

No. 14 April 6, 1981

BEIJING REVIEW

北京周報

A CHINESE WEEKLY
OF
NEWS AND VIEWS

- The Sichuan Experiment With Enterprises
- Trends in Chinese Jurisprudence
- Care for Children
- *Award-Winning Inventions*



HIGHLIGHTS OF THE WEEK

Modernization — a la Chine

An explanation of the goals and methods of China's modernization programme, why both have to suit Chinese conditions (p. 3).

The Sichuan Experiment

In this Special Feature on the economic reforms introduced in China's most populous province, our correspondent presents an investigative report on why and how powers in the factories were enlarged and what results have been achieved (p. 21).

Children Have Top Priority

Today's children are tomorrow's social pillars. With 380

million under 16, China intends to start training a new generation strong in morality, sound in body and proficient in professional skill (p. 5).

Trends in Jurisprudence

Roundup of discussions in Chinese law circles on some major theoretical questions (p. 14).

Grave Polish Situation

A warning to Moscow not to intervene militarily in Poland, where its people are fully in a position to solve their own problems (p. 9).

Workers Under Capitalism

An analysis of how workers in developed capitalist countries fare (p. 17).

Book Review

Well-known journalist Israel Epstein on a newly published book about the trial of the Lin-Jiang clique (p. 30).

Award-Winning Inventions

Brief survey of some of China's major scientific and technical inventions since 1979 (p. 31).



Feng Yunhe, 82, is an expert on the cultivation of jute.

Photo by Ou Zhou

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Modernization

What do you mean by "Chinese-type modernization"? What are your goals?

The task of the Chinese revolution at the present stage is to achieve modernization (that is, using advanced science and technology to achieve the modernization of industry, agriculture and national defence) and build China into a powerful socialist country. This is also the common desire of the Chinese people.

How is this to be accomplished?

We shall take our own road of modernization, draw up a series of policies and principles in the light of China's actual conditions and, proceeding from reality, set ourselves goals that can be attained. This is what we mean by "Chinese-type modernization."

The situation in China, to put it briefly, has two characteristics:

(1) A weak foundation. China was a semi-feudal and semi-colonial country where the economy of small-scale production held the dominant position and science and technology were backward. Since the founding of the People's Republic in 1949, an independent and comprehensive industrial system has been initially established. However, the country has a long way to go to accomplish industrial modernization.

(2) A large population. China now has a population of nearly 1,000 million, 80 per cent of them being peasants.

In view of this, we must have our own way of achieving modernization. For instance:

- There should be a proper ratio between accumulation and consumption. The tendency of seeking a high rate of accumulation should be avoided. First of all, proper arrangements should be made for the people's livelihood, so that they do not have to worry about their food and clothing. The rate of accumulation, therefore, should not be too high. Experience gained since the founding of New China shows that the accumulation rate should not exceed 25 per cent of the national income. To promote China's economic development, efforts must be made to raise the economic results and produce more public wealth with less funds and materials.

- More job opportunities should be provided for the people, rather than going blindly after mechanization, still less automation. Mechanized, semi-mechanized and manual operations should be simultaneously employed, and while a number of enterprises equipped with advanced technology will serve as the core, small and medium-sized enterprises should also be developed. This means the simultaneous development of big, small and medium-sized enterprises.

- Put the stress on the introduction of science and technology from abroad rather than complete sets of equipment.

- The modernization of agriculture in China does not solely mean the expansion of tractor-ploughed acreage. It means, in addition, that a change should be gradually made in the rural economic structure of engag-

ing in agricultural production alone.

It is needless to say that China cannot follow the way of industrialization adopted in the West several hundred years ago, or use large amounts of foreign funds and increase exports to promote industrialization, as is done in some countries. Nor can we go in for modernization at the expense of the peasants' interests and the people's living standards. We should, in short, realize modernization by our own efforts and build an independent national economic system by relying mainly on accumulation of funds at home, supplemented by foreign aid. We cannot blindly follow other countries' experiences and patterns, but should assimilate what is useful so as to explore a way of modernization suited to our country.

Much work has been done in this respect since 1978, such as reforming the economic managerial system, developing the collective economy in the cities and rural areas, providing more job opportunities for the people, and combining regulation through planning with market regulation.

What will "Chinese-type modernization" be like? And the goals?

All things considered, we can with great effort realize the goal of building a well-to-do society by the end of the century. When we speak of "well-to-do," it is of course in comparison with highly developed modernization. To achieve this, per-capita GNP has to be trebled or quadrupled in the next 20 years. With the realization of this goal and with a comparatively equal

(Continued on p. 4.)

LETTERS

Political Situation in the World

In your column dated January 5 (issue No. 1), 1981, you have analysed the global political situation in an objective way. But you have failed to shed light on an aspect of the matter which baffles the minds of many peace-loving people in the third world. No doubt, the Soviet Union nurses ambitions of a southward drive to its goal of global hegemony. Its occupation of Afghanistan helps it to fan out towards the Persian Gulf.

The baffling element, previously mentioned, is that the Soviet Union poses as a liberating force. The regimes established in most of the new independent states have failed to satisfy the social aspirations of the people. This is why the people of these countries will not be able to put up a tough resistance to Soviet aggression.

As far as the importance of Sino-U.S. relations to world peace and security is concerned, many people in the U.S.A. do not realize its significance. U.S. economists of late have advocated ultimate convergence of U.S. and Russian economies to be the real solution of present-day American-Russian rivalry. The present U.S. decision to cut off trade relations with Russia and suspend the exchange of technology to that country has seriously affected the Russian industry. I think even Russians realize they cannot live in this world without advanced technology which they can get only from the U.S. and her allies. This is why Mr. Brezhnev has made his latest offer of mutual high-level talks with the Americans.

In fact, both the superpowers are like two gangsters who collide and collude at intervals at the cost of small and poor nations. This is a very disturbing situation. Whether it is a new process or not, it must be investigated

Your letters are welcome. Because of space limitations, we can only print a selection. Condensation is made for the sake of brevity or clarity.
—Ed.

and then ways to cope with it can be debated.

Abdul Qadeer Nomani
Fatapura Gujrat, Pakistan

"Two Chinas" Not Allowed

The decision to curtail diplomatic relations with the Netherlands on its sale of war submarines to Taiwan is a timely and commendable action.

This will teach the Western world not to arrogate her interests at the expense of other nations' sovereignty. This action is also an expression that China has begun taking seriously those nations which continue to cling on to the "two-China policy." The real fact is that there was, there is and there will continue to be one China.

Stephen Isabirye
Kampala, Uganda

Northern Territories Day

"Northern Territories Day" was a very informative report on the rising demand of the Japanese people for the return of their Soviet-occupied northern territories (issue No. 8, 1981). Their drive for recovery of these territories truly deserves the full support of all the people concerned with justice and peace between the nations of the world.

Algimantas Gureckas
Oxon Hill, MD, U.S.A.

In the article "Japan: Northern Territories Day," your criticism of the Soviet Union was really gratifying. I'm also participating in the drive to have the northern territories returned to my country. Reading your biting criticism of the Soviet Union pleased me very much.

Akio Yoshida
Fukuoka, Japan

Development of Multinationals

The objective analysis and criticism by authors Teng Weizao and Jiang Zheshi of the phenomena of the development and proliferation of multinationals in your issue No. 7, 1981 left a profound impression on me.

I, like the authors, think that if our desire to effectively help people in developing countries is given serious attention and if we concretely comment on all declarations for establishing a new in-

ternational economic order, we should lead the multinationals to concentrate their activities on humanitarian aims instead on pure economic aims. To look for an ideal policy for controlling the world market will only engender an irreversible poverty of the developing countries and an irretrievable social confrontation between the industrialized countries.

Rene Van den Bulcke
Bonnevoie, Luxembourg

Why Ads on TV

I think your article about television in China (No. 10, 1981) was quite good. But I feel uneasy. Why show ads on Chinese TV?

It is important to introduce new products during a programme in order to make them known. This is not advertising, in the view of West Germans, but just providing information. If the main purpose is to introduce products to consumers, why do you insert it into the programme and call it advertising?

Maybe some companies in China, like those in my country, have "trouble" selling their products!

Or maybe they have turned out a lot of meaningless products in order to increase profits. Do they have to keep boasting about their products till they sell them?

Karl-Heinz May
Norden, West Germany

(Continued from p. 3.)

society in which there is no wide gap between the rich and the poor, we will be in a better position to press ahead with the task of building a modern and powerful socialist country with a developed economy and a high standard of living.

In the further readjustment of the national economy now being carried out, the speed of economic development may be slow. But this is for the purpose of facilitating the steady and relatively fast development of the economy after readjustments are made. Our goal of modernization will not be affected, still less abandoned.

—Economic Editor
Wang Dacheng

SOCIAL

Care for 380 Million Children

How should the children be helped to grow up in a healthy way? This question has gained increasing importance in China where children under 16 total 380 million.

In late March, two discussion meetings on this issue were held under the sponsorship of the Secretariat of the Central Committee of the Chinese Communist Party.

Successors to the Communist Cause. Song Renqiong, Member of the Secretariat, presided over the meetings. In the 20s or 30s of the next century, he said, these children will be the pillars of our country and successors to our cause. The question of how to bring them up, therefore, has a direct bearing on the future of the Party and the state.

Song Renqiong stressed that this is an important task not only for the women's federation;

the leadership of Party organs at various levels, the factories and mines, and in fact the whole society should give assistance to ensure its success. He suggested that more nurseries, kindergartens, children's hospitals and theatres as well as toy factories should be set up, and that there should be more reading material for the children. Moreover, parents should be helped to educate their children and more nursery and kindergarten teachers should be trained.

Vice-Premier Fang Yi, who is also President of the Chinese Academy of Sciences, proposed that children should be trained to become a new generation imbued with communist ideals, good in morality, sound in body and with professional skills.

Fewer But Better. Vice-Premier Chen Muhua, who concurrently holds the post of Minister in Charge of the Family Planning Commission, said that 18 million babies are born every year in China today. This figure is the highest in the world, but as far as Chinese

Some Figures

- One-fourth of pre-school age children in China are well cared for in the nurseries and kindergartens.

- Statistics from 22 provinces and municipalities disclose that the number of nursery and kindergarten workers is about 1.7 million.

- The country now has 28 schools for training kindergarten teachers, and five teachers' colleges have a special department for this purpose.

- Nine medical colleges have a paediatrics department.

- There are 24 children's hospitals with 5,000 beds throughout the country. In addition, the general hospitals have 20,000 beds for children patients. All the county hospitals have special wards for children.

- There are 120 enterprises with 50,000 workers engaged in making toys for the children.

families are concerned, it is relatively low, and is the result of the Chinese Government's call encouraging each couple to have only one baby. The Vice-Premier said that there should be fewer but better and healthier children, and that mothers should breast-feed their babies. Women workers and staff members who volunteer to have only one baby are given a six-month maternity leave with full pay.

Deng Liqun, head of the Policy Research Office of the Party Secretariat, conveyed Party Vice-Chairman Chen Yun's suggestion that the assembly hall of the Party Central Committee should be placed at the service of the children,



Kang Keqing, Chairman of the Chinese People's Committee on Defence of Children, with Young Pioneers of the capital.

because the Children's Theatre in Beijing is now under repair.

Deng Liqun suggested that more books on bringing up and educating children should be produced for the mothers, and more reading material should be turned out for the children.

Leading members of the All-China Women's Federation, the Chinese People's National Committee in Defence of Children, the Communist Youth League, Ministries of Education, Culture and Health, Bureau of Publications and 24 other departments concerned attended the meetings. They expressed support for the Party Secretariat's call and put forward many good suggestions.

People from various walks of life are doing their best for the good of the children. One notable example was a contribution of 36,000 HK dollars made to the newly founded Guangzhou Municipal Children's Welfare Institute by famous painters Guan Shanyue and Li Xiongcai whose joint work, a traditional Chinese painting, was sold for that sum at an exhibition in Xianggang (Hongkong).

Institute for the Study of Juveniles. The Academy of Social Sciences of China set up earlier this year an institute for the study of juveniles.

The main topics of study include the psychological characteristics of juveniles, moral education, prevention of juvenile delinquency, youth movement, historical experience of education for the young and trends of youth in foreign countries.

The institute will put forward suggestions to the government concerning the policies and work on youth. The Communist Youth League will co-ordinate with the institute in making

investigations and will provide necessary reference materials.

Nationwide Census

We often say that China has a population of more than 900 million or 1,000 million. What's the exact figure? This will soon be known.

Vice-Premier Chen Muhua recently announced a decision by the Party Central Committee and the State Council to take a nationwide census on July 1 next year. It will be the third census since the founding of the People's Republic in 1949.

The first census was in 1953, and the second in 1964.

To take a census in a country with a population of nearly 1,000 million will be an unprecedented task in world history. Through this census, an accurate figure of the nation's population will be obtained, together with precise breakdowns with regard to their sex, age, nationality, education, marital status and occupation.

Chen Muhua said that the census to be taken is for the purpose of ascertaining demographic factors necessary for the effective readjustment of the economy and for the modernization drive. Data obtained will facilitate the drawing up of plans for economic and social development in line with the country's actual conditions and the carrying out of the modernization programme in a planned and proportionate way. They will also be of help to family planning and population control, the making of adequate plans for the supply of food and clothing for the people and the assessment of the needs of housing, communications, school facilities and public services.

Taiwan Olympic Committee Agrees to Change Its Name

The Taiwan Olympic Committee has agreed to change its name into "the Chinese Taipei Olympic Committee" in accordance with the November 1979 resolution of the International Olympic Committee (I.O.C.), according to an I.O.C. press communique issued in Lausanne on March 23.

The Taiwan Olympic Committee has also agreed to change its flag and emblem.

The press communique, released at the end of a meeting between I.O.C. leaders and representatives of the Taiwan sports organization, said that the two sides "have agreed on the name, flag and emblem of the Chinese Taipei Olympic Committee."

Unlike the previous two occasions, next year's census will include a total of 20 demographic factors while the previous two had no more than 10 items. Moreover, the results will be calculated by computers.

The census next year will be conducted under the guidance of the State Council and the people's governments at various levels. Vice-Premier Chen Muhua will be the head of the census office under the State Council.

Concrete preparations had been discussed by the heads of census offices from various places at a meeting in Beijing in early March.

Two experimental censuses were carried out in July last year in east China's Wuxi city and Wuxi County where the total population was 960,000.

The United Nations' Fund for Population Activities will provide financial support.

ECONOMIC**Large Power Stations Under Construction**

Sixty-one large thermal and hydroelectric power stations are being built or expanded in some of China's coal bases and along the big rivers. When completed, the nation's generating capacity will be increased by some 20 million kw., of which 10 million kw. will come from thermal power stations and 9.4 million kw. from hydropower stations. In addition, construction of seven new stations with a combined generating capacity of 2 million kw. will start soon.

Thermal Power Stations. The largest thermal power station under construction, with a designed capacity of 1.2 million kw., is in Datong¹, a major coal centre in north China's Shanxi Province. In Hebei Province, the Douhe² power station (with a capacity of 800,000 kw.) and the Matou³ power station (with a

capacity of 400,000 kw.) are being expanded. When all the three stations are completed, they will form a network and greatly increase north China's generating capacity.

The Yaomeng⁴ power plant in Pingdingshan, a coal base in Henan Province, is being expanded. When completed, its generating capacity will be doubled to 1.2 million kw.

As China is rich in coal, ranking third in the world, the expansion of thermal power stations will rely mainly on coal.

Hydropower Stations. Large hydropower stations are being built along China's major rivers — the Changjiang (Yangtze), Huanghe (Yellow), Songhua in the northeast and Dadu in the southwest. The biggest is the



Gezhouba⁵ hydropower station on the Changjiang in central China's Hubei Province. Its designed capacity is 2,715,000 kw. Two of its generating sets, each with a capacity of 170,000 kw., are scheduled to go into operation before the end of this year.

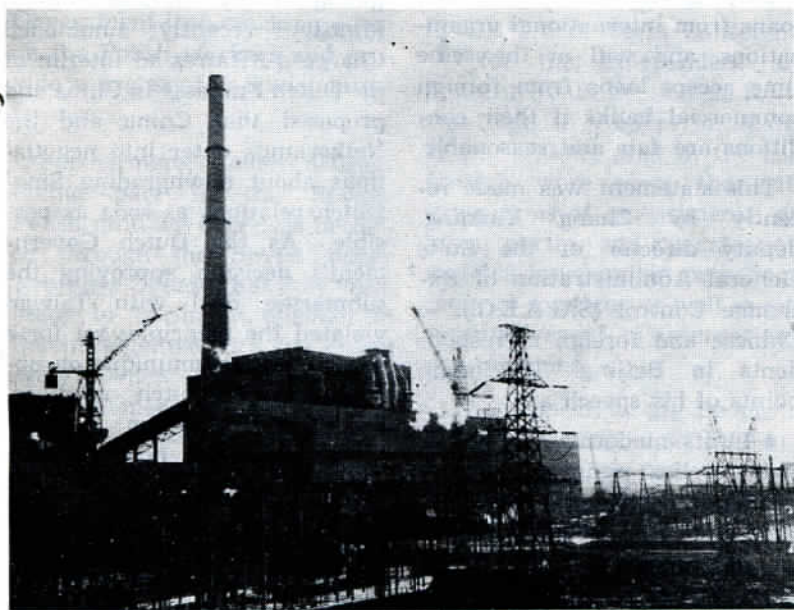
Also under construction is the Longyang Gorge⁶ hydropower station on the upper reaches of the Huanghe River in northwest China's Qinghai Province. Its designed capacity is 1.4 million kw.

In the meantime, some extra-high-voltage transformer projects are being constructed at a quickened tempo.

When all these projects are completed, power shortage in northeast, north and east China will be eased.

Priority Given to Power Industry. About 20-30 per cent of the nation's industrial production suffered owing to the serious shortage of power supply resulting from the 10 years of turmoil (1966-76). This was even more so in the coastal areas. Readjustment of the national economy in the past two years, however, has helped improve the situation.

Power industry, which gets top priority in the allocation of



One of the large power stations being built in the Datong Coal Mine.

state investments for the various industries, will continue to develop. A responsible member of the Ministry of Power Industry disclosed that not a single contract on power industry signed between China and other countries will be cancelled and negotiations on new contracts are under way.

All-Round Development of Agriculture in Heilongjiang

Heilongjiang Province, which is on the northeastern tip of China, reported an all-round good yield in farming, forestry, animal husbandry, sideline occupations and fisheries last year despite successive natural calamities.

Its grain output was 14.5 million tons, approximately the same as the record figure of 1979. As for the cash crops, the output of sugar beet was more than 3 million tons, 2.4 times that of the 1979 figure, while the output of sunflower seeds and castor bean more than trebled and that of flax increased by 72 per cent.

One of China's major producers of marketable grain, Heilongjiang Province has a population of 31.69 million, 67.5 per cent of them being in the rural areas. Its main crops are soybean, wheat, millet and sorghum. The main cash crops are flax, sugar beet, tobacco and sunflower seeds.

Dairy cattle and sheep numbered 75,000 and 2.8 million respectively last year, 17.2 per cent and 14.2 per cent more than in 1979.

Output of aquatic products registered an increase of 17.6 per cent over 1979, and the province afforested 233,000 hectares of land, 9.4 per cent more than in 1979.

State Farms. Heilongjiang Province is one of the four major

reclamation areas in China, the other three being in the Xinjiang Uygur Autonomous Region, Guangdong and Yunnan Provinces. Since the founding of the People's Republic in 1949, large numbers of middle school graduates and demobilized army men have gone there to work on the reclaimed land.

In Heilongjiang, there are 103 state farms which account for 23.2 per cent of the province's total cultivated area, or 40 per cent of the area of state farms in the country.

The province is raising funds to increase its investment in agriculture. Stress is laid this year on the production of grain and soybean, so as to provide more marketable grain for the state.

FOREIGN RELATIONS

China Continues to Accept Foreign Loans

In the present period of economic readjustment, China will continue to use foreign funds, mostly government loans and loans from international organizations, and will at the same time accept loans from foreign commercial banks if their conditions are fair and reasonable.

This statement was made recently by Chang Yanqing, deputy director of the State General Administration of Exchange Control (S.G.A.E.C.), to Chinese and foreign correspondents in Beijing. The main points of his speech are:

- In its modernization drive, China relies mainly on itself for funds needed, but will also make full use of foreign funds.

- China is short of foreign exchange funds and the limited funds it has must be used to

produce the best results and there must be a balance in international payments.

- The Provisional Regulations for Exchange Control of the People's Republic of China (see our issue No. 4, 1981) are aimed at promoting China's economic relations with foreign countries and regions. Foreign firms and dealers who are engaged in economic, trade and monetary business within China will be protected so long as their business activities are legitimate and they abide by China's laws, decrees and the provisional regulations for exchange control.

Zhao Ziyang's Message To Reagan

Premier Zhao Ziyang sent a message on March 31 to U.S. President Ronald Reagan expressing his concern after learning that the President has been wounded during an attempt on his life. Premier Zhao wished the President a speedy recovery.

Sino-Dutch Relations

Assistant Minister Song Zhi-guang of the Chinese Foreign Ministry recently summoned Charge d'Affaires ad interim of the Dutch Embassy in China and proposed that China and the Netherlands enter into negotiations about downgrading Sino-Dutch relations as soon as possible. As the Dutch Government's decision approving the submarine deal with Taiwan violated the principles set forth in the 1972 communique on upgrading Sino-Dutch relations, the Chinese Foreign Ministry had twice sent notes to the Dutch Embassy in China, demanding that diplomatic relations between the two countries be downgraded and proposing that negotiations on the matter be held immediately.

The Polish Situation

ON March 27, the Polish independent Solidarity trade union held a 4-hour warning strike in the cities to press for an investigation into police violence in Bydgoszcz and the punishment of the trouble-makers. Talks are now going on between the Polish Government and Solidarity to reach an appropriate solution. People of all walks of life in Poland believe that the Polish people are fully in a position to solve their own internal problems through peaceful means. But the Soviet authorities, through their propaganda media, are wantonly making use of this situation to threaten Poland with armed intervention. TASS accused Solidarity leaders of being "political provocateurs," charging that Solidarity's actions were aimed at compelling the Polish Government "to accept demands of an anti-socialist, anti-popular nature." By this, Moscow, of course, hopes to provoke the Polish Government into cracking down on the Polish workers and provide a pretext for Soviet interference.

Furthermore, Soviet officers taking part in the Soviet-Polish military exercises declared through the Soviet paper *Krasnaya Zvezda* that they were ready to "strike at enemies in Poland together with the Polish army" when the time came. Joint manoeuvres in Poland, Czechoslovakia, East Germany and the Soviet Union by units of the Warsaw Treaty Organization have been extended indefinitely. It is sinister Soviet intentions which are keeping Poland in a high state of tension.

Developments in Poland are being carefully watched by the world. The U.S. White House has declared that Soviet interference into Polish affairs would gravely jeopardize the whole process of East-West relations. Similar warnings have been issued by the U.S. Senate, Secretary of State Haig, Defence Secretary Weinberger and the 15 NATO member states. Clearly, the peace-loving countries and peoples of the world are not going to tolerate a repeat performance in Poland of the armed occupation of Czechoslovakia. Should the Soviet authorities soak their hegemonist banner with the blood of peaceful people again as they smother the cries of their victims with loud pro-

posals for "detente," they will certainly court the punishment they deserve.

It is our hope that Solidarity and the Polish Government, confronted by this Soviet menace, will coolly analyse the situation and reach a just and reasonable solution through negotiations and discussions [agreement has been reached] so as to prevent any pretext for possible intervention and thus safeguard the sovereignty and security of their country. The Polish situation is complex. But, if the Polish Government and people act in the fundamental interests of the Polish nation and act as one in dealing with their external enemy, there is nothing to fear from the most ferocious of interventionists.

— "Renmin Ribao" commentary, March 29

World Support for Korean Reunification

THE Third World Conference for the Independent and Peaceful Reunification of Korea was held in Algiers on March 26-28. Taking part in the conference were more than 100 delegations of governments, political parties and organizations and 160 independent personages from 79 countries as well as representatives of 13 international organizations.

The Appeal to the People of the World adopted at this conference calls on all to stand firmly on the side of the Korean people and support the independent and peaceful reunification of their country. It says that the prerequisites are to ease the tension between the two parts

of Korea, to withdraw all the U.S. troops together with their arms, including nuclear weapons, to dismantle their military bases and to stop military supplies from outside and all military provocations and manoeuvres and supply of arms.

An early reunification of Korea, which has been in a state of division for as long as 36 years, is a major political objective concerning not only the Korean people but also the numerous third world countries and all peace-loving countries and people. Since the International Liaison Committee for the Independent and Peaceful Reunification of Korea was set

up in Brussels in 1977, the World Conference for the Independent and Peaceful Reunification of Korea under its sponsorship has been held twice. All the participants affirmed at the conferences the three principles for the independent and peaceful reunification of Korea based on great national solidarity which the Democratic People's Republic of Korea has upheld. They demanded that the U.S. withdraw all its armed forces and military facilities from south Korea. They also accepted the proposal put forward by the Korean Government for a peace agreement replacing the truce agreement and they condemned the plot of "two Koreas" and the permanent division of Korea. After these meetings, international activities supporting the struggle for Korean reunification expanded on a larger, worldwide scale.

The northern part of Korea has been working unremittingly for an early reunification of the country. Last October, President Kim Il Sung put forth the proposal for the establishment of a Democratic Confederal Republic of Koryo as well as the 10-point policy for the realization of the reunification of the country. After that, at a joint meeting the political parties and mass organizations in the northern part of Korea advanced a proposal for the establishment of a consultative organ for the Democratic Confederal Republic of Koryo and for holding a preparatory meeting attended by Korean personages from the two parts of Korea and abroad.

However, the dialogue between the north and the south of Korea remains deadlocked. This is the result of the split-tact moves and perfidious acts taken by the south Korean Chun Du Hwan clique. Chun Du

Hwan and his clique have detained the letters from north Korea appealing to the political parties, organizations and personages in south Korea to negotiate on the problem of the peaceful reunification of Korea and have imprisoned and persecuted with those whom the northern part of Korea proposed to hold a dialogue. When the representatives at working-level of the southern and northern parts of Korea met, the south Korean authorities purposely created difficulties over the meeting place and agenda to

be discussed by the two premiers. Apart from this, they carried out provocative military exercises to heighten tension.

To bring to an end the national division and to reunify the country as soon as possible is the highest aspiration of the 50 million Korean people and the wish of the peace-loving people of the whole world. Any plot by Chun Du Hwan to frustrate the Korean people's desire and to keep the country divided is doomed to failure.

— Ren Yan

Iran and Iraq Still Fighting

BOTH countries want peace restored, but the war between them has been going on since last September. In spite of the persistent mediatory efforts of heads of various countries and international organizations, no sign of a ceasefire is in sight. The latest Islamic goodwill mission was sent by the summit meeting in January of the 42-nation Islamic Conference Organization and it included four presidents, one prime minister, five foreign ministers, the

Secretary-General of the Islamic Conference and the Palestinian leader Yasser Arafat. But all efforts produced very little results.

Why No Ceasefire?

Why has no ceasefire been effected? Not because of any lack of desire by the two belligerents. President Sekou Toure, who headed the Islamic goodwill mission, said after visiting Teheran and Damascus, that both Iran and Iraq were for finding an overall solution to the conflict. And that the mission had found that both governments were "disposed positively towards the possibility of a ceasefire."

The contradictions and differences between the two countries are deep-seated and complicated. There is no question about that. But some say it is more than that. The main obstacle to a ceasefire comes from the political situation inside the two countries.



Cartoon by Fang Cheng



At the moment, a stalemate has been reached in the war. Iraqi troops hold about 20,000 square kilometres of Iranian territory and eight towns, and has besieged Abadan, the largest oil refinery base in Iran. Fighting subsided throughout the winter, with the war confined to artillery duels and isolated sorties. It flared up again in early March when Iran and Iraq rejected the goodwill mission's proposal to end the war. The two sides began to send planes out at night to bomb towns and non-military targets farther behind the lines and pounded each other with rockets. Apparently, neither side can hope to easily whip the other.

Grave Consequences

The war has already inflicted grave damage to the economies of both belligerents. Oil outputs and exports have fallen drastically. It has been estimated that Iraq lost 100 million dollars and Iran lost 31 million dollars

each day in the first three months of the war. It would cost some 9,000 million dollars and take about four years to make good the damage to their oil installations. The longer the war lasts, the graver the damage and the worse the people of Iran and Iraq will suffer.

The war has made the already troubled Gulf region and the Middle East even more turbulent and unstable. New schisms have appeared within Arab ranks. Relations between Syria and Jordan are still quite taut. Syria's sympathies go to Iran, while Jordan leans towards Iran's adversary Iraq. Iran has severed diplomatic ties with Jordan and Morocco. Saudi Arabia and Kuwait and other oil-producing countries are worried about the war escalating to threaten their security and political stability.

Intercommunal Talks in Cyprus

CYPRUS in the eastern Mediterranean assumes greater importance as the two super-

They worry, too, about the war's impact on their oil production and export. Recently, the six non-belligerent Gulf countries set up a Gulf Cooperation Council as a move towards guarding their security by their own efforts.

Keeping the Superpowers Out

The Iran-Iraq war has aggravated Russian-American contention in the Gulf and the Middle East. Moscow maintains an outward "neutrality" as it waits for its chance. It has built up its military deployment along its border with Iran to exert constant pressure on Iran. But at the same time Moscow has tried hard to woo Iran (while hanging on to Iraq) for it has its eyes on the strategic position of Iran. The United States is trying to improve its military stance in the sensitive Gulf area to counter the Soviet strategic drive south, and to safeguard the oil sea lanes to the West.

As the Iranian-Iraqi conflict hurts only friends and the two countries themselves, Islamic countries are not giving up their efforts to bring peace to the region, despite earlier setbacks. They have a tough task before them but the world wishes them success and hopes wisdom will prevail so that peace and security return and superpower intervention is excluded.

— Zhong Tong and Wang Zixiong

powers step up their contention for control of the Middle East. This is why the world is follow-

ing the talks between Greek Cypriots and Turkish Cypriots on this "unsinkable aircraft carrier" with greater interest.

Cyprus split into two after the 1974 crisis, with the Turkish Cypriots controlling 38 per cent of the territory in the north and the Greek Cypriots holding the rest. In early 1975, the Turkish Cypriots proclaimed a separate, autonomous "Turkish Federated State of Cyprus," leaving the Government of Cyprus ruling only the southern part of the island.

Although leaders of the two communities in Cyprus have held talks several times to settle their differences and turn Cyprus into a stable, prosperous nation, very little has been accomplished even with the help of the United Nations and countries concerned.

Talks at present are deadlocked over the issues of the constitution, territory, the resettlement of Varosha and steps to improve relations between the two sides.

The minority Turkish Cypriots want a Greek-Turkish bi-regional federation with strong regional autonomy and limited powers for the central government. They want the two nationalities to share power equally and their security guaranteed. They are against apportioning territory and powers according to "percentage" of population.

The Greek Cypriots, while not ruling out a bi-zonal solution, favour a strong central government and are against the separation of Cyprus into two countries. They want central government powers allotted and territory to be rearranged according to the percentage of population.

As to the resettlement of Varosha, formerly a bustling

tourist town left deserted after the hostilities of 1974 and now under Turkish Cypriot control, the two sides agree that priority should be given to it. But they disagree sharply in their approach. The Greek Cypriots say that during the process of resettlement the status and regional boundaries of Varosha are very important so the town should be placed under the control of a U.N. peace-keeping force and that laws of the Government of Cyprus should prevail there. The Turkish Cypriots, however, maintain that the resettlement of Varosha is an integral part of the Cyprus question and that the area for resettlement should remain under Turkish Cypriot control. As to the status of the

town, the constitutional and territorial issues should be resolved first and then "a final political solution" decided on.

Despite little progress made through the intercommunal talks, the leaders and the people of the two nationalities of Cyprus all hope to see the issues settled as early as possible and without outside interference.

As Spyros Kyprianou, the Greek Cypriot leader and President of Cyprus, and Rauf Denktaş, the Turkish Cypriot leader, have both expressed willingness to continue talks, the intercommunal talks will continue, but no breakthrough can be expected in the short term.

— An Guozhang

Egyptian-Sudanese Relations

FOLLOWING the Baghdad conference of Arab countries in March 1979, which imposed sanctions against Egypt for signing the Camp David peace treaty with Israel and gave rise to further division within the Arab world, diplomatic relations between Egypt and the Sudan were reduced to the charge d'affaires level. The two countries have now reversed this, with the restoration of full diplomatic relations and the appointment of new ambassadors, a move viewed by many as an important development in the Middle East situation.

A major factor behind the improved relations is clearly the Soviet Union's growing presence in the region. The Soviet Union backed Libya's intervention in neighbouring Chad last year, and Soviet military personnel have reportedly appeared in Chad since then. Units of Libyan troops stationed in that country have also been moved

to the Chadian-Sudanese border. All these developments have heightened tension in the area and worried neighbouring countries, particularly the Sudan.

Both the Sudan and Egypt opposed Libya's military involvement in the recent Chadian civil war. In addition, Egypt's resolute attitude against Soviet expansionism is a stumbling block to the Soviet Union's designs in the region, which is why Cairo feels that the threat posed by the Libyan presence along the Sudanese-Chadian border is also directed at Egypt. The Sudan has sharply criticized the troop buildup along its border, and the Egyptians have expressed support for their southern neighbour in the event of outside aggression.

Egypt and the Sudan are closely related, not only geographically but also in terms of security needs. Confronted with growing Soviet infiltration in the African continent, the restoration of am-

bassadorial level relations between the two countries conforms to their common interests and is conducive to greater stability in the region.

Since the Soviet invasion of Afghanistan in December 1979 and the eruption of war between Iran and Iraq in September 1980, many Arabs have begun to recognize the Soviet Union's expansionist ambitions and its efforts to exploit the differences between the Arab

countries for its own purposes. Signs of change have appeared in the relations among Arab countries. Though the Libyan leader opposes the Sudan's decision as "unilateral," others have welcomed it. According to the Sultanate of Oman, the upgrading of diplomatic relations between Cairo and Khartoum marks the beginning of a similar improvement of relations between Egypt and the other Arab countries.

— Lin Jiaoming

Hanoi Uses Toxic Chemicals

CHARGES carried by Thai newspapers and radio that Vietnamese forces in Kampuchea are using toxic chemicals against Kampuchean guerrillas have been corroborated by Thai Colonel Charnboon Pentrakul, Commander of the 31st Infantry Regiment in Aranyaprathet. He has ordered Thai troops stationed along the Thai-Kampuchean border south of Aranyaprathet not to drink water from ponds or streams close to the border nor to eat locally grown vegetables. Francois Perez, Director of the Bangkok Office of the International Red Cross, reports the *Bangkok Post* on March 23, confirmed that some Kampuchians admitted to Red Cross hospitals along the border were found suffering from "poisoning by some toxic chemicals." Radio Democratic Kampuchea reports that between March 9 and 11 six Kampuchians died and 15 others were seriously ill through contact with toxic chemicals sprayed by Vietnamese forces. Thai military reports say the chemicals used

by the Vietnamese contained cyanide.

Renmin Ribao in a commentary on March 25 severely denounced the Vietnamese authorities for waging chemical warfare in Kampuchea. "Vietnamese forces have used toxic chemicals in Laos, too, against the Meo nationality," said the Chinese commentary. "The Vietnamese authorities repeatedly announced that Vietnamese troops were in Kampuchea to 'liberate' the people, to bring them 'happiness,'" the commentary continued. "But two years after their invasion facts show that they have

brought only starvation and death."

Vietnamese forces in Kampuchea have used toxic chemicals against Kampuchean forces and the people before, and the Democratic Kampuchean Government has repeatedly protested and appealed to the international community to take action. The war has brought the Vietnamese forces right up to the Thai-Kampuchean borders, and several times over the border into Thailand itself. Now, toxic chemicals the Vietnamese are using are doing their foul work very close to Thai territory. The world today is hearing more about the Vietnamese use of chemical warfare through the media of a non-belligerent country.

The rest of the world must join the Kampuchians and Thais in condemning these Vietnamese atrocities. The Vietnamese have some 200,000 soldiers inside Kampuchea, and they have the backing of the Soviet Union, yet they have not been able to subjugate the Kampuchean nation. The Kampuchians are fighting and forcing the Vietnamese aggressors to admit to the world that they are bogged down in a war against the population of Kampuchea and they are finding it very hard to have their puppet regime recognized and their invasion "legitimized." This is terribly embarrassing for the Vietnamese. That is why they are resorting to poison gas and poison sprays and other forms of chemical warfare.

— Ren Ping



Trends in Chinese Jurisprudence

An unprecedentedly lively situation has prevailed in China's law circles since the Second Session of the Fifth National People's Congress (held in June 1979) approved seven important laws, the Criminal Law and the Law of Criminal Procedure included. Fresh questions are constantly raised and discussed in depth at forums on law.

This article, done jointly by Xie Cichang and Xu Chengqing, researchers in social sciences in Qinghai Province, gives an account of recent developments in China's study of the science of law. — Ed.

Old Conventions Broken

WHAT should be included in the study of jurisprudence? This evoked a great deal of controversy in the late 1950s. Owing to the fact that the theory of the state and the law was the basic one guiding the science of law in the Soviet Union at that time, China also made this theory the major content of its researches on law. Later, under the influence of the "Left" trend of thought, the science of law became dominated by doctrines of the state, and the study of law was all but eliminated.

At recent discussions on the subject in law circles, most people held that the state and the law, though closely interrelated, are different social phenomena, each with a particular realm of its own. Therefore the study of the science of law should centre mainly on the legal system. Of course it will inevitably touch on questions of the state but these must be approached from the legal angle. This approach differs both in starting-point and scope from that of political science in dealing with questions of the state. At the symposium held last September in Changchun, Jilin Province, on the history of the Chinese legal system and the history of Chinese legal concepts, many considered that the study should concentrate on the essence, features, main content and laws of development

of legal systems of different types, not the state system. This broke down old conventions in the study of the science of law, marking a big step forward.

Is Law Only an Instrument of Class Struggle?

In the past, the law was generally regarded as an instrument of class struggle (or class oppression). But lately in law circles, divergent views have been presented on this question.

Quite a few people felt that it is not an overall view to consider the law only an instrument of class struggle, for in the history of mankind, the law of the exploiting classes, though directed against the labouring people, was also used to readjust the internal relations of the ruling class. Now capitalist countries use law to regulate the life of the whole society while employing it to protect private ownership. Besides suppressing the class enemies' resistance, sabotage and trouble-making activities, the law of a socialist country is mainly concerned with regulating contradictions among the people and readjusting the relationship between various aspects of national economic construction. If the law in a socialist country is nothing but an instrument of class struggle (or class oppression), how can one explain the laws on seeds, forestry and environmental protection? Can it be that they are also instruments for oppressing class enemies?

Whether the law's functions outside the realm of class struggle are of a class nature or social nature is still a hotly debated issue. Some hold that the law should be divided into two categories: one related to class oppression such as is exercised under a dictatorship, the other to ordinary social life, such as traffic regulations, environmental protection, sanitation and health care, and the utilization of outer space. The people of the whole society benefit from the implementation of the laws on social life. This is why law has a class as well as a

social nature. Others hold that it is not scientific to divide law up into two parts, one having a class nature and the other having not.

Continuity of Laws

Is it a characteristic of laws that they can be carried over? This was heatedly debated in the early 1950s. Those who said yes were criticized together with their viewpoints in the 1957 anti-Rightist campaign, and the question was banned.

At present, the trend is to affirm that according to the nature of the law, it is assimilable, though there are still divergent opinions. Some hold that old laws can only be used for reference and cannot be inherited critically, because, in view of their class nature and practice, they are very reactionary and should therefore be abolished. As for the old science of law and legal concepts, they are cultural heritages and whether they can be assimilated is open to discussion. Many others maintain, however, that the law is, by nature, assimilable, arguing that this characteristic refers to the historical relationship between old and new laws. Old laws can be assimilated critically whether they were enacted during the ascendancy of the ruling class or during its decline. The use of old laws for reference is a particular form of assimilation. Legal standards and concepts are interwoven and cannot be split up sharply.

All Citizens Are Equal Before the Law

It was clearly defined in China's 1954 Constitution and Organic Law of the People's Courts that citizens of China are equal before the law. But this proposition was later criticized for lacking a class viewpoint and "allowing counter-revolutionaries to claim equality with revolutionaries." Now it has been again included in the Organic Law of the People's Courts and the Organic Law of the People's Procuratorates, and this has the warm support of the masses.



Pan Nianzhi, deputy director of the Institute of Jurisprudence under the Shanghai Academy of Social Sciences, discussing methods of informing the public about the legal system.

Are all citizens equal before the law? People's understanding differs. Some hold that this principle refers to the equality of all citizens in the application of the law, because the law itself reflects the will of the people. But, they feel, it is incorrect to give equal treatment to various classes in drawing up legislation. Others hold that equality is not only a judicial but also a legislative principle, because the application of the law is premised by the enactment of the law (legislation). Without affirming the equality of the citizens' rights and obligations in drawing up legislation, there would be no such thing as everyone being equal before the law. The present law even provides that those who have been deprived of their political rights have the right to work and to personal security. It is thus unnecessary and even harmful to restrict the principle "all citizens are equal before the law" to the judicial realm.

The Law and Party and Government Organs

It was due to the imperfections of the legal system that Party and government organs often placed themselves above the law in the past. Recently, some people in law circles proposed to solve this question in the light of the experience of other countries.

Article 43 of China's Constitution stipulates: "The Supreme People's Procuratorate exercises procuratorial authority to ensure observance of the Constitution and the law by all the departments under the State Council, the local organs of state at various levels, the personnel of organs of state and the citizens."

This stipulates clearly that if government organs violate the law, they will be punished according to law like individuals. Law circles therefore propose to set up a special institution to safeguard the authority of the law by dealing with illegal activities of state organs at various levels as well as enterprises and other organizations, when they are exposed or accused by the citizens.

The Theory of Constitution of Crimes

What is a crime? The theory on what constitutes crime appeared in the struggle against the peremptory judicature and the arbitrary imputation of criminality in feudal society during the rise of capitalism. It held that people should be declared guilty only according to the law and that no judge should have the right to convict anyone arbitrarily.

As early as the years before 1957, this theory was studied in law circles in China and introduced in college lectures. But it was condemned as a "bourgeois theory" "exonerating criminals from their crimes" with a view to "opposing the principles and policies of the Party." During the heyday of Lin Biao and the gang of four, there appeared the so-called "ideological criminals" who had never harmed any object or any aspect of reality. They were branded as counter-revolutionaries solely on charges of "viciously smearing Party leaders," though they did not harbour any counter-revolutionary motives.

In view of these historical lessons, law circles again brought forward the theory of constitution of crimes, and it has been generally affirmed. This has facilitated the work of redressing frame-ups.

Differences Over the "Presumption Of Innocence"

The "presumption of innocence" was raised during the bourgeois revolution to oppose the feudal principle of the "presumption of guilt." It played a certain progressive role in the struggle against the feudalistic judicial arbitrariness. Does the principle apply to criminal suits under socialism then? This was discussed in the early 50s but the study was later banned owing to interference from the trend of "Leftist" thought. Two viewpoints have been expressed in current discussions of this question. One holds that the bourgeois

principle of the "presumption of innocence" and the feudalistic principle of the "presumption of guilt" differ somewhat only on the question of "innocence" and "guilt," but both are manifestations of idealism and metaphysics. What is more, the "presumption of innocence" is incompatible with the principle of seeking truth from facts and the practice and procedure of investigation, arrest and indictment in China's criminal suits. Therefore, for the proletariat, the principle is rubbish both in content and in form, and should be refuted.

The other viewpoint maintains that the "presumption of innocence" refers to the legal position of the accused prior to the trial. It neither contradicts nor replaces the principle of seeking truth from facts.

Civil and Economic Laws

Law circles are unanimous in the view that it is necessary to enact civil laws and strengthen economic legislation as soon as possible. But the problem is how to do it. Are they to be drawn up as separate laws, or to be combined into one? What should be the particular content and system of each? Study and discussions are still in progress.

Traditionally, civil law is applied mainly to the readjustment of property relations. In capitalist countries, property is privately owned. This is why civil laws are listed under "private laws." After World War I, with the increase of state participation and interference in the economy, a series of economic laws appeared outside the civil law. State interference in competition, prices and credits by means of law led to the gradual disappearance of the distinction between private and public laws. But no capitalist country has yet worked out a systematic economic law or code; there exists only a body of legislation and legal practice in various sectors of the economy.

There are two different views in China on how to handle the relationship between civil and economic laws. Some people insist that the two laws can be combined into a unified economic code since both are geared to the readjustment of economic relations. As for laws governing the readjustment of private property relations, they could be included in the civil rights laws. But most people hold that at present there are difficulties in enacting such a unified economic law. Accordingly, they propose that civil laws and economic laws should be enacted separately. □

Living Conditions of the Working Class In the Developed Capitalist Countries

by Wu Jian and Wang Dachao

This article which appeared in the theoretical fortnightly magazine "Hongqi" (No. 4, 1981) deals with a topic currently under discussion among Chinese economists. It has been pointed out that in their analysis the authors could have paid more attention to the exploitation of the third world or to the existence of an underpaid immigrant labour force (mostly from third-world countries) in the developed capitalist countries. — Ed.

FOR a long time, an absolutist view prevailed in our academic circles in regard to the living conditions of the working class in capitalist countries. It was claimed that as capitalism developed and capitalist exploitation of the workers intensified, there would be a continuous drop in the living standards of the working class. During the 30-odd years after World War II, however, with the rapid development of the economy of capitalist countries over a relatively long period, a new phenomenon has emerged: the material life of the working class has, as a rule, improved remarkably. How should the living conditions of workers in capitalist countries be regarded? This is a subject people are widely concerned about.

In interpreting Marx's fundamental principle regarding impoverishment of the proletariat, Lenin pointed out: "He spoke of the growth of poverty, degradation, etc., indicating at the same time the counteracting tendency and the real social forces that alone could give rise to this tendency," (Lenin: *Review. Karl Kautsky, Bernstein and the Social-Democratic Programme. A Counter-Critique*). The great changes taking place in the material life of the working class in capitalist countries during the past century have generally undergone three phases. In the first, which occupied the latter half of the last century, capitalist economies developed quite rapidly. In some countries, especially in Britain, living conditions of the workers improved considerably as a result of the vigorous development of industry and the

plunder of colonies (including the plunder of China after the Opium War in 1840). This was acknowledged by Engels in 1892 in a preface for the English language edition of *The Conditions of the Working-Class in England* which he had written more than 40 years earlier and was then republishing. In it he gave a new explanation of the living conditions of the working class at that time, declaring: "The state of things described in this book belongs today, in many respects, to the past, as far as England is concerned." In this preface, he also made a study of the social causes behind this change. At the end of the last century, Lenin was also fully aware of the reality of the improved living conditions of the workers in this phase.

The second phase comprises the first half of this century. In this phase, capitalism entered the stage of monopoly. The contradictions inherent in the capitalist system became unprecedentedly acute, so acute that a worldwide economic depression (1929-33) and two world wars launched by imperialism broke out. Depression, wars and the rule of monopoly capitalism were catastrophic for the working people in the capitalist world, and their impoverishment became extremely obvious. In this phase, unemployment was unprecedentedly serious and the income of job-holders dropped sharply.

The third phase was from the 1950s to the 70s. In this phase, the life of workers in the West, as is known to all, has shown remarkable improvement over a fairly long period.

The Growth of Poverty and Its Counteracting Tendency

The growth of poverty and its counteracting tendency stood out not only throughout the whole course of the past century but also in its different phases.

That poverty in capitalist countries tends to increase while there can also be a counteracting

tendency, is by no means a fortuitous phenomenon, but one that exists as an objective law. Under the capitalist system, because of the very nature of capital and the workings of the law of surplus value, capitalists always try every means to intensify their exploitation of the working class and reduce the workers' living standard so as to make the highest possible profits; and as a result of the accumulation of capital and the general law of capitalist accumulation, two polarizing trends inevitably take place: the accumulation of wealth at one end and of poverty at the other; serious economic crises and imperialist wars caused by the sharpening contradictions inherent in monopoly capitalism plunge the labouring people deeper into the abyss of poverty and death. Therefore, the tendency of impoverishment is a major, inevitable, economic phenomenon determined by the nature of capitalism. But how is it that under capitalism the tendency of impoverishment can be checked and its counteracting tendency appear? Generally speaking, there are three reasons.

1. The role of the law that the requirements of the proletariat keep rising. About this, Lenin once mentioned the fact that "the development of capitalism inevitably entails a rising level of requirements for the entire population, including the industrial proletariat," (Lenin: *On the So-Called Market Question*). As a result of the advance of science and technology, large-scale modern production requires a higher quality of labour power (i.e., a higher level of culture, technique and skill) and consequently, the social demands of the reproduction of labour power (cultural, material and other demands) rise correspondingly. In the three postwar decades, the modernized economy and the rise of big cities have brought great changes to the working and living conditions of the workers, particularly in respect to the workers' food, clothing, housing, transportation and other means of livelihood. Many formerly expensive consumer goods have become ordinary social demands within the reach of the workers. This objective necessity for rising social requirements is one of the major causes behind the improvement of the conditions of the workers' material life.

2. The impact of the cyclical capitalist production upon the workers' living conditions. Workers' living conditions are determined by two major factors: One is the rate of unemployment and the other, real wages. These two

factors play different roles in different phases of the production cycle. In a phase of crisis, workers' wages tend to drop and their living conditions deteriorate as a result of the decline in production, increase in the number of jobless, glut in the labour market and intensification of competition among workers for job opportunities. During the phase when production is looking up, workers' wages tend to rise and their life improves as a result of the development in production, more job opportunities, scarcity of labour and intensified contention among capitalists.

3. Working-class struggles and capitalist-class concessions. The nature of capitalist exploitation and plunder determines that capital disregards the fate of the working class. It is owing to the growing struggle of the working class that their living standard does not necessarily drop correspondingly when production goes down and improves as much as possible, if not correspondingly, when production looks up. The workers' alliance and intensified struggle have forced the capitalist class to make concessions. This has been particularly conspicuous since World War II.

The alternation between the growth of poverty and its counteracting tendency depends, in the final analysis, on the growth of the capitalist economy and on the development of the contradictions of capitalism. When the economy of capitalist countries enters a period of long-term stagnation, depression and serious crisis, the capitalist class makes an attack on the living standard of the workers and the workers' life shows a tendency to deteriorate. This has been proved by facts. In some years during the 1970s, when capitalist economy entered a stage of stagnation caused by various contradictions, there appeared a drop in workers' real wages in some capitalist countries and a noticeable increase in unemployment, with more and more insoluble social welfare problems. Since then, the burden on the shoulders of the labouring people has tended to become heavier as a result of taxation, price hikes, debts and other miscellaneous expenses. Therefore improvement of the material life of the working class in capitalist countries today is uncertain and the tendency of impoverishment is beginning to assert itself. It is certain that if the capitalist economy becomes caught up in a big crisis and recession, the impoverization of the proletariat will inevitably become obvious once again.

Why Is It That Poverty Cannot Be Eliminated?

In the above analysis of the conditions of the material life of the working class in capitalist countries, the working class is dealt with as an entity and differences among various strata of the working class are ignored. This is necessary in making an analysis of the process of historical development. But, to gain further knowledge of the real living conditions of the working class in capitalist countries, we must make a special analysis not only of different phases but also of different strata of the working class.

Engels once said: "The working-class of the great cities offers a graduated scale of conditions in life, in the best cases a temporarily endurable existence for hard work and good wages, good and endurable, that is, from the workers' standpoint; in the worst cases, bitter want, reaching even homelessness and death by starvation," (Engels: *The Conditions of the Working-Class in England*). Obviously, this "graduated scale" exists even in today's economically developed capitalist countries.

Judging from living conditions, the working class in developed capitalist countries can be roughly divided into three strata. About 10 per cent of the workers, who get along quite well, belong to the upper stratum. Their life is bourgeoisified. About 70-80 per cent belong to the middle stratum, of which the upper-middle lead a relatively better-off life while the lower-middle have difficulties making ends meet. The remaining 10 per cent or so belong to the lower stratum. Take Japan for instance. Workers with an annual income of one million yen or less account for 10.3 per cent of the Japanese wage-workers. Life of workers in this stratum is quite miserable. In every capitalist country, there are still people with no regular income living in extreme poverty at the bottom rung of the social ladder.

In the "welfare states," at present, though the number of workers and other labouring people in lower stratum is comparatively small, we should on no account neglect these poverty-stricken people. Many facts prove that it is completely wrong to think that in the West poverty has vanished and that "the poor are no longer poor."

At present, a question well worth pondering is: Why is it that the capitalist classes of the

developed capitalist countries do not wipe out poverty? Considering the level of development of the productive forces and the extensive accumulation of social wealth, it is quite within their power to do so.

In the capitalist countries, it is not always the same groups of workers who are sunk in poverty. Once a worker is unemployed or partially unemployed, he is slipping into this quagmire. But who wants to fall into it? Needless to say, nobody. Therefore the quagmire has become a serious threat facing job-holders. The menace of poverty forces workers to work conscientiously for the capitalists, and that is just what is most sought after by the capitalist class. In *Capital*, Marx shows that the capitalist class uses two methods to force workers to work hard for them: One is by the threat of poverty and starvation, the other, by the use of incentives to enlarge the workers' needs and requirements. Although present-day capitalist countries are inclined to satisfy the workers' essential material needs and go in for welfare-ism in a big way, they have not abandoned the threat of poverty and starvation as a method. Under the capitalist system, therefore, poverty can never be wiped out.

Analysis by Comparison

In analysing the standard of living of the working class in capitalist countries, we must also compare it with that of the capitalists and with the average standard in society, and compare the workers' income with that of the capitalists. From such comparisons, we can understand the living conditions of the working class more deeply and thereby gain a correct understanding of the status of the proletariat in capitalist society.

By comparing the two antagonistic classes, one can see that though the workers' material comforts have grown, the degree of their social satisfaction has dropped in relation to the enjoyments of the capitalists and considering the average level of development of the society as a whole. Marx said: "Our desires and pleasures spring from society; we measure them, therefore, by society and not by the objects which serve for their satisfaction," (Marx: *Wage Labour and Capital*).

History has proved that with the development of capitalist economy and the increase of productivity, no fundamental changes, however, have taken place either in the gap between the

living standard of the proletariat and that of the capitalist class or in the gap between the living standard of the proletariat and the ever-increasing level of consumption of society as a whole. Since World War II, though the real wages of workers in capitalist countries have increased, the level of their consumption is no match for that of the capitalists, and even worse, the income and consumption of the majority of workers have been lower than the average. According to statistics, in 1970 an average U.S. family spent 10,670 dollars. However, worker families with incomes of no more than 10,000 dollars accounted for 54.5 per cent of the total. Among these families, there were a considerable number whose living standard was far below that of an average family. The poverty line drawn by the U.S. Government for recent years is 6,700 dollars in annual income. In 1976, however, families with an annual income of 6,000 dollars or less made up 14 per cent of the total.

Speaking of the relations between profit and wages in *Wage Labour and Capital*, Marx pointed out that profit and wages were in inverse proportion. This is the general law governing the distribution of national income in capitalist countries. A wage is the price of labour power and the main source of a worker's income. Therefore, the drop in the proportion of wages in the national income as compared with the profit grabbed by the capitalists reflects the deepening of the relative impoverishment of the working class.

Since World War II, capitalist countries have developed their economies by expanding capital accumulation and strengthening exploitation of the labouring people both at home and abroad, and thereby have greatly increased their national income. However, the distribution of the national income has still followed the direction of an inverse proportion between profit and wages. As mentioned above, the wages of workers in capitalist countries have increased by a fairly big margin, but the profits of capitalists have increased much more rapidly. Take the United States for instance. The average weekly money wage of a worker in the manufacturing industry in 1977 was less than four times that of 1950, while the profit after taxation rose almost 5.5 times. The more rapid growth of profit as compared with that of the average wage effectively changes the distribution of the national income continually in a direction favourable to the capitalist class and unfavourable to the proletariat. Although the

amount of the workers' wages has increased, generally speaking, its proportion in the national income has tended to drop. Not only has the amount of profit of the capitalist class increased, but generally speaking, its proportion in the national income has also tended to increase. According to statistics, in the United States, the proportion of the national income accounted for by the workers' wages dropped from 29.7 per cent in 1948 to 26.3 per cent in 1977. This is representative of most of the major capitalist countries. Engels once said that a capitalist "pays a trifle higher wages rather than let the whole profit escape him. He sends the butter to fetch the cheese, and getting the latter, leaves the butter ungrudgingly to the workers," (Engels: *The Conditions of the Working-Class in England*). It is true that the amount of "butter" now obtained by the workers is greater than in the past, but the "cheese" gained by the capitalists is greater by far.

The above analysis shows that no matter how much the rapid development of capitalist economy has improved the living conditions of the workers, the improvement has been obtained through suffering a greater degree of exploitation and at the cost of a decline in their social position. The social chasm between the workers and the capitalists has become wider and wider. Under the capitalist system, though a local and temporary mediation can be effected in the relations between labour and capital, the conflict of fundamental interests between them can in no way be eliminated. Although present-day international bourgeoisie is pursuing reformism and a policy of concession so vigorously that labour-capital relations and the workers' movement have been seriously affected, there is a limit to ruling class concessions and sometimes, it is going back on them. Besides, the rise in workers' wages and increased welfare cannot shake the rule of the capitalist class. Marx said: "A rise in the price of labour, as a consequence of accumulation of capital, only means, in fact, that the length and weight of the golden chain the wage-worker has already forged for himself, allow of a relaxation of the tension of it. . . . Altogether, irrespective of the case of a rise of wages with a falling price of labour, & c., such an increase only means at best a quantitative diminution of the unpaid labour that the worker has to supply. This diminution can never reach the point at which it would threaten the system itself," (Marx: *Capital*). □

More Authority for Enterprises Revives the Economy

by Our Correspondent Tian Yun

Existing industrial enterprises are undergoing gradual transformation. Formerly appendages of government organs regulated by planning only, they are becoming more or less independent socialist commodity producers operating under the guidance of state planning — living economic cells so to speak. This is an important move in the experimental reform of the economic structure undertaken in recent years.

Sichuan (pop. 97.74 million) is one of several provinces which have first become involved in the experiment. Findings of on-the-spot investigations by this correspondent are most encouraging, showing marked economic results. Representing a correct orientation, the experiment will continue, but at a slower tempo as the nation's more immediate concern at the moment is making economic readjustments.

Stop Wrapping Ourselves In Cocoons

WHILE we have some enterprises which suffer losses every year and as a matter of course receive government help to keep things going, there are others putting out much-needed products of good quality and not knowing what to do with them. One may blame bureaucracy for all this, but actually it is an indication that something is wrong with the very structure of our economic management.

In Sichuan I was told about some of the headaches Chen Shanyang had in his work several years ago. Chen was deputy director and chief engineer of the state-owned Ningjiang Machine Tools Plant in that province. The plant produces much-needed mini-lathes for processing precision instruments. Although they were low-priced and of good

quality, they just did not sell. Now why was that?

"You see," Chen explained, "in our country lathes are things to be distributed by the state under a unified plan. Any factory which produces them must turn them over to the state department in charge of materials. Any client (usually enterprises run by the state or a collective) in need of lathes must first apply for a distribution quota from the said department. However, the latter, as often as not, has at best only a vague notion about the applicants' needs; some applicants had a hard time getting their quota. Many approached Ningjiang through personal contacts, offering a supply of steel products in exchange for lathes." Now this was quite embarrassing to the factory director

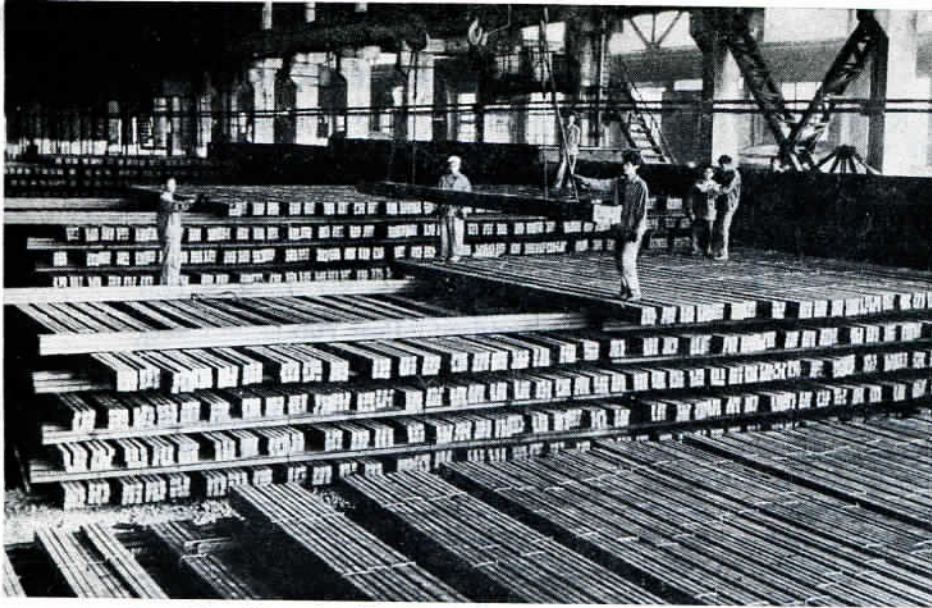
who had no right to arrange production outside the state plan; besides, to supply clients its products directly was unorthodox, not in line with the practice of planned distribution. A few disappointed applicants tried to make lathes themselves but as could be expected, they turned out to be costly and of inferior quality; others managed to import them with whatever foreign exchange they could lay their hands on.

How the "Cocoon" Was Produced

"It's all because our enterprises have no authority to run their own business, that's the problem," Chen went on frankly. "Now this very structure of economic management has really bound us hand and foot."

Chen Shanyang obviously shared the views of Zhao Ziyang, one time First Secretary of the Sichuan provincial Party committee and now Premier of the State Council. After extensive investigations while in Sichuan, Zhao observed that the existing management structure was like a silkworm which wraps itself up in a cocoon.

This structure of economic management was in the main transplanted from the Soviet Union in the 1950s. It is characterized by a highly concentrated unified leadership over the national economy; it does not consider the means of production a commodity and regulates productive activities solely through planning; under



The Chongqing Iron and Steel Company is boosting the production of fine-quality square steel for export. Granted more power to run its own business, it has sold, through its own channels, a large quantity of products needed on the market.

this structure, the state imposes production plans on enterprises in the nature of a mandate; the enterprises get their equipment, raw materials and manpower from the state through unified distribution; the state monopolizes the purchasing and marketing of products; all profits, if any, go to the state treasury and the state takes care of any losses incurred; the state makes appropriations to cover the expenses of running these enterprises. Under such a structure, it is the organs above which, far removed from the production front, direct the economic activities of the various enterprises, whereas the enterprises themselves, right on the production front, having no authority to run their own business, are mere appendages of government organs.

In conducting the economic activities of the hundreds of thousands of enterprises in the country, the various governmental levels have accordingly set up sizeable administrative bodies. Such a structure naturally involves too many authorities and is marked by excessive complexity. It creates a gap between production and

marketing and procrastinates in handling business. Take production plans as an example. It is impossible for a leading body to make a very detailed investigation into the social demand for every product to be made. Moreover, it takes quite some time for a leading body to listen to the reports sent in from the various lower administrative levels before it can work out a plan and it takes just as long a time to pass down the plan to the enterprises concerned from level to level. Very often when a product is made according to a belated plan, the demand for it has already diminished or may no longer exist. Still the enterprise concerned continues to carry on the production in strict accordance with the plan from higher-up because it answers to nothing but the state plan and it does not worry in the least about whether its products can find an outlet or pile up.

To each according to work done is, of course, a major principle of socialism. But under the impact of "Leftist" thinking, it was considered one of the "remnants of bourgeois rights" and abolished as such;

at the same time, absolute equalitarianism was treasured as a "revolutionary" principle and encouraged. Success or failure of an enterprise did not directly affect the enterprise itself or its workers and staff members. They received no benefits if they increased production, nor did they have to take economic responsibility when they had incurred a loss. Wages were paid all the same in any case, for good or bad work. This encouraged the enterprises to turn to the state for everything and resulted in extravagance and waste, lax discipline, and low labour-efficiency — problems which long remained unsolved in the past.

Breakthrough

The campaign launched in the spring of 1978 to emancipate the mind helped people to break away from the fetters of "Leftist" thinking. Was the existing structure of management really in accord with the law of the development of the socialist economy? While adhering to public ownership of the means of production and the principle of to each according to work done, what could be done to activate the economy in a way that would not only benefit the state but also arouse the enthusiasm and initiative of the enterprises and the workers?

Zhao Ziyang and other leaders of Sichuan started making investigations in their province. Zhao himself went abroad to study the problem of economic management while pondering over our country's own long years of experience in this field. One finding that inspired them was this: It turned out that some urban industrial enterprises that were collectively owned and had not been incorporated in the state plan were relatively flexible and respon-

sive in adapting themselves to market demand, as it usually took them at most six months to change their line of production; this vividly demonstrated their great vitality. So Zhao and his colleagues decided to introduce reforms, reforms that would grant enterprises the necessary authority to run their business on their own and hold them responsible, reforms that would give scope to market regulation under the guidance of state planning.

When Du Xingyuan, secretary of the provincial Party committee, Meng Dongbo, chairman of the provincial economic commission, and other leaders of the province visited the Ningjiang Machine Tools Plant in October 1978, they kept asking people there: "What has bound you people here hand and foot? Don't you want to loosen these bonds?"

Leaders of the factory present, who themselves had touched on this problem many times before and were quite willing to make an experiment, avoided com-

mitting themselves then and there because they were well aware of the strong resistance they were likely to meet with in the reform and were not quite sure if they could ever succeed. Later, at an emergency meeting of the factory Party committee, they all spoke up and welcomed the idea of unloosening their bonds by asking for enlarged power. This naturally was what the provincial authorities had in mind and they immediately agreed. In October that year, six enterprises, including Ningjiang, became the first enterprises in the country to be granted extended autonomy on an experimental basis.

The experiment bumped up against real difficulties. Some people worried about a drop in the state's financial revenue, about things getting out of hand once regulation by the market had its way. . . . Nevertheless, this reform had become inevitable because it was the logical conclusion of a historical review and theoretical exploration of practices in the years

since the founding of the People's Republic in 1949.

In the course of this historical current of reform many people in Sichuan emerged as determined reformists with both courage and insight. One secretary of the provincial Party committee announced, "Should the state financial revenue drop due to our failure to do a good job in experimentation, I'll be the first to have my salary reduced." The factory directors this correspondent met also expressed their readiness to take the blame, or even be punished if the experiment failed. A grey-haired factory director felt that reform had become imperative. Though there were difficulties, he said, it was like seeds sown in the fields in spring sprouting through the soil.

The experiment proved to be quite a success. By 1979, industrial enterprises in Sichuan engaging in reform already numbered 100. The following year saw another 317 enterprises joining in; their output value accounted for 70 per cent of the

China Grants 6,000 Enterprises Extended Power

In February 1978, the First Session of the Fifth National People's Congress put forward the task of "gradually transforming and perfecting the management structure of enterprises." At the end of the year, the 11th Central Committee of the Chinese Communist Party decided at its third plenary session to correct the shortcoming of over-concentration of power in economic management and give local authorities and enterprises more control.

In October 1978, Sichuan Province began to experiment in granting extended autonomy to some enterprises. Later,

Yunnan and Anhui also selected some enterprises for experimentation.

In July 1979, the State Council issued five documents in regard to this new policy and decided to try it out in 4,000 enterprises throughout the country. This number rose to over 6,000 last year comprising 16 per cent of the nation's state-owned enterprises. Last year their output values and profits accounted for 60 and 70 per cent respectively of the total from state-owned enterprises. Among the 6,000 experimental enterprises, 191 operated according to a new policy of delivering to the state only income tax, industrial and commercial taxes and tax on fixed assets, while keeping all the remaining profits and assuming sole respon-

sibility for profits or losses.

These 6,000 enterprises have yielded good economic results since they were granted extended autonomy. Their output values and profits have increased more than those in enterprises where no extended autonomy was granted. Last year according to statistics, not only did output values in 5,777 such enterprises register an increase over that of 1979, but the total amount of profits they delivered to the state also increased 7.4 per cent, from 27,000 million to 29,000 million yuan. Of the profits earned last year by these enterprises, 87 per cent went to the state, 10 per cent was retained by the enterprises, 3 per cent was used to repay state loans or put aside as subsidies.

output value of the state-owned enterprises as a whole, while their profits delivered to the state amounted to 80 per cent of the whole. In no way was the success achieved by virtue of administrative methods, Vice-Governor He Haoju told this correspondent at an interview. No, it was because the results of the experiment turned out to be much better than people had expected; this attracted an increasing number of people and enterprises.

Eight Rights

The eight rights granted to the enterprises taking part in the experiment are:

- Right to reserve part of the profits. Of the 417 experimental enterprises in the province, 355 after fulfilment of the main economic and



A salesman of the Chongqing No. 3 Printing Factory talking over business with a purchasing agent from another unit.

technical targets set in the state plan reserve 3-5 per cent of the profits they have made according to plan. In addition, they draw, depending on what trade they are in, 15-25 per cent of the extra profits made outside the state plan. There are 57 enterprises drawing a proportionate sum directly from their gross profits, while the other 5 that take care of their own profits and losses keep all their earnings after having paid to the state income tax, industrial and

commercial taxes and a tax on the fixed assets.

The profit kept by the enterprise goes in developing production, improving workers' welfare and paying bonuses to the workers.

- Right to expand reproduction with funds they themselves accumulate and to keep the profits derived from it for themselves in the first two years.

- Right to retain 60 per cent of the depreciation fund for fixed assets as against 40 per cent in the past.

- Right to engage in production outside the state plan, such as processing for other factories and turning out more products needed on the market. This, of course, may be done only when the state plan has been met.

- Right to market part of their products which the commercial and materials departments do not purchase or new products at an exposition.

- Right to apply for exporting their products and to reserve part of the foreign exchange earnings for the import of new technology, raw and other materials and key equipment.

- Right to issue bonuses at the enterprise's own discretion, that is, in the light of its specific conditions within the range as was approved by the state (in 1980 not more than two months' average wages of the workers and staff).

- Right to penalize those who incur heavy losses to the state, including workers, Party secretaries and factory directors, due to negligence in work or other subjective reasons. The most serious will be expelled from the factory.

From Passive to Active

"In the past, an enterprise was like a boat drawn forward by a tow-line. But now, with enlarged powers of self-management, it operates automatically, as if with an engine." This is how workers in Sichuan Province describe the new method of management.

Economists there believe that the extension of autonomy has helped transform an enterprise from a unit operating merely to fulfil state plan into an economic cell, dynamic and vibrant as never before.

This is because: Provided that the state interests are guaranteed, an enterprise can exercise more authority than before and can get additional economic benefits. The more profit it earns, the bigger is its share of the profit and the more income the workers get. It also assumes certain economic responsibility for losses. Thus the quality of management is closely linked up with the economic well-being of both the enterprise itself and the workers. Under the former structure of management, everybody "ate from the same pot." An incompetent man could be a factory director, while others however competent, had no opportunity to show their talents. After an enterprise is granted more control over its affairs, the ability and efficiency of the director has a direct bearing on the interests of the enterprise and its workers. When a factory fails to increase its production and earnings, the workers will have complaints; the director will be obliged to improve management and respond to market needs more effectively. At the same time, the workers on their part will also take more personal interest in the production and sale of

their products, in raising efficiency and economizing. In this way, slackness and waste will be cut down to a minimum.

How to combine the interests of the state, the enterprise and the workers well, to give full scope to active factors for developing production? A preliminary answer is provided by the experimental units having enlarged control over their own affairs.

"Some people were afraid that the transformation might pull an enterprise out of the socialist orbit," He Haoju, Vice-Governor of Sichuan Province, said to this correspondent, "but their apprehensions were quite groundless. In factories granted enlarged autonomy, efforts are made not to change the form of ownership, but to search for a structure of management that conforms to socialist economic laws. In Sichuan, though a degree of market regulation is in effect, the main products of the province are still controlled by the state plan and its enterprises must still fulfil the quotas set by the state. Even the commodities circulating on the market are subject to state intercession by means of economic regulations and leverage (such as taxation, prices and credit). Because enterprises differ in regard to their resources and equipment, and the prices are not in tune, there is a difference in the share of profits they each keep, as well as in the bonuses workers of different enterprises get. So workers of different enterprises do not receive equal pay though they have done equal work. This is not fair and we are trying to solve it step by step. But this cannot possibly lead to a polarization of wealth at one

end and poverty at the other," said the Vice-Governor. "This is because under the socialist system, the means of production

are publicly owned, and no one in our country can convert money into capital in order to exploit others."

Marked Economic Results

THE reforms of expanding the rights of enterprises then carried out in Sichuan Province ran parallel with the readjustment of the national economy.

Over the years, influenced by "Left" mistakes, we one-sidedly sought high quotas and high speed in our economic work. Our accumulation rate was too high and the scope of our capital construction far too large. This resulted in an abnormal development of the economy and a serious imbalance between different branches of our national economy. In the readjustment, restoring the balance in the economy called for a faster development of such departments as textile and other light industries, energy, communications and transport, and the building of residential housing, while production in departments like capital construction, metallurgy and machine-building had to be scaled down. Many enter-

prises of the latter kind were thus operating under capacity.

The experimental reforms developed under these circumstances have played an unexampled positive role in advancing production and solving problems arising from the cut-back of production tasks and are highly beneficial to improvement of the economic situation as a whole. In Sichuan last year, about 30 per cent of the enterprises involved in this experiment had production tasks insufficient for their capacity. If this had happened before the reforms, these enterprises, which had to arrange their production completely according to state plan, could have done nothing but would have been obliged to accept the ensuing losses. With the introduction of regulation through the market, experimental enterprises, now free to organize production outside the state plan according to market



The Sichuan No. 1 Textile Mill uses its own funds for the welfare of workers. Their children happily splashing about in a new swimming-pool.

needs and sell any such products through their own channels, are in a position to make active efforts to increase production and promote the sale of their products on both the world and domestic markets. And this serves to fill the gaps left by the state plan.

In 1979 the output value of 84 industrial enterprises carrying out the experiment increased, as compared with 1978, by 14.9 per cent, their profits by 33.5 per cent and profits handed over to the state by 24.2 per cent—outdoing those gained by enterprises not involved in the experiment. In 1980, because the production plans of some enterprises were cut back, the prices of some raw materials and fuels were raised and the prices of some products went down, the profits gained by enterprises not involved in the experiment were slightly lower than in 1979. But under the same conditions, profits gained by the 417 experimental enterprises rose by 7.43 per cent and their output value increased by 9.66 per cent, the rate of growth in both cases being higher than that of the enterprises not involved in the experiment.

Social Demands Stressed

The experimental enterprises have basically replaced their former approach of being responsible only to the administrative organs and state plans with that of taking responsibility for the needs of the clients and society. They have adjusted their product mix and output to market demands.

The Xinan Electrical Appliances Factory producing mainly enamel-insulated wire used to supply dynamo plants with thick wire. With the slashing of capital construction and the production of electrical machinery, the output set by the

state plan for the factory only accounted for 40 per cent of its production capacity. As an experimental unit responsible for its own profits and losses, the factory, on the basis of market forecasts, went in for thin enamel-insulated wire for domestic appliances instead and signed contracts with 426 units in the country's 25 provinces, municipalities and autonomous regions. As a result, the factory's output value last year increased by 29.6 per cent over that of 1979, its profits handed over and tax paid to the state went up by 16.7 per cent and the profits gained for itself rose 120 per cent. Talking to this correspondent after a meeting of the factory's leading members, Director Hua Xichu said: "The situation forces us to keep an eye on market trends, to help us decide on our next step."

To facilitate the state's readjustment of the proportionate relationship between light and heavy industry, the Ningjiang Machine Tools Plant (mentioned above) has shifted its main objective from serving heavy industry to supplying light industry. For example, in 1978 the plant's output of small precision machine tools for the timepiece industry made up less than 10 per cent of the total. Now it has jumped to 70 per cent. In 1979, only 314 such machine tools were called for in the state plan, which was less than half of the number the plant actually made. The plant, by advertising in the country's leading daily, made known that it would accept orders directly from customers (this was the first time that this newspaper carried an advertisement to sell means of production). Its products quickly found a lively market with so many orders that delivery of some of them will have to wait till 1983.

Technical Innovation Promoted

Enterprises involved in the experiment have displayed great initiative in improving quality, increasing variety and promoting technical innovation. In the last two years, the province's textile and other light industries, metallurgy, medicine and other trades have developed 3,887 new varieties, most of them created by the experimental enterprises themselves. Through technical innovation these units have achieved good results in solving the problems of variety, quality as well as weak links in production, not to mention energy conservation and improving working conditions. In 1979 the Sichuan No. 1 Textile Mill built with its own funds and bank loans a production line with an annual production capacity of printing and dyeing 10 million-metre synthetic fabrics. The production line was put into operation one year ahead of the plan. The same year it started production, the mill handed over 2.3 million yuan in profits to the state and the mill itself made 1.37 million yuan. Last year it began to build another production line for processing an additional 20 million metres, which when completed, will basically overcome the province's problem of a shortage of printing and dyeing capacity.

Workers' Welfare Improved

The profits retained by the enterprises are mostly used to develop production, with a small part allocated for workers' and staff members' bonuses. In 1979, bonuses received by each person in the experimental enterprises averaged 120 yuan (twice the average monthly wage of a worker). Last year they got more. Part of the profits retained by the enterprises

goes in developing housing projects and other welfare facilities for the workers and staff members. This has released the pressure brought on through neglect for the people's well-being over the years.

Without exception, all the enterprises this correspondent visited, had put up new apartment buildings in the last two years and were still building. Chen Weiyi, director of the Chengdu Measuring and Cutting Tools Plant, showed me around

their newly built apartment buildings, canteen, kindergarten and workers' hospital. The director said: "It would have been difficult to build all this before the plant received more autonomy."

In 1979, the floor space of residential housing built by 100 experimental enterprises in Sichuan equalled the total amount completed in the past 15 years. Last year saw another general increase in housing accommodations.

profit target from 40 million yuan adopted at the previous congress to 50 million yuan (overfulfilled later), drew up regulations for democratic management, elected members to the democratic management committee — a permanent organ. It also decided on the shares of its funds to be allotted to production, collective welfare, payment of bonuses to workers and staff and the reserves, and agreed on a principle for the allocation of newly built houses for the workers and staff. At the congress, representatives of workers and staff put forward more than 300 suggestions to improve the work of the mill.

Democratic Management — A New Starting Point

ENTERPRISES experimenting in expansion of autonomous rights not only carried out reforms in industrial management, but also made new progress in business administration in a democratic way. The Sichuan provincial Party committee pointed out in one of its documents: "Enlarging autonomous rights means in essence more rights for the workers and staff to run the enterprise on their own; it means delegating the right of enterprise management to the congress of workers and staff."

As early as in the mid-50s, congresses of workers and staff were set up in China's factories and other enterprises in the capacity of an advisory and supervisory body. Now that these enterprises carrying out the experiment have more power to make their own decisions and are allowed to keep part of their profit for their own use, democratic management by the workers and staff has been further substantiated.

The experimental units tried to make the congress of workers and staff the organ of authority. The enterprise

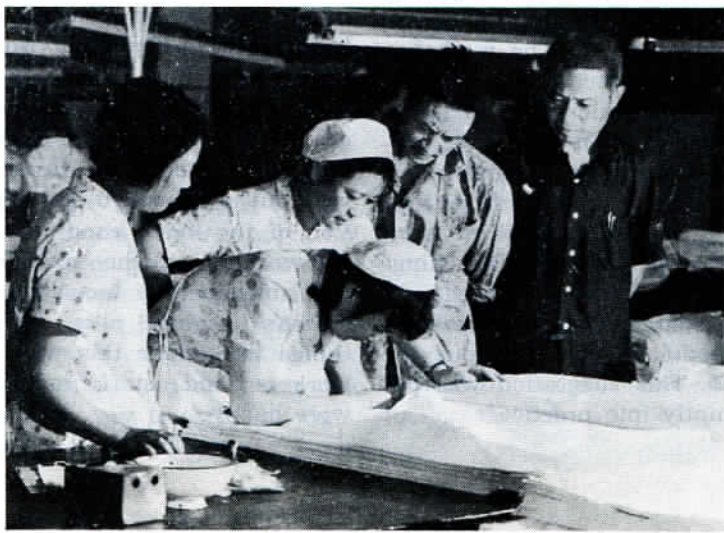
leadership was required to report on its work to the congress, which decided on all important matters ranging from production, construction, management, educational affairs (including the education of the workers and staff and factory-run schools) to workers' livelihood.

Discussing Important Matters

In July last year, the Sichuan No. 1 Textile Mill held its sixth congress of workers and staff. It approved the mill director's report and the revised production plan, raised its annual

Earlier, the Sichuan Shipyard also held its congress of workers and staff. It met at a time when the shipyard had been asked to build three additional 800 hp. tugboats. Both cadres at the factory and workshop levels were not sure that they could fulfil the task because the time was too pressing and there were too many difficulties. The congress, after consulting with the masses, put forward a feasible plan to tap the shipyard's potential. The leadership reorganized the management accordingly and the task was successfully fulfilled.

Representatives of the workers and staff members at the Sichuan No. 1 Textile Mill make regular quality checkups right in the workshop.



SPECIAL FEATURE/ENTERPRISE REFORMS

The leadership of an enterprise must carry out the decisions of the workers' congress seriously. The decisions of the congress of workers and staff of the Honghe General Chemical Works in Zigong city, for instance, included one with 10 measures for improving the livelihood and well-being of those working in the factory. The factory leaders, however, carried the measures half-heartedly and little progress was made. The congress called a special meeting to discuss it and sent three representatives (two workers and one section chief) to supervise its implementation. With the concerted efforts of the factory director and the section chief, the decision was finally carried out.

Permanent Organs

Congresses in some enterprises have set up their own permanent organs, democratic management committees, to listen to the work reports of the enterprise leadership, to address inquiries and check up how the resolutions were carried out. Last year, the democratic management group of the Sichuan No. 1 Textile Mill went to a workshop to spot-check the quality of its laps and discovered that many turned out by two workers were not up to standard while some others did not follow the rules of operation. They asked the workshop to change this in a specified period of time. The workshop director adopted prompt measures and quickly solved the problem. When the representatives of workers and staff visited another workshop, they found that the method of work by a worker named Pan Xingrong was quite advanced and suggested that her experience be popularized throughout the mill. This suggestion was put promptly into practice.



Accounting figures are published regularly in the spinning-room of a textile mill in Chengdu.

Previously, in some enterprises, it was the words of the leaders that counted with regard to such matters as recruitment of new workers, enrolment of students into the factory-run schools and distribution of living quarters. Though the workers resented all these, they could do nothing about them. Some enterprises taking part in the experimental reforms now delegate this kind of power to special groups under the permanent organ of the congress of the workers and staff. In this way, it will be difficult for anyone to try to do a special favour for leading cadres or his own relatives and friends. For instance, final say in the distribution of new housing in the Chongqing No. 2 Cotton Mill now resides in its housing-allocation group elected by the workers and staff. Members of the group first carried out a thorough investigation of the living conditions of the workers and then examined and amended the factory leadership's original plan. When things were done this way, all workers and staff members were happy.

Last year when the Ningjiang Machine Tools Plant's technical school enrolled students, there were 30-odd children of its workers eligible for a higher education. In the opinion of the factory leaders, three of these young people (who once indulged in fisticuffs) should not sit in the examinations. But most people in the democratic management group were against this discrimination on the ground that those young people should be given a chance to overcome their shortcomings. After a debate they vetoed the suggestion of the factory leaders and decided to let them sit in the examinations. Two out of the three young people qualified in the exams. In the course of the past year, the two young men have mended their ways and made much progress at school.

Election of Managerial Personnel

In 1979, workers of the Chongqing Iron and Steel Company elected workshop directors, section chiefs and group leaders. Throughout the elec-

tion, from the nomination of candidates to the actual voting, the opinions of the masses were respected. The workers in the metal processing workshop of the company's Machinery Maintenance Factory at first nominated 17 candidates. After making repeated comparisons, they finally put up five to stand for election (three were elected). Seventy per cent of those elected had been cadres in the company all along, and most of the newly elected ones were sound ideologically, competent technically and had a good work style. Cadres elected by the workers were more democratically minded than those appointed by higher authorities. After the democratic election, administration work in the sections and groups was strengthened, so that a democratic management network has taken form initially throughout the company and enterprise management improved.

The Zigong Steel Casting Plant, another experimental unit last November successfully elected a factory director. The election was presided over by the presidium of the congress of the workers and staff and 1,218 workers and staff members voted in a secret ballot without nomination of candidates. Wang Zizhen, former Party secretary, who got 1,112 votes, was elected factory director, while former director Wu Shao-hua and four others were elected deputy directors by an absolute majority. During the six years Wang Zizhen had been working at the factory, he was assiduous in the study of technology and management. Under him and his colleagues, the output value and profit of the factory had gone up year after year and this has won him the trust of the masses.

The present system of congress of workers and staff under the leadership of the Party committee has yet to be improved. The various experimental enterprises in Sichuan differ widely

as to their respective practices and results. Generally speaking, however, all have made a new beginning in democratic management and gratifying changes have taken place in the position of the workers there.

Reforms and Readjustment

FOR the present and for a certain period of time to come, readjustment will be the central task of the whole country. Reforms will continue, as long as they serve to facilitate the readjustment and take place steadily. The State Council has decided that the autonomy granted to the experimental enterprises will not be extended to others for the time being. Judging from the experiences of Sichuan Province, the reasons are:

(1) Conditions are not ripe for a comprehensive reform of the whole economic structure at a time when the branches of the national economy are seriously out of proportion. Quite a few enterprises which do not operate at full capacity will have to be restructured and reorganized along the principle of co-ordination and specialization. Those which take part in the reform experiment may try out whatever is possible to enlarge their scope of production.

(2) As no all-round reforms are being undertaken, the enthusiasm of the experimenting units will inevitably be hampered by outside conditions. For instance, there can be no immediate correction of certain irrational regulations in the state policies of taxation and prices; due to shortages of raw materials and power supply, the productive capacity of the enterprises cannot be tapped fully. On the other hand, in order to set right the serious imbalance of the entire national economy, it is necessary to carry out cen-

tralized leadership over economic work, including necessary administrative intervention in the allocation of materials and funds as well as in matters on starting or cancelling a construction project.

(3) In the process of reform, there will be clashes of interests between enterprises and the state. Whenever this happens, the former must be subordinate to the latter. Measures which are reasonable in terms of a locality but not in regard with the whole country should be cancelled or postponed. For instance, the plan of the Sichuan No. 1 Textile Mill to increase 3,000 spindles with its own funds has been cancelled. Viewed from the angle of the enterprise, the plan not only will provide more jobs for the workers' children waiting for employment but also release part of the existing equipment for use in turning out more profitable products. But viewed from the angle of the whole province, whose spinning and weaving capability has already surpassed its capability of printing and dyeing, it is obviously unwise to increase the number of spindles.

Concentrating our efforts now on doing a good job of readjustment and on turning the national economy on to the track of a sound and co-ordinated development is to create necessary conditions for an all-round reform of the economic structure in the future. □

To Understand The Trial

A Great Trial in Chinese History

Published by the New World
Press,

Distributed abroad by Guoji
Shudian (China Publications
Centre), P.O. Box 399, Beijing,
Renminbi: 1.70 yuan (domestic
price).

Factual, illuminating and timely, *A Great Trial in Chinese History*, published by the New World Press in Beijing, is a handy compendium. It tells a great deal, and answers many questions, about the recently concluded trial of Jiang Qing and those convicted with her. Produced very quickly, it is rich in content and explanation.

The treatment is chronological. First come 30 pages on the setting up of the court, the listing of major changes and the opening of hearings. Then follows the main body of 100 or so pages, recounting the 67-day proceedings in three chapters. These deal respectively with the court's examination and verification of evidence; the debates with statements by the prosecution, the accused (except for Zhang Chunqiao who refused to speak) and the defence lawyers retained; and, finally, the verdicts

with the text of the articles of law under which they were rendered. A further 80 pages consist of the full text of the indictment and the final judgment. And in the category of comment are the introduction by the internationally known Chinese sociologist Prof. Fei Hsiao Tung (Fei Xiaotong) who was one of the judges, the editorial on the trial in *Renmin Ribao* (People's Daily) and opinions by three noted Chinese jurists.

Readers will find in this book not only the events on which the charges were based and the procedure of the trial, but also answers to many queries that have been made. Does Chinese law include the presumption of innocence? Answer: Neither innocence nor guilt are presumed, but the court has the responsibility for verifying every charge before deciding on either. Why were the defendants tried under legislation subsequent to the crime? Answer: As in many other countries, retroactive application is permitted only if the acts tried were also crimes under previous laws, and only if the new laws provide for lighter penalties than the old.

Stated sharply are the distinctions observed in the trial between matters of criminal responsibility under law and political errors, however closely

linked to the crimes and however grave. The constant attempts made by Jiang Qing, in particular, to drag in Chairman Mao Zedong are described and refuted. Applicable to these, and to all confusions on such matters is the prosecutor's clear statement: "... the Party, the army and the people of all our nationalities will... never forget or nullify Chairman Mao's great contributions to overthrowing the 'three great mountains' [imperialism, feudalism and bureaucrat-capitalism], founding the People's Republic and pioneering the socialist cause in China. Neither will they fail to sum up the experience of the 10 years of the 'cultural revolution.' Our Party and state leaders have time and again declared that throughout his political life, Chairman Mao's achievements were primary, while his mistakes were secondary." (See p. 105.)

Also stressed is the fact that the laws applied in the trial were those of China, which the book cites. Comparisons with the legal provisions and procedures of other countries, while they may be made, have no bearing on the legitimacy of the trial. This is a matter of national sovereignty.

At the same time, it is freely admitted that socialist legality in China is in its initial stages and needs perfecting. What emerges from the facts, and from the book, is that the trial represents a giant step forward in such legality.

Did the trial have any aspect of similarity to other famous ones in history, such as Nuremberg? A Chinese opinion cited is that despite Nuremberg's international nature, there is a parallel in that two crimes affected hundreds of thousands of people most directly and had a



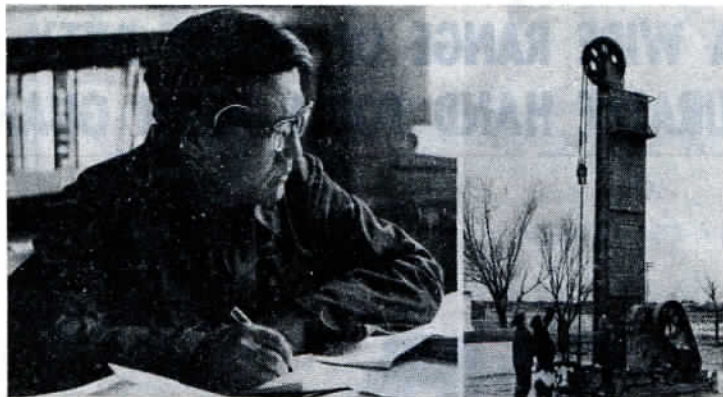
SCIENTIFIC RESEARCH

Major Inventions Receive Awards

One hundred and sixty-five major scientific inventions, mostly in the fields of agriculture, medicine and industrial technology, have been recognized and presented awards since April 1979 by the State Commission for Science and Technology.

New technology for blast furnace smelting of vanadium-titanium magnetite, devised by a research group at the Pan-zhihua Iron and Steel Company in Sichuan Province, received the only first-class award given by the commission. This breakthrough in smelting polymetallic ore has been unsuccessfully sought by industrial scientists abroad for over a century. The invention will accelerate the development and use of vanadium-titanium iron ore, vast deposits of which have been found near the company.

Scientists at the Shanghai



Gu Xinze, a second class award winner, and his new chain oil pump invention which decreases consumption of electricity.

Research Institute of Silicate received a second-class award for producing a synthetic fluoro-phlogopite, a kind of mica essential to the electronics industry. Medical scientists at the Chinese Academy of Medical Sciences, in co-ordination with researchers from other units, earned a third-class award for discovering a new treatment for leptospirosis, an infectious disease caused by spirochete bacteria. A special mulching agent, which increases soil temperature and opens new possibilities for higher grain output in cold regions, received a fourth-class award. It was

produced jointly by scientists at the Institute of Geography under the Chinese Academy of Sciences and the Dalian General Oils and Fats Plant.

A special committee for the examination of new inventions was set up in April 1979 by the State Commission for Science and Technology. Its aim is to encourage initiative and creativity among China's scientists and workers to boost the country's socialist modernization drive. Monetary prizes and medals are awarded to individuals and units for major, original inventions up to advanced world standards.

grievous effect on scores of millions, and that in those circumstances it would be neither feasible nor just, for example, to disqualify from judgeship anyone having previous views on the subject. This reviewer can think of two other comparisons — of dissimilarity — with the Moscow trials of the late 1930s and the kangaroo "trials" (or victimization without any trial) practised by Lin Biao, Jiang Qing and their like. In the Moscow trials, many of the crimes alleged came as a surprise to the public; in the

present one they were generally known. As for Lin Biao and the gang of four, they represented collapse of law — many of their victims died without even knowing what they were held guilty of.

This thorough trial, one can anticipate with confidence, will stand the test of history.

As for the book itself, it does have some defects, technical ones in editing and in particular the absence of an index. But there is no doubt of this small volume's veracity and usefulness to the general reader, the

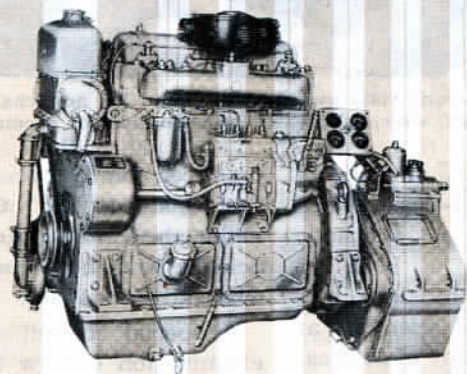
scholar and all those who wish to be informed.

What it provides for us is a record of determined action to close an unfortunate period of the history of the Chinese revolution, and to open another — of advance in socialist democracy and the common applicability of law to all violators, high or low.

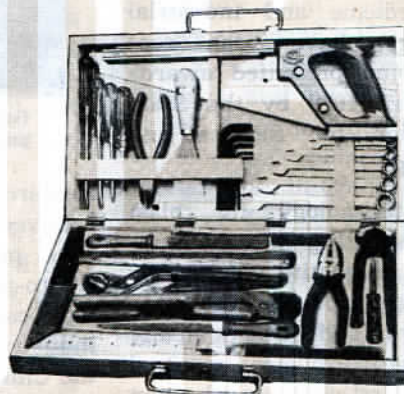
China, having faced up to the errors of the past, today turns her attention to the arduous tasks of the present and future.

— Israel Epstein

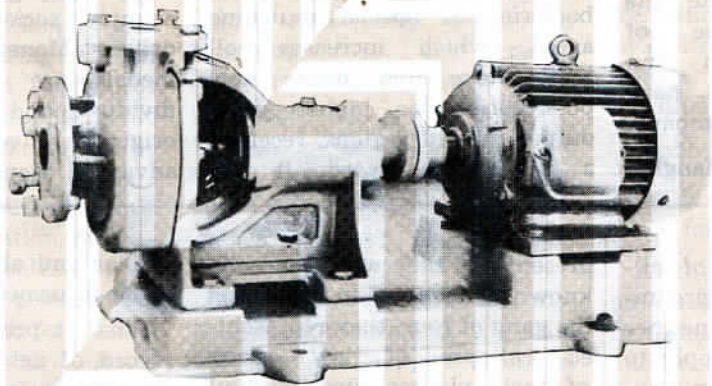
A WIDE RANGE OF HEAVY DUTY MACHINERY AND DURABLE HAND TOOLS FROM GUANGDONG PROVINCE



DIESEL ENGINES



TOOLS



PUMPS

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