

# BEIJING REVIEW

## Hu Yaobang's Report To Party Congress

万岁！伟大的马克思列宁主义，毛泽东思想万岁

社会主义建设事业



CHINESE WEEKLY OF  
NEWS AND VIEWS

# LETTERS

## Congratulations

First of all I want to extend to you my cordial greetings in connection with the forthcoming 12th Congress of the Communist Party of China. I wish best success for this important event in the political life of your great people.

I admire your achievements won in every respect. I am very glad that times are over when imperialists could bully or browbeat China. The more powerful China will become the better it will be for the cause of peace in Asia and the world.

The joint US-China communique evokes my deep satisfaction. I congratulate you on this outstanding victory won by China's diplomacy. I hope that the US side will strictly abide by the spirit and essence of this communique. Finally all delivery of weapons to Taiwan by the USA must be stopped.

I am glad that *Beijing Review* No. 33 published an article criticizing the shameful role played by the USA during Israel's barbarous aggressive war against the people of Palestine and Lebanon. What the Israeli aggressors have done against the civilian population of Palestine and Lebanon with the help of US cassette bombs, napalm, phosphorous bombs, can only be compared with

the bloody crimes committed by the fascists during World War II.

G.W.  
Wiesbaden, F.R.G.

## Questions on Party Building

I was more than pleased to read the article in your issue No. 28 "Some Questions Concerning the Building of the Party."

The essence of this article is, in my opinion, "The Communist Party of China is a ruling party. As Vice-Chairman of the CPC Central Committee Chen Yun pointed out, the style of work of a ruling party is a matter of life-and-death importance."

I like this article because it points to all the both positive and negative features of the Chinese Party's present position and also the socialist and anti-socialist content of present-day Chinese society. It speaks of the existence of conspirators, careerists, pleasure seekers, opportunists, etc., whose activities, if left unchecked, could change the whole political character of the Party.

Another part of the article mentions a vital principle, namely that the Party's power does not depend on the number of members but the quality of the Party members. How true.

The article says that the Party will continue to organize Party members to study the Resolution on Certain Questions in the History of Our Party Since the

Founding of the People's Republic of China, Guiding Principles for Inner-Party Political Life, etc. It then sets out the four main fields of education in this programme.

Point one reads "education in the basic theory of Marxism-Leninism and the four fundamental principles (keeping to the socialist road, the people's democratic dictatorship, Marxism-Leninism and Mao Zedong Thought, and the leadership of the Chinese Communist Party). It is correct that first place be given to this question of the practice of the ideology of Marxism-Leninism and Mao Zedong Thought. This is, in my opinion, the very foundation of a genuine people's revolutionary outlook and practice in all other fields.

It is indeed wonderful news that your 12th National Party Congress is to be held soon. Let us all hope that it will be able to record significant victories over all shades of opportunists, careerists and swindlers within and outside the Party. I will be looking forward with great interests to the main report to the congress which will no doubt be something of a balance sheet showing the position of revolution and counter-revolution in your country. I am sure that it will show further defeats for the enemies of socialism in China.

Steve Heatt  
Auckland, New Zealand

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### CONTENTS

LETTERS	2
NOTES FROM THE EDITORS	3
No Question of Double Standards — International Editor Mu Youlin	
EVENTS & TRENDS	4-10
Party Congress Continues Session	

Veteran Comrades Address Party Congress  
Equality Between Cadres and Masses  
Rapid Growth of Small Enterprises in Rural Areas  
College Graduates Assigned Work  
President of the French National Assembly Visits China  
Zhao Ziyang Meets Japanese Film Delegation

### ARTICLES & DOCUMENTS

Create a New Situation in All Fields of Socialist Modernization — Report to the 12th National Congress of the Communist Party of China (September 1, 1982) — Hu Yaobang	11
INTERNATIONAL	41-44
Latin America: The Malvinas Aftermath — Lan Caiji	

US Economy: Supply-Side Doctrine Doesn't Work — Zhang Yuan  
West Germany's Green Party — A Rising Force — Li Shihua  
Saudi Arabia: Exploiting Water Resources — Liu Aicheng

CULTURE & SCIENCE 45-46

ART PAGE 47

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## No Question of Double Standards

**Why does the Chinese Government treat the US and Dutch Governments differently on the issue of arms sales to Taiwan? Are there two standards concerning this issue?**

There are no double standards. Taiwan is China's territory. It is our government's consistent policy to oppose any country selling arms to Taiwan. Our different treatment is based on the different circumstances of the two cases.

The US arms sales to Taiwan is, in essence, an unfinished chapter of the history of US aggression against China. Following the conclusion of the War of Resistance Against Japan in 1945, the US Government provided Chiang Kai-shek with money and weapons to fight a civil war. Even after the founding of the People's Republic of China, the United States has not ceased supplying arms to Taiwan.

When China and the United States formally established diplomatic relations on January 1, 1979, the United States accepted the three conditions China put forward, which were: severing diplomatic relations with Taiwan, withdrawing its armed forces from Taiwan, and terminating its mutual defence treaty with Taiwan. However, the two governments did not reach an agreement regarding US arms sales to Taiwan. Our government proposed that the two sides continue to seek a solution to this issue after diplomatic relations were normalized. In the three ensuing years, no progress was made, and US arms

sales to Taiwan has become a serious obstacle to the normal development of Sino-American relations.

During the Cancun meeting in October last year, Premier Zhao Ziyang discussed the issue with President Ronald Reagan. Subsequently, Foreign Minister Huang Hua continued the discussions during his visit to Washington after the meeting. Both expounded the Chinese Government's stand and demands on this issue. The two sides agreed to continue the discussions. In December last year, the US Government entrusted its ambassador to China to continue the talks with our Foreign Ministry in Beijing. A joint communique was finally issued on August 17 after 10 months of negotiations.

Now, US arms sales to Taiwan should have ended long ago, according to the principles of respecting each other's sovereignty and territorial integrity and non-interference in each other's internal affairs as stipulated in the Sino-American Shanghai Communique and in the Sino-American Joint Communique on the Establishment of Diplomatic Relations. In consideration of the fact that arms sales to Taiwan is a problem left over from history, the Chinese Government agreed to solve this problem gradually.

The US Government has stated that its arms sales to Taiwan will not exceed, either in qualitative or quantitative

terms, the level of those supplied in recent years since the establishment of diplomatic relations between the two countries, and that it intends to gradually reduce its sales of arms to Taiwan, leading, over a period of time, to a final resolution. This means that it will stop selling arms to Taiwan after a period of time.

The case of the Netherlands is different. When the Chinese and Dutch Governments decided to upgrade their diplomatic representative to the ambassadorial level in 1972, the two governments affirmed the principles of respecting each other's sovereignty and territorial integrity and non-interference in each other's internal affairs in a joint communique. The Dutch Government also stated clearly its respect for the Chinese Government's position that Taiwan is a province of the People's Republic of China. However, it approved on November 29, 1980 the sale of submarines by a Dutch company to Taiwan, which completely violated the principles stipulated in the joint communique on upgrading Sino-Dutch diplomatic relations and the basic norms of international relations. For this reason, the Chinese Government decided to downgrade Sino-Dutch diplomatic relations.

Simply put, the Netherlands arms sales were concluded in a context of no previous sales, whereas the US has undertaken to reduce the sales from larger to smaller amounts, and finally stop the sales altogether. This explains why our government has treated the two countries differently.

— *International Editor*  
Mu Youlin

## POLITICAL

## Party Congress Continues Session

THE delegates to the 12th National Congress of the Chinese Communist Party began on September 2 their four-day group discussions on Deng Xiaoping's opening speech and Hu Yaobang's report as well as the draft of the revised Party Constitution.

Zhang Jingfu, State Councillor and Minister in Charge of the State Economic Commission, said with confidence that the goal of quadrupling China's gross annual value of industrial and agricultural production by the end of this century will surely be realized.

He said that this goal is based on an all-round analysis of China's present economic foundation, conditions and potential, and that strategic steps and concrete practicable measures for achieving this goal have been worked out. China now has 380,000 enterprises which provide a fairly solid economic foundation for further advance. But the technical and managerial levels of these enterprises are fairly low and their economic performance is not very satisfactory. Though this is a weakness, it also shows that there is a great potential for further development.

He continued: These enterprises are the cells of our national economy. To make them brim with vitality, it is necessary on the one hand to bring the initiative of the workers into full play and, on the other hand, commend the advanced

enterprises and give them economic awards while plans should be worked out to close down, suspend production, merge or reorientate those backward enterprises that are running at a loss. Simultaneously, it is necessary to help the most talented scientists and technicians direct their service to production, actively introduce advanced foreign technology and improve the cadres' technical and managerial levels. Only in this way can our economic results be improved and state revenue increased.

Sun Yefang, noted economist and former deputy director of the State Statistical Bureau, recalled that the average annual growth rate of China's industry in the 1953-57 period and the 1963-66 period was about 18 per cent and the total industrial and agricultural output value increased by more than 11 per

cent. This shows that our economy can develop at a fairly high speed.

In discussing the building of socialist spiritual civilization, the delegates agreed that to create a new situation of socialist modernization, it is essential to build socialist spiritual civilization with the communist ideology as its core.

Gao Zhanxiang, secretary of the Central Committee of the Communist Youth League, said: China now has 200 million youths and 300 million children who are the successors to the revolutionary cause. They are or will become the builders and defenders of socialist construction. Hence, it is particularly significant to imbue them with communist ideology. Today, there are 560,000 voluntary service teams and learn from Lei Feng\* groups organized by



Delegates from Tibet at a panel discussion.

## Veteran Comrades Address Party Congress

Ye Jianying and Chen Yun addressed the plenary session of the 12th Party Congress on September 6.

Ye Jianying said that after this congress, a good number of comrades who are in their prime will take up leading positions in the Central Committee and elsewhere. This is a major indication that our Party's cause is flourishing. He said that old comrades are pleased at this. He encouraged the newly promoted young comrades to work in close co-operation with the old comrades, shoulder heavy responsibilities and forge ahead courageously.

Ye Jianying said that many old comrades will retire from their leading posts, as required by the development of the Party's cause. They have made meritorious contributions to the revolution, and the Party and the people will never forget their services. He expressed the hope that the retiring comrades would not retire ideologically but would always keep the interests of the Party and the people at heart and continue to do some work that is within their strength.

He said that all Party committees from the central down to the local levels must do still better in practising democratic centralism and upholding the principle of collective leadership so as to ensure the normal functioning and correct leadership of the Party and prolonged political stability in China.

In his speech, Comrade Chen Yun said that the Party's cadres

have long faced the problem of aging to varying degrees and a gap between the old and the young. Unless this problem is solved now, and satisfactorily, the cause of communism may suffer a setback in China. The first step in solving this problem is for the old cadres to retire successively from the leading bodies.

He said that in the recent organizational reform of the Party central organs and the State Council, some old comrades vacated their "front line" leading posts. At the recent Seventh Plenary Session of the 11th Central Committee, a large number of other old comrades expressed the wish to leave the Central Committee and other leading posts. This shows that our old cadres have a strong sense of revolutionary responsibility.

He continued: When the old cadres withdraw from the "front line," they should support the young and middle-aged cadres in their work and take upon themselves the task of helping and guiding the latter and passing on experience to them. Only when the old cadres have fulfilled this task can it be said that they have done their bit to the last for the Party and the revolutionary cause.

He pointed out that since the ranks of cadres now show a gap between the old and the young, the old comrades cannot leave the leading bodies all at once and some will still remain at the "front line" for the time being. They should devote their energies mainly to helping and guiding

young people, passing on experience to them, giving advice on major issues and seeing to it that these issues are handled correctly.

Chen Yun made two points in connection with the question of promoting young and middle-aged cadres to the leading bodies at all levels. He said: One is that not just a few dozen or a few hundred, but thousands and tens of thousands must be promoted. The other point is that none of the following three types of people should be promoted: people who rose to prominence during the "cultural revolution" by following Lin Biao, Jiang Qing and their like in "rebellion"; people who are seriously factionalist in their ideas; and people who indulged in beating, smashing and looting. Any of them who have already been promoted must be resolutely removed from the leading bodies.

He stressed that there are two other types of people who should not be promoted to leading posts: those who are opposed to the line followed by the Party Central Committee since its Third Plenary Session, and those who have seriously violated the law and discipline in the economic and other spheres.

He pointed out that there are numerous young and middle-aged people who behaved well or basically well during the "cultural revolution." Cadres should mainly be selected from among them for promotion.

Chen Yun expressed the conviction that so long as the problem of succession from old cadres to younger ones is solved well, there will be no lack of successors to carry on the cause of our Party.

the young people working actively in the cities and rural areas. These activities have helped the young people heighten their own political consciousness and popularize a new standard of public conduct.

\* Lei Feng was an ordinary PLA fighter who was highly commended throughout the nation for his good service to the people. He died while on duty in 1962.

Wang Meng, political commissar of the PLA Guangzhou Unit, said that while building socialist spiritual civilization, it is necessary to do a good job of one's own work. This is because every concrete work we do now is linked with the great goal of communism.

The delegates also discussed and examined the draft Party Constitution. They said that this

revised Party Constitution has summed up both the positive and negative experiences in Party building over the past scores of years, particularly since the Party became a ruling Party in 1949. It reflects the characteristics and demands of the new historical period and embodies the unanimous aspirations of the 39 million Party members.

Delegates from Hebei and Jilin Provinces and the People's Liberation Army said that this revised Constitution is the best since the founding of the Party, and it shows that our Party has become maturer ideologically, politically and organizationally.

Delegates from Heilongjiang, Zhejiang, Anhui, Yunnan and other provinces expressed particular satisfaction with the stipulations in the new Party Constitution emphasizing that all Party organizations, from the Central Committee to the grass-roots level, must strictly observe the principles of democratic centralism and collective leadership and that all forms of personality cults are forbidden in the Party.

Many delegates pointed out that the criteria for the Party members and leading cadres have become questions of particular importance after the Party became the ruling Party. In the past, becoming a Party member and devoting oneself to the revolution meant bearing hardships and being prepared to sacrifice one's life at any time. But now some people think they can seek personal gains by joining the Party. Therefore, it is very necessary for the revised Party Constitution to put stricter demands on Party members and leading cadres than in any of the previous Constitutions.

During the panel discussions, the delegates also discussed these questions such as the reunification of the motherland and China's foreign relations.

The 12th Party Congress held a plenary session on September 6 and adopted a resolution approving the report made by Hu Yaobang on behalf of the 11th Party Central Committee. The resolution said that the congress

considers that the line, principles and policies followed by the Party since the Third Plenary Session of the 11th Central Committee are correct and the work done in this period has been very fruitful. The correct programme and the series of principles and policies for creating a new situation in all fields of socialist modernization put forward in the report should become the basic guideline for all work of the Party in the future.

The congress also approved the new Party Constitution in a resolution adopted at the plenary session. It decided that the new Constitution goes into effect immediately.

The Presidium of the 12th Party Congress met on the day before the plenary session. Hu Qiaomu, deputy secretary-general of the congress, reported to the meeting the proposals and suggestions made by delegates in group discussions with regard to the report of the 11th Central Committee and the draft Constitution of the Chinese Communist Party, and the alterations made on this basis.

## Equality Between Cadres And Masses

The CPC Liaoning provincial committee recently adopted appropriate measures to strengthen the ties between the cadres and the masses. The major contents include:

— Fewer press reports on the activities of leading cadres;

— Less use of such eulogistic phrases as "important directive" to describe the speeches and reports by leading members;

— No rostrum for leading members during working conferences. Except for those who preside over and make reports to the meetings, all other leading cadres should sit together with the participants;

— Leading members will not be addressed by their titles; and

— No more welcomes and send-offs should be organized for leading members who go to make investigations at the grass-roots level.

These measures are aimed at promoting equal relationships between the cadres and masses. Leading members at all levels are expected to be public servants who keep in close touch with the masses and work hard to serve them. This has been a fine tradition of the Chinese Communist Party until it was undermined during the "cultural revolution" (1966-76). This tradition was only restored after the Third Plenary Session of the 11th Party Central Committee in December 1978.

Other areas have made similar decisions to the CPC Liaoning provincial committee's. For instance, a vice-minister of communications has been investigating long-distance bus stations in Beijing since the beginning of this year. Through direct contacts with the passengers, drivers and bus attendants, he collected much information he had never heard before that proved helpful to the ministry's work.

The newspapers carried a photo of He Fengtao, deputy director of the Fujian provincial public security bureau, collecting first-hand information for improving his bureau's work by directing traffic himself.

Leaders' willingness to join workers at the grass roots is appreciated by the public. A sanitation worker in Harbin city in northeast China once wrote to a local newspaper, praising Li Lian, first Party secretary of the city, for collecting garbage with him. Li Lian had asked him about his study, marriage and work, and had said: "You have created a clean and comfortable environment for the people and you should be respected in society." The man said in his letter that his colleagues were all pleased when they heard about it and made up their minds to do a better job.

## ECONOMIC

### Rapid Growth of Small Enterprises in Rural Areas

Statistics from 18 provinces, municipalities and autonomous regions show that the total income of rural small enterprises rose by 19 per cent in the first six months of this year as compared with the same period of last year.

These enterprises are run by the people's communes, production brigades or production teams, and they engage in handicrafts, processing and excavating industries, transport and communications, construction and repair trades. At present, more than 30 million people are working in these enterprises.

Using local resources and power, these enterprises have demonstrated their great vitality. They not only provide funds, equipment and technical personnel for the mechanization of agriculture but also help boost the peasants' income, en-

liven the rural market and promote the development of rural towns.

The total earnings of these small industries increased by 55.4 per cent in the past three years and their fixed assets were valued at 37,500 million yuan. Their output value in 1981 accounted for 10.8 per cent of the country's total industrial output value and they provided 2,600 million yuan worth of products for export.

Of the 33,568 million yuan of net profits they earned between 1979 and 1981, 6,609 million yuan were used for farm production and farmland capital construction, including buying farm machines and supporting the not well-off production teams.

In 1981, these rural small enterprises allocated 715 million yuan of their net profits for the expansion of collective welfare undertakings.

### Economic Briefs

• A 200-ton-grade electroslag, steel remelting furnace, which is among the largest in the

world, has been built and put into operation in Shanghai. This represents a major breakthrough in China's heavy industrial development.

The electroslag furnace, capable of turning out ingots of 200 tons and more, was jointly constructed by the Shanghai Heavy Machinery Plant and the Beijing Iron and Steel Institute over a period of 10 years. The ingots are for making large-size forgings for use in nuclear power stations or as rotors of one million-kilowatt thermal generators.

• An automatic production line capable of turning out 20 million square metres of gypsum plaster boards a year has recently been built in the Beijing New Building Materials Factory. The gypsum plaster boards produced every year can be used for 5 million square metres of buildings. The equipment, imported from the Federal Republic of Germany, is advanced and with a high degree of automation.

• A thermal power plant with a total generating capacity of 500,000 kilowatts has been built



China's largest gypsum plaster board workshop in Beijing.

in Zaozhuang city, a major coal producer in Shandong Province. Another large plant is under construction in China's biggest coal producer Datong in Shanxi Province. Other similar power plants are being built in China's major coal mining areas.

- The Beijing Computing Technology Institute will export 1,000 BCM-III type single-board microcomputers to a firm in West Germany according to a recently concluded contract. This is the first time for China's computers to enter the world market.

- Three modern oil mills have been put into operation in northeast China's Heilongjiang Province. These mills, designed and installed by Chinese technicians and workers, can handle 120,000 tons of soybeans a year and turn out 6,000 tons of edible oil.

- A geological team of the Chinese People's Liberation Army has discovered a high-grade medium-sized gold mine in the eastern part of the Lesser Hinggan Mountains in northeast China's Heilongjiang Province. Now the geologists are making preparations to open it.

- Six hundred and twenty metres of the Dayaoshan tunnel, China's longest double-track tunnel, had been cleared by the end of July.

The 14.3-kilometre-long Dayaoshan tunnel, located at the southern foothills of the Nanling Mountains in northern Guangdong Province, is a key project in double-tracking the Hengyang-Guangzhou section of the Beijing-Guangzhou Railway line.

## EDUCATIONAL

### College Graduates Assigned Work

College graduates totalling 310,000 this year are being assigned work in the various departments in accordance with the state plan.

The number of graduates this year is the highest since the founding of New China in 1949. But the various central and local departments have asked for more than double the actual number of graduates. Especially in demand are students majoring in finance and economics, law, English language, geology, mining, mechanical engineering, light and textile industries and other specialities.

China is a socialist country with the planned economy occupying the dominant position. Therefore, things are done according to plan, including the assignment of work for college graduates. This year, the graduates will mostly go:

— To the factories, mines and enterprises at the grass-roots

level. In the past only a small number of college graduates were assigned jobs in the light and textile industries where technical and professional personnel are comparatively few in number. Priority will be given to these sectors this year.

— To the rural areas. To speed up the development of science and technology, education, culture and public health in the rural areas, graduates from agricultural, forestry, medical and normal colleges will mainly be given work in units at and below the county level.

— To the remote and frontier regions as well as areas inhabited by minority nationalities. For historical reasons, most of these areas are less developed economically and culturally than the rest of the country. Although the government has given priority to their development in the past 30 years, qualified personnel who have received a college education are still badly needed in these areas. This is especially so in the Tibet Autonomous Region, the Xinjiang Uygur Autonomous Region and Inner Mongolia where the minority

An Yifu (third from the right), President of the Institute for Nationalities in Guizhou, chatting with some of the graduates.





peoples live in compact communities.

Unlike some capitalist countries where college graduates have difficulty in finding jobs upon graduation, in China college students do not have to worry about their future. The departments concerned in the country, in accordance with the requirements of the various localities and adhering to the principle of taking into consideration both the specialized fields the students major in and their own wishes, will assign them to the proper posts. In this work, due consideration is given to those students who really have difficulties of one kind or another. For example, college students who are married are as far as possible assigned to places where their spouses are working; students with parents who have no one to look after them are as a rule assigned work in the nearby places upon graduation. For college graduates of minority nationalities, due consideration is given to their habits and customs and they are generally assigned work in their native places.

China is a developing socialist country belonging to the third world. Economic development is very uneven in the various places, with a big gap between the coastal provinces and the remote frontier areas and between the cities and the rural areas. A small number of college graduates who seek ease and comfort and are afraid of a hard life often find excuses to stay in the cities and are unwilling to accept jobs assigned to them. When this happens, the units in charge will do painstaking work so that they will go where they are most needed in accordance with the requirements of the state. After persuasion and education, they generally agree

to go where they are assigned. Those who refuse to do so and fail to report for work at the designated units in three months will, according to the stipulations of the state, have to find work for themselves.

The overwhelming majority of college graduates this year are willingly to accept jobs assigned to them by the state. Many have before graduation written letters to the Ministry of Education and newspapers, pledging their determination to work in the economically and culturally less developed hinterland.

## FOREIGN RELATIONS

### **President of the French National Assembly Visits China**

A delegation from the Bureau of the French National Assembly led by Louis Mermaz, President of the Assembly, paid a friendly visit to China from August 27 to September 7. This was the first visit to China by a delegation of the French National Assembly led by its President since the establishment of diplomatic relations between the two countries.

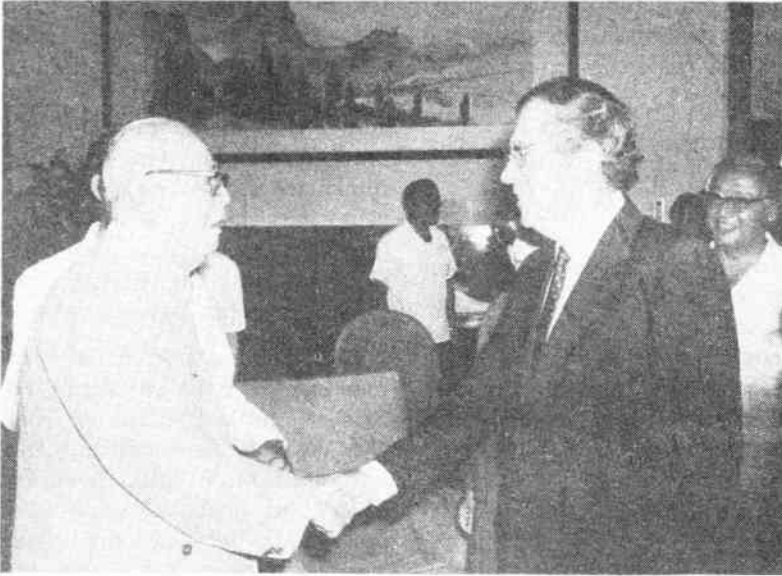
During the visit, Chairman of the Standing Committee of the National People's Congress Ye Jianying, Chairman Hu Yaobang and Vice-Chairman Deng Xiaoping of the CPC Central Committee, Premier Zhao Ziyang, Vice-Chairmen Deng Yingchao and Peng Chong of the NPC Standing Committee met with the distinguished French guests on separate occasions and had cordial and friendly talks with them.

Ye Jianying said during his meeting with Louis Mermaz that Sino-French friendship has a sound foundation. Many Chinese leaders, both deceased and alive, had worked and studied in France in their youth. He added that China attaches importance to enhancing its relations with France and that in recent years the contacts between the Chinese National People's Congress and the French National Assembly have increased.

Hu Yaobang said during his meeting with the distinguished French guest: "China is not well-developed economically and is limited in strength. However, China has achieved some successes in the international arena. The main reasons are that we have adhered to three principles. First, we are bold and never bow to strong enemies; second, we adhere to principles and we never waver in opposing hegemonism, safeguarding world peace and strengthening unity with the third world countries; and third, we mean what we say."

Deng Xiaoping said that his comrades wanted to reduce his work due to his advanced age. But, he said, he had to meet personally with his French guests as he had once lived in France for five years and visited the country again in 1975 and was accorded very warm hospitality. He said that there are deep and friendly sentiments between the people of the two countries.

Zhao Ziyang said: "There are broad prospects for China to co-operate with Europe, including France, in our technological transformation and economic development. China attaches importance to its friendly relations with France and to Sino-French economic and technological co-operation according to the principle of mutual benefit."



Ye Jianying with Louis Mermaz.

Deng Yingchao said: "It is of vital importance to deepen mutual understanding between the people of the two countries, strengthen contacts between the Chinese National People's Congress and the French National Assembly, and further co-operation between the two countries in international affairs in the present turbulent world. This is both beneficial to the people of the two countries and to world peace."

Louis Mermaz gave a press conference on August 31 in Beijing concerning his visit. He said that the delegation from the Bureau of the French National Assembly had come to China on the eve of the convocation of the 12th National Congress of the Chinese Communist Party, and that it was a great honour to them that Chinese leaders had met with them in the midst of pressing affairs. He added that both sides had held talks on international issues in a frank and penetrating way.

Answering questions from the correspondents, Mermaz

disagreed with the view that there were cold relations between China and France. He said: "President Mitterrand will visit China next spring. France attaches great importance to China's role, and there are bright prospects for the further development of the relations between the two countries."

### Zhao Ziyang Meets Japanese Film Delegation

Premier Zhao Ziyang on September 4 met with a Japanese film delegation which had come to attend the opening ceremony of the film *The Game Yet to Finish* co-produced by China and Japan. Through two go players of China and Japan and the sufferings of their families, the film reflects the Japanese militarists' invasion of China and the destruction and suffering they brought to the Chinese and Japanese peoples.

Zhao Ziyang had a cordial talk with the delegation leader Yasuyoshi Tokuma and the hon-

orary adviser to the delegation Tokuma Utsunomiya. The Premier praised the film for its instructive significance.

He said that there have been close contacts and a profound friendship between the people of China and Japan since early days and that they ardently wish that this friendship will last from generation to generation. "But," he added, "there was an unhappy period in the history of relations between the two countries. We should not forget this period of history, still less distort it. We must remember this lesson for ever, and educate our younger generations that this period of history should never be repeated. This is an important guarantee of friendship between the two peoples from generation to generation."

Referring to the recent issue of Japanese textbooks, Tokuma Utsunomiya said: "The Japanese Ministry of Education has revised the Japanese textbooks to cover up the facts of the Japanese invasion of China. For this, the Japanese Government should bear the responsibility. The Japanese people's real opinion is that Japan was wrong in invading China in the past."

Zhao Ziyang pointed out that the distortion of history in the textbooks and concealment of the Japanese invasion of China cannot but arouse the strong opposition of the Chinese people. The Chinese side considers that this problem should not be put off any longer. He said that the Japanese Government should take positive action for an early satisfactory settlement of the issue, which will benefit the continuous development of the relations between the two countries.

# Create a New Situation in All Fields of Socialist Modernization

—Report to the 12th National Congress of  
The Communist Party of China

September 1, 1982

Hu Yaobang

Comrades,

On behalf of the 11th Central Committee of the Communist Party of China, I will now make a report to the 12th National Congress of the Party.

## I. A Historic Change and Our Great New Task

SINCE the smashing of the Jiang Qing counter-revolutionary clique in October 1976 and, in particular, since the Third Plenary Session of the 11th Central Committee held in December 1978, we have accomplished, through the arduous efforts of the whole Party, the whole army and the people of all our nationalities, the difficult task of setting the Party's guiding ideology to rights and have won major successes in setting right our practical work on all fronts, thereby effecting a great and historic change.

The mission of the present Party congress is, through the summing-up of the historic achievements of the past six years, to chart a



correct course and define correct strategic steps, principles and policies so that we can more thoroughly eliminate the negative consequences of the decade of domestic turmoil, make further progress and create a new situation in all fields of socialist modernization. The Central Committee of the Party is confident that

our congress can shoulder this momentous historical task.

What are the main indicators of the historic change that has been brought about?

In the sphere of ideology, we have resolutely broken the fetters of dogmatism and the personality cult which existed for a long time, and have reaffirmed the Marxist ideological line of seeking truth from facts, thus infusing a dynamic and creative spirit into all fields of endeavour. We have restored the original features of Mao Zedong Thought and persisted in and developed it under new historical conditions.

We have put an end to years of social turbulence and brought about a political situation characterized by stability, unity and liveliness. Socialist democracy and the socialist legal system are being gradually perfected, equality and unity among all our nationalities have been strengthened anew, and the patriotic united front has expanded further. Thanks to this political situation, the present period is one of the best since the founding of our People's Republic.

The leading bodies of the Party and the state at all levels have been gradually readjusted, improved and strengthened. By and large, the leadership in the Party and state organizations at all levels is now in the hands of cadres loyal to the Party and the people.

We have resolutely shifted the focus of work of the Party and the state to economic construction and, liquidating the "Left" mistakes that persisted in our economic work over the years, have conscientiously implemented the correct principle of readjustment, restructuring, consolidation and improvement. Having tided over the most difficult phase, our national economy is now on the sound path of steady growth.

Our endeavours in education, science and culture are on the right track and, with some initial successes, are beginning to thrive. Relations between the Party and the intellectuals have improved enormously. Unity among the three main social forces, namely, the workers, peasants and intellectuals is also fairly good now.

We have made tremendous efforts to build a modern regular revolutionary army. The People's Liberation Army has achieved marked successes in improving its military training and its ideological and political work, in bettering its relations with the civil authorities and the

people, in defending our frontiers and safeguarding national security and in helping socialist construction. It has further enhanced its military capability and political consciousness in line with new historical conditions.

In the course of leading the people in effecting this historic change, our Party has withstood tests and remoulded itself. It has done much to rectify Party style, gradually revived its fine traditions and become more mature and firmer in the course of struggle.

Looking back at our path of struggle in these six years, we see that it has been an uneven one. The decade of domestic turmoil inflicted grievous wounds on the Party and the state. Our victory has not been easy. It was won only after the Central Committee led the entire Party and people in overcoming enormous difficulties of all kinds.

The "Left" mistakes made before and during the "cultural revolution" had a deep and extensive influence and caused serious damage. While thoroughly exposing and repudiating the Lin Biao and Jiang Qing counter-revolutionary cliques, we found it necessary to make a clean sweep of all such "Left" mistakes. This unavoidably involved the mistakes made by Comrade Mao Zedong in his later years. Comrade Mao Zedong's contributions to the Chinese revolution were great and indelible; that is why over long years he enjoyed enormous prestige in the Party and among the people and will continue to do so in the years to come. Whether we had the Marxist courage to conduct self-criticism of our Party's mistakes, including those made by Comrade Mao Zedong, and whether we could conduct such self-criticism correctly and in a historical perspective constituted the key issue deciding whether things could be set right. During the two years before the Third Plenary Session of the 11th Central Committee, the question of rights and wrongs in the Party's guiding ideology was not clarified as it should have been and the work of setting things to rights proceeded haltingly; this was because in the early days after the smashing of the Jiang Qing counter-revolutionary clique, our Party was not ideologically prepared for an overall liquidation of the "Left" mistakes and also because the principal leading comrade in the Central Committee at the time continued to make "Left" mistakes on a series of important issues. The 11th Party Congress announced the end of the "cultural revolution" and reaffirmed the task of building a modern and powerful socialist

state, thus playing a positive role in mobilizing the masses. However, the political report to the 11th Party Congress still approved of the erroneous theories, policies and slogans of the "cultural revolution," thus exerting a negative influence by seriously obstructing our effort to set things right. The historic service of the Third Plenary Session of the 11th Central Committee was precisely that it thoroughly shattered the heavy chains imposed by the protracted "Left" mistakes, set right the guiding ideology of the Party and reaffirmed the Marxist ideological, political and organizational lines. Subsequently, our Party thoroughly summed up its historical experience in all spheres and scientifically explained numerous questions encountered in practical work, which concerned theory and policy in the building of socialism. The Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China adopted in June 1981 by the Sixth Plenary Session of the 11th Central Committee marked the successful conclusion of our work in setting the Party's guiding ideology to rights. Drawing on the collective wisdom of the broad sections of cadres and masses, our Party subjected the protracted "Left" mistakes and Comrade Mao Zedong's mistakes in his later years to scientific analysis and criticism, while firmly upholding the fine traditions developed by the Party during long years of struggle, safeguarding the scientific truth of Mao Zedong Thought and affirming Comrade Mao Zedong's historical role. This helped not only to differentiate right from wrong but also to strengthen unity in our ranks, thus providing a basic guarantee for the healthy development of our revolution and construction.

Since the Third Plenary Session, our Party has made every effort to conform to objective reality in formulating and implementing a series of principles and policies and to avoid focusing on the criticism of one erroneous tendency to the neglect of another. In times of historic change, people are apt to think one-sidedly because of the profound influence of old ideas and customs and because of lack of experience in dealing with new things, plus the effect of other social and political factors. In recent years, mistaken ideas representing different tendencies have arisen among sections of the Party members and cadres with regard to such major questions of principle as the Party's policy of mental emancipation, the assessment of Comrade Mao Zedong and Mao Zedong Thought and the appraisal of class struggle at the present

stage of socialism. Unable to free themselves completely from the influence of the former "Left" mistakes, some comrades wanted to return, wittingly or unwittingly, to the old track of "taking class struggle as the key link." Others, deviating from the Marxist path, went so far as to doubt or even negate the leadership of the Party and the socialist road. On such major questions of principle, our Party has all along taken a firm stand and waged timely and appropriate ideological struggles on two fronts — against both the "Left" and the Right deviations. On the one hand, in its effort to prevent the recurrence of mistakes that would lead to the broadening of the scope of class struggle, the Central Committee has systematically liquidated the erroneous theory of "continuing the revolution under the dictatorship of the proletariat" put forth during the "cultural revolution," a theory that envisaged a continuing "revolution whereby one class overthrows another," and it has vigorously developed socialist democracy and a socialist legal system and restored and expanded our united front work. On the other hand, the Party has reiterated the four cardinal principles centring on upholding the leadership of the Party\*, criticized and curbed the tendency towards bourgeois liberalism and resolutely cracked down on all types of criminal activity that disrupt socialist construction. In handling various practical problems, we have done our best to act in the scientific and all-sided way as required by Marxism. This has enabled us to deal fairly successfully and relatively speedily with many complex ideological problems and social and political contradictions.

A jumble of problems accumulated during the 10 years of domestic turmoil. Many things that needed to be done or needed to be reformed claimed our attention. Moreover, the progress of new work inevitably gives rise to new problems. The Party therefore had to draw up a list of priorities, do its work systematically and solve problems step by step.

Take economic work for example. The Third Plenary Session first grasped the link of agriculture, laying emphasis on overcoming the long-standing "Left" mistakes in the guidelines in this sphere. This involved restoring and expanding the power of decision of the rural peo-

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\* The four cardinal principles are adherence to the socialist road, to the people's democratic dictatorship (i.e., the dictatorship of the proletariat), to the leadership of the Communist Party and to Marxism-Leninism and Mao Zedong Thought.

ple's communes and their production brigades and teams; restoring the private plots, family and collective sideline production and village fairs; and gradually introducing, in various forms, the system of responsibility for production in which payment is linked to output. At the same time, the state purchasing prices of grain and some other agricultural products were raised; then the policies providing for a diversified economy were formulated. As a result marked changes have taken place in agriculture, in which vigorous growth has replaced stagnation. For many years, the peasants have not been so happy as they are today. This has done much to start a turn for the better in the whole economic and indeed the whole political situation.

Following the improvement in agriculture, we began to readjust the structure of industry, laying emphasis on remedying the disproportion between light and heavy industries and on readjusting the service orientation of heavy industry. The result has been a rapid expansion of light industry. At the same time, we readjusted the ratio between accumulation and consumption and reduced the scale of capital construction which had been over-extended. This has resulted in improved living standards for the people as well as better proportions between the various branches of the national economy. In other fields, we have, by and large, used the same method — that of tackling the key problem first to facilitate the solution of the rest.

In the final analysis, our Party has been successful in the above efforts because it has adhered to the scientific Marxist principles of combining theory with practice and of recognizing the people as the makers of history. The facts are plain enough. The Party firmly trusts the people, relies on them and acts in compliance with their wishes and the trend of historical development. With the crushing of the Jiang Qing counter-revolutionary clique, the people placed high hopes on the Party. They demanded that wrongs be set right, that stability and unity be achieved, that efforts be concentrated on socialist modernization and that the level of our country's socialist material and spiritual civilization be raised. It is by crystallizing the will of the people and formulating correct lines, principles and policies that the Party has been able to bring the cause of socialism in our country back on to the sound path. The people's trust in the Party and their support for it are the key to the continuous success of our cause.

Looking back over the course of struggle we have traversed in the past six years, we naturally recall two previous instances of historic change during China's democratic revolution led by the Party, namely, the change from the failure of the Northern Expedition (1924-27) to the outbreak of the Agrarian Revolutionary War (1927-37) and the change from the failure of the struggle against the Kuomintang's fifth "encirclement and suppression" campaign to the launching of the War of Resistance Against Japan (1937-45). At both junctures, when the Party and the people had suffered heavy losses and the revolution faced grim crises, enemies both at home and abroad concluded that we were doomed to total defeat, and not a few people in our own ranks wavered and grew pessimistic. But the Party was not overwhelmed by the enormous difficulties. Under the leadership of a number of outstanding figures of whom Comrade Mao Zedong was representative, the Party displayed rare revolutionary courage and fortitude, fought on tenaciously, strove creatively to find a revolutionary path suited to China's specific conditions and finally turned the tide, resuscitating the revolutionary cause and bringing about a new situation of victorious advance.

Compared with the two previous ones, the present change has taken place under vastly different historical conditions. Today, our Party is the leading core of nationwide political power and our country has already experienced a long period of socialist revolution and construction. The people are far more powerful than they were in the period of the revolutionary wars. Despite the tremendous damage done to it by the "cultural revolution," the cause of socialism retains its great and invincible vitality. Although we have lost Comrades Mao Zedong, Zhou Enlai, Liu Shaoqi and Zhu De and other veteran proletarian revolutionaries, we still have as the mainstay of our cause many other veteran revolutionaries who fought shoulder to shoulder with them. Moreover, we have as our core force many old comrades who went through the test of revolutionary wars and large numbers of young and middle-aged comrades who have been tempered and have matured since the founding of our People's Republic. Under the leadership of the Central Committee, we have at last succeeded in effecting another historic change, thanks to the arduous efforts of the Party organizations at all levels and the concerted struggle of all Party comrades and millions upon millions of people throughout the country.

Comrades! The great successes we have achieved in the past six years are evident to all. But, instead of resting on our laurels, we must realize that there are still many shortcomings and difficulties and that there is still much to be desired in the work of the Party. We must enhance our revolutionary spirit, plunge into work and strive for new and still greater successes.

The general task of the Communist Party of China in this new historical period is to unite the people of all our nationalities in working hard and self-reliantly to achieve, step by step, the modernization of our industry, agriculture, national defence and science and technology and to make China a culturally advanced and highly democratic socialist country. In the five years from the present Party congress to the next, we should, as this general task and China's actual conditions require, energetically promote the socialist material and spiritual civilization, continue to strengthen socialist democracy and the socialist legal system, earnestly rectify the Party style and consolidate the Party organization and strive to bring about a fundamental turn for the better in the country's financial and economic situation, in the standards of social conduct and in the style of the Party. At the same time, together with all the patriotic people, our compatriots in Taiwan, Xianggang (Hongkong) and Aomen (Macao) and including Chinese nationals residing abroad, we shall pursue the great aim of reunifying the motherland. We shall also join the people of the rest of the world in carrying on the struggle against imperialism and hegemonism in defence of world peace. These are the lofty tasks of creating a new situation in all fields that lie before us.

## II. Bring About an All-Round Upsurge of the Socialist Economy

**O**F the various tasks for bringing about an all-round new situation, the most important one is to push forward the socialist modernization of China's economy. For this purpose, the Party has formulated the strategic objective, priorities and steps of our economic construction as well as a series of correct principles in a spirit of realism.

The general objective of China's economic construction for the two decades between 1981

and the end of this century is, while steadily working for more and better economic results, to quadruple the gross annual value of industrial and agricultural production — from 710 billion yuan in 1980 to 2,800 billion yuan or so in 2000. This will place China in the front ranks of the countries of the world in terms of gross national income and the output of major industrial and agricultural products; it will represent an important advance in the modernization of her entire national economy; it will increase the income of her urban and rural population several times over; and the Chinese people will be comparatively well-off both materially and culturally. Although China's national income per capita will even then be relatively low, her economic strength and national defence capabilities will have grown considerably, compared with what they are today. Provided that we work hard and in a down-to-earth manner and bring the superiority of the socialist system into fuller play, we can definitely attain our grand strategic objective.

From an overall point of view, what is most important in our effort to realize this objective in economic growth is to properly solve the problems of agriculture, energy and transport and of education and science.

Agriculture is the foundation of the national economy, and provided it grows, we can handle the other problems more easily. At present, both labour productivity and the percentage of marketable products are rather low in our agriculture; our capacity for resisting natural calamities is still quite limited; and, in particular, the contradiction between the huge population and the insufficiency of arable land is becoming ever more acute. From now on, while firmly controlling the population growth, protecting all agricultural resources and maintaining the ecological balance, we must do better in agricultural capital construction, improve the conditions for agricultural production, practise scientific farming, wrest greater yields of grain and cash crops from limited acreage, and secure the all-round development of forestry, animal husbandry, sideline occupations and fishery in order to meet the needs of industrial expansion and of higher living standards for the people.

Energy shortage and the strain on transport are major checks on China's economic development at present. Growth in energy production has slowed down somewhat in the last few years, while waste remains extremely serious. Trans-

port capacity lags far behind the increasing volume of freight, and postal and telecommunications facilities are outmoded. To ensure a fair rate of growth in the national economy, it is imperative to step up the exploitation of energy resources, economize drastically on energy consumption and at the same time strive hard to expand the transport and postal and telecommunications services.

The modernization of science and technology is a key link in our four modernizations. Today, many of our enterprises are backward in production techniques, operation and management; large numbers of workers and staff members lack the necessary scientific knowledge, general education and work skills; and there is an acute shortage of skilled workers, scientists and technicians. In the years to come, we must promote large-scale technical transformation in a planned way, popularize technical measures that have yielded good economic results, and actively introduce new techniques, equipment, technologies and materials. We must step up research in the applied sciences, lay more stress on research in the basic sciences and organize people from all relevant fields to tackle key problems in scientific research. We must improve our study and application of economics and scientific business management and continuously raise the level of economic planning and administration and of the operation and management of enterprises and institutions. And we must work vigorously to universalize primary education, strengthen secondary vocational education and higher education and develop educational undertakings of all types and at all levels in both urban and rural areas, including training classes for cadres, workers, staff members and peasants and literacy classes in order to train all kinds of specialists and raise the scientific and educational level of the whole nation.

In short, in the next 20 years we must keep a firm hold on agriculture, energy, transport, education and science as the basic links, the strategic priorities in China's economic growth. Effective solution of these problems on the basis of an overall balance in the national economy will lead to a fairly swift rise in the production of consumer goods, stimulate the development of industry as a whole and of production and construction in other fields and ensure a betterment of living standards.

Population has always been an extremely important issue in China's economic and social development. Family planning is a basic policy

of our state. We must do our utmost to keep our population within 1.2 billion by the end of this century. The total number of births is now at its peak. Excessive population growth will not only adversely affect the increase of per-capita income but also cause serious difficulties in food supply, housing, education and employment, and it may even disrupt social stability. Consequently, we must never slacken our effort in family planning, especially in the rural areas. We must conduct intensive and meticulous ideological education among the peasants. Provided that we do our work well, we can succeed in bringing our population under control.

In order to realize our objective for the next two decades, we must take the following two steps in our strategic planning: in the first decade, aim mainly at laying a solid foundation, accumulating strength and creating the necessary conditions; and in the second, usher in a new period of vigorous economic development. This is a major policy decision taken by the Central Committee after a comprehensive analysis of the present conditions of China's economy and the trend of its growth.

Our national economy has grown steadily even in the past few years of readjustment, and the achievement is quite impressive. In many fields, however, the economic results have been far from satisfactory, and there has been appalling waste in production, construction and circulation. We have yet to equal our best past records in the materials expended in per unit products, in the profit rate of industrial enterprises, in the construction time for large and medium-sized projects and in the turnover rate of circulating funds in industrial and commercial enterprises. Apart from some objective factors not subject to comparison, the main causes for this are the "Left" mistakes of the past, which resulted in blind proliferation of enterprises, an irrational economic structure, defective systems of economic administration and distribution, chaotic operation and management and backward production techniques. Things started to pick up a little in 1982, with the stress laid on better economic results. Nevertheless, it is impossible in a brief space to solve all such problems which have piled up over a long period. We have to bear this basic fact in mind when drawing up the strategic plan for China's economic development.

In the period of the Sixth Five-Year Plan (1981-85), we must continue unswervingly to carry out the principles of readjustment, restructuring, consolidation and improvement, practise



strict economy, combat waste and focus all economic work on the attainment of better economic results. We must devote our main efforts to readjusting the economic structure in various fields, streamlining, reorganizing and merging the existing enterprises and carrying out technical transformation in selected enterprises. At the same time, we must consolidate and perfect the initial reform in the system of economic administration and work out at an early date the overall plan for reform and the measures for its implementation. During the Seventh Five-Year Plan (1986-90), we shall carry out the technical transformation of enterprises on an extensive scale and gradually reform the system of economic administration, in addition to completing the rationalization of the organizational structure of enterprises and the economic structure in various fields. We must also undertake a series of necessary capital construction projects in the energy, transport and some other fields, and the concentrated solution of a number of major scientific and technological problems in the 1980s. Therefore, it will not be possible for the national economy to develop very fast in this decade. But if we complete the above tasks, we can solve the problems left over from the past and build a relatively solid basis for economic growth in the decade to follow. The 1990s will witness an all-round upsurge in China's economy which will definitely grow at a much faster rate than in the 1980s. If we publicize and explain this strategic plan adequately to the people, they will see the bright future more clearly and be inspired to work with greater drive to usher in the new period of vigorous economic growth.

In the five years between this Party congress and the next, we shall complete the Sixth Five-Year Plan and start on the Seventh. To strive for a fundamental turn for the better in China's financial and economic situation in this period means that we must, under the strategic plan outlined above, achieve significantly better economic results, a steady basic balance in finance and credit and basic stability in commodity prices. Clearly, it is of paramount importance to China's long-term economic development that we do our economic work well in these five years.

To bring about an all-round upsurge of China's socialist economy, we must continue to carry out in all our economic work the ten principles for economic construction approved by the Fifth National People's Congress at its

Fourth Session, paying special attention to solving the following major questions of principle.

**First, concentrating funds on key development projects and continuing to improve the people's living standards.**

To attain our strategic objective for the coming 20 years, the state must concentrate needed funds on key development projects in their order of importance and urgency. For this purpose, while endeavouring to overcome undue decentralization in the use of funds, we must bring into play the initiative of all concerned to expand production and achieve better economic results, so that the national income may rise more rapidly. In recent years, state revenues have somewhat decreased and there has been a shortage of funds for urgently needed key projects. On the other hand, funds at the disposal of local authorities and enterprises have grown greatly and have been used for many projects which may seem badly needed from a local point of view; but this inevitably makes it difficult to adequately meet the national needs and to prevent and overcome the tendency towards blindness in construction. We must realize that if key national projects are not guaranteed and if such parts of the infrastructure as energy and transport are not developed, the national economy as a whole will not prosper and the individual sectors are bound to be greatly restricted in their development. Even if there should be some growth in a given locality at a given time, it would not last because of difficulties in striking a balance between supply, production and marketing. We must firmly implant the idea of co-ordinating all the activities of the nation like moves on a chessboard. While continuing to enforce the present financial system and ensure the decision-making power of enterprises, we must appropriately readjust, in the light of the actual conditions of the different localities and trades, the distribution of national and local revenues and the proportion of profits retained by enterprises, and we must encourage local authorities, departments and enterprises to make their funds available for the key projects most urgently needed by the state. While thus pooling funds, we must of course continue to take into consideration the needs of the localities and enterprises. If appropriate financial reserves are left at the disposal of local authorities and enterprises, it will help give scope to their initiative and enable them to embark on those projects which they are best

fitted to undertake, especially as regards the technical transformation of existing enterprises. Our country has abundant resources of labour power, so we must pay close attention to increasing the investment of labour. In the rural areas we must put their rich manpower to good use in agricultural capital construction according to their local conditions. In mining, transport and other fields, we must also stress the role of the investment of labour.

The fundamental aim of socialist production and construction is to meet continuously the growing material and cultural needs of the people. A basic principle guiding our economic work is "first, feed the people and second, build the country." The Party and government have done a great deal to bring about a marked improvement in the people's livelihood in recent years. Yet on the whole the living standards remain fairly low. In some low-yield rural areas, or those hit by natural disasters, the peasants are still impoverished, and we must actively help them increase production and income. Urban people, too, still have many problems which call for solution—such as pay, employment, housing and public utilities. The state has decided to take effective measures to improve, steadily and group by group, the living and working conditions of middle-aged intellectuals, who play a backbone role in production, construction and all the other fields. Whether in town or country, living standards can rise only by increasing production, and not by cutting into funds indispensable to national construction, a course that would impair the fundamental and long-term interests of the people. Specifically, we can no longer increase peasant incomes mainly through raising the prices of farm produce or through lowering the fixed quotas of state purchases and enlarging the scope of negotiated prices. The increase of the average incomes of the workers and staff must necessarily be less than that of labour productivity. We must put a stop to the indiscriminate handing out of bonuses and subsidies without regard to the actual state of production and profit. As a matter of fact, a constant improvement in the living standards of the people is possible provided the workers and peasants enhance their understanding and make sustained efforts to raise labour productivity, lower consumption and eliminate waste. As for those problems concerning the people's daily life which can be solved by spending very little or even no money, leaders at all levels must take even more energetic measures to solve them. Concern for

the well-being of the people is a fine tradition of our Party, which we should never neglect.

**Second, upholding the leading position of the state economy and developing diverse economic forms.**

The socialist state sector occupies the leading position in the entire national economy. The consolidation and growth of the state sector are the decisive factors in ensuring that the collective economy of the working people will advance along the socialist road and that the individual economy will serve socialism. As the level of development of the productive forces in our country is on the whole still fairly low and uneven, it is necessary to maintain different economic forms for a long time to come. In rural areas, the principal economic form is the co-operative economy collectively owned by the working people. At present, the state sector alone cannot and should not run all handicrafts, industries, building industry, transport, commerce and the service trades in the cities and towns; a considerable part should be run by the collective. Co-operatives financed and run by young people and other residents have spread to many urban areas in the past few years and played a useful role. The Party and government should support and guide them and forbid discrimination or attacks against them from any quarter. We must also encourage the appropriate development of the individual economy of urban and rural working people as a necessary and useful complement to the public economy, within limits prescribed by the state and under supervision by industrial and commercial administrations. Only through the rational distribution and development of diverse economic forms is it possible to invigorate the urban and rural economy and make life more convenient for the people.

To bring the initiative of enterprises and of the working people into play, we must earnestly implement a responsibility system in the operation and management of both state and collective enterprises. The responsibility system for production set up in various forms in the countryside in recent years has further emancipated the productive forces and it must be adhered to for a long time to come. The thing for us to do is to gradually perfect it on the basis of summing up the practical experience of the masses. In no case must we make rash changes against the will of the masses, still less must we backtrack. With the growth of agricultural production and the rising management ability of the peasants, demands for new types of combined manage-

ment are bound to arise. We should promote various forms of inter-unit economic combination strictly in accordance with the principle of stimulating production and of voluntary participation and mutual benefit. It can be predicted that in the not too distant future, there will emerge in our rural areas an improved cooperative economy, with a diversity of forms, which will be able to make full use of the advantages in the light of local conditions and facilitate the large-scale adoption of advanced production measures. Recently, the economic responsibility system has also been initiated in industrial and commercial enterprises with some good results. Although industry and commerce are vastly different from agriculture, the application of the economic responsibility system (including the system of responsibility for profit or loss in some of the state enterprises) similarly helps to implement the Marxist principle of material benefit, to heighten the workers' sense of responsibility as masters of the country and to promote production. We should adopt a positive attitude to this system, earnestly sum up experience and discover and devise a set of specific rules and methods which are suited to the characteristics of industrial and commercial enterprises and which can both ensure unified leadership by the state and bring into full play the initiative of enterprises and their workers and staff members.

It is impermissible to undermine the public ownership of the means of production, which is our basic economic system. Of late, there have been cases in certain rural areas of damage to farm irrigation works, destructive lumbering and doing away with the accumulation and retention of common funds by the collective, while in some state-owned industrial and commercial enterprises, there have been such acts as violation of unified state plans, arbitrary holding back of materials earmarked for unified distribution, withholding of profits that should be turned over to the state, evasion of taxes, wilful inflation of prices and blocking the flow of commodities. All such things, though done by only a small number of people, seriously impair the public economy and the interests of the state and the people, and they must be resolutely corrected.

**Third, correctly implementing the principle of the leading role of the planned economy and the supplementary role of market regulation.**

China has a planned economy based on public ownership. Planned production and

circulation cover the main body of our national economy. At the same time, the production and circulation of some products are allowed to be regulated through the market without being planned, that is, by letting the law of value spontaneously play a regulatory role, within the limits circumscribed by the state's unified plan and in the light of the specific conditions at different periods. This serves as a supplement to planned production and circulation, subordinate and secondary to it but essential and useful nonetheless. The state ensures proportionate and co-ordinated growth of the national economy through overall balancing by economic planning and the supplementary role of market regulation. In the past few years, we have initiated a number of reforms in the economic system by extending the powers of enterprises in planning and by giving scope to the role of market regulation. This orientation is correct and its gains are apparent. However, as some reform measures have not been well co-ordinated with each other and the corresponding forms of administrative work have lagged behind, cases of weakening and hampering the state's unified planning have been on the increase. This is not good for the normal growth of the national economy. Hereafter, while continuing to give play to the role of market regulation, we must on no account neglect or relax unified leadership through state planning.

In order to make the development of the economy centralized and unified as well as flexible and diversified, planning should take different forms in different circumstances. Plans of a mandatory nature must be enforced in regard to the production and distribution of capital goods and consumer goods in the state sector which are vital to the national economy and the people's livelihood, and especially in key enterprises vital to the whole economy. This is a major manifestation of China's socialist ownership by the whole people in the organization and management of production. For the sector of the economy which is owned by collectives, mandatory targets should also be assigned where necessary, as in the purchase of grain and other important agricultural and sideline products by the state on fixed quota. In addition to plans of a mandatory nature, guidance plans, whose implementation is mainly ensured by means of economic levers, should be used in regard to many products and enterprises. This is because diverse economic forms still exist in China and it is difficult to make precise estimates of the multifold and complex demands

of society and of the productive capacity of a vast number of enterprises. But whether in mandatory planning or in guidance planning, we must strive to make it conform to the objective reality, constantly study changes in market supply and demand, consciously make use of the law of value and such economic levers as pricing, taxation and credits to guide the enterprises in fulfilling state plans, and give them varying degrees of powers to make decisions as they see fit. Only in this way can state plans be supplemented and improved as required and in good time in the course of their implementation. As for a number of small commodities which are low in output value, great in variety and produced and supplied only seasonally and locally, it is neither necessary nor possible for the state to control them all by planning. Enterprises may be allowed to arrange their production flexibly in accordance with the changes in market supply and demand. The state, on its part, should exercise control through policies, decrees and administration by industrial and commercial offices and should help those enterprises with the supply of certain important raw and semi-finished materials.

Correct application of the principle of ensuring the leading role of planned economy supplemented by market regulation is of fundamental importance to the reform of China's economic systems. We must correctly define the respective scope and limits of mandatory plans, guidance plans and market regulation and, on the premise that basic stability of commodity prices is maintained, gradually reform the pricing system, price control measures and the labour and wage systems, and establish an economic administrative system suited to China's conditions so as to ensure the healthy growth of the national economy.

Whether commercial work is done well or badly has a direct bearing on industrial and agricultural production and the people's standard of living, and the importance of this truth has become increasingly manifest in China's economic growth. At present, our commercial networks, establishments and facilities are far from adequate, there are too many intermediate links, market forecasting is weak, and many problems related to ideas about business operation and to management remain to be solved. After acquiring all relevant information and earnestly summing up experience, we must effectively improve our commercial work and unplug, broaden and multiply the channels of

circulation so that commodities can flow freely, materials are put to good use and commerce can play its full role in stimulating and guiding production and in ensuring supply and invigorating the economy.

#### **Fourth, persevering in self-reliance while expanding economic and technological exchanges with foreign countries.**

It is our firm strategic principle to carry out the policy of opening to the outside world and expand economic and technological exchanges with foreign countries in accordance with the principles of equality and mutual benefit. We must speed the entry of Chinese products into the world market and vigorously expand foreign trade. We must as far as possible make more use of foreign funds available for our national construction. To this end, it is necessary to do all the required preparatory work well and make proper arrangements with regard to the necessary domestic funds and supporting measures. We must actively import advanced technologies suited to our national conditions, particularly those helpful to the technical transformation of our own enterprises, and strive to absorb and develop them in order to promote our production and construction.

In our efforts for socialist modernization, we must take a self-reliant stand, relying mainly on our own hard work. There must be no wavering whatsoever in this respect. Our aim in expanding economic and technological exchanges with foreign countries is to enhance our ability to be self-reliant and to promote, and certainly not to impair, the development of our national economy. We must refrain from indiscriminate import of equipment, and particularly of consumer goods that can be manufactured and supplied at home. In our economic relations with foreign countries, on the premise of unified planning and policy and co-ordinated action, we must stimulate the initiative of various localities, departments and enterprises in their foreign business dealings while at the same time opposing all acts detrimental to the interests of our country and people. In no circumstances must we forget that capitalist countries and enterprises will never change their capitalist nature simply because they have economic and technological exchanges with us. While pursuing the policy of opening to the outside, we must guard against, and firmly resist, the corrosion of capitalist ideas and we must combat any worship of things foreign or fawning on foreigners.

Comrades! Lenin said that living creative socialism is the product of the masses themselves.<sup>1</sup> Beyond all doubt, it would be impossible for the cause of socialist construction to forge ahead without the soaring labour enthusiasm of the masses in their hundreds of millions, without the initiative of thousands of production units and without the hard work of various localities and departments. To yield the best results, all our economic work, principles, policies, plans and measures must be based on overall arrangement, on taking into consideration the interests of the state, the collective and the individual and on fully arousing and scientifically organizing the initiative of the central authorities, the localities, departments, enterprises and the working people. This is the most important way to bring about an all-round upsurge in the socialist economy. We are confident that the people of all our nationalities will surely exert themselves with one heart and one mind for the realization of the great goal of our country's economic development.

### **III. Strive to Build a High Level Of Socialist Spiritual Civilization**

FROM the time that the Party shifted the focus of its work to the modernization of China's economy, the Central Committee has proclaimed on many occasions that while working for a high level of material civilization, we must strive to build a high level of socialist spiritual civilization. This is a strategic principle for building socialism. The history of socialism and the present situation in China both tell us that the success or failure of socialism depends on whether or not we adhere to this principle.

Spiritual civilization is closely inter-related with material civilization in socialist construction. As Marx put it, in their productive activity to transform the world, "the producers themselves change, they evolve new qualities, by producing they develop and transform themselves, acquire new powers and new conceptions, new modes of intercourse, new needs, and new speech."<sup>2</sup> Comrade Mao Zedong, too, pointed out that the proletariat and other revolutionary people face a twofold task in their struggle for the transformation of the world: "to change the objective world and, at the same time, their own subjective world."<sup>3</sup> The objective world com-

prises nature and society. The transformation of society results in the establishment and development of new relations of production as well as a new socio-political system. The transformation of nature results in material civilization, as manifested in improved conditions for material production and in a better material life for the people. In the process of transforming the objective world, people also transform their subjective world, and the production of spiritual values and the spiritual life of society also develop. The latter achievement is what we call the spiritual civilization, as manifested in a higher educational, scientific and cultural level and in higher ideological, political and moral standards. The transformation of society or the progress of a social system will ultimately find expression in both material and spiritual civilization. As our socialist society is still in its initial stage, it is not yet highly developed materially. However, the establishment of the socialist system makes it possible for us to build a high level of socialist spiritual civilization while striving for a high level of material civilization, just as the development of a modern economy to a certain level and the appearance of the most advanced class of our time, the working class, and its vanguard, the Communist Party, make it possible to succeed in socialist revolution. Material civilization provides an indispensable foundation for socialist spiritual civilization which, in its turn, gives a tremendous impetus to the former and ensures its correct orientation. Each is the condition and objective of the other.

Socialist spiritual civilization constitutes an important characteristic of the socialist system and a major aspect of its superiority. In the past, when referring to the characteristics of socialism, people laid stress on the elimination of the system of exploitation, public ownership of the means of production, distribution according to work, planned and proportionate development of the national economy, and political power of the working class and other working people. They also laid stress on another characteristic of socialism, the high development of the productive forces and a labour productivity higher than that under capitalism as both a necessity and the end result of the development of socialism. All this is undoubtedly true, but it does not cover all the characteristics. Socialism must possess one more characteristic, that is, socialist spiritual civilization with communist ideology at its core. Without this, the building of socialism would be out of the question.

Communism as a social system can be completely realized in our country only through the protracted, arduous struggle of several generations. However, communism is above all a movement. Marx and Engels said, "We call communism the *real* movement which abolishes the present state of things."<sup>4</sup> The final objective of this movement is the realization of communism as a social system. In our country, the spread of communist ideas and the movement for the ultimate realization of the ideal of communism began long ago when the Communist Party of China was founded, and continued during the new-democratic revolution which it led. This movement has now brought about a socialist society, which is the first phase of communism. As far back as the democratic revolution, Comrade Mao Zedong pointed out that the programme of the Chinese Communist Party in regard to China's social system comprised two stages, the present and the future. "For the present period, New Democracy, and for the future, socialism; these are two parts of an organic whole guided by one and the same communist ideology." He added, "Communism is at once a complete system of proletarian ideology and a new social system. . . . Without communism to guide it, China's democratic revolution cannot possibly succeed, let alone move on to the next stage."<sup>5</sup> Therefore, communist ideas and actions have long been part of our actual life. The view that communism is but a "dim illusion" and that it "has not been tested in practice" is utterly wrong. There is communism everywhere in our daily life, of which it forms an inseparable part. Inside and outside our Party, there are so many heroic and exemplary people, so many who are ready to give their all, including their very lives, for the realization of revolutionary ideals. Do they do all this for material rewards? Does not a lofty communist spirit guide them? Socialism is advancing steadily towards the goal of its higher phase — communism. This advance depends not only on the increase of material wealth but also on the steady growth of people's communist consciousness and revolutionary spirit. True, at the present stage, we must in our economic and social life persist in the system of "to each according to his work" and other socialist systems, and we cannot of course expect every member of our society to be a communist, but we must demand that the Party members, the Communist Youth League members and all other advanced elements acquire communist ideology, and we must, through their instrumentality, educate and

influence the broad masses. If the great task of building a socialist spiritual civilization guided by communist ideology is overlooked, people will fall into a one-sided understanding of socialism and direct their attention exclusively to the building of material civilization or even only to the pursuit of material gains. In that case, we will not be able to safeguard the socialist orientation of China's modernization, and our socialist society will lose its ideals and objectives, its spiritual motivation and fighting will, lose the ability to resist the inroad of corrupt influences and even develop distortedly and degenerate. Comrades, this is not just alarmist talk but a conclusion drawn from present realities at home and abroad. It is from this high theoretical and political vantage point that we must recognize the significance and role of socialist spiritual civilization and make up our minds to do our utmost to ensure the building of both a material and a spiritual civilization so that our socialist cause will for ever retain its revolutionary youth and vigour.

Roughly speaking, socialist spiritual civilization consists of two aspects, the cultural and the ideological, permeating and promoting each other.

The cultural aspect refers to the development of undertakings such as education, science, art and literature, the press and publication, broadcasting and television, public health and physical culture, and libraries and museums, as well as the raising of the level of general knowledge of the people. It is an important requisite both for the building of a material civilization and for the raising of people's political consciousness and moral standards. Cultural development also includes mass recreational activities which are healthy, pleasant, lively and varied so that, after a spell of hard work, people may refresh themselves with entertainments that are in good taste. All our cultural construction must, of course, be guided by communist ideology. In the past, owing to the influence of "Left" ideas and the small-producer mentality, erroneous views such as underestimation of the importance of education, science and culture and discrimination against intellectuals were rife in our Party over a fairly long time. They seriously hindered the building of material and spiritual civilization in our country. In recent years, we have made great efforts to eliminate these wrong views. We are determined gradually to step up cultural development so that it will no longer lag behind

economic growth. We have worked hard to carry out the Party's policy concerning intellectuals and to enable the whole Party and all society to realize that, like workers and peasants, intellectuals are a force we must rely on in building socialism. We are determined to do everything possible to create favourable conditions in which the mass of intellectuals can work with ease of mind and in high spirits in the interest of the people. In this regard, there is still a good deal of painstaking ideological and organizational work to do.

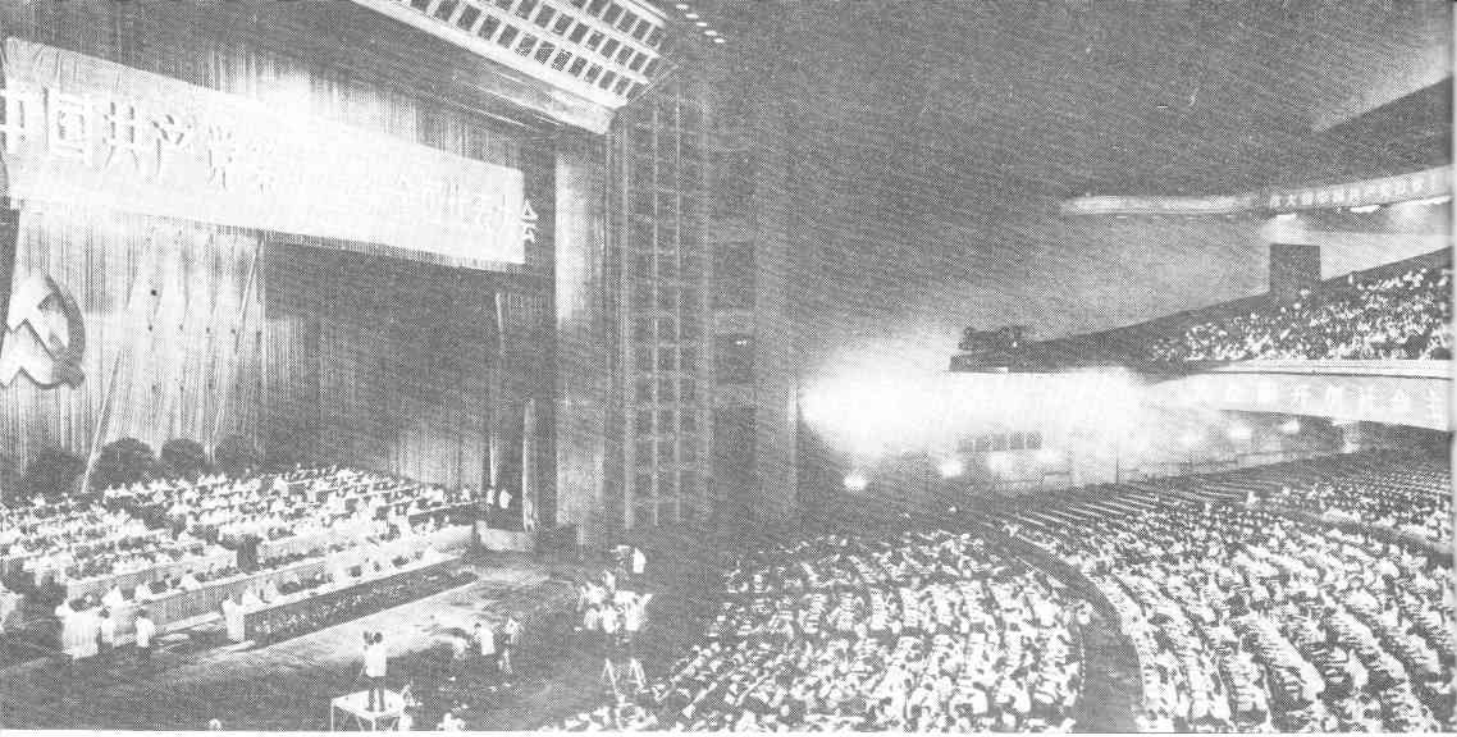
Universal education is an important precondition for building material and spiritual civilization. In 1980, the Party's Central Committee and the State Council took the decision that universal primary education in various forms must in the main be achieved by 1990 and, in areas where the economy and education are more developed, this should be done earlier. In China's vast rural areas, this is an arduous task, but it can be done through unremitting efforts, and must be done, for the sake of the development of agriculture and of the rural areas. Teachers in schools of all levels, and especially rural primary school teachers, are engaged in extremely arduous but truly noble work. On their efforts depends the moral, intellectual and physical development of the next generation of our citizens. We must make sure that the whole society respects and energetically supports them in their noble endeavours. Development plans and goals for other cultural undertakings covering the next five to ten years should also be worked out.

The socialist character of our spiritual civilization is determined by ideological education. This consists mainly of the following: the working-class world outlook and scientific theory of Marxism; communist ideals, beliefs and moral values; the outlook of being masters of the country and collectivism which correspond with the system of socialist public ownership; a concept of rights and duties and a sense of organization and discipline which correspond with the socialist political system; devoted service to the people and a communist attitude towards work; and socialist patriotism and internationalism. In essence, it consists of, above all, revolutionary ideals, morality and discipline. All Party members and other advanced persons in our society must continuously propagate advanced ideas and set an example by their own deeds so as to inspire more and more members of our society to become working people with

lofty ideals, moral integrity, education and a sense of discipline.

We must try not only to help every member of our society to acquire a broader mental outlook but also to establish and develop throughout its ranks the new type of social relations which embody socialist spiritual civilization. These relations find expression in solidarity, friendship and mutual assistance in common struggle and common progress among all our nationalities, between the workers, peasants and intellectuals, the cadres and the masses, the army and the people, the army and the government, and among the people in general. Lenin has pointed out that it will take many decades to create new forms of social ties between people and that this is a most noble work.<sup>6</sup> We can say with full confidence that, relying on our long revolutionary tradition and proceeding from the foundation already laid for this work, we shall certainly be able to foster and develop such new social ties.

To build a socialist spiritual civilization is a task for the whole Party and the common task of our people in all fields of endeavour. Ideological education in the Party is the pillar of the building of spiritual civilization in the whole society, and Party members should, first of all, play an exemplary role morally and ideologically. Ideological and political workers, workers in culture, in the sciences and in education of all types and levels from kindergartens to graduate schools—all shoulder especially heavy responsibilities in building a socialist spiritual civilization. In particular, the Communist Party members among them must unite in thought and deed so as to organize a mighty contingent of militant ideological workers able to persuade and act as a magnet for others. It is necessary to do more to educate the masses of the people, and first of all the cadres and youth, in Marxism-Leninism and Mao Zedong Thought, in the history of our motherland, and especially its modern history; in the programme, history and revolutionary tradition of our Party; and in the Constitution of our country, the rights and duties of citizens and civic morality. It is necessary to do more to educate people of all trades and lines of work in professional responsibility, ethics and discipline. Education in all the areas enumerated above should be closely related to reality and conducted in vivid and varied ways. In formulating and implementing policies and in all their work, leading cadres in the economic field at various levels should concern themselves not only with the development



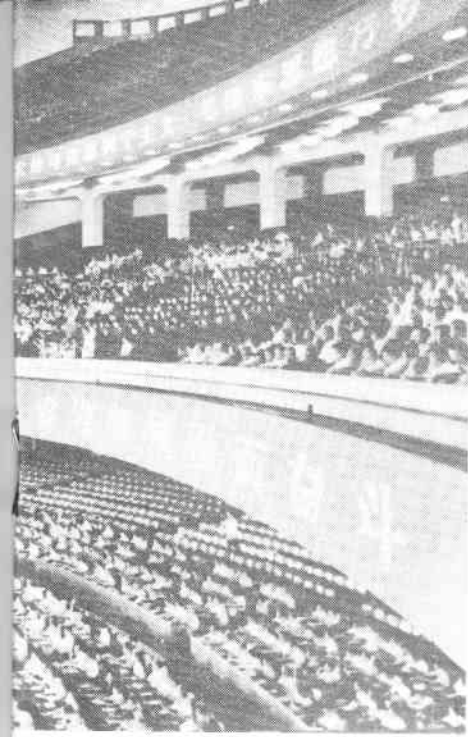
Conference hall of the 12th National Cong



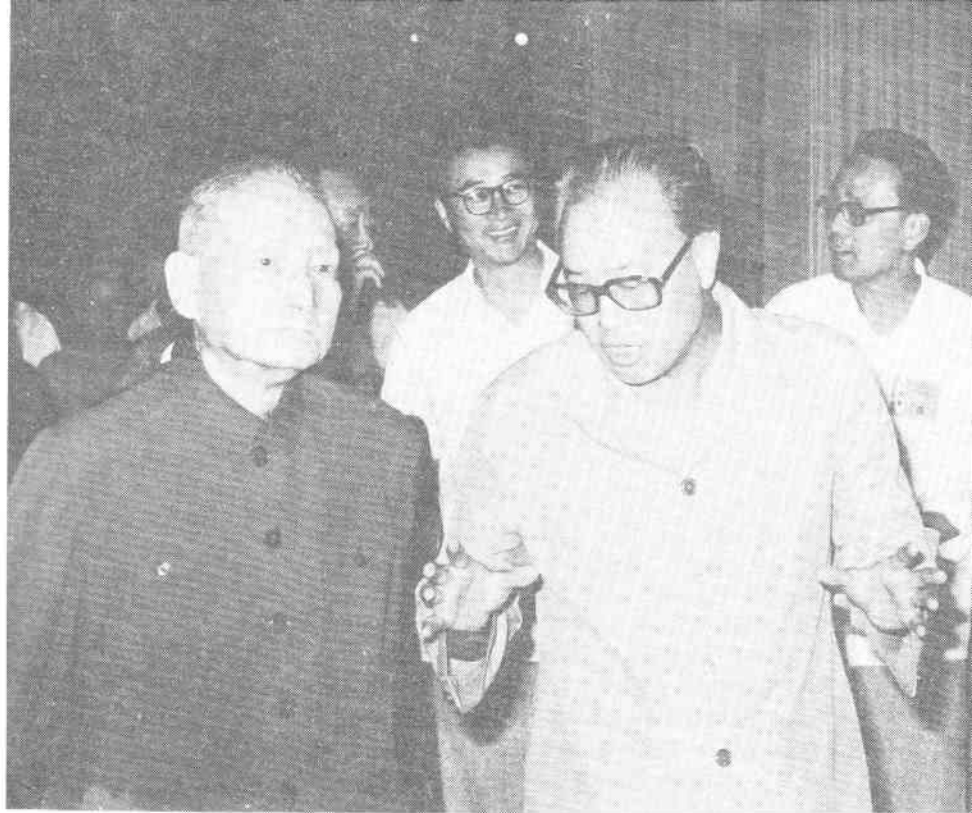
Delegates entering the  
conference hall.







ress of the Chinese Communist Party.



Zhao Ziyang (right) and Chen Yun (left) chatting during an interval between sessions.



A discussion among the delegates of Taiwan Province.

Leading members of the various democratic parties, non-party personages and well-known social figures were invited to take part in the opening session of the Party congress.



of production but also with the building of a socialist spiritual civilization. In production and construction, we should try not only to turn out more and better material products, but also train successive generations of socialist-minded people of a new type. We must not allow our policies or work in any field to impede or, still worse, to undermine the building of a socialist spiritual civilization. In the past year or so, mass activities for building such a civilization have been unfolded in the People's Liberation Army and among the people in general. Relevant rules have been formulated for students in schools and for workers and staff members in enterprises, and written pledges have been drawn up by city residents, rural commune members and people in various trades and professions. All these activities have begun to yield gratifying results. We call on every locality and department to promote and persist in them. We must explore all possible ways and adopt all possible effective measures to promote education in ideals, morality and discipline among the entire population, and first of all among the youth, within the next five years. This is essential to our endeavour to bring about a fundamental turn for the better in standards of social conduct. From now on, when checking up on the work of any locality, department or unit, the Central Committee and the local Party committees at all levels must take into consideration not only its material side, but also its spiritual side. Every citizen should perform his duties and abide by social morality and professional ethics. Every working person should contribute his share to the building of socialist spiritual civilization.

To build it is no easy task, particularly at the present moment. In the years of the revolutionary wars and those immediately following the founding of the People's Republic, our material life was much harder than it is today, but all Party members and the people as a whole were full of vigour. The decade of domestic turmoil confounded the criteria of right and wrong, good and evil, and beauty and ugliness. It is much more difficult to undo its grave spiritual consequences than its material ones. For this and other reasons, many serious problems concerning standards of social conduct now exist in our country. The Central Committee of the Party is determined to effect a fundamental turn for the better in standards of social conduct in the next five years. This includes, in the main, the achievement of markedly better public order, generally improved attitudes towards all

types of work and a marked decline in the crime rate. It also means putting an effective check on, and arousing universal contempt for, such unhealthy tendencies and practices as benefiting oneself at others' expense, pursuing private interests at the expense of public interests, loving ease and despising work, putting money first in everything, unscrupulous pursuit of personal enjoyment and attempting to isolate and attack advanced elements. It also includes resolutely eliminating all the vile social evils which had been stamped out long ago by New China but have now cropped up again. We must do our utmost to adapt ourselves to the new conditions and developments in the period of construction, do a good job of building socialist spiritual civilization and arouse, with revolutionary ideas and revolutionary spirit, the immense enthusiasm of the broad masses for building socialism.

#### **IV. Strive to Attain a High Level Of Socialist Democracy**

**T**HE steady development of socialist democracy provides the guarantee and support for the building of socialist material and spiritual civilization. To attain a high level of socialist democracy is therefore one of our fundamental goals and tasks.

Our state system is the people's democratic dictatorship. On the one hand, it ensures that the working people, the overwhelming majority of the population, are the masters of the state; on the other, it exercises dictatorship over a tiny minority of hostile elements who try to undermine socialism. Socialism is the common cause of the whole people. Only with a high level of socialist democracy will it be possible to develop all our undertakings in accordance with the will, interests and needs of the people, to enhance the people's sense of responsibility as masters and give full play to their initiative and enthusiasm, and to exercise effective dictatorship over the handful of hostile elements, in order to ensure the smooth progress of socialist construction.

Socialist democracy is incomparably superior to bourgeois democracy. Much time and work are needed to establish the system of socialist democracy and foster democratic ways. What we did in this respect was far from ade-

quate and, moreover, was seriously undermined during the "cultural revolution." In recent years, socialist democracy has been restored and developed to some extent in our country. We must continue to reform and improve our political institutions and system of leadership in accordance with the principle of democratic centralism so that the people are better able to exercise state power and the state organs can lead and organize the work of socialist construction more effectively. Socialist democracy should be extended to all spheres of life, political, economic, cultural and social; and it is necessary to extend democratic management to all enterprises and institutions and encourage self-management of community affairs by the masses at the grass-roots level. Democracy should serve as a means by which the masses educate themselves. It is necessary to establish a relationship of equality between man and man and a correct relationship between the individual and society in accordance with the principles of socialist democracy. The state and society guarantee legitimate freedom and rights to the citizens, who should in turn perform their duties to the state and society. While exercising their freedom and rights, citizens must not impair the interests of the state, society and the collective, or the freedom and rights of others. While we strive to develop socialist democracy, all our measures must help to consolidate the socialist system and promote social production and work in other fields. On no account will hostile, anti-socialist elements be given any freedom to carry out sabotage.

We must closely link the building of socialist democracy with that of the socialist legal system so that socialist democracy is institutionalized and codified into laws. In the past few years, notable progress has been made in building our legal system. Under the Party's leadership, the state has enacted a series of important laws, including the Criminal Law, the Law of Criminal Procedure, the draft Law of Civil Procedure for trial implementation and the new Marriage Law. It is especially noteworthy that the draft Constitution, soon to be submitted to the National People's Congress for adoption, contains many new and very important stipulations formulated in the light of the achievements scored and the principles worked out in developing socialist democracy since the Third Plenary Session of the 11th Central Committee. The adoption of this Constitution will mark a new stage in the development of China's socialist democracy and legal system. The problems

facing us today are that not only a sizable number of non-Party people but also many Party members, including some leading cadres, do not have an adequate understanding of the importance of building the legal system and that laws already enacted are in some cases not fully observed or enforced. This situation must be resolutely corrected. The Party will continue to lead the people in making and improving various laws, strengthen its leadership over the work of public security, the procuratorate and the judiciary and ensure in every way that these departments enforce the laws strictly. Moreover, through our publicity work we should repeatedly educate the whole people in the importance of the legal system and include instructions in the laws in all the teaching programmes from primary schools to colleges, so that every citizen may know the laws and abide by them. In particular, Party members should be educated and urged to take the lead in observing the Constitution and laws. The stipulation in the new Party Constitution that "the Party must conduct its activities within the limits permitted by the Constitution and the laws of the state" embodies a most important principle. It is impermissible for any Party organization or member, from the Central Committee down to the grass roots, to act in contravention of the Constitution and laws. The Party is part of the people. It leads them in making the Constitution and laws which, once adopted by the supreme organ of state power, must be strictly observed by the whole Party.

Further promotion of the socialist relations of equality, unity and mutual assistance among all our nationalities constitutes an important aspect of the building of socialist democracy in our country. The Central Committee has in the past few years made a number of significant decisions on the nationalities question and achieved marked successes in correcting "Left" errors committed during and before the "cultural revolution" and in restoring good relations among China's nationalities. In the light of conditions in this new historical period and the specific circumstances of various nationalities, the Central Committee has adopted many policies helpful to economic and cultural development in the minority nationality areas, to the realization of their right to regional autonomy, and to the strengthening of unity among all our nationalities. These policies will have to be further improved and developed. Unity, equality and common prosperity among the nationalities are of vital importance to the destiny of China

as a multi-national country. The whole Party must acquire a better understanding of the nationalities question, oppose great-nation chauvinism, primarily Han chauvinism, and at the same time oppose local-nationality chauvinism. We must educate all Party members to strive to fulfil the task of the Party in regard to the nationalities.

In the period of the democratic revolution, the united front was an important "magic weapon" for winning victory in our revolution. In the period of socialist construction it still plays a major role. With regard to all China's democratic parties, non-party democrats, national minority personages and patriots in the religious circles, our Party will continue to adhere to the policy of "long-term coexistence and mutual supervision" and the principle of "treating each other with all sincerity and sharing weal or woe," and strengthen our co-operation with them. We must do everything possible to strengthen the broadest patriotic united front embracing all socialist working people and all patriots who support socialism or who support the reunification of the motherland, including our compatriots in Taiwan, Xianggang (Hong-kong) and Aomen (Macao) and Chinese nationals residing abroad.

Correct understanding and handling of the class struggle that still exists in China today is the key to guaranteeing the democratic rights of the overwhelming majority of the people and exercising effective dictatorship over the handful of hostile elements. Hostile elements of different shades are still attempting to undermine or overthrow our socialist system in the economic, political, ideological, cultural and other social spheres. The class struggle at the present stage chiefly takes the form of struggle by the people against these hostile elements. The Central Committee has repeatedly pointed out that following the elimination of the exploiting classes as such, most contradictions in our society do not have the nature of class struggle, and class struggle no longer constitutes the principal contradiction. It is wrong, in a socialist society where the system of exploitation has been abolished and the exploiting classes have been eliminated, to declare and act on the principle of "taking class struggle as the key link." We must be very careful in distinguishing and handling contradictions between the enemy and the people and those within the ranks of the people, so as to avoid repeating the past mistake of enlarging the scope of class struggle.

However, within certain limits, class struggle will continue to exist for a long time and may even sharpen under certain conditions. This is not only because pernicious influences left over by the exploitative systems and classes cannot be eradicated within a short time, but also because we have not yet achieved our goal of reunifying our motherland and still live in a complicated international environment in which the capitalist forces and other forces hostile to our socialist cause will seek to corrupt us and harm our country. Our economy and culture are still quite backward and our young socialist system is imperfect in many ways, so that it is not yet possible to prevent in all cases the degeneration of some members of our society and Party or block the emergence of a few exploiting and hostile elements. Therefore, we must prepare ourselves mentally for a long-term struggle, see to it that the state of the people's democratic dictatorship exercises its function of dictatorship over enemies, and uphold the Marxist class viewpoint in handling the current social contradictions and other social phenomena that have the nature of class struggle. This is the basic principle of the Central Committee with regard to the question of the class struggle in China at the present stage.

Our struggle against grave criminal offences in the economic sphere is now being intensified. Among those guilty of such crimes, apart from law-breakers in society at large, are a tiny number of degenerates in Party and government organizations and in the armed forces who have been corrupted by capitalist ideology. They cause tremendous damage to economic construction, upset social stability, debase the standards of social conduct and corrupt people's minds and life. They are termites undermining the edifice of socialism. Similar destructive activities occur in the political and cultural spheres as well. We must on no account rank all these things with the common run of offences or anti-social acts, because they are important manifestations of class struggle under the new historical conditions in which we are pursuing a policy of opening to the outside and taking flexible measures to invigorate our economy domestically. Such destructive elements must be severely punished by law. We have won some initial successes in this struggle. The whole Party must enhance its understanding of this struggle, take a firm stand in it and unswervingly carry it through to the end. This will be an important guarantee for our adherence to the socialist road.

In the new period of the development of our socialist cause, we must attend, both in ideology and in action, to two aspects. On the one hand, we must persist in the policy of opening to the outside as well as in our policies for invigorating the economy domestically and, on the other, we must resolutely strike at the grave criminal activities in the economic, political and cultural spheres that endanger socialism. It would be wrong to attend only to the latter aspect and be skeptical about the former, and it would be dangerous to stress the former aspect to the neglect of the latter. All Party comrades must have a clear understanding of this principle without the slightest ambiguity.

Our socialist construction is taking place in a very unstable world in which our national security is under grave threat. In these circumstances, we must never relax our vigilance, but must strengthen our national defence on the basis of vigorous economic development. We must work hard to turn the People's Liberation Army into a regular, modern and powerful revolutionary armed force and enhance its defence capabilities in modern warfare. We must continue to maintain and carry forward the fine traditions of our people's armed forces, and strengthen and improve their ideological and political work, so that every member will have a lofty spirit of self-sacrifice, strong sense of discipline and revolutionary style of work and that our army will serve not only as a great wall of steel guarding our socialist motherland but also as an important force in building our socialist material and spiritual civilization. We must continue to strengthen the militia. The Chinese People's Liberation Army is a people's armed force created and led by the Chinese Communist Party. After the new draft Constitution is discussed and adopted by the forthcoming National People's Congress, the Central Committee will continue to exercise leadership over our armed forces through the state Central Military Commission which is due to be set up. We must stick to the successful practices which the Party has long followed in leading the armed forces. This conforms to the supreme interests of the whole nation. We are convinced that, under the leadership of the Central Committee and through the efforts of all the commanders and fighters and the people of all nationalities, our national defence will become still stronger, thus providing a surer guarantee that the whole nation will be able to devote its full energy to socialist construction.

## V. Adhering to an Independent Foreign Policy

CHINA's future is closely bound up with that of the world as a whole. The successes China has achieved in its revolution and construction provide a powerful support to the world's movement for progress and a bright future, and conversely, our successes would have been impossible without the struggles of the people of other countries for a bright future. China has received help from other countries and peoples, and in turn has helped others. In the early years of our People's Republic, Comrade Mao Zedong pointed out: "Our general task is to unite the whole people and win the support of all our friends abroad in the struggle to build a great socialist country, defend world peace and advance the cause of human progress."<sup>7</sup> Integration of patriotism with internationalism has always been our basic point of departure in handling our external relations.

Being patriots, we do not tolerate any encroachment on China's national dignity or interests. Being internationalists, we are deeply aware that China's national interests cannot be fully realized in separation from the overall interests of mankind. Our adherence to an independent foreign policy accords with the discharging of our lofty international duty to safeguard world peace and promote human progress. In the 33 years since the founding of our People's Republic, we have shown the world by deeds that China never attaches itself to any big power or group of powers, and never yields to pressure from any big power. China's foreign policy is based on the scientific theories of Marxism-Leninism and Mao Zedong Thought, and it proceeds from the fundamental interests of the people of China and the rest of the world. It follows an overall long-term strategy, and is definitely not swayed by expediency or by anybody's instigation or provocation. Because we have firmly applied the basic principles of our foreign policy formulated by the late Comrades Mao Zedong and Zhou Enlai, socialist New China has gained prestige, made friends throughout the world and maintained its dignity in its relations with foreign countries.

The five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit,

and peaceful coexistence have consistently guided China in its effort to develop relations with other countries. Having suffered aggression and oppression for over a century, the Chinese people will never again allow themselves to be humiliated as they were before, nor will they subject other nations to such humiliation. The founding of our People's Republic has removed the social causes both of China's submission to foreign aggression and of any possibility of China committing aggression abroad. Frederick Engels said: "A nation cannot become free and at the same time continue to oppress other nations."<sup>8</sup> This is an incontestable truth. We Marxist-Leninists are convinced that communism will ultimately be realized throughout the world. However, revolution cannot be exported but can occur only by the choice of the people of the country concerned. It is on the basis of this understanding that we have always abided by the Five Principles of Peaceful Coexistence. We do not station a single soldier abroad, nor have we occupied a single inch of foreign land. We have never infringed upon the sovereignty of another country, or imposed an unequal relationship upon it. In no circumstances will we seek hegemony.

The Five Principles of Peaceful Coexistence are applicable to our relations with all countries, including socialist countries. On the basis of these principles we have in the past 33 years established diplomatic relations with 125 countries. With the friendly socialist countries of Korea, Romania and Yugoslavia we maintain close co-operation and are steadily strengthening and developing ties of unity and friendship. China and many other developing countries in Asia, Africa and Latin America sympathize with and support one another, and have enhanced their co-operation in all fields. Many Western countries have social systems different from China's, yet we share a common desire to safeguard world peace and a common interest in developing our economic and cultural co-operation, for which the potentials are great, and we have maintained good relations over the years. The past few years have also seen some development in our relations with East European countries.

Japan is China's neighbour. Since ancient times, there have been frequent exchanges and a profound friendship between the Chinese and Japanese peoples. But, during 100 years of modern history, the Japanese militarists unleashed one war of aggression after another against China, inflicting colossal calamities on

the Chinese people and grievous damage on the Japanese people themselves. Thanks to long years of joint efforts made by the Chinese and Japanese peoples, state relations were eventually normalized 10 years ago. The development of relations of peace and friendship, equality and mutual benefit, and prolonged stability between China and Japan is in accord with the long-term interests of the two peoples and conducive to the peace and stability of the Asian-Pacific region. Now some forces in Japan are whitewashing the past Japanese aggressions against China and other East Asian countries and are carrying out activities for the revival of Japanese militarism. These dangerous developments cannot but put the people of China, Japan and other countries sharply on the alert. Together with the Japanese people and with far-sighted Japanese public figures in and out of government, we will work to eliminate all hindrances to the relations between our two countries and make the friendship between our two peoples flourish from generation to generation.

Since the establishment of diplomatic ties between China and the United States of America in 1979, relations between the two countries have developed in the interests of the two peoples. We have always hoped that these relations will continue to grow, and consider this beneficial to our two peoples and to world peace. However, a cloud has all along hung over the relations between the two countries. This is because the United States, despite having recognized that the Government of the People's Republic of China is China's sole legal government and that there is only one China and Taiwan is part of China, has passed the Taiwan Relations Act which contravenes the principles embodied in the joint communique on the establishment of diplomatic relations, and it has continued to sell arms to Taiwan, treating Taiwan as an independent political entity. As the Chinese Government has repeatedly stated, these are acts of infringement on China's sovereignty and of interference in China's internal affairs. Not long ago, after nearly a year of talks, the Chinese and US Governments issued a joint communique providing for a step-by-step solution of the question of US arms sales to Taiwan, leading to a final thorough settlement. We hope that these provisions will be strictly observed. Sino-US relations can continue to develop soundly only if the principles of mutual respect for sovereignty and territorial integrity and non-interference in each other's internal affairs are truly adhered to.

The relations between China and the Soviet Union were friendly over a fairly long period. They have become what they are today because the Soviet Union has pursued a hegemonist policy. For the past 20 years, the Soviet Union has stationed massive armed forces along the Sino-Soviet and Sino-Mongolian borders. It has supported Viet Nam in the latter's invasion and occupation of Kampuchea, acts of expansion in Indochina and Southeast Asia and constant provocations along China's border. Moreover, it has invaded and occupied Afghanistan, a neighbour of China, by force of arms. All these acts constitute grave threats to the peace of Asia and to China's security. We note that Soviet leaders have expressed more than once the desire to improve relations with China. But deeds, rather than words, are important. If the Soviet authorities really have a sincere desire to improve relations with China and take practical steps to lift their threat to the security of our country, it will be possible for Sino-Soviet relations to move towards normalization. The friendship between the Chinese and Soviet peoples is of long standing, and we will strive to safeguard and develop this friendship, no matter what Sino-Soviet state relations are like.

The main forces jeopardizing peaceful co-existence among nations today are imperialism, hegemonism and colonialism. True, the old system of colonialism has disintegrated with the successive winning of independence by nearly 100 former colonial and semi-colonial countries. Yet its remnants are far from being eliminated. The superpowers that practise hegemonism pose a new threat to the people of the world. In their pursuit of global domination, the superpowers have been contending on a worldwide scale with military power far exceeding that of any other countries. This is the main source of instability and turmoil in the world. The most important task for the people of the world today is to oppose hegemonism and safeguard world peace. Due to the rivalry between the superpowers, the danger of a world war is growing ever greater. However, experience shows that the people of the world, by persevering in struggle, can upset the strategic plans of the superpowers. World peace can be safeguarded, provided the people truly unite and fight resolutely against all expressions of hegemonism and expansionism. We have always firmly opposed the arms race between the superpowers, stood for the prohibition of the use of nuclear weapons and for their complete destruction and demanded that the superpowers be the

first to cut their nuclear and conventional arsenals drastically. We are against the world war being fomented by the superpowers and also against all the local wars of aggression which they instigate or back. We have always firmly supported all victim countries and peoples in their struggle against aggression. We support the Korean people in their struggle to reunify their fatherland. We support the Kampuchean people led by the Coalition Government of Democratic Kampuchea in their struggle against Vietnamese aggression. We support the people of Afghanistan in their struggle against Soviet aggression. We support the African people in their struggle against South Africa's racism and expansionism. We strongly condemn Israel for its heinous aggression and atrocities against the people of Palestine and Lebanon. With support and protection from the US hegemonists, Israel has outrageously occupied Palestine and carried out repeated armed aggression against Arab countries, posing a grave threat to peace in the Middle East and the world as a whole. We continue our resolute support for the Palestinian people in their struggle to return to their homeland and to found their own state and for other Arab peoples in their struggle against Israeli expansionism.

Socialist China belongs to the third world. China has experienced the same sufferings as most other third world countries, and she is faced with similar problems and tasks. China regards it as her sacred international duty to struggle resolutely against imperialism, hegemonism and colonialism together with the other third world countries.

The emergence of the third world on the international arena after World War II is a primary event of our time. It has changed the United Nations from a mere voting machine manipulated by certain big powers into a forum where imperialism, hegemonism and expansionism are often justly condemned. The struggle initiated by Latin American countries against the maritime hegemony of the superpowers and the struggles of the petroleum exporting countries and other raw material producing countries for permanent sovereignty over their own natural resources, the struggle of the non-aligned countries against power politics and bloc politics and the struggles of the developing countries for the establishment of a new international economic order — all these struggles have converged into a mighty current of forces upholding justice in our time and greatly changed the

situation in which the superpowers could wilfully manipulate the fate of the world.

The common task confronting the third world countries is, first and foremost, to defend their national independence and state sovereignty and actively develop their national economies so that they can back up the political independence they have already won with economic independence. Here, mutual aid among third world countries is of particular importance. We third world countries have vast territories, large populations, immense resources and extensive markets. Some of us have accumulated considerable funds, and many have acquired their own distinctive technologies and gained experience in developing their national economies which the others can learn from. Our mutual economic co-operation, commonly known as "South-South co-operation," is no less effective than our co-operation with developed countries so far as some kinds of our technology and equipment are concerned in meeting mutual needs. Such co-operation is of great strategic significance, as it helps us to break out of the existing unequal international economic relations and establish the new international economic order.

China is still a developing country, but we have always done our best to help other third world countries, with whom we share a common destiny. The Chinese people have always spurned attitudes and actions of despising the poor and currying favour with the rich, bullying the weak and fearing the strong. Our friendship with other third world countries is sincere. Whether in providing aid or co-operating for mutual benefit, we have always strictly respected the sovereignty of the other party, attaching no strings and demanding no privileges. As our economy grows, we will steadily expand our friendly co-operation with other countries and peoples of the third world.

We are deeply disturbed by the discords, going as far as armed conflicts, that have occurred between some third world countries. They often cause heavy losses to both sides and at times allow the hegemonists to pick up easy gains. We always work for increased unity among the third world countries in the hope that the parties to such disputes will resolve them through consultations and avoid any results that grieve friends and gladden enemies.

Here I would especially like to discuss the question of relationships between the Com-

munist Party of China and those of other countries. Our Party develops its relations with other Communist or working-class parties in strict conformity with Marxism and the principles of independence, complete equality, mutual respect and non-interference in each other's internal affairs.

The success of the revolution in any country depends on the ripeness of conditions for it and the people's support for the line and policies of that country's Communist Party. Communist Parties should of course help each other, but it is absolutely impermissible for any of them to issue orders or run things for others from the outside. Any attempt by one Party to impose its views on other Parties or interfere in their internal affairs can only lead to setbacks or failures in the revolutions of the countries concerned. As for the practice of one Party compelling other Parties to make their policies serve its own Party and state policies, or even resorting to armed intervention in other countries, it can only undermine the very foundation of the international communist movement.

The Communist Parties of all countries are equal. Whether large or small, long or short in their history, in power or out of power, they cannot be divided into superior and inferior Parties. Our Party has suffered from the attempt of a self-elevated paternal party to keep us under control. As is commonly known, it is through resisting such control that our independent external policy has won its successes.

We hold that all Communist Parties should respect each other. Each Party has its strong and weak points. Being situated in different circumstances, all Parties cannot be expected to hold completely identical views on the assessment of situations and on their own tasks. Their differences of opinion can only be resolved gradually through friendly consultations and patiently giving each other time. We are in favour of all Communist Parties learning from each other's successes and failures, believing that this will help the international communist movement to grow and flourish.

On the principles mentioned above, our Party has maintained friendly relations with many other Communist Parties. We sincerely appreciate their support and help and are conscientiously learning from their experience whatever can be of help to our revolution and construction. And we wish to establish similar contacts with a greater number of progressive



parties and organizations. Setting store by their friendship with the people of other countries, the Chinese people have developed extensive contacts with them. In the final analysis, steadily increasing understanding and co-operation among the people of all countries is the basic guarantee of progress and a bright future for the world.

Being a large country with a population of one billion, China ought to make a greater contribution to the world community, and it is only natural that people place hopes on us. Yet what we have accomplished falls far short of what we ought to have done. We will redouble our efforts to step up our construction so as to play our due role in safeguarding world peace and promoting human progress.

## **VI. Make the Party a Strong Leading Core for the Cause of Socialist Modernization**

**H**ISTORY has entrusted our Party with heavy responsibilities in the great undertaking of China's socialist modernization. In order to step up Party building in the new period, we have made many fundamental changes in the Party Constitution adopted by the 11th National Congress. The general principle guiding the revision of the Party Constitution is to set more exacting demands on Party members, enhance the fighting capacity of the Party organizations and uphold and improve Party leadership, all in conformity with the characteristics and needs of the new historical period. As required by the new Constitution, we must strive to build the Party and make it a strong leading core for the cause of socialist modernization.

The draft of the revised Party Constitution now submitted to this congress for its consideration has discarded the "Left" errors in the Constitution adopted by the 11th Congress, and carries forward the merits of the Party constitutions passed respectively by the Seventh and Eighth Congresses. The General Programme section in the draft Constitution includes Marxist definitions concerning the character and guiding ideology of the Party, the principal contradiction in our society at the present stage and the general task of the Party, and the cor-

rect way for the Party to play its leading role in the life of the state. The ideological, political and organizational requirements this draft Constitution sets for Party members and cadres are stricter than those in all our previous constitutions. In stipulating the duties of Party members, the draft absolutely forbids them to use public office for personal gain or to benefit themselves at the expense of the public interests, and requires that they firmly oppose factionalism and be bold in backing good people and good deeds and in opposing bad people and bad deeds. It sets forth as basic requirements for leading cadres at all levels that they correctly implement the Party's line, principles and policies, oppose erroneous tendencies inside and outside the Party, have the professional knowledge and organizational ability needed for competent leadership, and adhere to Party principles in struggling against all abuses of power and pursuit of personal gain. Most of these are additions, not found in the previous constitutions. In the light of our historical experience and lessons, the draft Constitution emphasizes that all Party organizations from the central down to the primary level must strictly observe the principles of democratic centralism and collective leadership, and it explicitly stipulates that the Party "forbids all forms of personality cult." It makes many new provisions for improving the systems of the central and local organizations, tightening Party discipline, reinforcing the discipline inspection organs and strengthening the primary Party organizations. According to the draft Constitution, the Central Committee is to have no Chairman but only a General Secretary, who will convene meetings of the Political Bureau and its Standing Committee and preside over the work of the Secretariat. Advisory committees are to be established at the central and provincial levels to give our many veteran comrades rich in political experience a role as consultants in the service of the Party's cause. Commissions for discipline inspection are to be elected by Party congresses at the respective levels and, within limits prescribed by the Party Constitution, they are to supervise Party committees and their members at the respective levels below the Central Committee, and they may report to the Central Committee any breach of Party discipline by any of its members. Party organizations at all levels must pay great attention to Party building and must regularly discuss and check up on the Party's work in propaganda, education, organization and discipline inspection, and its mass work and united

front work. All these stipulations should help to reinforce the Party's collective leadership, enhance its fighting capacity and strengthen its ties with the masses. It should be said that the present draft is an improvement on all the previous constitutions and is fuller in content. Being a precious crystallization of the Party's historical experience and collective wisdom, it is an important guarantee for making our Party still stronger in the new historical period.

All Party members must study and strictly observe the new Constitution after its adoption by this congress. Whether or not a Party member really meets the requirements set by the Constitution and can fully discharge the duties of membership will be the fundamental criterion for judging whether he or she is qualified to be a Party member. Before the present revision of the Constitution, our Party worked out the Guiding Principles for Inner-Party Political Life, a document which has played a salutary role in that regard. The Guiding Principles will remain in full effect as an important complement to the Constitution. In light of the present conditions in the Party and in the spirit of our new Party Constitution, we must now concentrate on solving the following problems in Party building.

**First, improve the Party's system of democratic centralism and further normalize inner-Party political life.**

The history of our Party shows that, in the period from its founding to the early years after the establishment of the People's Republic, except for a few years when the Party fell into grave Right or "Left" errors, it implemented the principles of democratic centralism relatively well, and inner-Party political life was fairly vigorous and lively. But from the late 1950s, the personality cult gradually appeared and developed, and political life in the Party and state, and particularly in the Central Committee, grew more and more abnormal, leading eventually to the decade of domestic turmoil. The grave twists and turns of history have taught us that whether there is normal political life in the Party, and above all in the Central Committee and other leading bodies of the Party at different levels, is indeed a fundamental issue bearing on the destiny of the Party and state.

Now, the Central Committee is happy to report to the congress that, thanks to efforts made since the Third Plenary Session of the

11th Central Committee, political life in the Party, and first of all in the Central Committee, after being seriously abnormal for so many years, has now gradually returned to the correct path, the path of Marxism. Generally speaking, the Central Committee, its Political Bureau, the Bureau's Standing Committee and the Secretariat have proved able to follow principles of democratic centralism and collective leadership. The practices of "what one person says goes" and of each going his own way are no longer allowed. When important differences of opinion arise, unity in thinking and action can be achieved through full reasoning and criticism and self-criticism. The present Central Committee is a united and harmonious leading body and a strong core able to cope with complicated situations. There has also been marked improvement in the political life of many local Party organizations.

While affirming this major progress, we must also realize that in the Party as a whole, undemocratic practices and patriarchal ways have still not been eradicated in many organizations, and cases of decentralism and liberalism exist to a serious extent. All this hinders the implementation of the Party's line, principles and policies and weakens its fighting capacity. In order to carry forward the normalization of political life throughout the Party, we must resolutely get rid of such unhealthy phenomena. All Party members, and especially the leading cadres at various levels, must bear the principle of democratic centralism firmly in mind, see to it that collective leadership is established and strengthened first of all in the Party committees at various levels, and strive to develop inner-Party democracy while ensuring centralism and unity on the basis of democracy.

Party discipline must be strengthened in order to improve the functioning of democratic centralism. A grave problem at present is that in quite a number of organizations Party discipline has slackened, right and wrong are confounded, rewards and punishments are misused and there is failure to criticize or punish when necessary. This is a problem of long standing, which has become exacerbated after the decade of domestic turmoil, and no marked improvement has yet occurred in some places. In the last few years the Central Committee, local Party committees and Party commissions for discipline inspection at all levels have attained notable results in their major efforts to uphold Party discipline and correct the style of the

Party. But they have met considerable, and in some cases shocking, obstruction in their work. If such things are allowed to spread, what will remain of the Party's fighting capacity? Party organizations at all levels and all Party members must be mobilized to fight resolutely to uphold Party discipline. We are confident that after this congress, through concerted efforts by all Party organizations and members, we shall certainly be able to fully restore the inviolability of discipline throughout the Party before too long and thus win the full trust of the people throughout the country.

**Second, reform the leading bodies and the cadre system and ensure that the ranks of the cadres become more revolutionary, younger in average age, better educated and more professionally competent.**

The main aim of reforming the system of leadership and the leading organs of the Party and state is to eliminate such defects as over-concentration of power, proliferation of concurrent and deputy posts, organizational overlapping, lack of clear-cut job responsibility, overstaffing and failure to separate Party work from government work, and in these ways overcome bureaucracy and increase work efficiency. The first stage of reform of the Party and government organs at the central level has been basically completed, and the reform in the provinces, municipalities and autonomous regions is scheduled to start in the second half of this year or in the coming year. This reform is of far-reaching significance, being an important political guarantee for the success of China's modernization and adherence to the socialist road.

To solve correctly the question of the Party leadership over government organs and over enterprises and institutions is a highly important task in the organizational reform. It is necessary to achieve a proper division of labour between the Party and the government and between Party work and administrative and production work in enterprises and institutions. The Party is not an organ of power which issues orders to the people, nor is it an administrative or production organization. The Party should, of course, exercise leadership over production, construction and work in all other fields, and for this leadership to be fully effective it must be exercised in close connection with professional work by cadres who are professionally competent in such work. But Party leadership is mainly political and ideological leadership in

matters of principle and policy and in the selection, allocation, assessment and supervision of cadres. It should not be equated with administrative work and the direction of production by government organizations and enterprises. The Party organizations should not take everything into their own hands. Only in this way can the Party ensure that the government organs and enterprises do their work independently and effectively, and can the Party itself concentrate its efforts on the study and formulation of major policies, the inspection of their implementation and the strengthening of ideological and political work among cadres and the rank and file both inside and outside the Party. For long-standing historical reasons, some members of our Party committees think that there will be nothing for them to do if they don't handle concrete administrative work — this is an erroneous idea that impairs Party building and weakens the Party's leading role. From now on, Party committees at all levels should frequently study and discuss the Party's major policies and principles regarding socialist construction, matters involving the ideology and education of cadres, Party members and the masses, the ideological tendencies of cadres and their observance of discipline, the improvement of the Party organization and the recruitment of new members, and so on. Of course, while the division of labour between Party and government is emphasized, major policy decisions concerning government and economic work must still be made by the Party, and all Party members working in government organizations, enterprises and institutions must resolutely submit themselves to Party leadership and carry out the Party's policies.

To ensure that the ranks of the cadres become more revolutionary, younger in average age, better educated and more professionally competent is a long-established principle of the Central Committee of the Party. During the organizational reform, we will relieve our many veteran cadres who are advanced in age of their heavy responsibilities in "front line" posts and at the same time enable them to continue their service to the Party, the state and society by utilizing their rich experience in leadership work. We will promote large numbers of energetic young and middle-aged cadres who possess both political integrity and ability to various leading posts in good time, so that they can be tempered over a longer period practically and effectively by working with older cadres and taking over responsibilities from them and

so that the leading bodies at all levels can continuously absorb new life-blood and talent to maintain their vigour. As for persons who rose to prominence by "rebellion," who are seriously factionalist in their ideas, who have indulged in beating, smashing and looting, who oppose the line followed by the Party's Central Committee since its Third Plenary Session, or who have seriously violated the law and discipline, we must remove with a firm hand those among them who are still in leading posts. Persons who have violated criminal law must be investigated and dealt with according to law. Such people, of course, must never be put up as candidates for promotion to leading posts. The co-operation between old and new cadres and the succession of the new to the old are matters important to the continuation of our socialist cause. We believe that all our Party comrades, especially our old comrades, will certainly be able to accomplish this historic task with a high revolutionary sense of responsibility.

We must work strenuously to strengthen the education and training of cadres in order to prepare large numbers of specialized personnel needed for socialist modernization. In the future, in our use and promotion of cadres, we must attach importance to educational background and academic records as well as to experience and achievements in work. Party schools at all levels, cadre schools run by government organizations and enterprises, and especially designated institutions of higher learning and specialized secondary schools should all, as required by socialist modernization and in their different capacities, revise their teaching plans and shoulder the regular training of cadres. All functionaries on the job should be trained in rotation. After such training, appropriate adjustments can be made in their jobs through assessment of their actual performance. The training of all cadres in rotation is an important strategic measure for enhancing their quality. All Party members and all cadres should have a full understanding of the needs of our modernization programme and be active in study.

**Third, strengthen the Party's work among the workers, peasants and intellectuals and establish close ties between the Party and the masses.**

Our Party is powerful because it represents the interests of the broadest masses of the people. The Party's leading position in the life of the state determines that its activities vitally

affect the interests of the masses, and at the same time involves the danger that Party members, and Party cadres in particular, may become isolated from the masses. This requires that we strive all the more consciously to preserve and carry forward the Party's fine tradition of applying the mass line and effectively strengthen the Party's close ties with the people of all strata of society.

Our Party is a party of the working class, and it must make a point of relying on the masses of workers. The composition of the working class in China has undergone a big change in recent years, with large numbers of new workers replacing old ones. Many old workers who are Party members have retired, many young people have joined the ranks of the working class, and group after group of workers who are Party members have been transferred to managerial jobs. As a result, there are fewer Party members on the production front, and the harder the labour, the smaller the number of Party members. This grave situation has weakened the direct link between the Party and the industrial workers. From now on, we must greatly strengthen Party work on the production front, encourage Party members fitted for working there to do so, and at the same time admit into the Party outstanding workers who are qualified for membership. The Party's work in the trade unions must be greatly strengthened so that they become a strong transmission belt between the Party and the masses of workers. The system of congresses of workers and staff must be implemented in earnest so that these congresses and the trade unions can both play an important role in ideological education, enterprise management and the improvement of the workers' living standards.

Effective Party work among China's 800 million peasants is a major prerequisite for its modernization. In a number of rural areas at present, some Party members are interested only in their own productive activities and neglect the interests of the Party and the masses, and some Party branches have relinquished leadership among the masses. Effective measures must be taken to check this unhealthy tendency. Party committees at all levels should face up to such new developments, further strengthen the rural Party organizations as well as the economic and administrative units and mass organizations at the grass roots and intensify ideological education among the peasants of different ages and in different localities, so

that the political, economic and cultural life in the rural areas may develop soundly in the socialist direction.

In order to create a new situation in all fields of socialist modernization, we must lay special stress on the role of the intellectuals, improve the work of ideological and political education among them to suit their special characteristics, and actively recruit into the Party intellectuals who are qualified for membership.

China has now 200 million young people, who form the most active force in every field of work. Although the "cultural revolution" did them immense harm during their formative years, the overwhelming majority of them are good politically and they have made marked progress in the past few years: the negative features displayed by a small number of the young people can be changed through education. The problem now is that work among the young people falls short of the needs of real life. Party and Youth League organizations at all levels should establish closer ties with the masses of young people, become their close friends, show sincere concern for them and give them help politically, ideologically and in their work, study and personal life. The Party should be on the lookout for advanced young people, help them to become qualified for membership and then admit them to its ranks so as to bring new blood into the Party organizations. It should further strengthen its leadership over the Communist Youth League, support the League in the efforts to suit its work to the characteristics of the young people and help it play to the full its role as the Party's assistant and reserve force, so that the League can truly become a school where large numbers of young people will learn about communism through practice.

Women are not only an important force in national economic construction; they also have a particularly significant role to play in building socialist spiritual civilization. Owing to traditional prejudices, many women often do not receive due attention, protection and education. The Party must strengthen its work among women, concern itself with their special interests, pay attention to the training, selection and promotion of women cadres, and guide and support the women's federations at all levels in carrying out their tasks. The Women's Federation should become a prestigious mass organization, representing the interests of women and protecting and educating women and children.

**Fourth, consolidate the Party organizations step by step in a planned way so as to effect a fundamental turn for the better in the style of the Party.**

Our Party is the vanguard of the Chinese working class; it has been nurtured over the years by Marxism-Leninism and Mao Zedong Thought and has matured through repeated tempering by successes and failures. Rallied in its ranks are outstanding elements of the Chinese working class and the Chinese people. The main body of our Party remains politically pure and strong despite the serious damage inflicted by the "cultural revolution." After recovery and consolidation in the past few years, the situation in our Party is now much improved, and its prestige is being restored and is rising. In these years, outstanding Communists on all fronts have led the masses in working hard to implement the Party's line, principles and policies and in many acts of heroism. Everywhere, in production and other work, in battles in defence of our motherland and against natural and other calamities, and in struggles against unhealthy tendencies and crimes, Party members have written soul-stirring paeans to communism through their own exemplary deeds. All the splendid successes of the Party and the people have been achieved precisely through the inspiring example given by such fine core members of the Party. This is the principal aspect of our Party, and whoever fails to see it, or deliberately denies it, is committing a grave error.

However, the pernicious influences of the 10 years of domestic turmoil have not yet been eradicated, and there has been some increase in the corrosive inroads of exploiting-class ideologies under new conditions. It is true that impurities in ideology, style and organization still exist within the Party and that no fundamental turn for the better has as yet been made in our Party style. In the leadership work of some Party organizations signs of flabbiness and lack of unity abound. Some primary Party organizations lack the necessary fighting capacity, and some are even in a state of paralysis. A small number of Party members and cadres have become extremely irresponsible or seriously bureaucratic; or live a privileged life and abuse the powers entrusted to them to seek personal gain; or commit acts of anarchism and ultra-individualism in violation of Party discipline; or obdurately indulge in factional activities to the detriment of the Party's interests. A few

Party members and cadres have even sunk to corruption, embezzlement and other malpractices, committing serious economic crimes. In addition, a small remnant of the followers of the Lin Biao and Jiang Qing counter-revolutionary cliques still usurp some leading positions and are waiting for a chance to stir up trouble. All these phenomena have greatly impaired our Party's prestige. While we must not allow any exaggeration of this dark aspect of our Party, on no account should we be afraid to expose it. For ours is a staunch Party; we have ample healthy forces on our side to wage an uncompromising struggle against the dark aspect and are confident of our victory in the struggle.

The style of a political party in power determines its very survival. To achieve a fundamental turn for the better in the style of our Party, the Central Committee has decided on an overall rectification of Party style and consolidation of Party organizations, which will proceed by stages and by groups over a period of three years beginning from the latter half of 1983. This task will undoubtedly be of primary importance to the Party, and it requires very careful attention and preparation and should be carried out step by step in a planned way. The key link in accomplishing this work must be thoroughgoing ideological education throughout the Party. In conjunction with the study and implementation of the report and the new Party Constitution to be adopted by this Party congress, the whole Party should study the Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China and the Guiding Principles for Inner-Party Political Life and carry on an education in the basic theories of Marxism-Leninism and Mao Zedong Thought, in the ideal of communism and the Party's line, principles and policies and in essential knowledge concerning the Party and the requirements for Party membership. We must lay stress on getting every member to understand clearly the character, position and role of the Party and to realize that all Party members have only the duty to serve the people diligently and conscientiously, and no right whatsoever to take advantage of their power and positions to "fatten" on the state and on the masses. In matters of organization and leadership, the consolidation will start with the leading organs and cadres and then proceed, from top to bottom, with the leading bodies at different levels which have already been consolidated leading the consolidation of the subordinate and primary

organizations. Bad elements must on no account be permitted to take this as an opportunity to frame and attack good people. We must act in, and develop further, the spirit of the Yanan Rectification Movement of 1942, follow its principle of "learning from past mistakes to avoid future ones and curing the sickness to save the patient" and its twofold objective of "clarity in ideology and unity among comrades" in unfolding earnest criticism and self-criticism, and take appropriate measures to solicit opinions from the masses outside the Party. In the final stage, there will be a re-registration of all Party members and, in strict accordance with the provisions of the new Party Constitution, those who still fail to meet the requirements for membership after education shall be expelled from the Party or asked to withdraw from it. At the same time, concrete measures should be worked out to strengthen and improve Party leadership so as to effect an improvement in the work of Party organizations at all levels.

Through the proposed consolidation of the Party, we must further normalize inner-Party political life, place an effective check on unhealthy tendencies and greatly strengthen the ties between the Party and the masses. In this way, we will certainly achieve a fundamental turn for the better in our Party style.

Comrades! Our Central Committee has explained to this congress the fighting tasks that confront the whole Party. We have proposed that in the coming five years a fundamental turn for the better should be made in the financial and economic situation, in standards of social conduct and in Party style. Can these tasks be accomplished? The Central Committee is confident that the unanimous reply by our congress will be: Yes, the tasks can and definitely shall be accomplished!

The principles and tasks to be defined by this congress will enrich and develop the correct line followed since the Third Plenary Session of the Party's 11th Central Committee. Richer in content and closer to reality, they will be even more persuasive in unifying the thinking of the entire Party and the people of all our nationalities and become an even more accurate guide to our action.

At this point, it should be emphasized that our Party faces yet another historic task, that of joining hands with all our patriotic fellow-countrymen in a common endeavour to accomplish the sacred task of reunifying our mother-

land. Taiwan is part of the sacred territory of our motherland, and the people in Taiwan are our kith and kin. The return of Taiwan to the embrace of our great and indivisible motherland with her history of 5,000 years, population of one billion and territory of 9.6 million square kilometres is the common desire of all our compatriots; it will be an inevitable outcome of historical development, which no political party or individual can resist. It is China's internal affair with which no foreign country has the right to interfere. We hope that our compatriots in Taiwan, Xianggang (Hongkong) and Aomen (Macao) and Chinese nationals residing abroad will urge the Kuomintang authorities to take a realistic view of the situation and put the future of our country and the interests of the nation above all else, instead of persisting in their obdurate stand, so that talks between the Kuomintang and the Communist Party may be held at an early date and, together, we can bring about the peaceful reunification of our motherland.

Socialist modernization is the common will, and is in the fundamental interests, of the people of all our nationalities. Remember what hardships and miseries the Chinese nation went through in the century or more between the Opium War of 1840 and liberation! Long years of historical experience have inevitably turned the hearts and minds of all members of our Party, army and people to the fundamental goal of the prosperity of the country under socialism and of reunification, particularly the return of Taiwan to the motherland. Socialist China's political situation is stable, and the prospect is that our modernization and reunification will definitely succeed. This prospect accords with the desires of the people and the tide of history. So long as we firmly trust and rely on the overwhelming majority of the masses, maintain close ties with the people, and work conscientiously for their interests, our cause will be invincible.

We are, of course, soberly aware that we will come upon all kinds of obstacles and difficulties on the path of socialist modernization. At present, the major problems calling for urgent solution are the unhealthy phenomena in our Party style and lowered standards of social conduct, which are the aftermath of the "cultural revolution"; the continuance of serious criminal activities undermining the socialist economy, politics and culture; and the unwieldiness, overstaffing and inefficiency in

leading bodies at various levels, and the failure of our economic systems to fully meet the needs of the expansion of the productive forces. Consequently, as already said above, in the period to come we must systematically complete the organizational reform and reforms in the economic systems, go all out in building socialist spiritual civilization, hit hard at the serious criminal activities undermining our socialist economy and socialist system, and rectify the Party style and consolidate the Party organizations. Fulfilment of these four tasks will provide an important guarantee that we can adhere to the socialist system and succeed in socialist modernization. The whole Party, particularly Party committees at all levels, must lay great stress on these tasks and work unswervingly to accomplish them.

Our comrades should take a correct approach towards difficulties. It is entirely wrong to see only the bright and not the difficult side of the situation, to the point of mistaking one's subjective desires for objective reality and rushing blindly ahead. We suffered greatly from such an approach in the past and should always remember the lessons learnt. On the other hand, it is likewise entirely wrong to fear and cower before difficulties, lose faith in the strength of the Party and the masses, and waver and procrastinate even after the Central Committee has correctly analysed the situation and formulated principles and tasks accordingly. Things today are far different from those in past periods when our Party encountered tremendous difficulties. When our Red Army was compelled to go on the Long March, it was vastly outnumbered by the enemy, yet we overcame that difficulty. During the "cultural revolution" the Lin Biao and Jiang Qing counter-revolutionary cliques ran rampant and the whole country was thrown into chaos, yet we turned the tide. So can there be any difficulties today which we cannot overcome? The correct attitude for Marxists in the face of difficulties, the revolutionary style for Communists striving to create a new situation is to throw themselves enthusiastically into the great work of socialist modernization and, going among the masses and digging into the actual work, forge ahead in the struggle with added vigour, indomitably and indefatigably.

Comrades! The historical experience of the Party during the past 60-odd years teaches us that the fundamental reason why the Party has been able to lead the Chinese people in winning one great victory after another is its integration

of the universal truth of Marxism with the concrete practice of the Chinese revolution. The supreme historical contribution of Comrade Mao Zedong and the other proletarian revolutionaries of the older generation is that they succeeded in making such an integration. To turn China with its backward economic and cultural base into a modern and powerful socialist country in this new historical period is one of the most gigantic creative undertakings in human history. Many problems involved in it were not, and could not have been, raised or solved by Marxists in the past. In such an undertaking, ideological and political deviations of one kind or another or deviations in concrete work may occur within our ranks. This is not strange, nor can it be entirely avoided. What is important is that the whole Party, Party committees at all levels in particular, must uphold the four cardinal principles, adhere to the correct line followed since the Third Plenary Session of the 11th Central Committee and oppose both the "Left" tendency of trying to revert to the erroneous theories and policies which prevailed during and before the "cultural revolution" and the Right tendency of bourgeois liberalization as reflected in distrust or rejection of the four cardinal principles. We must resolutely take over and learn to use the stand, viewpoint and method of Marxism-Leninism and Mao Zedong Thought, acquire a deeper understanding of the actual work in all fields, make systematic investigations and studies, and be good at conducting appropriate criticism and education and waging necessary struggles against wrong tendencies. Provided we persist in doing this, we can certainly accumulate new experience, break new ground in theory and carry forward Marxism-Leninism and Mao Zedong Thought under new historical conditions and in great new fields of practice.

Comrades! For several decades beginning with the 1920s, China's forerunners in the communist cause and millions of other glorious revolutionary fighters and martyrs shed their blood and gave their lives in heroic struggles to bring China to its present state of progress. In the new historical period, let us carry out the behest of our martyrs and accomplish, in this vast land of ours, the great undertaking never attempted before.

In terms of experience of struggles, our contingent of Party cadres consists of people of four generations: those who joined the revolution in the Party's early days, during the Agrarian Revolutionary War, during the War

of Resistance Against Japan and the War of Liberation, and after the founding of the People's Republic. This testifies that our cause is of long standing and is assured of successors. The ranks of our Party will advance incessantly like the flowing waters of the Changjiang River. This congress of ours will go down in the Party's history as one which has defined the Party's principles and tasks for the new period politically and achieved the co-operation of old and new cadres and the succession of the new to the old organizationally, and one which creates a new situation in all fields of socialist modernization.

Let the whole Party rally still more closely under the great banner of Marxism-Leninism and Mao Zedong Thought! Let our Party unite still more closely with the people of all nationalities in the country, with the democratic parties and all patriotic fellow-countrymen at home and abroad, and with all the progressive forces and friendly public figures in other countries who support our cause! Let us march forward dauntlessly and with one heart and one mind. No force on earth can deter us. Our triumph is certain!

## NOTES

<sup>1</sup>Cf. V.I. Lenin, "Meeting of the All-Russia Central Executive Committee, November 4 (17), 1917," *Collected Works*, Eng. ed., Progress Publishers, Moscow, 1964, Vol. 26, p. 288.

<sup>2</sup>Karl Marx and Frederick Engels, "Economic Manuscripts of 1857-1859," *Pre-Capitalist Socio-Economic Formations*, Eng. ed., Progress Publishers, Moscow, 1979, p. 109.

<sup>3</sup>Mao Zedong, "On Practice," *Selected Works*, Eng. ed., Foreign Languages Press, Beijing, 1967, Vol. I, p. 308.

<sup>4</sup>Karl Marx and Frederick Engels, "The German Ideology," *Collected Works*, Eng. ed., Progress Publishers, Moscow, 1976, Vol. 5, p. 49.

<sup>5</sup>Mao Zedong, "On New Democracy," *Selected Works*, Eng. ed., Foreign Languages Press, Beijing, 1967, Vol. II, p. 361.

<sup>6</sup>Cf. V.I. Lenin, "From the Destruction of the Old Social System to the Creation of the New," *Collected Works*, Eng. ed., Progress Publishers, Moscow, 1965, Vol. 30, p. 518.

<sup>7</sup>Mao Zedong, "Strive to Build a Great Socialist Country," *Selected Works*, Eng. ed., Foreign Languages Press, Beijing, 1977, Vol. V, p. 148.

<sup>8</sup>Karl Marx and Frederick Engels, "On Poland," *Collected Works*, Eng. ed., Progress Publishers, Moscow, 1976, Vol. 6, p. 389.



*Latin America***The Malvinas Aftermath**

ONE outcome of the confrontation between Britain and Argentina over the Malvinas (Falklands) is a growing Latin American awareness of the need for solidarity and co-operation among themselves to safeguard regional peace and security.

Immediately following the ceasefire agreement in June, the Argentine Government reaffirmed its claim to sovereignty over the Malvinas, and called for peace in the area through annulling Britain's military and economic measures against Argentina and through negotiations at the United Nations. Argentina's position is supported by most Latin American countries.

**Support for Argentina**

An August 16 letter requesting that UN Secretary-General Javier Perez de Cuellar put the Malvinas issue on the agenda of the forthcoming session of the UN General Assembly was signed by the foreign ministers of 20 Latin American countries.

At the 10th Conference of the Latin American Parliament in Bogota, Colombia, August 22-26, most representatives expressed support for Argentina's claim on the islands.

The Eighth Ministerial Meeting of the Latin American Economic System (SELA) in Caracas, Venezuela, August 23-25, also discussed the Malvinas conflict. A resolution entitled, "Strategy on Latin America's Economic Security and Independence," called on member

states to promote regional co-operation, safeguard regional political and economic security and independence and to deal with economic sanctions imposed by big powers.

A special meeting of the Latin American Integration Association decided to support Argentina with trade and other economic measures.

Members of the Andean Pact Organization announced that they would increase imports of agricultural and animal husbandry products from Argentina by US \$200 million.

**Argentina's Foreign Policy**

In response to the Malvinas conflict Argentina has emphasized strengthening its relationship with the third world countries, especially with the Latin American countries.

Since July, Argentina has sent delegations to Brazil, Venezuela, Mexico and Ecuador and consulted with them about Mexico's proposal to the UN on resuming the Malvinas talks.

Argentine Foreign Minister Juan Ramon Aguirre Lanari visited Uruguay, Venezuela, the Dominican Republic and Brazil. Other diplomatic missions were sent to Central American, Caribbean and Asian countries.

After the Malvinas war, the United States dropped its economic sanctions against Argentina and President Reagan expressed willingness to resume "normal and friendly relation-

ship" with Argentina. But the Argentine Government considers it very difficult to resume normal relations with the United States.

**New Plans for OAS**

Some Latin American countries have called for revising the inter-American system and restructuring the Organization of American States (OAS). Venezuelan President Herrera and Uruguayan President Alvarez have proposed an OAS summit conference to discuss and readjust inter-American relationships. This proposal was approved by the Secretary-General of the OAS.

However, agreement may be hard to reach. Different views and opinions exist regarding restructuring the OAS. Some members want to form an organization of Latin American countries excluding the United States to replace the OAS. Other countries do not favour restructuring and support allowing a spectrum of ideas and views within the OAS. And several countries will not agree to an organization excluding the United States. What all these countries have in common, however, is a sense of the importance of promoting the inner unity of Latin American countries and of strengthening their own independence.

The Malvinas war made it clear that each country's security should be safeguarded by its own defence force. A high-ranking Brazilian officer said that Brazilians have come to realize that the threat of external invasion is no longer just a fantasy after the Malvinas conflict. The Atlantic Ocean is

little protection against modern transportation and new weapons. Some military experts believe that military modernization will be of primary importance for Latin America.

The situation in the south Atlantic is still unsettled. Sovereignty over the Malvinas remains undetermined and Britain has not annulled its "exclusion zone" in the area. The

danger of a confrontation still exists.

Furthermore, the Soviet Union has penetrated the region in the past few years, especially following the Malvinas war. It is necessary for all Latin American countries to safeguard peace and stability in this area by strengthening their unity and co-operation.

— *Lan Caiji*

Council of Economic Advisers. For a time the White House was filled with optimism. Once taxes are reduced, Weidenbaum was reported saying, the US economy will advance at a pace surpassing any period in history. The unemployment rate will shrink to about 7 per cent, the deficit that has haunted the US Government for so long will diminish gradually, and a balanced budget will be achieved in 1984.

## US Economy

### Supply-Side Doctrine Doesn't Work

**I**F one method doesn't work, try another—its opposite. This pragmatic approach apparently guided US President Ronald Reagan as he successfully pushed a \$98,300 million three-year tax-hike bill through Congress last month. A year ago, however, he persuaded Congress to pass an ambitious tax cut programme.

Reagan's reversal shocked and infuriated the supply-siders and Right-wing groups in his party, who accused him of having betrayed the traditional conservative position on tax increases and of mocking his own tax reduction plan designed to promote an "economic recovery." The tax increase, Reagan admitted, was not welcome; it was "like holding your nose and embracing a pig."

#### Supply-Side Dogma

It is common knowledge that the Reagan administration's economic programme was based on the supply-side doctrine. Unlike the Keynesian theory which stresses stimulating demand to expand the economy, supply-side economics insists that the economy can be boosted on the

supply side, chiefly through cutting taxes. The supply-siders believe that huge tax reductions increase individual income and corporational profits, which in turn stimulate savings, investment and production. The result, they argue, is increased government revenue, the elimination of red ink and an easing of inflation.

When the new doctrine emerged in the early 1970s, not many people paid much attention to it. Later on, however, the US economy became bogged down in a mire of "stagflation" and the once prevalent Keynesian theory proved useless. The supply-side doctrine was dredged up by its advocates and gained national attention. Against this backdrop, Reagan took reign in the White House and declared that he would lead a "rupture" with the economic policies of previous administrations. And he did, with his economic programme formulated in accordance with the supply-side dogma.

Some supply-side economists were invited to the White House to take important posts, like Murray Weidenbaum, who was appointed Chairman of the

#### Hopes Dashed

Reality, however, has turned all these expectations into a pipe dream.

First, tax cuts did not halt the recession. True, some individuals and corporations increased their income as a result of the cuts, but they did not use the money for investment as the supply-siders expected. The interest rates were so high that the corporations could not afford to borrow from banks, and the bulk of the increased income went into consumer goods or were used for debt payments. The projected stimulation of production was negligible.

In fact, the economic recession deepened after taxes were cut. The GNP in the fourth quarter of last year and the first quarter of this year dipped by 5 per cent. Although the economy picked up in the second quarter, industrial production in July dropped 0.1 per cent. The unemployment rate, which reached a postwar record of 9.4 per cent in April, soared to 9.8 per cent in July.

Second, tax cuts not only failed to bring about a balanced budget, but instead swelled the deficit. Last year when the Reagan administration secured Congress' approval of a \$285,000 million tax cut over three years, the proposed government spend-

ing cut only amounted to \$140,000 million. This meant new deficits were added to the old and the total multiplied. A recent White House economic report estimated that the deficit will run to \$109,000 million in fiscal 1982 (more than twice as much as the \$42,000 million approved by Congress last year) and \$115,000 million in fiscal 1983.

With such an astronomical flood of red ink, it will be very difficult for the Reagan administration to get Congress to pass the military budget. Furthermore, the Republican Party will

find it tough to maintain a favourable position in the approaching mid-term elections with its supporters strongly dissatisfied with the economy. So, after taking into consideration all the political, military and economic elements, Reagan agreed to a tax hike.

Reagan's reversal on tax cuts has proved the supply-side doctrine an ineffective remedy for the ailing US economy. But whether a tax hike, which is but an expedient measure, can work wonders remains doubtful.

— Zhang Yuan

## West Germany's Green Party — A Rising Force

**T**HE Federal Republic of Germany's Green Party — though neither very old nor even a party in the strict organizational and political sense — has become a force to be reckoned with in West German politics.

### Party's Goals

As its name suggests, ecological and environmental issues are a major concern of the group. One of a number of such organizations founded in the 1970s, it has grown steadily in size and influence. Its members call for the closing of all industrial plants that pollute the environment, the replacement of all nuclear power stations with conventional ones, and a far-reaching transformation of the country's industries — from large, highly automated plants using sophisticated technology to small, labour-inten-

sive operations. They see this as a means to protect the environment, reduce unemployment, and establish a self-sufficient economy.

The Green Party also is a key force in the current peace movement in Western Europe which in general opposes war and nuclear weapons and in particular the deployment of US intermediate-range missiles. It is an advocate of disarmament. Although a number of West German critics have termed the party's stands Utopian and essentially backward, the party has gained increasing support from West German voters, particularly those young people who feel that the established parties have failed to address their concerns.

Since entering electoral politics, the party has shown increasing strength at the polls in state and local elections. It won

its first seat in a state parliament in October 1979, and now has some 40 seats in the states of Bremen, Baden-Württemberg, Lower Saxony and Hamburg, as well as West Berlin. Starting with the Hessen state election in March 1981, party representatives have gained entrance to local councils, and have won a number of seats in state assemblies in Lower Saxony and Schleswig-Holstein. In the Hamburg state election last June, it out-pollled the Free Democratic Party with 7.7 per cent of the votes versus 4.8 per cent. Public opinion therefore is beginning to consider the Green Party a third national force after the ruling Social Democrats and the Christian Democratic Union-Christian Social Union.

### Turning Point

The growing influence of the Green Party coincides with something of a crisis in national political affairs. In the May 1981 West Berlin election and the state elections in Lower Saxony last March and in Hamburg in June, the Social Democrats lost ground. The ruling alliance between the Social Democrats and the Free Democratic Party has also become shakier than ever, with policy differences between the two becoming more open and irreconcilable. Finding that their own standing with voters has steadily declined in recent years, the Free Democrats are having second thoughts about their alliance with the Social Democrats. At a conference held in Hessen last June, the Free Democrats of that state decided to break with the Social Democrats and voted for an alliance with the Christian Demo-

cratic Union for this month's state election.

Under these circumstances, the Social Democrats are paying increasing attention to the Green Party. On June 10-11, Green Party deputies to local parliaments held a national conference in Hamburg to discuss the possibilities of co-operation with the Social Democrats. At that time Green Party Chairman Petra Kelly stated that after the general election of 1984 (when a new governing coalition would be formed), such co-operation "is not impossible." On his part, Chairman Willy Brandt of the Social Democrats said that his party "did not exclude" the possibility of such a coalition. Many observers believe that this flirtation between the two parties has already resulted in a certain modification of the Social Democrats' official positions, and that from now on every national party will have to take greater account of Green Party goals in their appeals to voters.

### Background Significance

The rise of the Green Party is a product of the deepening social and political crisis in the Federal Republic. Over the last two years the economy has stagnated. Inflation is on the rise and unemployment has risen even faster. The postwar intensive industrial development has seriously polluted the environment and caused ecological damage.

Internationally, relations between East and West are strained. The arms race between the United States and the Soviet Union has intensified, and the threat of nuclear war has grown. Many West Germans, particularly the young, see little hope for the future in cur-

rent economic and international policies, and are looking for a new way forward and new leadership. At this crisis point, the Green Party offers solutions that have some appeal.

The Green Party is expected to garner as much as 5 per cent of the votes in this month's

### Saudi Arabia

## Exploiting Water Resources

**W**ATER is as scarce in Saudi Arabia as oil is elsewhere. Water conservancy is one of the country's most demanding problems, a prerequisite to the necessary expansion of agriculture and animal husbandry.

Wedge between two bodies of salt water, the Persian Gulf to the east and the Red Sea in the west, the country is mostly desert. It has not one river or lake, rain is seasonal and infrequent and there is little water immediately below ground.

Although the Saudis have invested some funds in desalinization of sea water, it is prohibitively expensive. As a result, they have looked to other projects to increase their water supply.

Geological investigations identified abundant water as deep as 600-1,000 metres beneath the earth's surface which can be exploited with special deep well pumps. Large sums have been invested to import well-digging and pumping equipment and today the country has about 10,000 deep well pumps in addition to 150,000 smaller pumps for normal depths.

For the Third Five-Year Plan (1980-85), water projects were allotted 39,600 million riyal (US \$1.00 equals 3.3 riyals). During the Second Five-Year Plan,

Hessen state election, and about the same in the next general election for the Bundestag (the federal parliament) in 1984. The growing influence of the Green Party is clearly a new and complicated factor that has entered West German politics.

— Li Shihua

34.065 million riyals were spent on enlarging water resources.

### Expanding Agriculture

As the government expected, the exploration and exploitation of underground water, coupled with imported irrigation and water purification equipment have promoted agricultural development. In the El Hasa area, a new irrigation network linking 32 springs turned a nearby desert into wheat and rice fields.

The Middle East's largest and most modern animal husbandry farm today, with 18,000 head of cattle on 60 square kilometres, is in southeast Saudi Arabia, 80 kilometres from Riyadh.

Irrigation has been facilitated by 42 dams constructed on dried-up rivers to form rain-water reservoirs. The largest, south of Wadi Najran, stores 6,800 million cubic metres of water and serves a surrounding 10,000 hectares. Five more dams are planned.

Recycled sewage water is another resource for irrigation. The first water purification plant in Riyadh is nearly completed. It will process 200,000 cubic metres of water a day for agricultural use.

— Liu Aicheng

CINEMA

"August 1" Film Studio

China's only army film studio, named after the PLA's founding date, August 1, is now 30 years old. When it was established in 1952 in a sorghum field outside Beijing, the "August 1" Film Studio was no more than a motley group of inexperienced army actors and actresses and a few big-city film workers. Today, it has grown into one of China's major film studios.

Four of its feature films won prizes at three recent annual national film appraisal conferences sponsored by the Ministry of Culture. *Anxious to Return* is about a wounded soldier's chance encounter with a peasant and his daughter after he loses his way during the War of Resistance Against Japan. *A Long Way to Go* depicts the youth of Peng Dehuai (1898-1974), a famous Chinese marshal who dedicated

himself to the revolution. *A Young Hero* celebrates the heroism of young Chinese soldiers during their defensive counterattacks against Vietnamese invaders. *The Moon Reflected in the Second Fountain* is based on the biography of blind man Ah Bing, a talented south Chinese folk musician. The studio also has won awards for two of its documentaries: *Great Wall of Steel*, which records a large-scale modern military exercise, and *Hovering in the Sky*, covering the training of a PLA air force parachute team.

Certainly these are not the only unforgettable "August 1" Film Studio products. Two anti-Japanese war action films, *The Battle of Mine* and *Tunnel Warfare* for example, have never ceased to captivate young audiences. Other popular films are: *The Battle of Shanghai*, a tale of the liberation of the nation's largest city through a combination of a strong mili-

tary presence with a political offensive; *Dr. Norman Bethune*, a portrait of a Canadian physician who is revered in China as a great internationalist; *Serf*, about the suffering of Tibetans under reactionary rule decades ago, and their struggle for emancipation; *Battling Inside and Outside an Ancient City*, portraying the underground Communists' resourcefulness during the War of Resistance Against Japan; and *Lei Feng*, which is about an ordinary PLA soldier who never hesitated to help others and who died on duty.

Since the day it was founded, the "August 1" Film Studio has produced 1,164 newsreels and documentaries about military training and research and 111 feature films of different styles and genres, covering a wide range of subject matter, military and civilian. Today, full-grown and well-equipped, it is technically sophisticated and has a sizable staff which embraces a number of the nation's finest film makers, script writers,



A shot from *Lei Feng*.



A scene from *Anxious to Return*.

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For Your Reference

### Film Studios in China

Films were screened for the first time in China in 1896. This was followed a decade later by the appearance of China's first movie, actually a film presentation of an opera. In 1931, China produced its first feature film. During the War of Resistance Against Japan, film-making groups were set up in liberated areas in north and central China. After China was liberated in 1949, these groups joined big-city film studios and became the foundation of New China's film-making industry.

Many big cities in China have established their own feature film studios or multi-purpose studios. There are six other studios in Beijing and Shanghai. Two are scientific and educational film studios, a newsreel and documentary film studio and three others producing children's films, animation films and agricultural films respectively.

China produced very few feature films during the "cultural revolution" (1966-76). The output has risen steadily since the fall of the gang of four: 24 (in 1977), 46 (in 1978), 65 (in 1979), 82 (in 1980) and 105 (in 1981).

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directors, actors and actresses and designers. An immediate aim of these uniformed artists is to produce more and better feature films with military themes. Movie-goers are already anticipating its two newest war movies: one depicting how the PLA swept across the Changjiang (Yangtze) River in 1949, a victory that led to the downfall of the reactionary rule of the Kuomintang; and another recreating the heroic scenes in the Long March of the 1930s, in which the Red Army, showing superb wisdom, defeated a much stronger enemy by crossing and recrossing the Chishui River in southwest China four times.

## ARCHAEOLOGY

### Ancient Bronze Medical Needle

An ancient bronze needle found in Dalad Banner, Inner Mongolia, was used for both acupuncture and surgery, according to an assessment by researchers of the Shaanxi Institute of Traditional Chinese Medicine.

The 4.6-centimetre-long needle is the first unearthed from the Warring States Period (475-221 B.C.). At one end it has an awl-shaped tip for piercing and bleeding and at the other it has a semi-circular blade for cutting skin and removing pus. This needle illustrates that acupuncture originated very early in China and was widely used, spreading as far as the northern grasslands.

The needle was examined and dated as part of the institute's research on unearthed ancient medical instruments, sanitation facilities and medicines.

The researchers also judged that a medical measuring instrument found in Ejinhor Banner, Inner Mongolia, was first used between the Spring and Autumn Period (770-476 B.C.) and the Warring States Period.

Over the past few years researchers have studied the sanitation facilities excavated in the Qin Dynasty (221-207 B.C.) palaces at Xianyang near Xian. They discovered that the siphon principle was applied in constructing underground drainage pipes to prevent the sediment from stagnating and to speed up the water flow. This testifies to China's application of scientific knowledge to the construction of sanitation facilities more than 2,200 years ago.

The researchers also have unearthed a scientifically designed bathing pool at the same

location. The pool covers an estimated 8.64 square metres and its bottom is sloped to facilitate water drainage. The pool also was equipped with a wall heating system.

Seven cold storage pits for keeping food were discovered at the same time. A dozen metres underground, they were able to maintain low temperatures for a long time and were equipped with a device to prevent contamination.

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### China Remembers Edgar Snow

*Edited by Wang Xing  
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and Spanish (89 pages) in all  
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China.*

American Edgar Snow (1905-1972) was the first foreign journalist to observe and write about China's civil war, to interview and photograph Mao Zedong, Zhou Enlai and other leaders of the Chinese Red Army. His stirring and truthful accounts awoke thousands of people around the world to the sufferings of the Chinese people and their attempts to throw off their feudal, colonial yoke.

"China Remembers Edgar Snow" is a collection of ten articles and speeches (abridged) commemorating the tenth anniversary of Snow's death. Through the reminiscences of his wife and close friends in China, emerges a lively picture of the chain-smoking, warm-hearted and courageous writer who produced the classic "Red Star Over China" and eight other books, as well as hundreds of articles for newspapers and magazines.

"The truth is that if I have written anything useful about China it has been merely because I listened to what I thought I heard the Chinese people saying about themselves. I wrote it down, as honestly and as frankly as I could — considering my own belief that it was all in the family — that I belonged to the same family as the Chinese — the human family," Edgar Snow wrote.

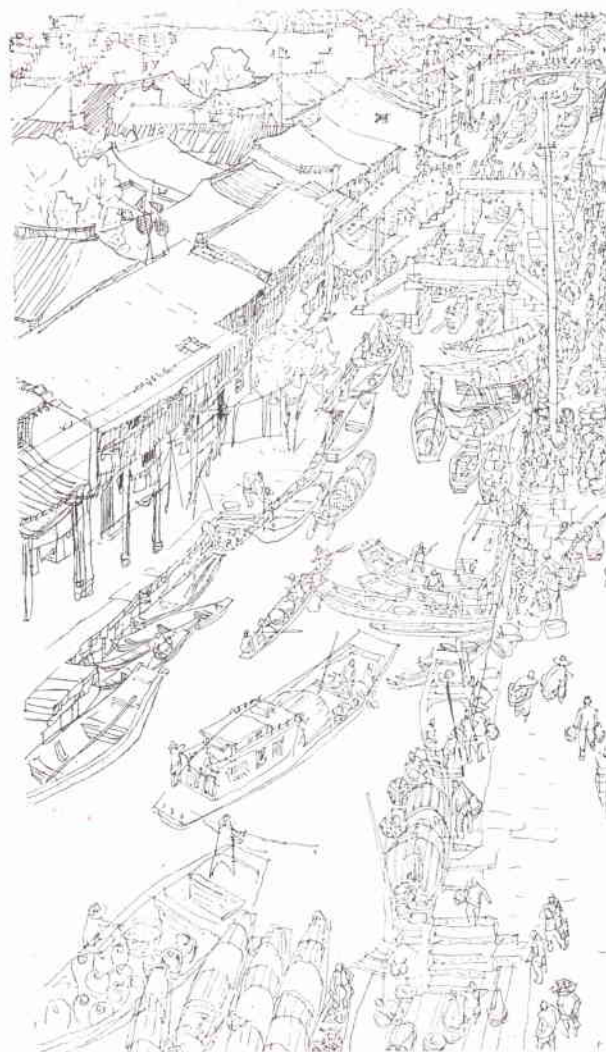
"China Remembers Edgar Snow" captures Snow's "feeling of concern for one's neighbour" and is a fitting tribute to the journalist who shared his concern with the world.

## Sketches by Xu Bing

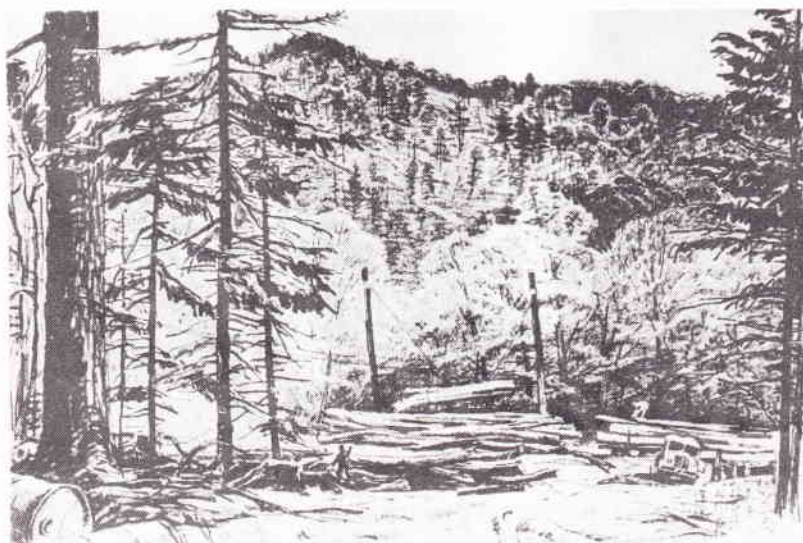


Tibetan herdsmen  
fleecing sheep.

Xu Bing, a native of Wenling, Zhejiang Province, graduated from the Central Academy of Fine Arts where he now teaches. His penchant for sketching started in his boyhood. He lived with peasants in a mountain village after finishing middle school and this enabled him to weave actual life into his imaginative woodcuts. The systematic training he received in the academy later on added technique to his talent. The following sketches faithfully recreate what he witnessed in a pastoral area, a small town nestled between rivers and a forest.



Morning river market in a  
south China town.



A forest on the  
Wanda Mountain.

**ART PAGE**

# China's Top Quality Watches



Seagull Brand Watches meet the most demanding international standards. They're stylish, accurate, and durable. They're tough — they're automatic ... anti-magnetic, water-resistant, and shockproof with incabloc. Plus they feature double calendars and 100% stainless steel cases.

Seagull Brand Watches are manufactured

in our vertically integrated production facilities all the way from the basic components to the finished product. Our factory has been recently expanded, and now, with 3,800 skilled workers, we can fill larger orders from buyers all over the world. If you're looking for top quality watches, come to Tianjin Watch Factory in China.

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