripe, and decadent feudal and capitalist ideologies and the small-producers' force of habit still have widespread influence in society and often corrode Party cadres and public servants. All this shows that we still have a long way to go before we can advance beyond the primary stage of socialism.

Building socialism in a big, backward Eastern country like China is something new in the history of the development of Marxism. We are not in the situation envisaged by the founders of Marxism, in which socialism is built on the basis of highly developed capitalism, nor are we in exactly the same situation as other socialist countries. So we cannot blindly follow what the books say, nor can we mechanically imitate the examples of other countries. Rather, proceeding from China's actual conditions and integrating the basic principles of Marxism with those conditions, we must find a way to build socialism with Chinese characteristics through practice. Our Party has explored ways of doing this and has achieved major successes. But the road it has traversed has taken many twists and turns, and this has cost us dear. Beginning in the late 1950s, under the influence of the mistaken Left thinking, we were too impatient for quick results and sought absolute perfection, believing that we could dramatically expand the productive forces by relying simply on our subjective will and on mass movements, and that the broader the scale and the higher the level of socialist ownership, the better. Also, for a long time we relegated the task of expanding the productive forces to a position of secondary importance and continued to "take class struggle as the key link" after the socialist transformation was basically completed. Many things which fettered the growth of the productive forces and which were not inherently socialist, or were applicable only under certain particular historical conditions, were regarded as "socialist principles" to be adhered to. Conversely, many things which, under socialist conditions, were favourable to the growth of the productive forces and to the commercialization, socialization and modernization of production were dubbed "restoration of capitalism" to be opposed. As a consequence, a structure of ownership evolved in which undue emphasis was placed on a single form of ownership, and a rigid economic structure took shape, along with a corresponding political structure based on over-concentration of power. All this seriously hampered the development of the

productive forces and of the socialist commodity economy. This state of affairs has taught us that it is of prime importance to have a clear understanding of China's basic conditions and of the present stage of socialism in China.

What, then, is this historic stage, the primary stage of socialism in China? It is not the initial phase in a general sense, a phase that every country goes through in the process of building socialism. Rather it is, in a particular sense, the specific stage China must necessarily go through while building socialism under conditions of backward productive forces and an underdeveloped commodity economy. It will be at least 100 years from the 1950s, when the socialist transformation of private ownership of the means of production was basically completed, to the time when socialist modernization will have been in the main accomplished, and all these years belong to the primary stage of socialism. This stage is different from both the transitional period, in which the socialist economic basis was not yet laid, and the stage in which socialist modernization will have been achieved. The principal contradiction we face during the present stage is the contradiction between the growing material and cultural needs of the people and backward production. Class struggle will continue to exist within certain limits for a long time to come, but it is no longer the principal contradiction. To resolve the principal contradiction of the present stage we must vigorously expand the commodity economy, raise labour productivity, gradually achieve the modernization of industry, agriculture, national defence, and science and technology and, to this end, reform such aspects of the relations of production and of the superstructure as are incompatible with the growth of the productive forces.

In short, the primary stage of China's socialism is one in which we shall gradually put an end to poverty and backwardness. It is a stage in which an agricultural country, where farming is based on manual labour and where people engaged in agriculture constitute the majority of the population, will gradually turn into a modern industrial country where non-agricultural workers constitute the majority. It is a stage in which a society with the natural and semi-natural economy making up a very large proportion of the whole will turn into one with a highly developed commodity economy. It is a stage in which, by introducing reforms and exploring new ways, we shall establish and develop socialist economic, political and cultural structures that are full of vitality. Lastly, it is a stage in which the people of the whole country will rise to meet the challenge and bring about a great rejuvenation of the Chinese nation.

Proceeding from the realities of the primary stage of socialism, what principles should we set forth as our long-term guide?

First, we must concentrate on modernization. The fundamental task of a socialist society is to expand the productive forces. During this primary stage we must shake off poverty and backwardness, and it is therefore especially necessary for us to put the expansion of the productive forces at the centre of all our work. Helping to expand the productive forces should become the point of departure in our consideration of all problems, and the basic criterion for judging all our work should be whether it serves that end. We must always encourage the spirit of plain living and hard struggle in all our endeavours and build up the country through thrift and hard work.

Second, we must persist in a comprehensive reform. Socialist society is a society that advances through reform. In the primary stage, and at present in particular, reform is an urgent historical necessity, because the development of the productive forces has been seriously hampered by the rigid structure that was built up over the years. Reform is a process by which the socialist relations of production and the socialist superstructure improve themselves, and it is also a force that pushes all work forward.

Third, we must adhere to the open policy. Economic relations between states today have become increasingly close, and no country can possibly advance behind closed doors. When a country has only a poor foundation on which to build socialism, it is especially necessary for it to develop economic and technological exchange and co-operation with other countries and to assimilate the achievements of civilization the world over, so as gradually to close the gap between it and the developed countries. Closing one's country to external contact results only in increasing backwardness.

Fourth, we must vigorously develop a planned commodity economy with public ownership playing the dominant role. A fully developed commodity economy is an unavoidable stage in the development of the economy and the indispensable, basic condition for the socialization and modernization of production. So far as ownership and distribution are concerned, absolute perfection and egalitarianism are not what is required in a socialist society. In the primary stage it is particularly important to develop diverse sectors of the economy, provided that public ownership remains dominant; to have diverse forms of distribution, provided that distribution according to work is the principal form; and, with the objective of common prosperity in mind, to encourage some people to become well-off first through honest work and lawful business operations.

Fifth, we must endeavour to build democracy on the basis of stability and unity. In a socialist society there should be a high degree of democracy.

a comprehensive legal system and a stable social environment. In the primary stage, as there are many factors making for instability, the maintenance of stability and unity is of special importance. We must correctly handle the contradictions among the people. The people's democratic dictatorship should not be weakened. Because feudal autocratic influence is still strong, it is particularly urgent to build socialist democracy, but in view of the restrictions imposed by historical and social conditions, that can only be done step by step and in an orderly way.

Sixth, under the guidance of Marxism we must endeavour to build a society with an advanced culture and ideology. In accordance with the resolution on this subject adopted by the Sixth Plenary Session of the 12th Central Committee, the ideological and ethical standards of the whole nation, as well as its cultural and scientific levels, should be raised in order to help people become well educated, self-disciplined citizens with high ideals and moral integrity. Our modernization programme, reform and open policy give tremendous impetus to the building of socialist culture and ethics and, at the same time, set high demands on them. We should strive to foster theoretical guidance, public opinion, values and a cultural and social environment which promote modernization, reform and the open policy. We should also try to overcome the narrow mentality and conservative habits of the small-producers, resist decadent feudal and capitalist ideas and arouse the immense enthusiasm and creativity of the Chinese people of all nationalities as they dedicate themselves to the cause of modernization.

Comrades! *The basic line of our Party in building socialism with Chinese characteristics during the primary stage of socialism is as follows: to lead the people of all our nationalities in a united, self-reliant, intensive and pioneering effort to turn China into a prosperous, strong, democratic, culturally advanced and modern socialist country by making economic development our central task while adhering to the four cardinal principles and persevering in reform and the open policy.* Adherence to the four cardinal principles -- that is, keeping to the socialist road and upholding the people's democratic dictatorship, leadership by the Communist Party, and Marxism-Leninism and Mao Zedong Thought -- is the foundation underlying all our efforts to build the country. Adherence to the general principle of reform and the open policy has been a new development of our Party's line since the Third Plenary Session of the 11th Central Committee and has added to the four cardinal principles new content appropriate to our time. The two basic points -- adherence to the four cardinal principles and adherence to reform and the open policy -- are interrelated and mutually

dependent, and they are integrated in the practice of building socialism with Chinese characteristics. We must not interpret the four cardinal principles as something rigid, lest we come to doubt or even reject the general principle of reform and opening to the outside world. Neither can we interpret reform and the open policy as something bourgeois liberal, lest we deviate from the path of socialism. In the primary stage when the country is still underdeveloped, the tendency towards bourgeois liberalization, which rejects the socialist system in favour of capitalism, will persist for a long time. Unless we overcome hidebound thinking and pursue reform and the open policy, we will not be able to demonstrate convincingly the superiority of socialism and to enhance its appeal, and this failure will encourage the spread of bourgeois liberalization. The struggle to eliminate the interference and influence of the two erroneous tendencies -- hidebound thinking and liberalization -- will last throughout the primary stage of socialism. Since the old Left habits of thought are deep-rooted and since they are the main source of the obstacles to reform and the open policy, the major task for quite a long time will be to overcome hidebound thinking. In short, the need to be guided by the two basic points and to make economic development our central task is the principal thing we have learnt through experience and the main content of our Party's basic line in the primary stage of socialism.

III. The Strategy for Economic Development

The historical task to be addressed in the course of expanding the productive forces during the primary stage of socialism is to achieve industrialization and to commercialize, socialize and modernize production. In its economic development China is faced with the dual task of concentrating on a traditional industrial revolution and at the same time trying to catch up with the new worldwide technological revolution. To fulfil this task will take systematic, phased efforts over a long period of time.

Ever since the Third Plenary Session of the 11th Central Committee, we have been carrying out a strategic plan for economic development. This plan involves three steps. The first step is to double the GNP of 1980 and solve the problem of food and clothing for our people. This task has been largely fulfilled. The second step is to double it again by the end of this century, thus enabling our people to lead a fairly comfortable life. The third step is by the middle of the next century to reach the per capita GNP level of moderately developed countries. This

will mean that modernization has been basically accomplished and that our people have begun to enjoy a relatively affluent life. Then, on this basis, China will continue to advance.

The most important task at present is to make a success of the second step. When that has been done, great new advances will have been made in China's modernization: there will be a marked improvement in economic results in society, labour productivity and quality of products; GNP will have increased substantially, as will the output of major industrial and agricultural products; and China's position in the world in terms of per capita GNP will have risen considerably. In the main areas of industry China will be fairly close to the technological level reached by the economically developed countries in the 1970s or early 1980s. In the other sectors of industry and in agriculture the technological level will also be noticeably higher. Junior middle school education will have been made universal in cities and towns and in most rural areas, and senior middle school education, or the equivalent vocational and technical school education, will have been made universal in most big cities. The people will lead a fairly comfortable life. There is no question that in a country like ours, which has so large a population and so poor a foundation, to make it possible for the people to have plenty of food and clothing and to live and work in peace and happiness is a magnificent but extremely difficult undertaking.

In our effort to achieve the objective of the second step we shall find both many favourable factors and quite a few difficulties and contradictions. The crux of all the contradictions is poor economic results. Only by doing sound, practical work to improve economic results and make progress year by year can such difficulties as China's large population, relative inadequacy of resources and serious shortage of funds be gradually alleviated, and sustained and reasonably rapid development of the economy be ensured. Therefore, we must steadfastly carry out the strategy of steady growth and co-ordinated development with emphasis on economic results and improvement of quality. The basic requirements of this strategy are to improve the quality of products, to ensure their ready marketability, to reduce consumption of materials and labour, to achieve a rational distribution of essential productive factors and to increase economic returns and efficiency in the use of funds and resources. In essence, this means that we must gradually shift the emphasis from extensive management to intensive management. To this end, we must attend to the following three major tasks.

1. *To give first priority to the expansion of scientific, technological and educational undertakings, so as to push forward economic development*

through advances in science and technology and improved quality of the work force

Modern science and technology and modern management are the decisive factors in improving economic results and the principal means of enabling the economy to advance to a new stage of growth. We must recognize clearly that we will get nowhere if we try to develop the economy on the basis of backward technology and management and by consuming enormous resources. Unless we apply advances in science and technology and scientific management, we shall be unable to produce sufficient grain and other crops on a limited amount of arable land and to maintain the present sufficiency of food and clothing for an ever-growing population, let alone to achieve a comfortable or even higher standard of living. Without changes in backward design, outdated equipment, poor processing techniques and loose management, it will be difficult for industry and other sectors to move ahead. Poor quality of products, heavy consumption of materials and high production costs are a waste of resources and cannot reduce the difficulties in China's social and economic life; moreover, they prevent our products from being competitive on the international market. Particularly at a time when the new worldwide technological revolution is moving so rapidly, we shall not be able to narrow the economic and technological gap between China and the developed countries if we do not make the best use of our time to try to catch up with them. All this means that advances in science and technology and the improvement of management will basically determine the progress of China's modernization and that the revitalization of our nation hinges upon them.

In accelerating the development of science and technology we should base ourselves on China's realities, open our eyes to the whole world and determine the right direction for development and the right priorities. The primary objective of scientific and technological work is to revitalize the economy. Emphasis should be placed on modernizing the technology and equipment of industries devoted to large-scale production, so as to achieve a marked improvement in the technology of the principal sectors of agriculture and of such key industries as energy, raw and semi-finished materials, transport, communications and machine-building. Efforts should be made to spread the use of those scientific and technological achievements that are universally applicable, to accelerate technological upgrading of existing enterprises and to carry on the "spark programme" designed to develop the rural economy. At the same time, qualified personnel should be organized without delay to start research and development in high technology, especially in the fields of

microelectronics, information, bioengineering and new materials, and further efforts should be made to strengthen basic research and develop soft science. We must accelerate reform and set up a mechanism that closely integrates science and technology with the economy; increase the incentive of enterprises, especially large key enterprises, to apply scientific and technological advances and make them feel the pressure to do so; push forward the expansion of a technology market and the commercialization of technological achievements; and shorten the length of time between the achievement of research results and their application to production and construction. We must continue to import advanced technologies from abroad, and integrate them closely with scientific and technological research at home, and we should intensify our efforts to master and assimilate imported technologies and to improve upon them. It is proposed that the State Council work out a medium- and long-range programme for the development of science and technology and launch it as soon as possible by organizing the scientific and technological forces of the whole country for this purpose. Basically, the development of science and technology, the revitalization of the economy and indeed the progress of the whole society all depend on improving the quality of the work force and training large numbers of competent personnel. Education is of fundamental importance to the fulfilment of our great long-range mission. We must therefore continue to stress the strategic role of education and do a better job of tapping intellectual resources. As the economy develops, the state should increase year by year the funds allocated for education, while continuing to encourage people from all walks of life to raise money to set up new schools. We should stick to the principle that education must serve socialist modernization. In the light of actual needs, we should improve the structure and quality of education and overcome the tendency to divorce education from reality and to place undue emphasis on the proportion of students entering schools of a higher level. We must create a social environment in which knowledge and educated people are respected and must continue to improve the working and living conditions of intellectuals so as to turn human resources to best account. The initiative and creativity of the workers, peasants and intellectuals should be brought into full play, and awards should be given to those who make outstanding contributions to modernization. A major effort should be made to upgrade vocational education and on-the-job training by various means, with a view to building an army of capable and disciplined workers. While maximizing the role of our own scientists and technicians, we should strive for exchange of personnel with foreign countries.

2. *To maintain a rough balance between total demand and total supply and rationally adjust and reform the structure of production*

To bring about steady economic growth on the basis of improved economic results, we must try to maintain a rough balance between total demand and total supply. The two keys to achieving this goal are to determine a rational overall scale of investment in fixed assets for the whole society that is compatible with our national strength, and to define the growth rate of consumption that is compatible with the growth rate of production. We should improve the overall balance of the economy and achieve both a balance in finance, credit, foreign exchange and materials respectively and a basic balance between them. We must take resolute measures to control the trend of excessively rising prices which has emerged this year. In all our practical work we must make a correct assessment of the situation, take the initiative promptly to remedy the imbalance in economic activities and regularly make minor adjustments so as to avoid the major adjustments that would have to be made in the event of a serious disproportion between different sectors.

The overall economic balance is closely related to the economic structure. Only when this balance is achieved on the basis of a rational structure can good macro-economic results be attained. The problem of rational structure will become increasingly acute as the years go by. The reasons for this are as follows. First, as we advance towards a fairly comfortable standard of living, more and more people engaged in agriculture will move to non-agricultural work. There will be an ever more urgent need for the development of basic industries and infrastructure and an increasing demand for better quality consumer goods and for wider choices. All this will place new demands on the reform of the structure of production. Second, the impact of the new technological revolution and of the change in structure of production worldwide and China's need to increase exports also require an appropriate adjustment and reform of the structure of our production. The development of our economy and the improvement of economic results will therefore depend to a large extent on our success in gradually rationalizing the structure of production.

China has a vast domestic market, and there is plenty of room for the development of traditional industries. Also, the widening scope of the open policy provides ample opportunities for us to acquire and use advanced foreign technologies. We should integrate these two advantages and expand the whole economy by emphasizing the transformation and development of our traditional industries through the application of advanced technologies while at the same time developing new

high-technology industries. In line with these considerations, the basic direction of the adjustment and reform of the structure of production for a fairly long time to come should be as follows:

-- to continue to stress the strategic importance of agriculture and to develop the rural economy in an all-round way;

-- to strive to develop consumer-goods industries and at the same time to pay adequate attention to basic industries and infrastructure, accelerating the development of the energy industry (primarily electric power), of the raw and semi-finished materials industry (especially iron and steel, nonferrous metals and chemicals) and of transport and communications (principally comprehensive systems of transport and of dissemination of information);

-- to vigorously develop the machine-building and electronics industries, so as to provide more and more advanced technical equipment to serve the modernization programme; and

-- to energetically develop the building industry by commercializing housing, so as gradually to make this industry a major pillar of the economy. We must attach importance to the development of tertiary industry and strive for a co-ordinated growth of primary, secondary and tertiary industries. Basic industries and infrastructure must be strengthened -- otherwise economic development cannot be sustained -- but they should not be developed in isolation, and their growth should be co-ordinated with growth in other areas. So far as the geographical distribution of industrial development is concerned, we should make sure that the east coast region, where the economy is comparatively developed, plays its important role. At the same time, we should gradually accelerate the development of the central and western regions of the country, so that the different regions can take advantage of their respective strong points and, by opening up to each other and conducting exchange on an equal basis, develop a rational regional division of work and regional economic structure. We should continue to give necessary support to minority nationality areas and poverty-stricken areas and make further studies and formulate policies suited to their realities, in order to help build up their capacity for further development and to promote their economic prosperity.

To rationalize the structure of production and the organizational structure of enterprises and to achieve the optimum distribution of resources, we should give play to market forces and free competition. But we should also rely on the state to formulate appropriate policies in this connection and to use such economic levers as price, finance, taxation and credit for intervention and regulation, thus ensuring that reform serves to promote the

healthy development of the economy, which in turn will help to create a better economic environment for reform. In this way it will be possible to combine development with reform, planning with the market and macro-control with micro-flexibility, and to take a new direction in the work of planning.

Here it is necessary to stress the question of agriculture, which is extremely important and has a direct bearing on overall economic development and reform. The steady growth of agriculture and the improvement of the structure of production in rural areas are the foundation for steady, long-term development of the entire economy. Since in this primary stage of socialism in China the conditions of agricultural production are still comparatively backward and its growth is still unsteady, strengthening agriculture is an especially important and urgent task. We must give high priority to grain production and strive to increase it considerably in the next 10 years or so. This is a fundamental condition for attaining the strategic objective set for the end of the century. We must also continue to make rational adjustments in the distribution of urban and rural economies and in the structure of production in the countryside, actively developing a diversified rural economy with village and township enterprises. And we must integrate this endeavour with the promotion of grain production, in an effort to maintain an all-round development of the rural economy and a steady increase in the farmers' income. We should consolidate and improve various forms of the household-based system of contracted responsibility for rural production with remuneration linked to output, encourage farmers to engage in part-time business, and establish a social service system for them. In areas where conditions permit, we should promote diversified forms of co-operation and association on a voluntary and mutually beneficial basis, so as to gradually reach a rational scale of operation. We must see to it that reforms in urban and rural areas are co-ordinated, that contradictions between urban and rural areas are handled properly, and that the alliance of the workers and peasants is consolidated. While deepening the reform in rural areas, the state, collectives and individual farmers should all increase input into agriculture. Local authorities should allocate more financial resources to the development of agriculture so as to step up capital construction in farmland and water conservancy, increase the capacity for preventing floods and droughts and improve the basic conditions of agricultural production. Vigorous efforts should be made to tighten the control over land use and to check the rapid shrinkage of farmland. We should increase the production and supply of such materials as chemical fertilizers, plastic sheeting, pesticides, diesel oil and farm machinery, in order to increase material support to

agricultural production. We should intensify research on agricultural science and technology, actively apply its results and endeavour to develop and spread the use of improved strains. While accelerating the development of agricultural production, we should give the people proper guidance on patterns of consumption -- the consumption of food in particular -- and regulate those patterns in such a way as to adapt them to China's agricultural resources and the level of production. For the most part, we have only begun to exploit the enormous resources in our rural areas, and many of these resources are not yet being utilized rationally. The potential is great, and the prospects for the development of farming, forestry, animal husbandry, sideline production and fishery as well as village and township enterprises are all very encouraging.

3. To open wider to the outside world and constantly expand economic and technological exchange and co-operation with other countries

The present world is an open one. We have achieved great success in pursuing the fundamental state policy of opening to the outside world. In future we should enter the world economic arena more boldly, decide on correct strategies for export and import and for the use of foreign funds, and expand trade and our economic and technological co-operation with other countries, both developed and developing, so as to create more favourable conditions for accelerating our scientific and technological progress and for improving economic results.

Our capacity to earn foreign exchange through export determines, to a great extent, the degree to which we can open to the outside world and affects the scale and pace of domestic economic development. For this reason, bearing in mind the demands of the world market and our own strong points, we should make vigorous efforts to develop export-oriented industries and products that are competitive and can bring quick and high economic returns. We should also work hard to improve the quality of export commodities, rationalize their mix and open up new markets in different parts of the world with a view to achieving a relatively rapid and sustained growth of export trade. In addition, we should do more to expand tourism, to increase export of labour services and technology and to increase the amount of foreign exchange earned from sources other than trade. Priority should be given to the import of advanced technology and key equipment. We should redouble our efforts to raise the quality and performance of the key equipment and other products that we make ourselves in order to be able to produce at home whatever we can. We should expand production of import substitutes and adopt necessary policies and measures for increasing the proportion of domestic goods more

quickly. To expand foreign trade, it is imperative to gradually reform the structure of foreign trade. The reform should be designed to give foreign trade enterprises full authority over management and full responsibility for profit and loss. This will ensure better co-ordination between industry and foreign trade and lead eventually to a system whereby foreign trade corporations can act as agents for other enterprises in the export of their commodities.

In contracting foreign loans we should follow this rule: borrow prudent amounts and keep a rational debt structure, taking into consideration our financial and material resources and our capacity to repay. We should work hard to increase overall economic efficiency in the use of foreign funds. Efforts should be made to improve the laws governing business relations with foreigners, to implement the preferential policy and to improve the investment environment, so as to enable foreign businessmen to run enterprises in China according to international practice and to attract more foreign investment.

It is necessary to consolidate and develop the pattern of opening to the outside world that has begun to take shape, with the open policy extending progressively from the special economic zones to coastal cities, then to coastal economic regions and finally to interior areas. With the overall interests of the national economy in mind, we should draw up a correct development plan for all these zones, cities and regions. They should focus on development of the export-oriented economy and expand their horizontal economic ties with the interior areas, so as to serve more effectively as a base for implementing the open policy and as a window open to the outside world.

Comrades, I have to emphasize here that population control and protection of the environment and the ecological balance have a vital bearing on the growth of our economy and of the society as a whole. There have been marked achievements in population control in China, thanks to the important contribution made by the large numbers of personnel working in the field of family planning. However, we must realize that with so big a population base and so high a number of births, we cannot afford to relax in the least our efforts in family planning; if we relax, it will inevitably affect the attainment of our goal. Emphasis should be placed on ensuring better prenatal care and sound practice in bringing up children so as to improve the quality of the population. At the same time, we should pay attention to the rapid aging of the population and take correct and timely measures to handle this problem. While advancing economic development, we should energetically protect and rationally utilize natural resources, bring environmental pollution under comprehensive control, do a better

job of protecting the ecological balance and integrate achievement of economic and social results with improvement of the environment.

Modernization of national defence is an important component of the overall drive for socialist modernization. In the last few years, bearing in mind the general interests of national development, the People's Liberation Army and the vast numbers of workers and staff on the industrial, scientific and technological fronts of national defence have actively assisted and participated in economic construction and at the same time have scored most gratifying achievements in modernizing defence. We should step up education about defence to make people more aware of its importance. We should continue to develop defence technology, to improve military equipment and, on the basis of economic growth, to advance the modernization of a national defence adapted to China's particular conditions.

In the final analysis, the success of our strategy for economic development depends on accelerated and intensified reform of the economic structure. At the same time, the planning and implementation of the reform must serve economic development. In this way, reform can be co-ordinated with construction, so that each promotes the other, fostering the sound growth of our socialist commodity economy.

IV. Restructuring the Economy

Significant achievements have been scored in the reform of China's economic structure, which has instilled new vitality into socialism. To speed up and intensify the reform, we should deepen our scientific understanding of its nature. The reform we have already carried out includes the development of different types of ownership, public ownership remaining predominant, and even allows the private sector to exist and develop. This reform is determined by the actual condition of the productive forces in the primary stage of socialism, and it is the only way to promote their development. Some of the things we have introduced in the process of reform, such as expanded markets for means of production, funds, technology and labour service and the issuance of stocks and bonds, are phenomena which are not peculiar to capitalism but are bound to appear in the wake of large-scale, socialized production and the development of a commodity economy. Socialism can and should make use of them, trying at the same time to minimize their negative effects in practice. In the past too many mandatory targets were assigned to enterprises directly by the state, the state had a monopoly on purchase and marketing, and goods were distributed according to a system of supply

based on payment in kind. Some of these practices were followed in order to speed up the establishment of an industrial base under the conditions that existed both at home and abroad in the early days of the People's Republic; others had been handed down from the years of revolutionary war. They were not fixed practices that were necessitated by the socialist system. Now the situation is very different. If we fail to reform these practices, they will hinder the expansion of the productive forces. To sum up, all the reforms we have carried out conduce to the development of the socialist economy. Party members should deepen and unify their understanding of this matter and resolutely push the reform forward.

The Central Committee's Decision on Reform of the Economic Structure, adopted in October 1984 at the Third Plenary Session of the Party's 12th Central Committee, explicitly stated that the socialist economy is a planned commodity economy based on public ownership. This is the Party's scientific summation of the socialist economy and an important contribution to Marxism, and it is also the theoretical basis for our reform of the economic structure.

The socialist planned commodity economy should be a system that integrates planning with the market. In this connection, several basic concepts need to be clarified. First, the essential difference between the socialist and capitalist commodity economies lies in the form of ownership on which they are based. The socialist commodity economy based on public ownership provides the possibility for the society to maintain a balanced growth of the national economy. Our task is to make this possibility a reality by a judicious use of both means: regulation through planning and regulation through the market. The socialist commodity economy cannot develop without the growth and improvement of markets, so regulating through the market does not mean practising capitalism. Second, planning should be done according to the principle of commodity exchange and the law of value. The form of direct economic control that relies chiefly on mandatory planning cannot meet the requirements of the development of a socialist commodity economy. We should not equate regulation through planning with mandatory planning. Gradually, the scope of mandatory planning should be reduced by such means as signing contracts in accordance with the principle of exchange of equal value, contracts by which the state places orders for goods with enterprises, and enterprises with one another. The state should gradually shift to using mainly indirect means to control enterprises. Third, the operating sphere of planning and the market covers the whole society. On the whole, under the new economic mechanism "the state regulates the market, and the market

guides enterprises." The state regulates the relation between supply and demand through economic, legal and necessary administrative means and creates a favourable economic and social environment in which enterprises are guided towards correct management decisions. The attainment of this goal is an evolutionary process, and we must actively create conditions for it.

At present, our main task in deepening the reform is to change the managerial mechanisms of enterprises and, with that end in view, to institute supporting reforms in the systems of planning, investment, allocation of materials, finance, monetary affairs and foreign trade. In this way we shall gradually establish the basic framework for a planned commodity economy.

1. Invigorating enterprises owned by the whole people by separating ownership from managerial authority

Enterprises owned by the whole people cannot possibly be operated by the whole people. In general, it is not appropriate for the state to take direct control over them either, or their vitality will be stifled. In order to establish a planned commodity economy, it is therefore essential to separate ownership from managerial authority, to give enterprises real power of management, to rationalize relations between owners, managers and producers and to protect the legitimate rights and interests of enterprises so that they are able to make their own management decisions and take full responsibility for their own profits and losses. This will by no means change the nature of the ownership of these enterprises, that is, ownership by the whole people. On the contrary, it will make the enterprises more vigorous and fully bring out the superiority of an economy based on public ownership.

The separation of ownership from managerial authority can take varied forms, according to the nature of different industries and to the size and technological features of different enterprises. But no matter what form of managerial responsibility system is adopted, it is necessary to do the following:

-- use legal means in the form of contracts to define the relations between the state and enterprises and between the owners and managers of enterprises with regard to their respective responsibilities, powers and interests;

-- select qualified managers through competition, and reward or penalize them mainly according to the economic performance of the enterprises, including the increase or decrease in their assets, so as to help a large number of capable and daring entrepreneurs to emerge in the course of keen competition for markets;

-- introduce a system under which directors or managers assume full responsibility, improve different forms of the economic responsibility

system within enterprises, tighten labour discipline and enforce strict scientific management of production;

-- give workers and staff the opportunity to display their enthusiasm and creativity and integrate the authority of managers with the role played by the workers and staff as masters of their enterprises, so as to form a new type of relationship between managers and producers in which they support each other and co-operate closely. The different forms of the managerial responsibility system which we are now introducing, including contracting and leasing, are useful experiments in separating ownership from management, and we should improve them in practice.

Various forms of a system of shares in enterprises have appeared during the reform. These include purchase of shares by the state, collective purchase by departments, localities and other enterprises and purchase by individuals. This system is one means of raising money for socialist enterprises and can be further implemented on a trial basis. The property rights of certain small state-owned enterprises can be sold to collectives or individuals.

2. Promoting horizontal economic ties

The formation of horizontal economic ties is an inevitable trend in the development of large-scale, socialized production and of a socialist commodity economy. In the past few years horizontal economic ties and groups or associations of enterprises have multiplied rapidly, demonstrating great vitality. We should take advantage of this situation and promote such groups and associations in our effort to deepen the reform.

The formation of ties between enterprises is the basic form of horizontal economic collaboration. We should resolutely reject the concept of a self-enclosed natural economy and change the backward state of affairs in which an enterprise, whether big or small, is a self-contained unit. Rather, we should promote the rational flow and reorganization of such essential factors of production as trained personnel, funds, technologies and resources through joint investment, mutual purchase of shares in enterprises and other means. We should place in the lead big and medium-sized enterprises and manufacturers of famous-brand, quality products, promote ties between scientific research institutions and production units and establish groups or associations of enterprises, so as to meet the demands of large-scale production and a division of labour based on specialization. We should permit enterprises to make their own decisions about establishing associations with others, following the principles of enhancement of strong points and elimination of weaknesses, diversification of form, voluntary participation, mutual benefit and common progress. We should

prevent the use of administrative means to cobble up "corporations" that are merely administrative bodies.

To develop horizontal economic ties, it is essential for cities to play their part, and especially for large and medium-sized cities to become modern, multi-functional economic centres. In the cities we should also streamline administration, delegate more powers to lower levels and draw a clear distinction between the responsibilities of the government and those of enterprises. Cities should open their doors wide on every side, not only functioning in their own interests but also serving surrounding rural areas and the economic areas with which they maintain economic ties.

3. Speeding up the establishment and improvement of a socialist market system

The socialist market system should include not only a commodity market for consumer goods and for means of production but also markets for other essential factors of production such as funds, labour, technology, information and real estate. If there is only a commodity market it is impossible to give play to the market forces. The socialist market system must be competitive and open. A monopolized or closed market provides no incentive for commodity producers to raise their efficiency, and a self-enclosed market promotes neither rational division of labour at home nor international trade.

To establish a socialist market system, we must energetically and steadily pursue our reform of the pricing system, rationalizing the prices of commodities and of the essential factors of production. We should gradually establish a system under which the state sets the prices of a few vital commodities and services while leaving the rest to be regulated by the market. The reform of the pricing system should correspond to the readjustment of incomes, so as to ensure that the people's actual living standards do not decline in the course of reform but rise gradually as production increases. Efforts should be made to develop new types of institutions for commodity circulation, foreign trade and banking as well as networks of agencies to provide technology, information and service, all of which have full authority for management and full responsibility for their profits and losses. This is the way to promote the development of a market system. We should improve industrial and commercial administration and price control and enforce strict rules and regulations for market control so as to ensure good order.

4. Gradually improving the macro-economic control system based mainly on indirect control of enterprises

Exercising macro-economic control, invigorating enterprises and enlivening markets form an

organic whole, and none of them can be dispensed with. Without macro-economic control, markets and enterprises will be thrown into chaos. But if we continue the past practice of the state having direct control of enterprises, allocating the essential factors of production to them and giving them no authority for management, it will be impossible to establish a market and to build and expand a planned commodity economy. We should therefore speed up the reform of the system of macro-economic control with a view to keeping a basic balance between society's total supply and total demand, promoting scientific and technological progress and rationalizing the structure of production. Henceforth, the chief function of management through planning should be to formulate industrial policies and to hasten their implementation by applying economic levers in an all-round way. We should deepen reform of the monetary system, strengthen the position of banks and their role in the system of macro-economic control and exercise proper control over the volume of credit and over the amount of currency provided in accordance with sound practice relating to currency circulation. With the People's Bank of China taking the lead and the national banks playing an important role, we must develop different kinds of monetary institutions and employ different approaches and monetary means to collect and circulate funds, thus promoting co-ordinated economic growth and making the economic structure more rational. We should reform the fiscal and taxation systems, introducing tax categories and determining tax rates in accordance with the principles of keeping taxation fair and reasonable, encouraging competition and reflecting industrial policies. A system of tax distribution should be instituted to ensure a reasonable apportionment of revenues between the central authorities and local authorities. Relations between the central and local authorities and between the state, enterprises and individuals in terms of their economic interests should be handled correctly.

For a certain period of time the state will have to exercise direct control over a very few key construction projects and special enterprises and over certain vital commodities that are in short supply. But we should take into consideration the interests of all sides and improve the method of control.

We should draw up a complete set of economic statutes as quickly as possible, improve judicial work and strictly enforce the law. We must exercise necessary supervision and control over enterprises, markets and all economic departments. We should tighten financial discipline, with a view to safeguarding the legitimate rights and interests of both consumers and producers and the overall interests of the state.

5. Developing an economy with different types of ownership, with public ownership remaining predominant

Public ownership should remain predominant in the primary stage of socialist society. However, other sectors of the economy that are not owned by the whole people are far from adequately developed. Co-operative, individual and private sectors of the economy in both urban and rural areas should all be encouraged to expand. The public sector of the economy itself takes many forms. In addition to enterprises owned by the whole people and by collectives, new publicly owned enterprises should be set up jointly through the efforts of units owned by the whole people and those owned by collectives. It is also necessary to set up publicly owned enterprises with shares pooled by different localities, departments and enterprises and by other means. In different economic fields and different localities, the proportions of the different types of ownership should be allowed to vary.

The private sector of the economy is a sector which involves wage labour. But in socialist society, the private sector is bound up with the public sector, which remains predominant and strongly influences it. Practice has proved that a certain degree of development of the private sector promotes production, stimulates the market, provides employment and helps in many ways to meet people's needs. It is thus a necessary and useful supplement to the public sector. We must formulate policies and enact laws governing the private sector as soon as possible, in order to protect its legitimate interests and to provide it with more effective guidance, supervision and control.

Chinese-foreign joint ventures, co-operative enterprises and exclusively foreign-owned enterprises also constitute a necessary and useful supplement to China's socialist economy. We should protect the legitimate interests of foreign investors and improve the investment environment for foreign businessmen.

6. Adopting diverse forms of distribution, with distribution according to work remaining predominant, and determining a correct policy in this regard

The forms of distribution in the primary stage of socialism should not be of one kind only. We must adhere to the principle that distribution according to work remains predominant while other forms of distribution are supplementary. In addition to the main form of distribution according to work and earnings from individual labour, there may be the following: When enterprises issue bonds to raise funds, buyers receive interest; when shares are issued, share-holders receive income in the form of dividends; enterprise managers receive additional income to compensate for risk-taking; owners of private enterprises employing a certain number of

workers receive some unearned income. Income of these types should be allowed, so long as it is acquired legally. The policies of distribution we formulate should encourage some enterprises and individuals to become prosperous before others through good management and honest work, thus widening the differences in personal income to a reasonable degree. But at the same time, these policies should prevent polarization of rich and poor, enable all the people to move towards common prosperity and bring about social equity while improving efficiency. It is essential to adopt effective measures to readjust excessively high personal income and to bring to justice anyone who makes exorbitant profits through illegal means. The practice of allowing everyone to "eat from the same big pot," egalitarianism and jealousy of other people's higher incomes still constitute the main tendency in income distribution at present. We must continue to tackle these problems both from an ideological perspective and in our practical work. Where possible, we should introduce piece-rate wages and wages based on work quotas, maintaining strict control over product quality and work quotas.

In the early stage of reform consumption tends to grow faster than production. This adversely affects the stability of the economy, weakens capacity for future economic growth and causes serious difficulties in the reform itself, and if unchecked will eventually lead to a decline in the people's actual standard of living. The experience of many developing countries shows that inflated consumption inevitably saps the vitality of the entire economy. For a long time to come, therefore, we must adhere to the principle of building our country through thrift and persistent hard work. We must take strict measures to prevent over-expanded consumption. We must ensure that the growth rate of consumption funds does not rise faster than the growth rate of national income available for distribution and that the growth rate of the average wages and bonuses of workers and other employees does not rise faster than that of labour productivity. In the process of deepening the reform, we must create self-regulating mechanisms for enterprises and at the same time work out effective rules and methods for macro-regulation.

In the last analysis, every measure taken to deepen the reform should help improve the economic results in society. One major problem that seriously affects economic results is the poor quality of the products turned out by quite a number of enterprises. We should realize that the quality of products made in a country reflects on the quality of the nation as a whole. Departments, enterprises and every member of society should work hard for steady improvement in the quality of products made in China.

We are faced with a most difficult task in reforming the economic structure. We should eliminate or rectify those aspects of the relations of production that impede the expansion of our productive forces, and we should establish new organizations, new mechanisms and new standards necessary for expanding them. In the process of replacing the old structures with the new, contradictions and problems will appear in our economic activities. They will be hard to avoid. The deepening of reform will bring even more profound changes in the relations between various interests in society and is bound to meet with resistance. We are undertaking the reform in a still stringent economic environment, which also makes for difficulty. Because we lack experience, it will be hard to avoid slips in our work of guidance. The quality of our cadres and the level of people's consciousness do not wholly conform to the requirements for developing a socialist commodity economy. It now seems that it will take a longer time to build the framework of the new structure than we had estimated. On the one hand, we should further emancipate our minds and accelerate the reform with greater determination; on the other, we should fully understand the difficulty and complexity of reform. Bearing in mind the existing conditions, the objective requirements of economic development and the logic inherent in structural reform, we should identify priorities and proceed by stages with adequate supporting measures, in order to guarantee steady and substantial progress in reform.

V. Reforming the Political Structure

The deepening of the ongoing reform of the economic structure makes reform of the political structure increasingly urgent. The process of developing a socialist commodity economy should also involve the building of a socialist democracy. Without reform of the political structure, reform of the economic structure cannot succeed in the end. The Central Committee of the Party believes that it is high time to put reform of the political structure on the agenda for the whole Party. Comrade Deng Xiaoping's speech, "On the Reform of the System of Party and State Leadership," delivered to an enlarged meeting of the Political Bureau of the Central Committee in August 1980, is a guide to reform of the political structure.

The purpose of reforming both the political and economic structures is, under the leadership of the Party and the socialist system, to better develop the productive forces and to take full advantage of the superiority of socialism. In other words, we shall

catch up with the developed capitalist countries economically and, politically, we shall create a democracy that is of a higher level and more effective than the democracy of those countries. We shall also try to produce more and better-trained professionals than they do. The merits of the reform should be judged on the basis of whether these objectives are attained.

China is a socialist country under the people's democratic dictatorship, and its basic political system is good. However, there are major defects in our system of leadership, in the organizational structure and in our style of work. Chief among these defects are overconcentration of power, a serious degree of bureaucratism, and feudal influences that are far from eliminated. The purpose of reforming the political structure is to promote what is beneficial and eliminate what is harmful and to build a socialist democracy with Chinese characteristics. The long-range goal of reform is to build a socialist political system with a high degree of democracy and a complete set of laws, a system that is effective and full of vitality. And that is something which cannot be achieved without sustained effort.

Like the development of a socialist commodity economy, the building of a socialist democracy is a gradual, cumulative process. Confronted as we are with the complicated social contradictions that arise in the drive for modernization, we need a peaceful social and political environment. We shall never again allow the kind of "great democracy" that undermines state law and social stability. The system of the people's congresses, the system of multi-party co-operation and political consultation under the leadership of the Communist Party, and the principle of democratic centralism are the characteristics and advantages of our system. We shall never abandon them and introduce a Western system of separation of the three powers and of different parties ruling the country in turn. In the reform of the political structure, we must handle properly the relationship between democracy and stability and between democracy and efficiency. We must overcome bureaucratism and feudal influence so as to promote the reform of the economic structure and the policy of opening up both internally and externally. The immediate objective of reform is to institute a system of leadership that will help to raise the efficiency, increase the vitality and stimulate the initiative of all sectors of society. Every measure taken in the reform should serve this objective and help to solve those problems for whose solution conditions are ripe.

1. Separating Party and Government

The Communist Party is the leading force in building socialism in China. In the new situation the Party's leadership can be strengthened only by improving the system, methods and style of

leadership. In the last few years we have worked hard to improve the Party's leadership and have achieved some progress. But one long-standing problem has not yet been completely solved: the lack of distinction between the functions of the Party and those of the government and the substitution of the Party for the government. Until this problem is solved, Party leadership cannot be really strengthened and other reform measures cannot be smoothly carried out. Therefore, the key to reforming the political structure is the separation of Party and government.

This means the separation of the functions of the Party and the government. It was under the Party's leadership that a Constitution was drawn up for the country and laws were enacted, and the Party must conduct its activities within the limits prescribed by that Constitution and those laws. It was under the leadership of the Party that organs of state power, mass organizations and all kinds of economic and cultural associations were established, and the Party must ensure that those organs exercise their functions to the full. It should respect mass organizations, enterprises and institutions and not monopolize the conduct of their affairs. The Party exercises political leadership, which means that it formulates political principles, points the political direction, makes major policy decisions and recommends cadres for the key posts in organs of state power. The principal method by which it exercises political leadership in state affairs is as follows: through legal procedures what the Party advocates becomes the will of the state, and the people are mobilized by the Party organizations and the good example of Party members to implement the Party's line, principles and policies. The Party and the organs of state power differ in their nature, functions, organizational forms and methods of work. It is necessary to reform the system of Party leadership, to distinguish between the functions of Party organizations and those of state organs and to rationalize relations between the Party organizations and the people's congresses, the governments, the judicial organs, mass organizations, enterprises, institutions and various other public organizations, so that each performs its own functions. These relations should gradually become institutionalized.

As conditions are different in the central departments, the localities and the grass-roots units, the concrete methods they use to separate the Party organizations and the government departments should be different. The Central Committee should make policy decisions on such important questions as China's internal affairs, foreign affairs, the economy and defence, recommend persons for leading posts in the supreme state organs and exercise political leadership in all fields. The local Party committees at the provincial, municipal and

county levels should exercise political leadership in local work, carrying out the line formulated by the Central Committee and ensuring that the decrees of the central government are implemented. Their principal responsibilities should be to carry out directives from higher Party organizations and from the Central Committee; to ensure the implementation in their local areas of directives from governments of higher levels and from the State Council; to propose policy decisions on important local issues; to recommend cadres for key posts in local state organs; and to co-ordinate activities of the various local organizations. The relations between local Party committees and state organs at the same level should be worked out through practice and gradually become standardized and institutionalized. The separation of Party and government should not be carried out at village and township level until it has been done at county level. In enterprises, Party organizations should supervise the work and ensure that it is accomplished. Instead of attempting to provide centralized leadership, they should support the directors and managers in their assumption of overall leadership. In institutions, Party organizations should play the same role once a system is introduced under which administrative heads assume full responsibility.

The Party's organizational form and executive organs should be adjusted to conform to its new form of activity and new methods of leadership. Henceforth the Party committee at a given level will not designate a full-time secretary or member of its standing committee, who holds no government post, to take charge of government work. The executive organ of the Party committee should be smaller but more efficient, Party departments that overlap their counterpart government departments should be abolished, and the administrative affairs they are now managing should be transferred to competent government departments. The present practice in government departments of making leading Party members' groups responsible to the Party committees of the next higher level which have approved their establishment is not conducive to unity and efficiency in government work; such groups should therefore be gradually abolished. The Party's commissions for discipline inspection at all levels should not deal with breaches of the law or infractions of administrative regulations but should concentrate on fostering a strong sense of discipline, thus helping Party committees to cultivate fine conduct on the part of their members. The practice of making Party organizations in enterprises and institutions directly responsible to the Party organizations of higher administrative departments should be gradually changed so that in future they will be led by local Party committees.

Separating the functions of Party and

government is a major reform in the system of Party leadership. It must be pointed out that when there is no distinction between Party and government, the Party's position is in fact lowered and its leadership weakened; only when the two are separated is it possible for the Party to ensure its leadership and improve its methods. When there is no distinction between Party and government, the Party has no time or energy to attend to Party building; only when the two are separated is it possible to see that "the Party handles Party affairs." When there is no distinction between Party and government, the Party has to bear the burden of administrative work and may easily become one opposite of a contradiction or even the focal point of many contradictions; only when the two are separated is it possible for the Party to handle contradictions with ease, assume overall control of a situation and co-ordinate the work in all fields. When there is no distinction between Party and government, the Party becomes the executive body; only when the two are separated is it possible for Party organizations to exercise better supervision and effectively prevent or overcome bureaucratism. All members of the Party should eagerly plunge into the reform in order to bring about this historic change.

2. *Delegating powers to lower levels*

Overconcentration of power is manifested not only in the concentration of all power of administrative, economic and cultural departments and mass organizations in the hands of leading organs of Party committees, but also in the concentration of all power of grass-roots units in the hands of leading organs at higher levels. On the one hand, our leading organs have taken charge of many matters which they should not and cannot handle, or cannot handle efficiently, getting bogged down in routine work. On the other hand, the grass-roots units lack the power to make decisions, and it is hard to fully arouse the initiative of the people. The way to solve this problem is to delegate power to lower levels. This devolution of power has proved effective in rural reform and should be carried out in all other fields.

Decisions and functions that can be properly handled at lower levels should be handled there. This is a general principle. In the relations between the central authorities and the local authorities, it is essential to gradually distinguish between the duties of each, while ensuring that decrees of the central government are implemented across the country. Thus local matters will be handled by local authorities, while the central authorities determine major policies and exercise supervision. In the relations between the government and enterprises and institutions, it is essential to delegate powers of operation and management to the latter so as to let them manage their own affairs with full authority. The function of the government is to provide service

for enterprises and to supervise them, in accordance with laws, regulations and policies. In the relations between the Party and the government on the one hand and mass organizations on the other, it is essential to give full play to mass organizations and to self-managed mass organizations at the grass-roots level [i.e., residents' and villagers' committees — *Tr.*] so that the people will handle their own affairs always in accordance with the law. Localities, departments and units should all take the overall interests into account and conduct their affairs strictly in accordance with laws, regulations and policies. In delegating powers to lower levels, we must focus on expanding the power of major cities, enterprises and institutions, in order to revitalize enterprises and to give cities a greater role in developing a socialist commodity economy. Once it has been decided that certain powers are to be delegated to cities, enterprises and institutions, they must not be withheld by intermediate administrative levels. This devolution of power is an important means of breaking down barriers between different departments and regions.

Delegating powers involves the reform of many rules and regulations. To transform their functions and reform their working organs, departments at different levels should make investigations, listen attentively to the opinions of grass-roots units and work out detailed provisions.

3. *Reforming government organs*

Bureaucratism remains a serious problem in the political life of our Party and the state. For economic, cultural, social and historical reasons, our struggle against it will last a long time. Separating the functions of the Party from those of the government, delegating more powers to lower levels and developing socialist democracy will all help overcome bureaucratism. It should be noted that overstaffing, overlapping and unwieldiness of government organs, confusion of their responsibilities and buck-passing are also major causes of bureaucratism. We must therefore resolve to reform these organs from top to bottom. We propose that the State Council begin immediately to work out a plan for restructuring the organs of the Central Government and that the plan be submitted to the First Session of the Seventh National People's Congress for examination and approval and then implemented.

To avoid repeating the old practice of "streamlining -- swelling -- re-streamlining -- re-swelling," we must concentrate on a change of functions, which is the key to structural reform. We should reduce and merge departments that are in charge of managing enterprises and do the same with specialized sections in departments that are charged with overall responsibilities. This should be done in accordance with the requirements of economic restructuring and of separating the

functions of government from those of enterprises, so that government will change from mainly direct to mainly indirect control of enterprises. With a view to arranging the organs in a more scientific and comprehensive way, we should strengthen the departments which are consulted in the decision-making process, as well as those which are responsible for regulation, supervision, auditing and provision of information and improve the working methods of those which have overall responsibilities, thus enhancing the government's ability to regulate and control macroeconomic activities. In reorganizing "corporations" that are merely administrative bodies and organs that have been upgraded in recent years, reducing the staff of overmanned departments and dissolving organizations that were set up simply to create jobs, we should follow the principle of simplified administration, unified action and higher efficiency.

To ensure the smooth progress of the structural reform, we should make appropriate personnel changes in the organs to be restructured, seeing to it that proper arrangements are made for everyone and that work proceeds normally. The main goal in dealing with the question of personnel is to rationalize an organ's structure and improve the quality of its work. We should combine the efforts to change and train personnel and should work out plans to assign a number of people to state organs and economic and cultural organizations that need improvement.

To consolidate the achievements of structural reform and to institutionalize administrative management, we must improve administrative legislation, drawing up basic norms and procedures for administrative work. We should improve current regulations governing administrative organs and formulate rules specifying their size, in order to control the establishment of such organs and their manning quotas through legal and budgetary means. We should devise an administrative responsibility system at various levels to improve work quality and efficiency. We should formulate an administrative procedural law, strengthen supervision over administrative work and personnel and investigate cases of neglect or dereliction of duty and other breaches of law or discipline by administrative personnel.

4. Reforming the personnel system relating to cadres

We cannot stimulate the cadres' energy, efficiency and initiative without reforming the personnel system. Over the past few years we have taken some important measures and accumulated some useful experience in this regard, but serious defects still exist in the personnel system relating to cadres. These are mainly as follows: The concept of the "state cadre" is too general and lacks a scientific classification; the power of cadre management is

overconcentrated and the people who handle personnel affairs lack professional knowledge; the methods are outdated and simplistic, which hinders the intellectual growth of talented people; the management system is flawed and there are no laws governing the way personnel are used. As a result, we have for a long time been faced with two major problems: First, it is difficult for promising young people to fully display their talents; and second, it is difficult to avoid malpractices in the use of people. To reform the personnel system relating to cadres we must alter the single category of "state cadre" and convert the current unified central management into a scientific system of management by establishing a number of categories. We must abandon the current practice of managing all personnel according to the same single pattern applied to Party and government cadres and institute different management systems for different categories of cadres. And we must change the present personnel system, which is not governed by legislation or democratic means, into a system governed by law and supervised by the general public.

The emphasis of the current reform of the personnel system relating to cadres is on establishing a system of public service. This means formulating laws and regulations for the scientific management of government personnel who exercise the administrative power of the state and perform official duties. These public servants are to be classified in two categories: those handling political affairs and those doing professional work. Public servants in the political affairs category, whose tenure in office will be for a specified period of time, must be managed strictly in accordance with the relevant provisions of the Constitution and the Organic Law and be subjected to supervision by the public. The Central Committee of the Party and local Party committees at various levels will recommend candidates in the political affairs category at the corresponding levels to the national or local people's congresses, through legal procedures, and will supervise and manage those public servants in this category who are Party members. Public servants in the professional work category, whose tenure in office is to be permanent, will also be managed in accordance with the law governing public servants. For posts in this category, people will have to pass a statutory examination in open competition. The job responsibilities of such public servants will be clearly defined and their performance will be evaluated in accordance with statutory standards and procedures. Their promotion, demotion, reward and punishment will be based mainly on their work results. Their rights to training, wages, welfare and retirement will be guaranteed by law. The implementation of this new system governing

public servants will make it easier for the Party to reinforce and improve leadership over personnel work, facilitate the growth of outstanding cadres in both categories who possess political integrity and professional competence, and help to improve the efficiency of government work and the stability of state administration. It will be a considerably long process to establish and develop such a system. We should lose no time in drafting rules and regulations concerning public servants, working out supporting measures, setting up institutions to manage such personnel and making preparations to found a state administrative college.

In addition to establishing the public service system, we should work out different methods for managing personnel of different categories. This should be done in accordance with the principles of separating Party and government, separating the functions of government from those of enterprises and ensuring that administrators in charge of personnel have a command of professional knowledge so that they will do their work more intelligently. This means chiefly that the leading members and working personnel of a Party organ will be managed by the Party committee at the corresponding level; that the leading members and staff of organs of state power and of judicial and procuratorial organs will be managed according to a system to be established later, which will be similar to the one applying to public servants; and that the leading members and staff of mass organizations and the managerial personnel of enterprises and institutions will, in principle, be managed by the organizations and units in which they work, in accordance with their own respective rules and regulations.

Whichever management system is applied in each particular case, it is necessary to stress work results, encourage competition and ensure the exercise of open, democratic supervision. Introducing of competition into the selection process for enterprise managers has created unprecedented conditions for the emergence of outstanding entrepreneurs and specialists of various kinds. Furthermore, it has brought about and will continue to bring about a series of changes in the personnel system of enterprises. We should adapt ourselves to these changes and go on summing up our experience with a view to establishing a new and improved personnel system in enterprises. Competition should also be introduced into the selection of other professionals. In all trades and professions, diverse methods and systems with distinctive features of their own should be developed to facilitate the growth of different types of specialists and entrepreneurs who will emerge in large numbers and quickly become the mainstays in their fields. Both inside and outside the Party, conditions should be created to enable people

to move rationally and have a choice of jobs. The idea of giving priority only to seniority should be eradicated, along with other outworn concepts that stifle people's initiative and creativity. In this way, people can put their specialized knowledge to best use and give free play to their strong points, and they will feel they have bright prospects. This will make it possible to revitalize the Party and state organs as well as society as a whole.

5. Establishing a system of consultation and dialogue

To correctly handle contradictions and reconcile various social interests is an important task in a socialist society. Only when the leading bodies at all levels listen attentively to the views of the masses can they gear their work to actual conditions and avoid mistakes. And only when they let the people know what they are doing and what difficulties they face can they secure the people's understanding. There should be channels through which the voices and demands of the people can be easily and frequently transmitted to the leading bodies, and there should be places where the people can offer suggestions or pour out any grievances they may have. Different groups of people may have different interests and views, and they too need opportunities and channels for the exchange of ideas. It is therefore imperative to develop a system of consultation and dialogue, so that what is going on at higher levels can be promptly and accurately made known to lower levels and vice versa without impediment, thus enabling people at all levels to understand each other.

The basic principle for establishing a system of consultation and dialogue is to carry on the fine tradition of "from the masses, to the masses" and to make public the activities of the leading bodies, letting the people know about important events and discuss important issues. The first thing to do now is to formulate regulations regarding consultation and dialogue. These should clearly define which problems are to be solved by which units or organizations, through consultation and discussion. The consultation and discussion on issues that are important at the national, local or grass-roots level should be conducted at that level. Leading bodies at all levels should make this a top priority in their work. While opening new channels for consultation and dialogue, we should make better use of existing ones. We should provide wider coverage of the activities of the government and the Party through all forms of modern mass media, to give scope to the supervisory role of public opinion, to support the masses in their criticism of shortcomings and mistakes in work, to oppose bureaucratism and in general to combat all unhealthy tendencies.

6. Improving a number of systems relating to socialist democracy

The essence of socialist democracy is that the people are masters of the country, genuinely enjoying all citizens' rights and the power of administering the state, enterprises and institutions. In building socialist democracy at the present stage, we should place emphasis on practical results and on arousing the initiative of the grass-roots units and the people. We should start with things we are able to do, concentrating on improving a number of basic systems.

The system of people's congresses is the fundamental system of government in China. In recent years the people's congresses at various levels have made much progress in their work. In the years ahead, they and their standing committees should continue to improve the way they function and to strengthen their work of legislation and supervision through law. They should maintain closer contact with the people in order to be better able to represent them and be supervised by them. Meanwhile, the National People's Congress, and particularly its Standing Committee, should be strengthened organizationally, and the committee members should gradually become younger in average age and serve full time. In addition, the Standing Committee and the special committees of the Congress should improve their rules for discussion and their working procedures, so that they will have adequate rules and regulations to abide by.

The Chinese People's Political Consultative Conference is a patriotic united front organization that comprises all of China's democratic parties, the people's organizations and outstanding individuals from all walks of life. It should strengthen itself organizationally so as to make political consultation and democratic supervision a regular practice where important policies of the state and major issues of the people's life are concerned. While upholding the principles of "long-term co-existence and mutual supervision" and of "treating each other with all sincerity and sharing weal or woe," we should improve the system of multi-party co-operation and consultation under the leadership of the Communist Party, with a view to promoting the role played in China's political life by democratic parties and patriots without party affiliation.

The trade unions, the Communist Youth League, the Women's Federation and other mass organizations that have always been a bridge linking the Party and government with the working class and other sections of the people have an important role to play in the implementation of socialist democracy. It is essential for Party and government departments to maintain harmonious relations with these mass organizations so that the latter can carry out their work independently in light of their own characteristics. This will enable

them to better express and defend the specific interests of the masses they represent, while safeguarding the overall interests of the people throughout the country. The mass organizations, too, should undertake organizational reform, changing their pattern of functioning by actively participating in consultation and dialogue, democratic management and democratic supervision and focusing their attention on the grass-roots units. And if they want to win the trust of the people, especially those at the grass-roots level, they should also rid themselves of their official airs and overcome the tendency to become mere administrative institutions.

In the past few years China's elections have become more and more democratic. However, the electoral system has not been fully and effectively implemented and needs to be improved. We should respect the will of the voters and ensure that they have more options in elections. We should continue the practice of holding elections with more candidates than posts, as prescribed by law, and improve procedures for nominating candidates and methods of publicizing them. For instance, the present practice of setting rigid quotas for different geographical areas when nominating candidates for the election of deputies to congresses at various levels tends to prevent the election from fully reflecting the will of the voters. In order to have candidates who represent broader sections of the people, therefore, we shall introduce the practice of electing deputies not only from geographical areas, as is done at present, but also from different walks of life.

Institutionalizing democracy in grass-roots units provides the foundation for ensuring that the working class and other sections of the people are masters of the country, as well as for mobilizing the initiative of people in all quarters and maintaining stability and unity in society. Since from time to time the rights of the masses are encroached upon, we should enact laws governing the press, publication, association, assembly and procession, and establish a people's appeals system, so as to guarantee the citizens' rights and freedom as stipulated by the Constitution. At the same time, we should put an end to abuses of those rights and freedoms. It must be pointed out that leadership characterized by feudal, patriarchal practices is still found in some departments and grass-roots units. To eliminate the conditions that allow such practices to persist, we should formulate rules and regulations promoting a rational flow of personnel, build a labour arbitration system and promote the socialization of public welfare services.

As China is a multi-nationality country, safeguarding the unity of the motherland, upholding equality and solidarity among the nationalities and promoting their common

prosperity are of vital importance to the country's future. It is therefore imperative to enhance the regional autonomy of minority nationalities and devote great effort to training cadres from among them. We should continue to consolidate the great unity of all our nationalities, develop socialist relations of equality, solidarity and mutual assistance among them, educate all Party members in implementing the Party's policy concerning nationalities and encourage them to do their best in this regard.

7. Strengthening the socialist legal system

Socialist democracy is inseparable from a socialist legal system. Without stability and unity throughout the society, we can succeed neither in economic development nor in the reform of economic and political structures. In exercising democracy and dictatorship in all spheres of activity -- political, economic and social -- we should see to it that there are laws to abide by, that laws already enacted are observed and enforced to the letter, and that violators are brought to justice.

We must attend to legislation and to economic development and reform at the same time. During the whole process of reform we must go on building our legal system. On the one hand, we should improve legislation and the procedures for law enforcement, enable the judicial organs to exercise independent authority, as prescribed by law, and enhance citizens' awareness of law; on the other hand, we should see to it that legislation guarantees good order in economic development and reform and consolidates achievements scored in reform. We should try to define, in terms of laws or rules, what should be encouraged and what should be rejected. Only in this way can we bring about a new standard for political, economic and social activities. And only in this way can we institutionalize various aspects of the society: the relations between Party and government departments on the one hand and public organizations on the other; the activities within government departments; the relations among the central authorities, local authorities and grass-roots units; the training, selection, employment and replacement of personnel; democracy at the grass-roots level; and consultation between leadership and the rank and file. In short, through reform we should gradually establish a legal framework for our socialist democracy and institutionalize it. This is a fundamental guarantee against a recurrence of the "cultural revolution" and for lasting political stability in the country.

Our current political structure, which took shape during the revolutionary war years, was basically established in the period of socialist transformation. It developed in large-scale mass movements and in the process of constantly intensified mandatory planning. It is no longer

sued to our drive for modernization in economic, political, cultural and other fields under conditions of peace, or to the development of a socialist commodity economy. We should make a historical analysis of this state of affairs. The political structure was the product of the historical conditions of the time, but today things have changed. The cause of the Party has progressed, and it is therefore necessary to reform this structure. This is a difficult and complex task, so we must adopt resolute yet cautious policies, trying to implement them in a guided and orderly way and to advance the reform as steadily as possible. In this period of transition from the old structure to the new, we should make special efforts to ensure that work is co-ordinated and conflicts are avoided. In pursuing reform, we must stress experimentation, encourage exploration, seek practical interim methods and measures and advance one step at a time. Because conditions are different in different areas, we cannot simply ask all areas to do the same thing at the same time. In the autonomous minority nationality areas and outlying districts in particular, we should adopt prudent measures which suit the local conditions, while in the special economic zones we can afford to be more flexible. In the army the reform has already achieved important results. Since things are different there, plans for further reform will be studied and decided upon separately by the Military Commission of the Central Committee.

The immediate objective for the reform of the political structure is limited. However, when that objective is achieved, it will lay a sound foundation for socialist democracy and for the realization of our long-range objective. This is a magnificent undertaking, and all Party members should take the initiative in the reform. Party organizations at all levels are expected to provide more effective leadership over the reform and to take the lead by reforming themselves.

VI. Strengthening Party Building While Carrying Out Reform and the Open Policy

The Chinese Communist Party is a party armed with Marxism-Leninism and Mao Zedong Thought, a strong party that has been tempered in long years of struggle. To accomplish the arduous and complicated tasks defined at this congress and to better shoulder the great historic responsibility of leading the people in building socialism with Chinese characteristics, we must study the theory and practice of Party building under new conditions and further change those ideas and practices that do not meet the needs of the new situation, so as to

effectively strengthen our work in this area.

Since Party building has always been closely connected with the Party's basic political line, all Party work in the new period must ensure the implementation of that line. This means that Party building must undergo changes in order to suit the new circumstances brought about by reform and the open policy. This guiding ideology should be embodied in the Party's ideological education, its organizational building and its work style.

In ideological education, the Party must propagate its entire basic line, emphasizing the central task of economic development and the two basic points, namely, adherence to the four cardinal principles and implementation of reform and the open policy. Party schools and Party organizations at all levels should conduct regular, intensive education among members, in the light of the realities prevailing in the primary stage of socialism, helping them to learn more about the Party and its basic line. Our goal is that all Party members, and particularly leading cadres, should be united in their thinking and action and become vanguard fighters who work conscientiously to accomplish the Party's tasks, as well as better-educated, self-disciplined model workers with high ideals and moral integrity. To reform the Party's work in propaganda and in ideological education, we must get rid of formalism and emphasize practical results. We can never go back to the closed society of the past, when people were forbidden contact with ideological trends of different sorts. Still less can we evade problems of understanding that may arise among the people in the course of construction and reform. We must abandon empty Party jargon and conduct propaganda and education utilizing the personal experiences of the people in a way that they can appreciate and understand, so that the four cardinal principles and reform and the open policy will truly take root in their hearts.

Reform and the open policy and the growth of the socialist commodity economy require that we stress and improve the Party's ideological and political work. The process of reform and opening to the outside world liberates people's thinking to an extraordinary degree, and that is a good thing and a natural historical phenomenon. But it also means that we must carry on the fine tradition of the Party's ideological and political work and make a success of such work in all fields of construction and reform, employing effective means adapted to the new situation. Thus we shall stimulate people's socialist initiative, creativity and dedication and rally the whole nation to the magnificent cause of building socialism with Chinese characteristics.

The quality of our cadres is decisive for the implementation of the Party's line. In conformity with the political line formed since the Third Plenary Session of the 11th Central Committee, we

set forth the principle of making the ranks of cadres more revolutionary, younger, better educated and more professionally competent. That principle has proved correct in practice. The most important criterion for judging whether a cadre is revolutionary is whether he is firm in implementing the Party's basic line. We should place in important positions those cadres who have both ability and political integrity and who are fair and honest, that is, cadres who are loyal to the Party's line and can implement it creatively, rather than those who indulge in empty talk and do nothing practical for socialist modernization because they have little enthusiasm or sense of responsibility for it. A cadre's merits are to be judged by his performance in adhering to the four cardinal principles and to reform and the open policy. We must not hesitate to promote those who have made actual contributions to reform and the open policy and to socialist modernization and who have won the recognition and trust of the people. We should have the courage to place heavy responsibilities on outstanding younger cadres. We should cherish and support cadres who dare to explore new ways in reform, allow them to make mistakes and help them sum up their experience constantly so that they will enhance their ability and learn and mature through practice. That is the only way to revitalize leading bodies at all levels. In our efforts to promote younger cadres to leading posts, we should now focus on members of the central leading bodies. We propose that this congress take a major step in this direction. While the leading members of the Party's local and grass-roots organizations should be younger, we should not rigidly demand that the average age of leading groups be lowered progressively at provincial, prefectural, county and grass-roots levels. Attention should be paid to the age structure within each leading group. While persevering in the effort to make the cadre ranks better educated and more professional, we must also take into consideration the different requirements of different jobs. Progress has been made in recent years in the cooperation between old and new cadres and the succession of the new to the old, and the leading groups at all levels are now basically up to the requirements of our Party's policy. We should continue to strengthen and improve the leading groups, making appropriate adjustments while maintaining stability.

To consolidate and develop the Party's correct line, to make its decision-making process more democratic and scientific, and to give full play to the enthusiasm and creativity of Party members and organizations at all levels, it is of vital importance to strengthen the systems of the Party. Furthermore, promoting democracy among the people through the example of inner-Party democracy is a feasible and effective way to develop socialist democracy.

Strengthening the Party's collective leadership and democratic centralism should start with the Central Committee. This should chiefly include the following:

-- establishing a system of regular work reports to the Political Bureau of the Central Committee by its Standing Committee and to the plenary sessions of the Central Committee by the Political Bureau;

-- appropriately increasing the number of plenary sessions held by the Central Committee each year so that it can play a greater role in collective decision-making;

-- formulating work rules and a system for holding democratic meetings of the Political Bureau, its Standing Committee and the Secretariat of the Central Committee, so as to institutionalize collective leadership and place Party leaders under more strict supervision and control. Local Party organizations at all levels should formulate and improve corresponding rules of procedure, including a voting system and a system for democratic meetings. The inner-Party electoral system should be reformed and improved, and explicit provisions should be worked out for nominating procedures, with more candidates for election than there are posts to be filled. In the near future this practice of presenting more candidates than posts should also be applied in the election of deputies to Party congresses at all levels, members and secretaries of grass-roots Party committees, members of local Party committees and their standing committees, and members of the Central Committee. The democratic rights of Party members as prescribed by the Party Constitution should be protected by specific rules. Infringement of the rights of Party members is a violation of Party discipline, and in such cases disciplinary measures should be taken. Channels for inner-Party democracy must be widened and democratic activities improved so as to enable members to keep better informed about inner-Party affairs and have more opportunities to involve themselves directly in them.

When a party is in power, its members tend to become divorced from the masses, and that is much more harmful to the people than it would have been before the party came to power. Under the new circumstances of reform and opening to the rest of the world, it has become even more important to improve the Party's work style. Since the Third Plenary Session of the 11th Central Committee in December 1978, the Party has restored its fine tradition of integrating theory with practice, maintaining close ties with the masses and conducting criticism and self-criticism. Its line and policies have embodied the supreme interests of the people and promoted the growth of the productive forces. Reform and the open policy have helped to substantially reduce negative practices that were

common in the past, such as subjectivism, coercion and commandism, practices that resulted in setting excessively high targets, giving arbitrary directions and resorting to struggle and punishment without good reason. Party organizations at all levels as well as individual Party members, including the vast majority of cadres, have been faithfully and enthusiastically serving the people, doing solid work and demonstrating their creativity. It should be recognized that the ties between our Party and the people have been greatly cemented. Reform of the economic and political structures and separation of Party and government will help prevent the emergence of bureaucratism inside the Party and indeed make our Party a staunch force in the struggle against it. The people complain a great deal now that a small number of Party members, particularly leading cadres, have abused their power for private gain at the expense of the people's interests, hindering the smooth progress of the reform and implementation of the open policy and damaging the Party's prestige. This is a grave problem which we must take seriously and tackle in earnest.

Damage wrought by the "cultural revolution" made it necessary for us to concentrate for a certain period of time on consolidating the Party. In general, over the past few years Party consolidation has been successful. At the same time, however, it must be recognized that remedying defects in the Party's ideology, organization and work style is a regular, long-term task. It is impossible to solve all the problems merely through a certain period of Party consolidation, because new problems will continue to crop up after the old ones are solved. Now that our Party is in power, it must stand the test of power. Now that it is providing leadership for reform and for opening to the outside world, it must also stand the test of that endeavour. This is a crucial test which we must undergo in Party building during the new period. In our judgement, the Party as a whole can stand severe tests, and it is strong enough to combat all kinds of negative and decadent phenomena. But we must recognize that a small number of Party members may fail these tests. In the past few years there have been frequent cases of tax evasion, smuggling, trafficking in smuggled goods, bribery, extortion, embezzlement and theft, moral degradation, violation of the law by persons in charge of executing it, divulgence of state secrets and economic information, breach of discipline in dealings with foreigners, favouritism in making appointments and vindictive attacks on others. We certainly must not change our general principles and policies of reform and opening to the outside world just because of these few cases of corruption, or bring our work of economic development and reform to a halt in order to concentrate on sweeping the bad practices away. Nevertheless, we must

combat them as we go on with that work. The inner-Party struggle against corruption is unavoidable when we are carrying out reform and the open policy. If we tolerate decadent elements in the Party, the whole Party will decline. We should, of course, educate Party members who have failed to stand the tests by talking with them in a kindly way. But experience has shown that we cannot completely solve the problem through education alone; we must also be strict with Party members and enforce rigorous Party discipline. Corrupt members who have done harm to the cause of the Party and the people must be resolutely expelled. Once discovered, such people must be removed immediately, no matter how many they are. We can in no way tolerate or connive at their wrongdoing.

The strength of a proletarian party and the role it can play are not decided by the number of its members, but by their quality, by their firmness in implementing the party's line and by their loyalty to the cause of communism. For a long period in the past there was a tendency to neglect the quality of new members admitted to the Party. As a result, there are some members who are not qualified or not fully qualified for membership. Therefore, in order to maintain high standards and improve the quality of Party members, we must not only expel the few degenerate members but also concentrate on educating the great majority. The Party is the vanguard of the working class, a vanguard with a strong sense of organization and discipline. To be a Party member, one must meet the qualifications for membership, subject oneself to strict Party discipline and play the exemplary role required. Even stricter rules should be applied to Party members who work in leading Party and government organs, especially those in principal positions. In the years of revolutionary war, Party members had to go through the test of risking their lives. Today they must stand the test of holding office and working for reform and the open policy. Unlike non-Party people, they must at all times be ready to sacrifice their personal interests for the benefit of the state and the people. It is in this sense that the title of Party member is glorious. The requirements set in the Party Constitution obviously are not meant for non-Party people, but they must be met by Party members. Those who fail to meet them, who fail to fulfil the duties stipulated in the Party Constitution and refuse to mend their ways in spite of education, should be persuaded to withdraw from the Party or have their names struck from the Party rolls. This is necessary to maintain the Party's status as vanguard of the working class. Party organizations at all levels should sincerely unite with those who have left the Party and should in no way attack or discriminate against them. They can remain good citizens and as such give their best to society. Some may even continue to hold

appropriate leading posts. We should constantly recruit into the Party advanced people who have emerged in the course of the reform and opening to the outside world and who are qualified for membership. Only by upholding the good can we suppress the bad. We should promptly commend those comrades who are staunch Party members with a spirit of voluntary devotion, who serve the people wholeheartedly, putting the interests of the people above everything else, and who implement the Party's policies and accomplish the Party's tasks in an exemplary way. As their principal day-to-day work, grass-roots Party organizations should provide constant education, maintain strict supervision, carry out criticism and self-criticism, strengthen Party discipline, expel degenerates and properly handle those who are not entirely qualified for membership, admit excellent people, encourage healthy practices and resist unhealthy ones. Through the exemplary vanguard role of Party members, the grass-roots organizations will be able to unite the people around themselves and become a powerful fighting force. Leading organizations of the Party are responsible for guiding the grass-roots organizations in this work. If the day-to-day jobs are done well, it will mean that under the new historical circumstances we have discovered a new approach for Party building through reform and through the establishment of new systems, instead of through political movements.

Reforms, particularly reform of the political structure, will bring our Party fresh vitality. We must adapt ourselves to the tremendous change and do a good job of building this great Marxist Party of ours. Only thus can our Party, sound and strong, remain in the forefront of reform and the modernization drive, a vigorous Party that has the courage to undertake reform, a Party that is strictly disciplined, honest and fair-minded in performing its functions, a Party that serves the people with outstanding success by selecting and appointing talented, capable people.

VII. Striving to Win New Victories for Marxism in China

Socialism with Chinese characteristics is the product of the integration of the fundamental tenets of Marxism with the modernization drive in China and is scientific socialism rooted in the realities of present-day China. It provides the ideological basis that serves to unite all the Party comrades and all the people in their thinking and their action. It is the great banner guiding our cause forward.

Marxism is a science that keeps developing in practice. In the contemporary era it is generally

recognized that Marxism needs further extensive development. The world is undergoing tremendous change, civilization is advancing very rapidly and new vistas are opening before the working class and the labouring people. All this requires Marxists to widen their vision, develop new concepts and enter a new realm.

The historic contribution of Marx and Engels is that they transformed utopian socialism into scientific socialism. In theory and in practice -- the practice of building socialism in one country, the practice of building it in many countries and the practice of introducing reforms in socialist countries in the contemporary world -- scientific socialism broadens and deepens the understanding of socialism, by integrating the scientific theory of socialism with the practice in various countries and with the developments of the times. In this process, it is only natural that people will discard some theses which are utopian because they were formulated by our predecessors within the limits of their historical conditions. It is also natural that people will reject dogmatic interpretations of Marxism and erroneous viewpoints imposed on it, and will further develop the theory of scientific socialism on the basis of new practice.

The integration of Marxism with practice in China has been going on for more than 60 years. During this time there have been two major historic leaps. The first took place during the new-democratic revolution, when the Chinese Communists, after repeated experimentation and learning by trial and error, found a way to make revolution based on China's particular conditions and led the revolution to victory. The second took place after the Third Plenary Session of the 11th Central Committee, when, having analysed both the positive and negative experience of more than 30 years since the founding of the People's Republic and studied the experience of other countries and the world situation, the Chinese Communists found a way to build socialism with Chinese characteristics, thus ushering in a new period of socialist development in the country.

In the process of deepening its understanding of socialism since the Third Plenary Session of the 11th Central Committee, our Party has developed a series of theories and views in the realms of philosophy, political economy and scientific socialism. They include the following:

- that it is necessary to emancipate the mind, seek truth from facts and take practice as the sole criterion of truth;

- that people must take their own road in building socialism in the light of the specific conditions of their own countries;

- that there must be a very long primary stage in the building of socialism in a country that is backward economically and culturally;

- that the fundamental task for a socialist society is to develop its productive forces and concentrate on a drive for modernization;

- that the socialist economy is a planned commodity economy;

- that reform is an important motive force for the development of a socialist society and that opening to the outside world is indispensable for the realization of socialist modernization;

- that socialist democracy and an advanced socialist culture and ideology are essential characteristics of a socialist society;

- that the two basic points -- adherence to the four cardinal principles and adherence to the general policy of reform and opening to the outside world -- are interrelated and neither can be dispensed with;

- that the reunification of the motherland should be achieved by applying the principle of "one country, two systems";

- that a good work style is vital to the very existence of a party in power;

- that relations with Communist Parties and other parties in other countries should be developed on the basis of the principles of independence, complete equality, mutual respect and non-interference in each other's internal affairs;

- that peace and development are the outstanding issues in the world today. These fundamental views constitute an outline of the theory for building socialism with Chinese characteristics. They provide initial explanations of such basic questions as the stages of China's socialist development, its tasks, motive forces, conditions, planning and the international environment. By elaborating these ideas, the Party has scientifically charted the course for our advance.

The crucial point here is that we must discard historical idealism, which deals with socialism in abstract terms without any consideration of the productive forces, and make a fundamental distinction between scientific socialism and all forms of utopianism.

Marxist historical materialists have held all along that the productive forces are ultimately the decisive factor in social development. Only when the relations of production and the superstructure conform to the mode of the productive forces can they promote such growth. Unless the productive forces are developed, there can be no socialist society, and socialism cannot advance from one stage to another until the realization of communism. As early as the revolutionary war years, our Party already made it clear that in the last analysis the impact, good or bad, great or small, of the policy and practice of any Chinese political party upon the people depends on whether and how much it helps to develop their productive forces, on

whether it fetters or liberates those forces. At that time we had to take class struggle as our central task, because if we wanted to liberate the productive forces we had first of all to overthrow the rule of the reactionary classes so as to free the labouring people from political oppression and economic exploitation. Now that the exploiting classes have been abolished, however, things are different: the labouring people have become masters of the country, and we have entered the stage of socialist development. Developing the productive forces has therefore become our central task. Our ability to make China prosperous and strong, to make the people rich, to make education, science and culture flourish, to consolidate and expand public ownership and the state power of people's democracy -- in a word, our ability to take full advantage of the superiority of socialism and to steadily enhance its appeal—hinges, in the final analysis, on the growth of the productive forces. Whatever is conducive to this growth is in keeping with the fundamental interests of the people and is therefore needed by socialism and allowed to exist. Conversely, whatever is detrimental to this growth goes against scientific socialism and is therefore not allowed to exist. In these historical circumstances, the growth of the productive forces is the immediate and decisive criterion.

Why must we adhere to the four cardinal principles? Because in contemporary China that is the only way we can fully guarantee the growth of the productive forces. Why must we persevere in reform and opening to the outside world? Because that is the only way we can liberate the productive forces that are still fettered and promote their rapid growth. Judging life by abstract principles or utopian models instead of by the growth of the productive forces will only discredit Marxism. We recognize and attach great importance to the enormous influence exerted by the relations of production and the superstructure. But only when we recognize the decisive role of the productive forces and acknowledge them as fundamental can we correctly handle the contradictions between the productive forces and the relations of production and between the economic base and the superstructure. Only then can we guarantee that changes in the relations of production and in the superstructure will conform to the mode and needs of the growing productive forces in contemporary China. Only then can we avoid wishful thinking.

The primary stage of socialism covers a long process of historical development. We do not yet know much about the conditions, contradictions and changes in this stage or the laws governing its development. Many of our principles, policies and theories have yet to be tested, and they will have to be constantly enriched, revised and improved

through practice. We shall not let ourselves be bound hand and foot by treating isolated theses from books as dogmas, nor shall we regard things that have proved effective in practice as flawless models. We must encourage people to explore new paths in practical work and to adhere to the policy of "letting a hundred flowers bloom and a hundred schools of thought contend" in theoretical research. The standpoint of experience and practice is the primary and basic standpoint in the theory of knowledge. Without exploration, without innovation, and without comparison between different experiments and contention between different views, our cause will be lifeless. The hope for constant growth in our theory and our cause as a whole lies in our determination to give full play to the scientific spirit and creative vitality of Marxism and to arouse the courage of the whole nation to experiment and innovate.

The overwhelming majority of comrades in our Party support the line followed since the Third Plenary Session of the 11th Central Committee, adhering to Marxism and standing for reform and the open policy. Those who stick to rigid concepts and those who negate Marxism are a very small minority. However, wrong thinking is often found in our Party. The same person may see only one side in one situation and see only the other side in another. When a person temporarily falls behind the reform, we should not dismiss him as being rigid. Conversely, when in the course of emancipating his mind a person expresses views that are a bit too liberal, we should not say that he is advocating bourgeois liberalization. In the final analysis, wrong and one-sided thinking is caused by the separation of subjective thinking from objective reality. The proper way to eliminate one-sidedness is to encourage people to adapt their work to the needs of modernization and reform, to the realities of the world and to the future. Our fundamental slogan remains: "Emancipate the mind, seek truth from facts, unite as one in looking to the future." In the great historical process of reform and opening to the outside world, we are faced with many contradictions and difficulties, and it is particularly necessary for the comrades of the whole Party to close ranks, unify their thinking and understanding and join their efforts to blaze new trails. As long as the ranks of the Party are closely united and remain vigorous, our cause of socialism is bound to prosper.

Great practice requires great theory. The 1 billion Chinese people are devoting themselves to the grand cause of modernization and reform. This rich, lively practice provides us with an inexhaustible source of creative theoretical generalizations. At present, however, the study of Marxist theories in the Party lags far behind the progress of our great undertaking. Reform and the

open policy have been pursued for several years, but little has been done to study them theoretically or to explain them to the general public. One of the major tasks confronting all Party members, especially senior and middle-level cadres, is to master the stand, viewpoint and method of Marxism through earnest study, and to better integrate Marxism with China's development and reform and with the realities prevailing in every field of endeavour and in every region. Our Party is at a critical historical juncture, with large numbers of new comrades joining, and new cadres replacing older ones in leadership positions at all levels. At this moment it is of immediate and far-reaching importance to understand the general contemporary need to greatly develop Marxism, to call on the entire Party membership to study and enrich Marxism-Leninism and Mao Zedong Thought in the course of practice and to build a contingent of Marxist theoretical workers, including a large group of newly rising creative thinkers.

Comrades! History has entrusted us with a colossal task. Let our Party members unite still more closely with the people of all nationalities in the country, with the democratic parties and with the mass organizations, under the great banner of building socialism with Chinese characteristics. Let the Chinese people on the mainland unite still more closely with our compatriots in HongKong, Macao and Taiwan and with Chinese nationals residing abroad, under the great patriotic banner of reunifying the motherland and rejuvenating China. This is the basic guarantee for the success of our cause.

Ours is a cause advancing progressively. The Party and the people have always placed their greatest hopes on the vigorous young people who represent the future. The rejuvenation of the Chinese nation, the building of a magnificent future and the success of socialist modernization depend on all the people, but, in the final analysis, on the young people who will carry forward our cause with perseverance and hard work.

Comrades! The current international situation

is favourable to our socialist modernization. Propelled by the tremendous efforts of the world's people to safeguard peace and pursue development, there is an increasingly strong demand for an end to the arms race and to aggression and expansion, and for genuine disarmament and early settlement of regional conflicts. It is against this background that the United States and the Soviet Union recently reached an agreement in principle on the question of medium-range missiles, bringing about some relaxation of tensions between the East and the West. We welcome this development. But we should also be soberly aware that it is merely a first step towards arms reduction, and that the arms race is far from ended. Not a single "hot spot" has been cooled, and there is still the danger of escalation of some regional conflicts. It will be a long, difficult and tortuous process to achieve a genuine relaxation of international tensions. So people of all countries must continue their efforts. China will steadfastly continue to pursue its independent foreign policy of peace and to develop relations of friendship and co-operation with all other countries in the world on the basis of the Five Principles of Peaceful Coexistence. Together with other peace-loving countries and peoples around the globe, we shall work to promote the development of the international situation in a direction favourable to the world's people and to international peace.

China's revolution and development represent an important component of the progressive cause of mankind. The founding of the People's Republic of China, which shook the world, has strengthened the progressive forces of the world and expanded the influence of Marxism. With the success of its socialist modernization, China will unquestionably make a new contribution to world peace and to the progress of mankind and further increase the appeal of scientific socialism. Having triumphantly taken the first step towards the grand objective of socialist modernization, we shall work hard to take the second and third steps and win greater victories. We are convinced that the road of socialism with Chinese characteristics will become wider and wider.

Coming

The next number of *Beijing Review* will carry profiles of the newly elected top leaders of the Communist Party of China.



Zhao Ziyang and four other top Party leaders meet Chinese and foreign journalists at the reception.

LI SHENGNAN

measures and policies. I think this is quite normal. There cannot be only identical views within a country or a political party. Don't you disapprove of our "unanimity of opinion?" Then why do you make such a fuss about our having some minor differences? It is my opinion that some differing views among our leaders—even among us, the five Standing Committee members of the Political Bureau—may help make our decision-making process more democratic and scientific. They serve as an important guarantee that we will make fewer mistakes and avoid serious errors. I hope you will agree.

Foreign reporter: Is there freedom to air different views in China?

A: There is freedom to air different views in China, but not absolute freedom. There is no freedom in the absolute sense in any country. Isn't it a fact that you need a passport to travel abroad? You don't have absolute freedom, do you? (Laughter)

Zhao: (After being introduced to a Yugoslav reporter) You have done a lot of work in covering the congress and your report is objective and friendly.

Yugoslav reporter: Please allow me to raise a question.

Zhao: Let me speak first. We are carrying out reforms and so is your country. The social and historical conditions in our country differ from those in other socialist countries. Therefore it will take a long time for us to

resolve many problems which have already been solved in capitalist countries. These problems include the commercialization, socialization and modernization of production. My report is based on the specific conditions in China. Today many socialist countries are investigating the best way of integrating Marxism with the realities of their countries. Your best formula is not necessarily the best for us. We can learn from and exchange experiences with each other but should not copy them. I wish you success in your reform.

Yugoslav reporter: We Yugoslav reporters congratulate you on your report and your assuming the post of the general secretary of the CPC. What is the first concrete task you are going to undertake as general secretary?

Zhao: We will first of all study how the newly elected Political Bureau, its Standing Committee and the Secretariat should work. We must adopt a new working style. Therefore we must discuss this issue. This will be our first task.

American reporter: There have been some problems in Sino-US relations recently. For example, the question of Tibet. What do you think of Sino-US relations?

Zhao: I have been puzzled by one question: Why do some people in the US Congress, who set themselves up as champions of human rights, support the restoration of serfdom in Tibet? Does

the restoration of serfdom accord with human rights? I hope you can raise this question with those congressmen when you return to your country.

American reporter: I will certainly raise this question with them.

Foreign reporter: Please tell us something about Sino-Japanese relations.

Zhao: Sino-Japanese relations on the whole are good, but there are some problems. I have already talked about them just now. I congratulate Mr Noboru Takeshita on becoming the president of his party and I hope I will have the chance to meet him.

Soviet reporter: We are here to cover the 13th Congress of the CPC.

Zhao: Very glad to meet you. How is your stay in Beijing?

Soviet reporter: Very good.

Zhao: I think what I have said just now to the Yugoslav comrades is also applicable to you. I wish the reform in your country every success.

Japanese reporter: I'd like to raise a personal question. The suit you are wearing with double buttons is very smart. Is it made in China or abroad?

Zhao: All my clothes are made in China and I hope that you can file a special report that Mr Zhao Ziyang's clothes are all made in China and they are all very beautiful. This may promote the export of Chinese garments to your country. Look, the suits Comrades Li Peng and Hu Qili are

wearing are also made in China and they look smart, too.

Dutch reporter: Some people say that the pace of reform in China is faster than that in the Soviet Union. What do you think?

Zhao: The national conditions in China and the Soviet Union are different, so the reform in the two countries should not be the same. We did not launch a competition in the field of reform with the Soviet Union, and we are not going to compete with the Soviet Union on the pace of reform. Each country should act according to its own actual conditions. We attach great importance to the reform in the Soviet Union.

(Zhao was introduced to Harrison Salisbury, who is writing a book to be called *The New Long March*)

Zhao: We know each other. We have an appointment on November 5. You are going to meet me as a friend, not a journalist. Friends can have a free chat.

Salisbury: I'll tell you the first question I'm going to ask you. When you were in Sichuan,— after you had been there a couple of years, people there began to say, "If you want more grain, then look for Zhao Ziyang." My question is what do you want people to say about you in China after you've been Party general secretary for a couple of years?

Zhao: I am afraid that my work in Sichuan has been made into a legend. We still have many problems. Generally speaking, we are of course confident in our cause. I mentioned in my report that our current reform is taking more time than we expected. I said at the just concluded First Plenary Session of the 13th Central Committee that we comrades in the new Political Bureau, the Standing Committee of the Political Bureau and the Secretariat should work hard so that after five years we can say in the political report at the 14th National Congress that we have fulfilled the tasks set out at the 13th National Congress.

Zhao: (After being introduced to Soviet journalists) Well, how many permanent reporters do you have in Beijing? How many journalists have you sent to cover the Party congress?

Soviet reporter: We have seven permanent reporters in Beijing and four more have been sent here to cover the Party congress.

Zhao: Then you have more than 10 journalists here.

Soviet reporter: Right. *Pravda* and the TASS news agency file reports on the Party congress every day.

Zhao: You have done a lot of hard work. Thank you.

Hong Kong reporter: What contribution has the 13th Party Congress made to the reunification of China?

Zhao: I've already noticed the comments abroad saying that the report delivered at the congress points out China is still in a primary stage of socialism and that the policies adopted at the Third Plenary Session of the 11th Central Committee will be the basic guideline during the whole transitional period. These commentators have also noted that this guideline is conducive to the stability and prosperity of Hong Kong, to quelling the suspicions of the Hong Kong people and to the realization of the "one country, two systems" concept.

Japanese reporter: Mao Zedong said that China had three big mountains to remove before liberation. Would you tell us how many mountains you have to remove in the course of reform?

Zhao: I have not calculated that. If you figure it out and tell me the results, I would appreciate it.

British reporter: You have been elected the first vice-chairman of the Military Commission of the Central Committee. Does this mean that China's defence will be strengthened?

Zhao: We will step up our defence modernization, but we will not increase the portion of military spending in the budget. You know that China has already unilaterally

cut its armed forces by 1 million troops and a large number of our military factories have been transferred to civilian production. The modernization of national defence relates mainly to its quality, which is dependent on the development of economic might and science and technology.

Hong Kong reporter: Is Hong Kong allowed to hold direct elections?

Zhao: We have answered that question clearly on many previous occasions, and the Hong Kong people also know our stand. So I don't think it's necessary to repeat our position. This question will be discussed at the Drafting Committee of the Basic Law and be resolved in the Basic Law.

Federal German reporter: What will be the principal problem in China in the future, in your opinion?

Zhao: The reform. Both political and economic structural reform. The theme of the economic reform is to develop socialist commodity economy and the theme of our political restructuring is to build socialist democracy. The two are mutually complementary and need a process of gradual development.

Hong Kong reporter: You have said that you would rather be premier than general secretary. But now you have been elected as general secretary. What is your feeling right now?

Zhao: Personally I still think that I'm more suited to be premier. But since I have been elected general secretary, I can only try my best to do a good job at my new post. As I've just said, there is no absolute freedom.

Foreign reporter: There have recently been some hard words between China and the United States over alleged sales of China's weapons to Iran. How serious do you take the US accusation?

Zhao: It is not merely a question of hard words. The US accusation is completely groundless. It is unfair to blame China for the increasing tension in the Gulf region.

Foreign reporter: I learned recently that many Chinese people are not happy with the price increases in China.

Zhao: We should put it this way: people are happy in some respects and unhappy in others. But they are mainly happy. Over the past nine years of reform, the income of the Chinese people has increased and their living standard has risen. However, prices have gone up too. People generally want to have a premier who will raise salaries only. They hope that he will not raise prices, or that he can even reduce them. I'm afraid I can't achieve this goal during my term. I hope that my successor will do a better job.

Hong Kong reporter: Now that Deng Xiaoping has retired from the Party Central Committee and the Central Advisory Commission, will you still consult him in making major decisions?

Zhao: I think I will. I'll ask for his advice. I respect Comrade Deng Xiaoping very much and I think that among the current Chinese leaders, both those in office and those who have retired, no one can match Comrade Deng Xiaoping in terms of wisdom and political experience. His position and role as the major policy-maker of our country and our Party has stood the test of history and has been generally recognized both at home and abroad. By seeking his advice in making major decisions, I can do a better job. So why shouldn't I do it?

Hong Kong reporter: What is the No. 1 task of reform?

Zhao: You always like to ask what No. 1 is and what No. 2 is. I don't think you should rank things this way. The main purpose of economic structural reform next year is to invigorate the enterprises. By the way, I'd like to tell you that the enterprise law will probably be adopted by the first session of the Seventh National People's Congress, which will be convened next year.

Pi Chieh-Hsing, Taiwan reporter: Hello, Premier Zhao. Do you

hope to realize the desire of the people on both sides of the strait to reunify the country, and put into practice the "one country, two systems" policy during your term in office?

Zhao: I'm glad to see you. I hope you will go to more places on the mainland and see more of the realities. The mainland has made a lot of progress over the past 38 years, but there is still backwardness in some places. You should go to see the good things as well as the bad things. I also hope you will not be in trouble when you go back. As to your question, I certainly wish to realize the reunification of the motherland during my tenure. But this will not be decided by one side. Regardless of whether we can reunify the country, we should not go in the opposite direction. In my view, the present situation is advancing in a favourable direction. Do you agree?

Pi Chieh-Hsing: Yes, I do.

Beijing reporter: Will you give us permission to go to Taiwan to gather news?

Zhao: There will be no problem on our side. I'll give permission to all of you. Unfortunately, my approval alone won't be enough.

Hong Kong reporter: Some people use the metaphor that your winter comes fast and leaves fast too.

Zhao: I don't know what you mean, natural climate or political climate? If you mean political climate, I don't agree with you. There is no winter here; it is always spring.

Reporter: Why are there no women on the newly elected Politburo?

Zhao: It was a hope of all of us that some female comrades could join the Political Bureau, but none was elected. However, this doesn't mean that we have adjusted our policies on women.

Foreign reporter: With whom are you going to share the job of prime minister until next March?

Zhao: New elections will be conducted before the National People's Congress opens next

year. There will also be changes in the government. The personnel affairs of the State Council will be decided by the National People's Congress. Didn't some foreigners criticize us by saying the People's Congress is only a rubber stamp? From now on, we'll respect the responsibility and power of the People's Congress. I should not speak at will on affairs concerning the responsibility and power of the People's Congress. But, I can still give you a piece of information: I will not wait until the Seventh National People's Congress opens next year to present my resignation. Instead, I am going to do it at the coming meeting of the Standing Committee of the People's Congress. I shall recommend a candidate for the acting premiership. As to whom I'm going to recommend, I can't tell you now. What I can say is that he is younger than I.

Bulgarian reporter: What do you have to say after your visits to five East European countries?

Zhao: The relations between China and the East European countries are excellent, and our Party relations with them have all been restored. It may be said that the relations between China and those nations and parties have entered a stage of all-round friendly development. All the countries I visited impressed me deeply. You have done a better job than we in socialist construction. We should learn from you.

Foreign reporter: As you conduct the reform, some people have become well-to-do quickly, and some areas have gained fast prosperity too. But some other areas are lagging behind, and the gap is rather big. How are you going to deal with this problem?

Zhao: It's true that this kind of situation exists. But this is not our ultimate goal. Our goal is to see all people become prosperous. The gap is inevitable during the process of reform. You can't get all things done at the same time. Even when you walk, you have to move one of your legs first. ■

A New Generation of Chinese Leaders

by Our Correspondent Lu Yun

At the 13th National Congress of the Chinese Communist Party which has just ended, a new Party Central Committee was elected which proceeded at its First Plenary Session to elect its new Secretariat, Political Bureau and the Standing Committee of the Political Bureau. The most salient feature of the congress was the withdrawal of some veteran Party officials from their posts, clearing the way for younger people.

Ever since the beginning of the 1980s the Chinese Communist Party has made it a priority for veteran officials to train and promote middle-aged and younger people to leading positions. The 12th Party Congress held in 1982 declared that a primary long-term task for the Party would be to make the ranks of the cadres more revolutionary,

younger, better educated and professionally more competent. At the Fourth Plenary Session of the 12th Party Central Committee, which was held in September 1985, a large number of veteran officials, including 64 members and alternate members of the Central Committee, 37 members of the Central Advisory Commission and 37 members of the Central Commission for Discipline Inspection, retired from their posts. At the national Party conference called shortly thereafter, 91 younger people were elected members or alternate members of the Party Central Committee.

During the 13th Party Congress, this correspondent interviewed four of this younger generation, three of whom were elected to the central Party leadership. All of them are considered to have political and moral integrity,

vigour and professional competence and a strong sense of responsibility. Like others of their kind, they have done outstanding service to the Party's cause and the country's modernization drive. Most deputies to the congress believe that by electing many middle-aged and younger people to the Party's central leadership, the Party will be revitalized and become more efficient. The consensus is that they will be of great significance to the country's political stability and the continuity of policies.

Good Things for the People

Li Ruihuan, 53, was a member of the 12th Party Central Committee and is Tianjin's mayor and municipal Party secretary. At the First Plenary Session of the 13th Party Central Committee, he was elected a member of the Political Bureau.

Apprenticed as a carpenter in Beijing when he was 16, Li later studied in a spare-time architecture institute. In 1959 he joined the construction of the Great Hall of the People in Beijing and was named a national model worker. In 1981 he was appointed vice-mayor of Tianjin and promoted to mayor the next year.

In dress and appearance, Li looks just like any person on the street. He won respect through his insight and the many good deeds he has done for the people. In 1983, he pledged to do "ten good things" for Tianjin's urban residents and the next year he devoted his energy primarily to ten projects on the city's outskirts. He is noted for three outstanding achievements on behalf of Tianjin's people: Putting up 3 million square metres of residential housing every year so 1 million

Li Ruihuan (second right), mayor of Tianjin, at a panel discussion.

LU YUN



people received new housing with piped gas; building the central ring road which links the four major highways of Tianjin, alleviating the chronic traffic congestion; and completing the 234-kilometre Luanhe River diversion project, bringing water to Tianjin and thus ending Tianjin's history of drinking brine. Deng Xiaoping praised the water diversion as "an example for key construction projects."

Li Ruihuan's dedication, realistic attitude, organizational skills, and above all his will to serve the people have won him the support and trust of the people.

Li Ruihuan likes to stress the idea of putting the interests of the people above everything else. He says that as China has low productivity following a long period of feudalism, both the leaders and masses have a poor sense of democracy. He believes that it was very important for the 13th Party Congress to stress the future development of socialist democracy. In his opinion, leaders worrying about their dignity is feudal dross. He says they should put themselves under the supervision of the people. In recent years, Tianjin's authorities have used radio, television and newspapers to publicize and facilitate dialogue between the leaders and people. This has been welcomed by the people, says Li.

"The 13th Party Congress has elaborated the theory of the primary stage of socialism," Li says, "and made clear that the criterion of judging right and wrong is whether or not a thing is good for China's productivity. I will continue to devote my energy to the central task of developing the productive forces. I will stay in Tianjin, because I've put in a lot of hard work there over the last six and half years and I love the place. I feel that Tianjin is the place for me."

Li Ruihuan enjoys reading, watching football, playing Chinese chess and table tennis, and listening to music. He also



Chen Zhili (centre) at a press conference in the Great Hall of the People.

LU YUN

likes fishing and talking with people.

Theory-Practice Linkup

Sun Jiazheng, 43, joined the 12th Party Central Committee as an alternate member two years ago at the Party's national conference and was elected again an alternate member of the Party Central Committee this time.

He grew up in a poverty-stricken village in northern Jiangsu, and graduated from the Chinese Department at Nanjing University in 1968. He then lived and worked in one of Nanjing's rural counties. He served as Party secretary of a township and later was promoted to leading posts at the county, city and provincial levels. Now, he is deputy Party secretary of Jiangsu Province and concurrently the head of the provincial Party committee's propaganda department. Sun has an easy manner and pensive eyes.

In studying Marxist theory and reviewing China's revolutionary history, Sun Jiazheng asks: What

is the most valuable thing left to us by the revolutionaries of the older generation? And answers: It is the creative spirit of combining Marxist theory with China's reality.

When Sun became Party secretary of Xuzhou city in 1984, he worked hard to break the existing barriers between various administrative areas and developed economic, financial and material co-operation between his city and neighbouring areas in Henan, Shandong and Anhui provinces, enabling Xuzhou to establish its role as a major city in the region. When Premier Zhao Ziyang heard of this, he gave Sun his support, and encouraged Xuzhou. Sun Jiazheng has sought to make Xuzhou Shanghai's "second in command," promoting economic co-operation with China's largest industrial centre. The reforms introduced at Sun's initiative have changed Xuzhou's sluggishness.

Sun Jiazheng insists on using the basic principles of Marxism to guide the reform and ideological work. In the struggle against

bourgeois liberalization early this year, he analysed the situation in Jiangsu, saying that while it is necessary to oppose the tendency to break away from the Party's leadership and the socialist road, it is just as important to uphold the reform and open policy, allow literature and art to flourish, encourage theoretical study and give free rein to the initiative and creativeness of the cadres and the masses. He believes the unhealthy tendencies in the arts should be overcome through criticism and self-criticism by the artists themselves, and differing ideas in the theoretical field should be allowed to debate so that a correct conclusion can be drawn. Since the province's news media tended to emphasize good things over bad ones, he invited people from economic and journalism circles for forums where they discussed the best ways to present to the people problems in the reform and opening up, and to strengthen people's supervision over the news media. As a result, more commentaries and factual reports have appeared in the province's newspapers.

Investigation and Study

Zhang Gaoli, 40, a deputy to the congress is head of Guangdong Province's Foreign Economic Relations and Trade Commission. He graduated from the Department of Economics at Xiamen University in 1969. He has also been a worker and workshop Party branch secretary at the Maoming Petroleum Industrial Co., the largest industrial enterprise in Guangdong Province. In 1983 he became deputy manager and later manager of the company with a total work force of 25,000 under him. There he proved his ability and pioneering spirit. He was transferred to his current post in 1985.

Since he took the post he has toured enterprises throughout the province on the basis of which he

identifies weak spots and formulates the priorities for the province's industrial development. He has publicized and used the experience of Xinhui County to improve the province's work as a whole. The county re-equipped its enterprises, raising their industrial output value and dues delivered to the state five times over in six years. Currently he is studying four prosperous counties in Guangdong which all succeeded in making the best use of their own advantages. Meanwhile he is mapping out measures for assisting remote mountainous areas in the province by helping them to use local resources in building enterprises which would fuel a boost in their economy.

Zhang has devoted much of his energy to the province's infrastructure. Guangdong's method of raising funds in multifarious ways (locality and enterprise contributions, foreign investment, etc.) to build its power industry is now being popularized throughout China. Since last year the province has installed 1.2 million kw more generating capacity, greatly easing the strain on its electricity supply. Considerable progress has also been made in the province's road construction and programme-controlled telephone exchanges. It has become a tradition for Zhang to hold annual meetings with cadres at all levels to analyse the problems in industrial production and decide on the focus for next year's work.

Chen Zhili, 44 and an associate research fellow, is a newly elected alternate member of the Party Central Committee. Currently she is the Party committee secretary of the Shanghai Scientific and Technological Work Commission. She graduated from Fudan University in Shanghai in 1964 with a degree in solid-state physics and later worked as a researcher in the Shanghai Silicate Research Institute under the

China Academy of Sciences. In 1980 she enrolled at Pennsylvania State University in the United States to do research work in its Materials Research Laboratory. Two years later she returned to China and was gradually promoted to her current post.

The Shanghai Scientific and Technological Work Commission where Chen works leads the Party organizations of over 40 research institutes. Chen is busy at work driven by her deep affection for her fellow intellectuals and strong sense of responsibility. She has established a discussion and dialogue system, which is greatly appreciated by the scientists involved. On the 18th of each month Chen meets over 100 noted scientists to listen to their complaints and exchange views. Sometimes they go to visit successful rural villages and inspect new scientific and technical facilities. Veteran scientists are pleased with the chance to air their views and keep themselves informed.

At Chen's suggestion, the commission's Party committee invites younger specialists and scientific and technical workers to attend discussion meetings once a month. Chen and her colleagues take the existing problems seriously and spare no effort in calling the attention of the leadership and the public to them. Before coming to Beijing for the congress Chen was organizing a video of the work and achievements of over 20 outstanding middle-aged scientists in order to publicize their contributions.

After making careful studies and referring to the experience of other countries, Chen and her colleagues in other units have put forward proposals for solving the long-standing problem of research being too remote from production and high-tech breakthroughs hardly ever being applied. She says the current management system is like a net knotting people up so that cuff and kick as you will, you cannot break out. She believes the way out is reform. ■

'Making Good — Private Business in Socialist China'

By Marcia Yudkin

Published by Foreign Languages Press, Beijing

The best things come in small package" — in fewer than 150 pages Dr. Yudkin has managed to pack an abundance of eminently readable material about individual business people in China today. Following what must have been extremely productive interviews, she has etched perceptive and graphic portraits of people engaging in a wide variety of private businesses in six Chinese cities. The book reflects the author's own dual career as college professor and journalist, covering the issues in surprising depth with a delightful ease and lack of pedantry. And cover the issues she does, from who these people are (the jobless, the handicapped, the retired, the do-gooders and the go-getters), to why they're in business for themselves, to how they manage, how well they do and whether they may be sneaking a suspicion of capitalism into China's socialist economy. It's all there in the slim, little book, an observant look at one facet of Chinese society, made all the more meaningful by the author's own astute observations.

She talked with people at the top — primarily officials of the Industrial and Commercial Bureau — and also at the bottom, such as the ex-prisoners who eyed her suspiciously. University professors broaden her perspective, providing historical background and present-day analysis. Statistics are woven into the text unobtrusively and significantly; not a single meaningless, unanchored chart mars the overall picture.

Mostly the book is about people you meet and deal with daily — the people who make life so much easier, providing the services and goods state-run institutions neglect. The majority, but by no means all, are young, and the

author, in her thirties, and her interpreter, Liu Li, in her twenties, seem to have empathized with them, giving the interviews a liveliness and variety rare in such surveys.

Take 17-year-old Shi Hui for instance. After graduating from a professional high school, she was assigned to work in a collectively run tailoring factory. It was assembly-line work; she made overcoat linings. But Shi Hui knew how to make whole suits, so she quit after one and a half months to set up business for herself, the only one in her graduating class to do so. Not so strange, you may think — if she lived in New York City. But in China breaking away from the security of an assigned job, with all the perks that go along with it, is decidedly daring. It's almost not done.

Shi Hui had a hard time of it at first, but now the customers keep coming. Still, her classmates in the collective shop, who make about half what Shi Hui does (and work fewer hours), wouldn't dare to follow her example. In fact, some individual business people would welcome a cut in pay if they could have the security — and prestige — of a state job. Prejudice against the independents is so strong that some have a problem finding boyfriends and girlfriends. Shi Hui was lucky. One of her customers kept returning, and since he had also left his state job to go into business for himself, he had no hesitancy about her status, although he was somewhat awed by her having been praised as a model worker by the vice-mayor of Beijing.

Among the older contingent 58-year-old Fu Longyu does plastic surgery on people's eyelids in the room occupied by his family of six.

Before 1956 he ran a prosperous private clinic, but then private clinics were banned. For a while, until his work unit was dissolved, he worked in a hospital, then for 17 years he was jobless. Now he is rich again.

Former carpenter Wang Rongxiang, 67, was bored with life in retirement and also needed more money than his single pension of 70 yuan given him to support himself, his wife and their 11-year-old granddaughter. His wife, illiterate and with bound feet, had never worked, so had no pension of her own. They live next to the long-distance bus station, and Wang often noticed passengers looking around for something to do until their bus took off. He and his wife decided to start a lending library of three- by five-inch paperbound comic books, the type people don't buy but will pay two *fen* (less than a penny) to read. The business brings in an extra 50 yuan a month, but, says Wang, that's not the main thing. He and his wife like the activity.

Making Good is full of people like these, many shown in photographs as well. Dr. Yudkin doesn't leave them suspended in midair, however. She's scholar enough to place them solidly in Chinese society, discussing not only their personal plights but the whole effect individual business has on the society and the obstacles to further development of such business. She clarifies an ongoing phenomenon, answering questions before they are asked, anticipating readers' concerns. She's not loath to point out the contradictions either, balancing positive and negative as any investigative reporter must do. She's really done a remarkable job in a short space and short time.

by Ma Xia

Ballets With Chinese Characteristics

At the first China Art Festival, audiences were totally charmed by the stage performance of Chinese ballets presented by the Central Ballet Troupe.

To the delicate tone of classical Chinese music, Lin Daiyu, a maiden of tenderness and beauty appeared on the stage. She is the heroine of this ballet. Named after Lin Daiyu, the ballet is based on an 18th century Chinese classic *A Dream of Red Mansions* in which Lin Daiyu rebels against feudal codes and ethics. The novel has been acclaimed for its accurate description of feudal society, and the tragic love story of Lin Daiyu and Jia Baoyu has been adapted into various art forms. The ballet signifies a new and bold attempt.

Daiyu's character is a direct product of her feudal environment. With the death of her mother she takes shelter in the home of her grandmother-in-law whose large aristocratic family is

subtle style and skillful performance.

The music of the ballet, while adapting some modern techniques, drew from the music of traditional *Yueju* and *Kunqu* operas, which most effectively express feminine emotions. This without doubt greatly contributed to the success of the ballet.

A piece from *New Year Sacrifice*, choreographed by Jiang Zuhui, also won high praise from the audience. Based on a well-

steeped in hypocrisy and snobbery. Distressed by her humble position and evil surroundings, Daiyu is torn between self-pride and self-pity, and holds herself aloof from all those around her. She falls in love with Jia Baoyu with whom she finds a common bond. However, the lovers eventually fall victim to the



"New Year Sacrifice" combines Western and Chinese dances.

XU XIANGJUN

A Scene from "Taming of the Shrew" performed by the FRG Stuttgart Ballet Co. during the first China Art Festival.

XIAO YINZHANG



powerful will of the family. Baoyu is forced into a marriage with Xue Baochai, a girl more preferred by the family. Lin Daiyu, hopeless and powerless, burns all her love poem manuscripts and dies of grief.

Though only one part ("The Death of Lin Daiyu") of the ballet was performed, the piece aptly illustrated the artists' attempt to create unique dance movements which combined the folk dances of southern China with Western ballet techniques. Elements of the Chinese lantern dance and silk dance were also adapted into the play.

The prima ballerina Feng Ying is a rising star who has won first prize in the first China Ballet Competition. In *Lin Daiyu*, she carries the audience away with her

known modern Chinese short story of the same title, *New Year Sacrifice* reveals through the tragic tale of a widow's remarriage the cruelty and brutality of the feudal forces remaining in the 1930s in China.

Breaking the stylized codes of classical ballet, Chinese dance and ballet are harmoniously blended to achieve a deeper revelation of the complexity of the inner world of man and woman.

The widow, Sister Xianglin, is a typical traditional rural Chinese woman. The harmony and restraint of Chinese dance work well to show her timid and virtuous character.

Guo Peihui, who played the role of Sister Xianglin, is one of China's top ballet stars who took second prize in an international

competition held in Osaka, Japan. Her elegant postures and dramatic feeling for the part impressed both Chinese and foreign audiences.

"Wedding," a piece from the ballet, was especially outstanding. The innocence and merriment of a group of young girls was conveyed through the use of point work and harmonious body movements. While the fan dance was used in its Chinese form, folk and local opera music were also adapted into the piece.

The performances also featured several pas de deux including "Huanghe River"—part of the ballet trilogy *Search for Light* by talented young choreographer Shu Junjun. This piece depicts the people's great love for the river, known as the "cradle of Chinese civilization" and the pursuit of light. It reflects real life rather than the romantic, mythical world of princes and princesses which dominates conventional classical ballets.

As part of the festival production, the Central Ballet Troupe also performed the Western ballet *Don Quixote*. Li Chengxiang, director of the troupe, explained, "Our repertoire includes Western classics as well as Chinese works. In the festival we intended to offer the public an overall view of our achievements of the past ten years.

"A unique character is a sign of artistic maturity. In the ballet world, there is the Russian school, French school and so on. Our aim is to establish a Chinese genre," Li added.

The United States, Britain and the Soviet Union all have world-level ballet troupes, and audiences in these countries are not easily satisfied. Last year the Central Ballet Troupe made successful tours to these countries. Local newspapers commented that the Chinese ballet had developed a character of its own by mastering the masculinity and forcefulness of the Russian ballet and the delicacy and subtleness of the Western ballet, and more importantly by effectively adapting Chinese folk dances. Several Chinese ballets performed by the troupe received high praise. Princess Margaret, sister of Queen Elizabeth, spoke highly of the Chinese ballet after she saw a segment from *Mermaid*. She said that the felicitous combination of Chinese dance and ballet worked together to form a marvelous work of art, and she hoped that she would have the opportunity to see the complete work.

In recent years, the Central Ballet Troupe has trained a group of promising young ballet dancers who have won prizes in international competitions. The world-

renowned Paris Opera invited Chinese ballet stars, Guo Peihui and Zhao Minghua, to play the leading roles in *Don Quixote*. Ballet companies in Japan and Australia have also invited Chinese ballet stars to play the leading roles in *The Nutcracker* and *Giselle*. These invitations signify the recognition, respect and the promising prospect of Chinese ballet.

by Wei Liao

Chinese Paintings In Western Style

Yang Yanwen, a 48-year-old Chinese painter, has made great achievements in blending Chinese and Western painting techniques. Twelve of his works have recently been collected by the China Museum of Fine Arts in Beijing. Just as the curator Liu Kaiqu commented: Yang's paintings have something original.

Earlier this year, the museum sponsored an exhibition of Yang's paintings, which mainly portray landscapes and scenic spots outside villages and fenced hamlets in north China. Yang's artistic conception and philosophy give a new sense to his bamboo fences, tile-roofed houses, small bridges, cave dwellings, chicken coops and cow sheds. His works combine the characteristics of traditional Chinese paintings with Western techniques. His *Old Castles in Wind and Clouds* portrays two castles different distances away, using colour to great effect. Leaving white space in front, he uses dark ink to portray windy clouds and adds two vermilion strokes to instil the painting with motion. This is seldom seen in traditional Chinese painting.

Yang's bold brush strokes give a sense of recklessness. In *Breeze in February*, for example, he shows a glimpse of the city of Suzhou. Houses stand on the river bank supported by broken stones. Willow twigs can be seen behind the houses. This is not unusual,

The Central Ballet Troupe performs "Don Quixote"

XU XIANGJUN



but Yang bravely uses a whitewash brush and dipped in light green ink to set off the attractive view of February on the south bank of the Changjiang (Yangtze) River.

Yang blazed his own artistic trail. He puts his own philosophy as: One hand stretches out for life, and the other for Chinese tradition, with one foot on Western painting techniques. He believes that the diversity of life forces artists to seek diversified techniques.

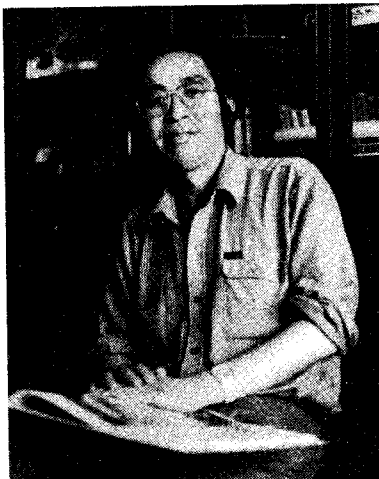
In his use of ink and colours, he combines dark and light, rough and fine, motion and stillness, positive and negative, both for selected points and spacing. Another attractive feature of his paintings is the blending of the lines of traditional Chinese paintings and the perspective and colouring methods of the oil painting into a single entity.

He has made people think about traditional Chinese painting in a new way and has enriched the artistic language of traditional painting.

In competition with 870 works by 800 artists from around the world, Yang's *Scattered Rain Drops in a Village* won the gold medal at the Fifth International Art Exhibition held in Italy in 1983. During his recent exhibition, Professor Wu Guanzhong, the famous artist said, "Yang Yanwen has a good foundation in sketching and the power of observation, as well as an analysis and understanding of Oriental and Occidental arts."

To create something new based on traditional Chinese painting is the common aspiration of many artists in recent years. The question of how to use modern Western techniques while still giving full play to the merits of traditional painting is much discussed among today's painters. Yang has made notable progress in this.

A peasants' son, Yang grew up in an atmosphere of traditional Chinese culture. At the age of five,



Yang Yanwen.

he began to learn Chinese calligraphy and to copy portraits under the guidance of a village teacher. At the Beijing Institute of Art Teachers, he specialized in oil painting for six years, guided by Professor Wu Guanzhong, and at the same time studied traditional Chinese painting. Wu had a strong influence on Yang. The professor, who calls himself "the half-breed

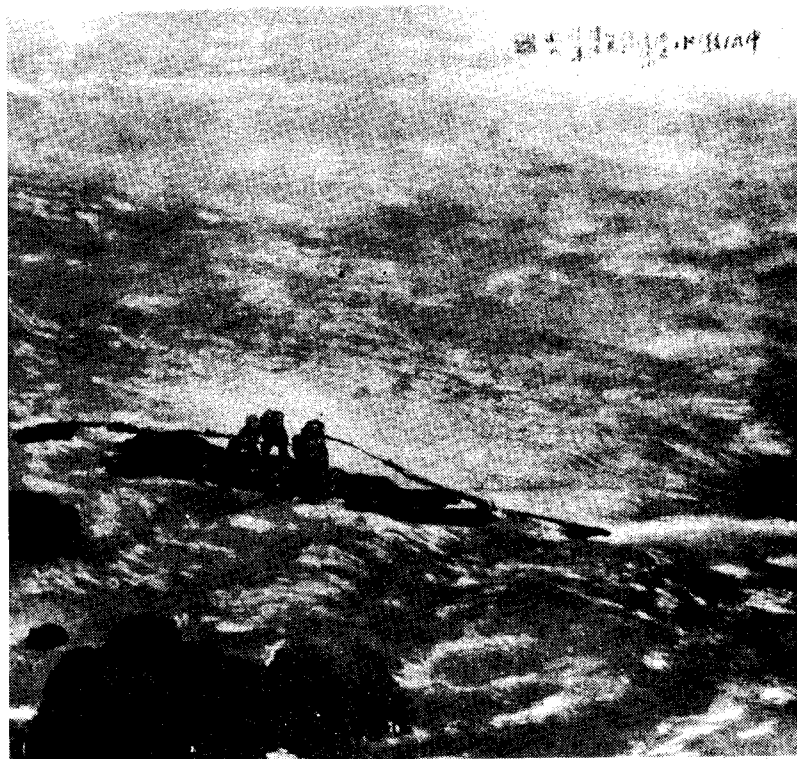
of Eastern and Western art," is one of the accomplished contemporary painters in China. He pays great attention to artistic conception in the creation of oil paintings, and brings techniques of expression from the West to traditional painting.

Yang thinks that traditional painting emphasizes "line" without considering spacing. To enrich its expressiveness, line and space must be combined. Moreover, Chinese painting seeks simplicity and uses a free and easy technique of expression. The subjects are generally limited to famous mountains, big rivers, ancient temples, flowers, birds and the moon; in the West, the subject matter is more varied.

Yang said, "I not only understand Western painting but also have foundation in the traditional Chinese painting. I suggest we learn from the strong points of the West to offset our shortcomings." Clearly, he has followed his own suggestion.

by Zhang Wei

Traditional Chinese painting by Yang Yanwen.



BUSINESS AND TRADE

November 12-17. Shanghai. International Exhibition on Packaging Printing Technology and Equipment. Sponsored by the China Council for the Promotion of International Trade (CCPIT) Shanghai Branch. Participants come from the United States, Canada, Japan, Western Europe and Hong Kong.

November 17-21. Guangzhou, Guangdong Province. Fourth Offshore Engineering Exhibition (Offshore China '87). Sponsored by Wah-Chang International Marine Co.

November 21-27. China International Exhibition Centre, Beijing. Turkish Industry Exhibition. Sponsored by the Turkish Tüyad Co.

November 23-28. Beijing Exhibition Centre. International Exhibition on Military Logistics Technology and Equipment. Sponsored by the CCPIT Beijing Branch, and Ta Kung Pao and Modern China Co. of Hong Kong. Participants come from the United States, Italy, Austria, Hungary and Federal Germany.

November 24-30. China International Exhibition Centre, Beijing. International Plastic Industry Exhibition. Sponsored by the CCPIT. Participants come from Italy, Britain, France, Spain, Sweden, Norway, the United States, Japan and Hong Kong.

November 28-December 3. Shanghai. International Sports Goods Exhibition. Sponsored by the CCPIT Shanghai Branch. Participants come from the United States, Canada, Japan, Federal Germany and Hong Kong.

December 1-8. Nanning, Guangxi. Foreign Economic and Technological Co-operation and Export Commodities Fair of the Guangxi Zhuang Autonomous Region. The autonomous region will announce 343 projects for

foreign investment and technology.

December 3-8. Tianjin. Energy and Chemical Industry Exhibition. Sponsored by the CCPIT Tianjin Branch. Participants come from Federal Germany, Britain, France, Finland and Italy.

December 9-15. Beijing. International Optics and Moulds Exhibition. Sponsored by China Promotions of Hong Kong. Participants come from the United States, Japan, Switzerland, Federal Germany and Hong Kong.

SCIENCE AND TECHNOLOGY

November 23-27. Xiamen, Fujian Province. Third International Symposium on Laser Technology. Sponsored by the Chinese Emergency Medicine Society.

CULTURAL EXCHANGES

November 9-21. A visit by a four-member governmental and cultural delegation from Sierra Leone headed by the minister of education, culture and sports.

Mid-November. A visit by a five-member delegation from the Soviet Ministry of Culture.

November 16-20. A visit by Charles Wick, head of the US Information Agency, and eight of his colleagues.

November 17. A photographs exhibition from New Zealand at the Chinese Art Gallery in Beijing.

November 20-26. Performances by 15-member Japanese choir at the Haidian Theatre in Beijing.

November 20-27. Performances by nine US piano players at the Haidian Theatre in Beijing.

November 21. A five-member Korean delegation of foreign cultural workers arrives for a two-week visit.

November 21-December 5. Performances by a 27-member

Czechoslovak Ballet at the Tianqiao Theatre in Beijing.

November 26. A 40-member Japanese publication delegation starts its visit to China.

Late November. A four-member cultural delegation of the Chinese government headed by Minister of Culture Wang Meng will visit Hungary, Poland and Romania.

Late November. A visit by an Indian delegation of cultural officials.

Late November. A visit by a Cyprus cultural delegation headed by secretary-general of the Cypriot Ministry of Foreign Affairs.

November-March next year. The Central People's Broadcasting Station will sponsor a quiz on knowledge about the motherland through the programme "Friends Over the Air" beginning November 1987 and on to March next year. The quiz will include questions on history, geography, culture and achievements in the construction of New China. Participants will be mainly overseas Chinese and compatriots in Taiwan, Hong Kong and Macao. The award ceremony will be held in Hong Kong in July 1988.

NOTICE: Because of space limitations, future articles in both the Tibet and China's Second Revolution series will be postponed.

CORRECTION: In issue 44, page 14, first column, line 10 should read "combined GNP of US\$1,000 billion;" line 13 should read "combined GNP of US\$8,000 billion."

ART PAGE

A calf with mother.



On the river bank.

Woodcuts by Zhen Qiuming

Zhen Qiuming, born in Tianjin in 1959, is art editor for the *People's Police Journal* (MINJING BAO) in Tianjin.

Zhen, whose special talent lies in discovering the inner beauty of things around him, has painted the blue sky, white clouds, grasslands, ox-carts and herdsmen to touch the hearts of people.



'I am fipsy.'

Clothings and Ornaments of China's Miao People

Edited by the Cultural Palace of Nationalities in Beijing after considerable on-the-spot investigations, the work is the first full-length picture book to introduce the clothing and ornaments of China's Miao nationality.

The publication contains 370 colour pictures of the traditional clothing and artwork of the Miao people, supplemented by simple descriptions. More than 20 distinct styles are classified according to the geographical distribution of the Miao nationality in western Hunan, eastern Guizhou, mid-south Guizhou, Sichuan-Guizhou-Yunnan border area and Hainan Island. The work also lists alternative names for Miao populations in various regions, the distribution of their dialects and the development of their economy.



This tastefully printed and decorated picture book is available in both Chinese and English versions. It represents a major contribution to researchers in such fields as ethnology, archaeology, history, folklore and folk arts and crafts.

Size: 26 cm. x 33 cm. Pages: 212 Hardcover

Price: US\$30, with an additional 10 percent for separate postage

Published by Nationality Press
Distributed by Cultural Bookstore of Nationalities, the Nationality Press
Address: 14 Hepingli St. East, Beijing, China
Tel: 4216176