

# PEKING REVIEW

49

December 2, 1977

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## The Two-Line Struggle in the Economic Field During the Transition Period

— Background material for studying Volume V of  
"Selected Works of Mao Tsetung"

## Soviet Social-Colonialism Stands Exposed

*Wage Increases*

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# PEKING REVIEW

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## Greeting Yugoslavia's National Day

**H**UA Kuo-feng, Chairman of the Central Committee of the Communist Party of China and Premier of the State Council, sent a message on November 28 to Josip Broz Tito, President of the League of Communists of Yugoslavia and President of the Socialist Federal Republic of Yugoslavia, extending warm congratulations on Yugoslavia's National Day. The message reads:

"On the occasion of the celebration of the National Day of the Socialist Federal Republic of Yugoslavia, I wish to extend, on behalf of the Communist Party of China, the Chinese Government and people and in my own name, our warm congratulations to you and, through you, to the League of Communists of Yugoslavia and the Yugoslav Government and people.

"May the Socialist Federal Republic of Yugoslavia thrive and prosper with each passing day. May the Yugoslav people achieve continuous successes in safeguarding independence and sovereignty, in adhering to the policy of non-alignment and in their struggle to combat imperialism, colonialism and hegemonism.

"Your extremely successful recent visit to China has not only demonstrated the long-standing profound fraternal friendship between the Chinese and Yugoslav peoples but also carried the friendly relations and co-operation between China and Yugoslavia to a new stage of all-round development. I am convinced that this relationship conforms to the interests of the people of our two countries and of the whole world and that it will deepen and develop steadily."

## Wage Increases

China decided to increase wages starting on October 1 this year. The raise affects about 46 per cent of the total number of workers and staff. Included are industrial workers, workers and staff in the commercial and service trades, teachers, scientific and technical workers, medical personnel, literary and art workers and government functionaries.

The current wage increase was decided upon by the State Council in accordance with the

instruction of Chairman Hua Kuo-feng and the Party Central Committee on the basis of the gradual improvement of the national economy and the increase of state revenues. The emphasis is on workers and staff who have worked for many years but receive relatively low pay.

This year's wage increase will be effected in line with the principle of "From each according to his ability, to each according to his work." Co-workers evaluate the political

consciousness, attitude towards work, contributions and technique of a person before they recommend whether his or her wage should be increased and this must be approved by the Party committees concerned. Those who make greater contributions to socialist revolution and construction, either in production or in work, and those doing scientific research or technical work are given priority in recommendation for wage increases.

Total industrial output value in the first nine months of this year was 12 per cent higher than the corresponding 1976 period. Good grain harvests have been reaped in many places after overcoming several kinds of natural adversities, some of which were among the worst since the founding of New China in 1949. Compared with last year, the output of cotton and oil-bearing crops has also increased. Consequently, there is a marked increase in state revenues, and in the purchase, sale and stocking of commodities.

It has always been China's policy to gradually improve the people's living standards and systematically increase wages on the basis of development in production. Wages have been increased several times between 1949 and 1971.

However, this policy could not be implemented in the last few years because of serious interference and sabotage by the "gang of four." After the pay raise of a section of the workers

*(Continued on p. 27.)*

# The Two-Line Struggle in the Economic Field During the Transition Period

by Hsueh Mu-chiao

*The years between the founding of the People's Republic of China in 1949 and the basic completion of the socialist transformation of the ownership of the means of production in 1956 was a period of transition. Chairman Mao's important writings in this period and in the year 1957 were published in Volume V of the "Selected Works of Mao Tsetung." This article by the noted economist Hsueh Mu-chiao is a review of the struggle in the economic field during the transition period, with special reference to the socialist transformation of capitalist industry and commerce. It is hoped that the article will be of help to our readers in studying Volume V of the "Selected Works of Mao Tsetung." Following is the first of four instalments.*

— Ed.

ON the eve of the birth of New China, Chairman Mao pointed out clearly in his report to the Second Plenary Session of the Seventh Central Committee of the Chinese Communist Party that, after the confiscation of bureaucrat capital\* and completion of the land reform, China's economy would consist of five sectors, namely, the socialist economy, the capitalist economy of the national bourgeoisie, the state-capitalist economy, the co-operative economy and the individual economy. Of these, the so-

cialist state-owned economy occupied the leading position, but the capitalist economy was still a force that could not be ignored and occupied an important place. Within a certain period, all capitalist elements beneficial to the national economy and the people's livelihood should be allowed to exist and expand. At the same time, however, they should be restricted so as to prevent them from spreading unchecked. As proposed by Chairman Mao, they were restricted in four ways: the scope of operation, the tax policy, market prices and labour conditions. This policy of restricting private capitalism was bound to meet with resistance in various forms from the bourgeoisie; thus restriction versus opposition to restriction was the main form of class struggle in our country.

\*The four big families of Chiang Kai-shek, T.V. Soong, H.H. Kung and Chen Li-fu, during their 20-year rule, piled up enormous fortunes valued at ten to twenty thousand million U.S. dollars and monopolized the economic lifelines of the whole country. This monopoly capital, combined with state power, became state-monopoly capitalism. This monopoly capitalism, closely tied up with foreign imperialism, the domestic landlord class and the old-type rich peasants, became comprador, feudal, state-monopoly capitalism. Such was the economic base of Chiang Kai-shek's reactionary regime. This capital has been popularly known in this country as bureaucrat capital and this capitalist class, known as the bureaucrat-capitalist class, was the big bourgeoisie of China.

Just before and after the founding of New China, the struggle between the proletariat and the bourgeoisie and between the socialist and the capitalist road was extremely sharp. Some people used to cite China as a case of peaceful transition, and the political economy textbooks published in the Soviet Union in particular held that the transition from capitalism to socialism

in China was a peaceful one and that the bourgeoisie willingly and without any struggle complied with the transformation of ownership. This was far from the truth. The struggle between the two classes and the two roads in our country has always been extremely fierce.

### **Curbing Speculation**

The first round of the struggle began with the liberation of Shanghai in May 1949, the power base of the Chinese bourgeoisie. A struggle between the two classes and the two roads was unfolded on all fronts following its liberation. Although we had confiscated all the enterprises owned by bureaucrat capital, we could not immediately restore production as the Kuomintang had in its retreat shipped off everything that could be removed and destroyed a big portion of what they had to leave behind.

Bureaucrat-capitalist enterprises which accounted for a very large proportion of the entire capitalist economy were thus partially paralyzed after they were confiscated by the People's Republic and were in the process of being transformed into socialist state-owned enterprises. Efforts had to be made to bring them back to normal. This being the case, the state-owned economy at that time was comparatively weak whereas private capitalist economy was in a stronger position. Although state-owned industry had by far greater fixed assets than private-owned industry, its output value was smaller.

The runaway inflation in the last decade or more of Kuomintang rule resulted in prices skyrocketing several hundred- to several thousand-fold every year, and there was a huge amount of speculative capital which continued to play havoc on the market sending up prices by hoarding and cornering the market. All this brought heavy losses to industrial and agricultural production and the people's livelihood in general. In the ten months from the liberation of Shanghai in May 1949 to March 1950, prices shot up 10- to 20-fold.

In order to develop production and ensure stability in the people's livelihood, we had to keep commodity prices stable. This was in essence a struggle between the proletariat and the bourgeoisie for control of the market. It was also a struggle between the proletariat

which was for restriction and the bourgeoisie which was against it. The struggle for market control was, in fact, a struggle for leadership over the entire national economy, which involved the question of whether the socialist economy was to exercise leadership over the capitalist economy or vice versa.

In 1949 when the people's war of liberation to overthrow the Kuomintang's reactionary rule was still being carried out on a large scale, we had not yet tided over our economic difficulties. Much was required to satisfy the needs of war but our revenues were quite limited. We had no alternative but to issue more banknotes and so we were still unable to effectively stabilize market prices. That was why the capitalists, especially those in Shanghai, were unbridled in their illegal activities. They even jeered at us, saying: The Communists are really great militarily and should be given full marks for having annihilated eight million Chiang Kai-shek bandit troops armed with U.S.-made planes, tanks and artillery; politically, they can get 80 for their united front work which is quite a success; but economically, they can get no marks at all, for they have failed to stabilize prices. The capitalists hoped that the Communist Party would only look after political matters while leaving economic affairs to their charge. But it is common knowledge that politics serves economics and economics is the base of politics; if we were to leave the management of economic affairs to the bourgeoisie, then politically our dictatorship of the proletariat would be replaced by the dictatorship of the bourgeoisie.

At that time, speculation was rampant among the capitalists who bought and sold gold bullions, silver dollars and greenbacks. Big business deals were usually carried out with gold bars, while in day-to-day transactions silver dollars and U.S. currency were used. The headquarters of speculative capital was the stock exchange in Shanghai, which was known as the Exchange House. To strike at speculative capital, the People's Government banned the circulation of gold bars, silver dollars and foreign currencies, and sent troops to raid the Exchange House and arrest the capitalists engaged in speculation there. Altogether more than 200 of them were rounded up; they were criticized for their illegal activities, given an

education and later released. A number of people who had no access to the Exchange House used to sell silver dollars in the streets. They were arrested by our armymen and police with the support of workers and students and their silver dollars were confiscated. This was the powerful measure we took in curbing speculative capital.

### Commodity Prices Stabilized

Unable to carry on illegal transactions of gold bullions, silver dollars and greenbacks, the capitalists diverted their idle money to food grain and cotton piece goods. This was a rather complicated matter, for while the speculative capitalists hoarded grain and cotton piece goods, the average wage-earners would lose no time in buying rice and wheat flour as soon as they got their pay. This was because just before liberation prices went up several times overnight. It was not unusual for an ordinary worker to have in store enough grain to last his family for one or two months and a certain amount of cotton cloth as well. So banning the purchase and sale of food grain and cotton cloth was out of the question. What then should be done to stabilize commodity prices? Marxist theory and our own experience told us that the key lay in curbing inflation.

The amount of paper money in circulation must first of all correspond to the actual amount needed; when it exceeds, prices will go up and the currency will be devalued. In order to stabilize prices, it is imperative to stop inflation, and this requires that revenue and expenditure should balance. However, the war was still going on and military spending was considerably high. Although a large number of big cities were liberated, a tax system had yet to be established; state revenue was meagre and the public grain collected from the countryside (i.e., tax in kind) alone was insufficient to meet our needs. So the only way out was to put more paper money in circulation. Later, with the tax system in the cities established and perfected step by step, state revenue increased and by the winter of 1949 the state had some grain in reserve after public grain had been collected.

In the past, the various liberated areas managed their own financial matters separately for unified management was impossible in

those days of guerrilla war. It was not until the winter of 1948 that the People's Bank of China was established to unify the issuance of the currency. In early 1950 the People's Government adopted a decision to put the nation's finance under a unified management, followed by unified control of revenue by the Central People's Government. Meanwhile, great efforts were made to improve the tax system and keep revenue and expenditure well balanced.

The next thing we did was to allocate the supply of a number of major items, especially food grain and cotton piece goods, in accordance with a unified plan. We shipped grain to Shanghai to cope with the speculative activities of the capitalists. Shanghai was at that time the main battlefield in our struggle against the capitalists; once we had the situation there well in hand, things elsewhere in the country could be easily handled.

In addition, we exercised unified control of cash. Government offices, P.L.A. units, factories and enterprises having large amounts of cash were required to deposit them in the People's Bank. Prior to this, their cash was not centralized and a certain amount was kept in the private banks which offered a higher rate of interest. These deposits were of course used by the capitalists to engage in speculation. While we adopted these measures, we issued government bonds to the tune of 300 million yuan (Renminbi), thereby reducing the amount of money in circulation. Thus the conditions for stabilizing prices were ripe.

Then came the four-day holiday for the traditional Spring Festival in 1950. Speculation used to be most rampant in Shanghai around the festival. It was a common practice among the speculative capitalists there to hoard up grain, expecting its price to double during this period and thus raking in a tidy sum. They never dreamt that when the state-owned shops opened after the holidays, the food grain prices remained the same as before, supply was unlimited and people could buy as much as they wanted.

The capitalists giped: "The Communists simply don't know how to do business. Wouldn't they have profited by doubling the prices?" They borrowed money heavily and feverishly bought grain and cotton cloth in the hope of pushing

prices up. But on the next day there were no price hikes. They continued their buying spree and by the third day they had used up all their funds, so there were very few buyers. The government knew that there was no more idle money on the market as the amount of currency in circulation could be figured out. On the fourth day, the speculators began to have misgivings and wanted to sell, but the government refused to buy their hoardings and there were no other buyers either.

This put them on the spot for most of their money to hoard grain came from the private banks whose interest rates for loans were very high — around 40 per cent per month with the highest at 100 per cent per month. The speculative capitalists had borrowed money in the hope of cashing in on their hoardings. They had calculated that prices would soar and they could still make a profit after paying off the interest, but now what they had hoarded could not be sold while the interest on their loans had to be paid up. In less than a month, therefore, many went bankrupt.

The situation had changed. During the period of inflation, there was an unreal purchasing power. Although there was a balance between the supply and demand of grain and cotton cloth, panic buying and hoarding gave the market the appearance that supply was falling short of demand. When prices became stabilized, everyone wanted to dump their stocks on the market, but there weren't any buyers. Hence a seeming glut of commodities in the market. The speculative capitalists had to sell at cut prices to pay back their loans. By March 1950 the prices had become stable and there was even a drop in the prices of commodities from March to June, many falling by about 30 per cent. Six months later when we began purchasing various essential products, prices picked up by about 15 per cent, but still they were some 15 per cent below those of March.

Speculative capitalists going bankrupt one after another naturally affected those private banks supporting them. In those days these banks did not engage in normal financial transactions and were actually the behind-the-scene bosses of the speculators. Paying high interest rates to attract deposits, they lent out money at even higher rates to the speculators. When the latter went broke and the money lent them could

not be recovered, these banks went bankrupt too.

### **Exercising Leadership in The National Economy**

Most capitalists in industry and commerce, including many big textile and flour mills, engaged in speculation and hoarding just after liberation. During the time of inflation, they were reluctant to sell their products too soon and preferred to wait until the prices had risen so as to rake in greater profits. Now a radical change took place after prices had become stable. Unable to sell their products, many cotton and flour mills had no money to buy raw materials or pay their workers. They had to stop work or shut down.

After the stabilization of prices, the market began to feel a shortage of money. During the period of inflation, banknotes circulated very rapidly, some issued in the morning would be back at the treasury by nightfall, and most took only a day or two. Therefore, there seemed to be a lot of money in circulation when in fact there was very little. After prices were stabilized, everyone wanted to keep some money and so there was a shortage of it.

To support industry and commerce, the People's Government issued some banknotes in a planned way in accordance with the needs on the market, mainly for the purchase of grain and cotton from the countryside. In the past, the peasants in the rural areas dared not keep paper money because of inflation. As they were basically engaged in bartering, there was no money in circulation. Now that the prices had been stabilized, they needed money to buy what they wanted. The government issued Renminbi banknotes to buy grain, cotton and other agricultural products, and the peasants now had money to buy manufactured goods.

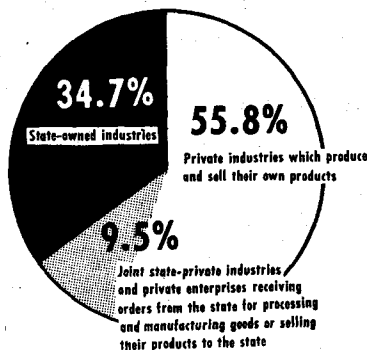
By this time, industrial and commercial capitalists in the cities also went to the state bank for loans to help tide over their difficulties. What policy should be adopted towards these capitalists? The People's Government decided not to grant them loans so as to prevent them from engaging in speculation again. Instead, the government bought up the capitalists' stockpiles which gave them the money needed to restore production. In this way the government took control over their products.

The government went a step further by placing orders with the capitalist industrial enterprises for processing and manufacturing goods. The biggest capitalist undertakings at that time were the textile mills, with the flour mills taking second place. But grain and cotton were firmly in the hands of the state. So we said to the capitalists: We will supply the raw materials for you to process goods and pay you the processing charges, or we'll purchase your products at mutually agreed prices. This method was called placing orders for processing and manufacturing goods and purchasing the products. Processing charges varied according to circumstances, but the capitalists could get a profit of 10, 20 or 30 per cent (a portion of this was used to pay the income tax). The capitalists were very pleased with this arrangement, for during the time of inflation they had to face great risks with frequent price fluctuations and no guarantee whatever for their production. With the introduction of this new arrangement, their supply of raw materials, market for their products and their profits were all ensured.

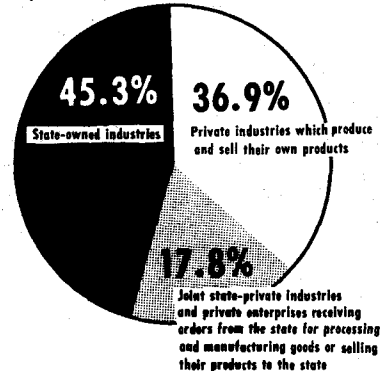
Many textile and flour mills and other factories signed contracts with the government for orders and processing. This enabled the state to have large amounts of manufactured goods in its hands. By purchasing agricultural products in the rural areas, we also had control of large quantities of grain and cotton. This ensured market supplies. With the implementation of placing orders with private factories to process and manufacture goods or purchasing their products, what and how much the capitalists were to produce were governed by the state and most of their products controlled by the government. As a result, those private industrial enterprises had in fact started to change into state-capitalist economy and the state was in a position to control them and decide their future development.

Thus, we exercised leadership not only in the market but in the national economy as a whole. At the Second Plenary Session of the Seventh Central Committee of the Communist Party of China, Chairman Mao said that

1949



1950



the socialist state-owned economy occupied the leading position and was the leading sector of the entire national economy. This was not the case before the stabilization of prices, for we could not exercise leadership and the capitalists refused to accept our leadership. After the prices were stabilized, they had no way out but to submit. Thus, a change came about in the balance of class forces and a basic change took place in the balance of forces between the socialist economy and the capitalist economy. State-owned industries plus joint state-private enterprises and private industrial enterprises engaged in processing and manufacturing goods in accordance with state orders or selling their products to the state accounted for 63.1 per cent of the nation's gross industrial output and thus occupied the predominant position (see charts).

In commerce, state-owned commercial enterprises and supply and marketing co-operatives accounted for 23.9 per cent of the wholesale trade and 14.9 per cent of the retail trade in 1950. As the state controlled import and export trade, state-owned enterprises held the absolute superiority in this field. In banking, many private banks had closed down following the widespread bankruptcy of speculators, while those few that remained were unable to carry on independently and merged into a state-private bank. The overwhelming proportion of savings deposits were concentrated in the state-owned bank which accounted for 98 per cent of the total at the end of 1950 while private banks accounted for only 2 per cent. Thus we scored our first victory in the socialist transformation of the capitalist economy in banking and its transformation was in the main completed in 1950.

(To be continued.)



# Keep to the Style of Seeking Truth From Facts

by Chen Yun

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Following are excerpts of an article by Chen Yun, Member of the Central Committee of the Chinese Communist Party and Vice-Chairman of the Standing Committee of the National People's Congress. Entitled "Keep to the Revolutionary Style of Seeking Truth From Facts," it was published in "Renmin Ribao" on September 28 in commemoration of the first anniversary of the passing of Chairman Mao. — Ed.

SEEKING truth from facts is a question of fundamental importance to the Marxist materialist ideological line. To uphold Marxism-Leninism-Mao Tsetung Thought, it is imperative that we keep to the style of seeking truth from facts. Departing from this revolutionary style means departing from Marxism-Leninism-Mao Tsetung Thought, and we will be liable to become idealists divorced from reality and meet with failure in our revolutionary work. Therefore, to keep to this revolutionary style or not is, in essence, a basic criterion for distinguishing between genuine and sham Marxism-Leninism-Mao Tsetung Thought.

Chairman Mao pointed out: "Facts' are all the things that exist objectively, 'truth' means their internal relations, that is, the laws governing them, and 'to seek' means to study. We should proceed from the actual conditions inside and outside the country, the province, county or district, and derive from them, as our guide to action, laws which are inherent in them and not imaginary, that is, we should find the internal relations of the events occurring around us." (*Reform Our Study*, 1941.)

From the early days of his revolutionary activity, Chairman Mao paid great attention to applying the Marxist theory in his investigation and study of the actual social conditions in China. An outstanding example is the *Report on an Investigation of the Peasant Movement in Hunan* which he wrote during the First Revolutionary Civil War period (1924-27) after making intensive investigations in the Hunan villages. In the Second Revolutionary Civil War period (1927-37), Chairman Mao attached even greater importance to making thorough investigations and study and seeking truth from facts in his efforts to build and expand the Red Army, map out the strategy and tactics to be followed by the Red Army and determine the policies for the agrarian revolution and other questions in the revolutionary base areas.

Right at the outset of *Oppose Book Worship* which he wrote in 1930, Chairman Mao pointed to the truth: "No investigation, no right to speak." He said:

"Quite a few comrades always keep their eyes shut and talk nonsense, and for a Communist that is disgraceful. How can a Communist keep his eyes shut and talk nonsense?"

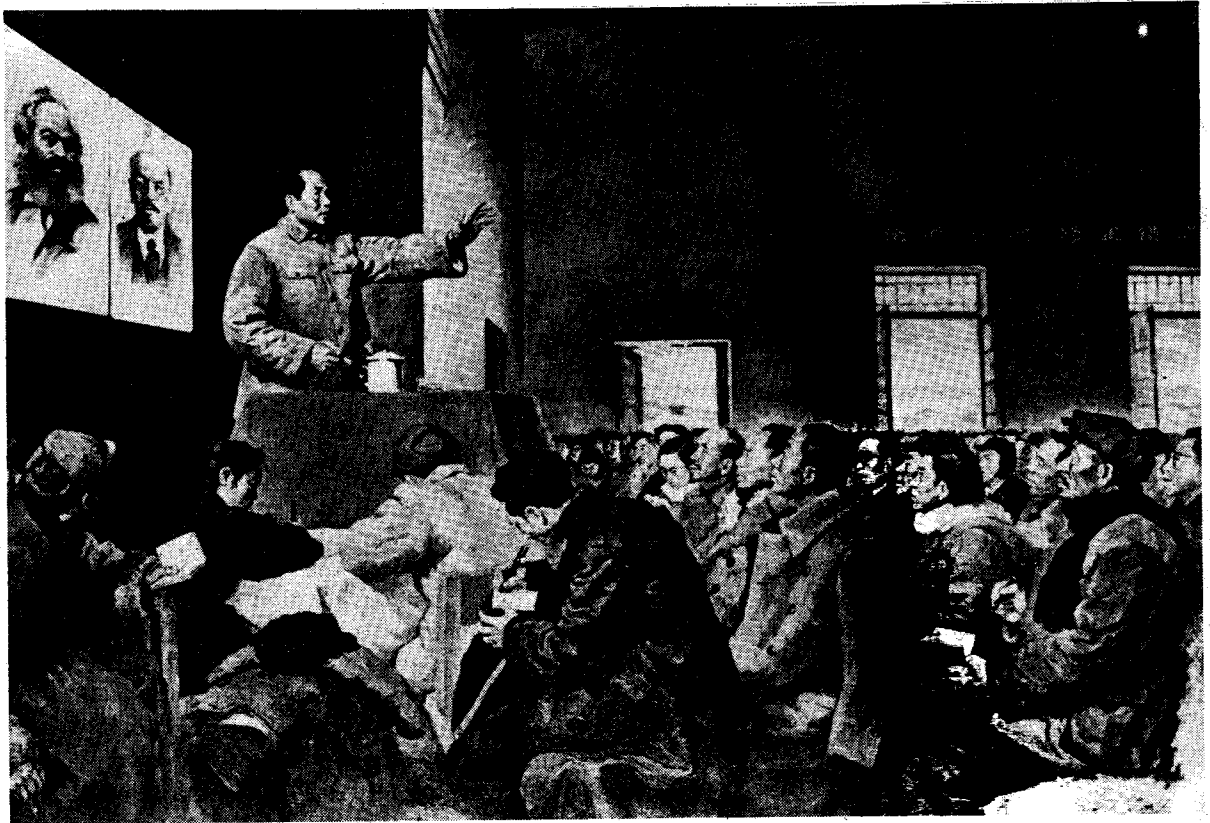
It won't do!

It won't do!

You must investigate!

You must not talk nonsense!"

Take for instance the well-known Three Main Rules of Discipline and the Eight Points



Chairman Mao making a speech in the rectification movement in 1942.

*Oil painting by Lu Kung-liu*

for Attention\*. The earliest version of these rules and points had, among other things, these words: Red Army men should see to it that they put back the doors they have taken down for bed-boards, put back the straw used for bedding and do not bathe within sight of women. These seemed to be trivial matters, and one would never realize their significance if he had not investigated them himself! How could a new type of worker-peasant army be built without first solving these everyday practical questions? Unless these seemingly insignif-

\* The Three Main Rules of Discipline are: (1) Obey orders in all your actions. (2) Don't take a single needle or piece of thread from the masses. (3) Turn in everything captured. The Eight Points for Attention are: (1) Speak politely. (2) Pay fairly for what you buy. (3) Return everything you borrow. (4) Pay for anything you damage. (5) Don't hit or swear at people. (6) Don't damage crops. (7) Don't take liberties with women. (8) Don't ill-treat captives.

icant matters were given due attention, how could the work style of the old-type army which had been followed for thousands of years be changed and relations as close as those of fish to water be fostered between the Red Army men and civilians? How could a new-type relationship between officers and men be established and captured enemy soldiers be willing to join the Red Army without solving the practical questions of officers not scolding and beating soldiers and of not searching captives' pockets? If Chairman Mao had not upheld the principle of seeking truth from facts, how could we have formulated and implemented these policies and how could there be such an invincible people's army as ours? Other policies concerning the setting up of political power and building the Party in the revolutionary base areas, policies on carrying out the agrarian revolution, expanding industry and commerce, and developing culture and education, had all been drawn up by Chair-

man Mao after careful investigation and study and summing up the practical experience of the masses.

The Party's correct line, policies, working method and style soon won the Party and the Red Army the wholehearted support of the people in those difficult years and enabled the small areas under the Red political power encircled by a white regime not only to exist but to develop and expand.

However, Wang Ming and other dogmatists later excluded Chairman Mao from the leadership of the Party Central Committee and replaced Chairman Mao's Marxist-Leninist line with a "Left" opportunist line in the military, political, economic and other fields. The result was that the rapidly developing revolution met with unprecedented setbacks and the revolutionary cause suffered serious losses.

As far as the way of thinking and the method of work are concerned, Wang Ming's "Left" opportunist line jettisoned the basic Marxist principle of unity between theory and practice and Chairman Mao's style of seeking truth from facts. Chairman Mao often used the following words to criticize Wang Ming's "Left" opportunist military line: Wang Ming and those like him simply don't know that human beings must eat in order to live, that you have to walk on foot to cover distances, and that bullets can kill people. The subjectivism of this bunch of opportunists who were divorced from reality and from the masses had reached a preposterous degree! Yet it was these people without any practical experience at all who often used "Marxist" phraseology to browbeat others, wantonly issue directives and resort to ruthless struggle. As a result, the Party and the people paid an extremely heavy price.

The Tsunyi Meeting in January 1935 removed the "Left" opportunists from the leadership and established Chairman Mao's leading position in the whole Party and the whole army. This saved the revolution. In 1942, in order to sum up the Party's experience gained in the struggle over the previous two decades and make ideological preparations for the new development of the revolution, Chairman Mao and the Party Central Committee launched a rectification movement in Yanan.

In his report and speeches on this movement, Chairman Mao made a thorough analysis of the serious damage done by the subjectivist (including dogmatist and empiricist) way of thinking and method of work to the Party and the revolutionary cause. He repeatedly admonished the whole Party to rectify the Party's style of work in accordance with the Marxist-Leninist principle. Time and again he reminded us of Stalin's famous words in the Conclusion of the *History of the Communist Party of the Soviet Union (Bolsheviks), Short Course*: **"Mastering the Marxist-Leninist theory does not at all mean learning all its formulas and conclusions by heart and clinging to their every letter. To master the Marxist-Leninist theory we must first of all learn to distinguish between its letter and substance."** Chairman Mao stressed that this must be done first in order to acquire a real understanding of Marxism-Leninism and develop the revolutionary style of uniting theory with practice, that is, seeking truth from facts. Otherwise, Marxist-Leninist theory would be treated as dogma which is worthless.

During the rectification movement, our Party put the stress on examining and criticizing Wang Ming's dogmatism which did tremendous damage to the Chinese revolution. In a speech during the movement, Chairman Mao criticized those people who **"regard odd quotations from Marxist-Leninist works as a ready-made panacea which, once acquired, can easily cure all maladies. These people show childish ignorance, and we should enlighten them."**

The following story about subjectivism Chairman Mao told us during this movement is still fresh in our minds. A certain comrade ordered the immediate abolition of all taxes and levies the day after he had arrived at the revolutionary base area in northern Shensi. Chairman Mao asked him: You have abolished all the taxes and levies, but do you know how many kinds of taxes and levies are there in the revolutionary base area? The question struck that comrade dumb. It was by such informal talk that Chairman Mao helped many cadres understand what was materialism and what was idealism, underscore the importance of investigation and study, and made all comrades realize that, whatever they did, they must proceed from

reality and, first and foremost, have a real grasp of the situation.

All Party cadres, and high-ranking cadres in particular, followed Chairman Mao's teachings during the rectification movement, conscientiously studied a number of Marxist-Leninist classics, linked what they had learnt with the practice of the Chinese revolution, and recalled and contrasted positive and negative experiences. This produced good results. The comrades not only grasped the basic theory of Marxism, but also paid greater attention to investigating and studying actual conditions and using the essence of Marxism and not fragmentary Marxist phrases to solve practical questions.

Through the rectification movement, the style of seeking truth from facts became more widespread in the Party, and unity within the Party was strengthened on a new basis. This was one of the reasons why comrades throughout the Party remained united as one and were full of confidence in leading the masses to advance on all fronts even when our Party encountered grave difficulties in the later period of the War of Resistance Against Japan and the early period of the War of Liberation. Tremendous changes took place in the Chinese revolution, and only three or four years later the people's democratic New China under the leadership of the proletariat was founded.

During the War of Liberation (1945-49), Chairman Mao drafted the *Methods of Work of Party Committees* and a number of other documents which, in a certain sense, carried forward the rectification movement. In the *Methods of Work of Party Committees* Chairman Mao pointed up the importance of "having a head for figures." He enjoined the whole Party to understand the need to pay attention to the quantitative limits that determine the qualities of things. *On Setting Up a System of Reports*, Chairman Mao said that the secretary of every bureau or sub-bureau of the Central Committee should submit to the Central Committee and its chairman a comprehensive bi-monthly report written by himself. This was a measure that enhanced the Party's democratic centralism and an important system that prompted leading comrades to attach due importance to investigation and study and ensured the Cen-

tral Committee to keep in close touch with the situation as a whole so as to give correct guidance to overall work.

The *Methods of Work of Party Committees* stipulates: "Ask your subordinates about matters you don't understand or don't know, and do not lightly express your approval or disapproval. Some documents, after having been drafted, are withheld from circulation for a time because certain questions in them need to be clarified and it is necessary to consult the lower levels first." This was one of Chairman Mao's customary and important ways of giving leadership. Sometimes even after a document had been issued by the Central Committee for circulation, Chairman Mao did not hesitate to make the necessary changes if impractical points were found.

After the founding of New China, Chairman Mao continued to stress the importance of seeking truth from facts. In many documents and speeches, he dealt at length with the question of grasping the law governing the objective world and helped the whole Party master the way of thinking and method of work characterized by seeking truth from facts.

In 1961 Chairman Mao issued the call to promote the style of making investigations and study. He told leading comrades in various localities that they must thoroughly overcome bureaucratism, exaggeration and the lack of a clear knowledge of the actual situation. In the past few years people paid little attention to making investigations and study; this was a loss to us. Principles and policies not based on investigation and study were not reliable and even dangerous. In view of this, Chairman Mao instructed that leading comrades on the Party committees at and above the county level, first of all the first secretaries, must make systematic investigations in one or two rural people's communes and one or two factories, and that this should be regarded as a primary task and become a common practice among them so as to give correct guidance in all work.

Chairman Mao pointed out that in carrying out the revolution and construction in our country, it was not enough to set forth the general line for building socialism; we must, under the guidance of this general line, have a whole



After he returned from the Soviet Union, Comrade Yeh Ting was appointed commander of the independent regiment of the revolutionary Northern Expeditionary Army. In the Northern Expedition, which started in the summer of 1926, the regiment fought as an advance unit. It routed the main force of Wu Pei-fu, chieftain of the northern warlords, in the two battles at Tingszuchiao and Hoshengchiao in Hupeh Province. The regiment was assigned the task of storming Wuchang as the main assault force in the campaign to take this important city in central China. With Communists as its nucleus, this combat-worthy regiment became the crack force of the Northern Expeditionary Army and was acclaimed by the people as the "Iron Army."

After the capture of Wuchang, part of the regiment was expanded into the 24th division with Comrade Yeh Ting as its commander. He was concurrently commander of the garrison of Wuhan, the site of the National Revolutionary Government.

### **Active in the Nanchang and Canton Uprisings**

In the period of the First Revolutionary Civil War (1924-27), when our Party was still in its early years, many comrades lacked a full understanding of the importance of armed struggle. Chen Tu-hsiu, then general secretary of the Party, abandoned leadership of the revolution in the united front and backed down before attacks by the right-wing of the Kuomintang represented by Chiang Kai-shek, in the hope of making a compromise with it. On April 12, 1927, Chiang Kai-shek, who had usurped the post of commander-in-chief of the Northern Expeditionary Army, staged a counter-revolutionary coup d'etat, drenching Communist Party members and revolutionary people in a blood bath and suppressing the movement of the workers and peasants. In July, Wang Chingwei, chairman of the Wuhan National Government, went over to the side of Chiang Kai-shek. This spelt the end of the co-operation between the Kuomintang and the Communist Party and the first great revolution suffered defeat.



**Yeh Ting.**

*Woodcut by Yen Han*

On August 1, 1927, under the leadership of Comrade Chou En-lai, an armed uprising was launched in Nanchang, Kiangsi Province, signifying that the Chinese Communist Party and the revolutionary people led by it had taken up arms to fight for liberation. Comrade Chou En-lai was secretary of the Party's Front Committee for the uprising, while Comrade Yeh Ting was frontline commander-in-chief and concurrently commander of the 11th army.

On December 11 of the same year, on orders from the Party Central Committee, Comrade Yeh Ting together with Comrades Chang Tai-lei (1899-1927) and Yeh Chien-ying organized and led the Canton (Kwangchow) Uprising. Comrade Yeh Ting was commander-in-chief of the insurgent army.

### **Commander of the New Fourth Army**

After the Canton Uprising, General Yeh Ting went to Moscow to study as instructed by

the Party. Later he left the Soviet Union and, having lost contact with the Party, spent nearly 10 difficult years abroad.

When the War of Resistance Against Japan began in 1937, Yeh Ting returned to China. Hoping to profit from Yeh Ting's reputation in the Northern Expedition, the Kuomintang government offered him the post of army commander. This Yeh Ting turned down flatly.

At that time, the whole nation was demanding united action in the fight against Japanese aggression. Under the pressure of this situation, Chiang Kai-shek's Kuomintang government accepted the Chinese Communist Party's proposal for an anti-Japanese national united front. The two parties thus co-operated once again. After negotiations, the Communist Party-led guerrilla units in the eight provinces in central and south China merged to form the New Fourth Army of the National Revolutionary Army.

Towards the end of 1937, Comrade Yeh Ting went to Yen-an and was appointed commander of the New Fourth Army. Addressing a meeting in Yen-an welcoming Comrade Yeh Ting, Chairman Mao said: "Why do we welcome General Yeh Ting today? We do so because he is a famous general in the period of the great revolution (the First Revolutionary Civil War — Tr.), because he is willing to be commander of our New Fourth Army and because he endorses our Party's policy of the anti-Japanese national united front." Comrade Yeh Ting was deeply moved when he said: "I feel really honoured by the welcome which you comrades have accorded me. Making revolution is like climbing a mountain. Many comrades fear neither the high altitude nor the steep slope and keep on climbing up, but I, for a time, stopped halfway up the mountain and doubled back. Now I have come up again. From now on, I'll follow the road pointed out by the Party and, under the leadership of the Party Central Committee and Chairman Mao, resolutely fight the Japanese invaders to the end."

That he often spoke of his own experience before the officers and men of the New Fourth

Army made him all the more respected for his candidness.

After the New Fourth Army was formally organized in Nanchang in January 1938, it marched to Japanese-occupied areas in central China to wage guerrilla warfare. In three years it took on the enemy in more than 4,000 engagements and killed, wounded and captured over 100,000 Japanese and puppet troops. Meanwhile the New Fourth Army grew from a force of 12,000 to 100,000 men. It also established eight anti-Japanese base areas in the enemy rear in Kiangsu, Anhwei and Honan Provinces. Comrade Yeh Ting always set up his command post at the front line and charged the enemy ahead of everyone else.

### Loyal and Indomitable

During the War of Resistance Against Japan, the Kuomintang government pursued a policy of passively fighting the Japanese invaders but actively opposing communism. It incessantly plotted anti-communist incidents and created splits in order to wreck the anti-Japanese war effort. Within our Party and army there also existed a Right opportunist line of giving up independence and initiative within the united front and making compromises and concessions to the Kuomintang. It was against this background that the Southern Anhwei Incident took place.

In the winter of 1940, Chiang Kai-shek ordered troops of the New Fourth Army in southern Anhwei to withdraw to areas north of the Yangtze River before a set date. At the same time, he clandestinely deployed seven divisions of his troops to lay an ambush for wiping out the headquarters and those troops of the New Fourth Army in southern Anhwei while they were moving north. Comrade Hsiang Ying, then secretary of the C.P.C. Southeast Bureau and deputy commander of the New Fourth Army, followed the Right opportunist line and was off his guard against the Kuomintang's anti-communist plot. Instead of taking the north-bound route charted by the Party Central Committee, he led the troops on to the path set by the Kuo-

Kuomintang and thus brought them into the ambush ring. Again, when the situation became critical, he rejected Comrade Yeh Ting's proposal to break through the encirclement, thereby letting a favourable opportunity slip by. Although the commanders and fighters fought heroically, they suffered heavy losses because they were outnumbered by the Kuomintang troops and their food and ammunition ran out. While they were forcing the final breakthrough on January 14, 1941, Comrade Yeh Ting, who had been seriously wounded, was taken captive.

The Kuomintang reactionaries tried all sorts of threat and cajolery to bring Comrade Yeh Ting over. Commander of the Kuomintang third war zone Ku Chu-tung feted Comrade Yeh Ting and attempted to lure him into issuing a statement to the effect that he would break with the revolution. Ku Chu-tung even promised Yeh Ting the post of deputy commander of the third war zone if he would do this. To all these blandishments Comrade Yeh Ting replied: "You might as well stop all these tricks of yours! Right now the fate of the nation is at stake! Yeh Ting has consistently and resolutely stood for resisting Japanese aggression and that is my sole wish. You, however, playing fast and loose, have gone back on your promise that the Kuomintang would co-operate with the Communist Party in a joint effort against Japan and flagrantly engineered the Southern Anhwei Incident to attack the New Fourth Army." "Yeh Ting's head may roll, his blood may flow, but his will cannot be bent!" he declared.

Comrade Yeh Ting was then thrown into prison. By the window of his cell, he wrote a couplet which read: "I have now spent three months in prison, and I have learnt more than in ten years of reading." And on the wall he wrote the "Prisoner's Song" which became well known later. In it he declared that "a man can never crawl out through an exit for dogs" and that he would "win through to immortality in blazing flames and coursing blood!" He was in jail for five years and never succumbed to the Kuomintang.

After repeated talks by our Party with the Kuomintang authorities following the victory of the War of Resistance Against Japan and compelled by the political situation at that time, the

Kuomintang finally agreed to release Comrade Yeh Ting. He was freed on March 4, 1946, and the following day he sent a telegram to the Party Central Committee and Chairman Mao, saying: "I was released last night. Now I have made up my mind to fulfil my long-cherished wish—join the great Communist Party of China and, under your leadership, devote myself to the liberation of the Chinese people. Therefore I request the Party Central Committee to examine my past record to see if I meet the qualifications. Awaiting your reply."

The C.P.C. Central Committee telegraphed him on March 7. It said: "Glad to learn that you have been released. Everyone is overjoyed. You have fought for more than 20 years for China and for the cause of national liberation and the liberation of mankind and have gone through severe tests. Your infinite loyalty to the nation and the people is known to all throughout China. We hereby inform you of the decision that you are admitted to membership in the Communist Party of China. With warm concern and welcome to you."

### Untimely Death

On April 8, 1946, Comrade Yeh Ting left Chungking for Yen-an by air. Unfortunately, the plane crashed on Heichashang Mountain in Hsinhsien County, Shansi Province. The news of his death came like a bolt from the blue.

In mourning for Comrade Yeh Ting and the other comrades on board, Chairman Mao Tsetung wrote in Yen-an's *Jiefang Ribao* (Liberation Daily) the epitaph: "It is glorious to die for the people." Commander-in-Chief Chu Teh's inscription was: "He laid down his life for peace, democracy and unity of the Chinese people." Vice-Chairman Chou En-lai, then in Chungking, also wrote an article in memory of Comrade Yeh Ting.

The Chinese people will always remember this fine member of the Chinese Communist Party and outstanding proletarian military leader.





a small guerrilla force, it had developed into a regiment by 1938 and then became a division of a regular field army in 1946. Now it is a force with a certain amount of modernized equipment.

The Chinese working people had a deep hatred for the old-type army. Hence the old folk saying, "Good iron is not used for nails, and a good man will not become a soldier." Down the ages, this remained unchanged until the Workers' and Peasants' Red Army was founded 50 years ago. Since then, people have considered it a great honour to join this new-type army founded by Chairman Mao, and affectionately call it an army of the people's sons and brothers. This stands in sharp contrast to the exploiting-class armies which recruit by using coercive measures, advertising for soldiers, hiring mercenaries or even by press-ganging.

After the founding of New China, the P.L.A. revised its recruiting method. Our Constitution stipulates: "It is the honourable obligation of citizens to perform military service according to law." Any youth born of a labouring people's family who is between 18 and 20 years old, ideologically progressive and physically fit, can join the army after his application has been examined and approved by the local department concerned. Since the introduction of this recruiting method, people have joined the army actively.

A comrade of the division in charge of recruiting said that once they wanted to enlist 50 men in Hopei Province's Ankuo County. But, as the news spread, 860 people rushed to submit their applications. He added: "A young peasant, after submitting his application, can join the army after he has met the following requirements: He has to be recommended by the militia battalion (militia organizations have been set up throughout our country) he belongs to; he must also receive favourable comment from the poor and lower-middle peasants, be recommended by the brigade Party branch after examination, pass the physical check-up and finally secure the approval of the county department concerned. Just as Chairman

Mao said, conditions for enlisting are stiff and only one in a hundred is chosen."

### Interviewing Several Fighters

When we went to the 4th company of one of the division's regiments, we interviewed several fighters. In the P.L.A., officers are called cadres or commanders while soldiers are called fighters or combatants. The young men we met were robust and strong and it was obvious even at a glance that they came from families of the labouring people.

**Tang Han-chung comes from a poor peasant family in Hunan Province. Twenty-two years old this year, he joined the army in 1975. He had been a commune primary school teacher after graduating from a senior middle school. When he told us why he joined the army, he first recalled the miseries his family had suffered in the old society. At that time, the Kuomintang reactionary troops pressganged people at will. In a move to escape serving as Chiang Kai-shek's cannon-fodder, Tang's uncle injured one of his own legs, hoping that in this way he would not be drafted. In spite of this, he was pressganged. With an injured leg, he could not keep up with the ranks on the march, and a Kuomintang officer killed him.**

Tang said that he joined the army because he wanted to defend socialist New China so that the labouring people would not be hurled back into misery. With such a clear aim in his mind, he studied diligently and worked hard at mastering military techniques. He is also a model in studying Chairman Mao's works. Last year he was awarded a third-class merit.

Han Chih-chiang is a 20-year-old new recruit from Peking, where his father is a worker at a plastics plant. Prior to his enlistment this year, he was a construction worker. There were 400 people in his building company who applied to join, he said, but only four were recruited and he was one of them. In the first few months after he had joined the army, he failed to reach the standard in military training because he was not used to the climate in south China and his health suffered. But he

had joined the army to defend the socialist motherland; thus he was able to overcome a host of difficulties and in the end achieved fine results in hand-grenade throwing and marksmanship.

Chen Tao, a 19-year-old, joined the army from Honan Province this year. After he graduated from a junior middle school, he went to settle down in the countryside and became a peasant for two and a half years. He is a son of the Party committee secretary of a thermal power plant in Honan. His appearance is still somewhat like that of a child, but beneath it is a strong revolutionary will.

Just after enlisting, he could throw the hand grenade only 30 metres. To develop strength in his arms he went in for horizontal bar exercises. He even tied bricks weighing 2.5 kilogrammes with a rope and swung them 100 times every day. Now he can throw 55 metres, almost twice as far.

Such young men make up the mainstay of the P.L.A. We also interviewed the company's deputy political instructor who told us something about the class origin of his fighters. The overwhelming majority come from poor and lower-middle peasant families (poor peasants and lower-middle peasants refer to the class status of the peasants classified during the rural land reform movement in the early post-liberation period; they do not indicate their present economic status). There are also fighters from workers' and revolutionary cadres' families. Not all the soldiers are of Han nationality. The company has some 20 fighters from the Miao, Chuang or Li national minorities.

Our interviews with the soldiers gave us the impression that all of them understood clearly what they were trained for — that is, to serve the proletariat and the labouring people and defend our socialist motherland.

### **A Unit of Outstanding Combat Capability**

We visited an exhibition on the history of the division and learnt that it has been outstanding in combat.



**A veteran fighter explaining the P.L.A.'s fine revolutionary traditions.**

Exhibits there include many banners of commendation, citations from the Military Commission of the C.P.C. Central Committee and the division's leading organs at higher levels, photographs showing the division in battle and production, statistics of the number of enemies it wiped out and arms it captured and grey uniforms made of cloth the soldiers wove themselves during wartime.

A banner inscribed with "Panlungshan Heroic Company" was a citation of the meritorious deeds a company of the division performed 30 years ago during the War of Liberation when the Chinese people were overthrowing the Kuomintang reactionary rule. At that time the division was fighting battles in northeast China's Liaoning Province. During a battle in June 1947, the 6th company of one of its regiments was ordered to take Panlungshan Mountain. In three hours it launched more than 20 assaults and only 32 of its men were left alive. Squad leader Wang Ping-hsien rushed alone to the front to the enemy's pillbox and threw his sole remaining grenade into it. The enemy's regimental commander was killed and his headquarters was smashed. During this battle, the company wiped out two enemy battalions and took the mountain, a decisive exploit which helped win the final victory of the whole battle.

Another banner on exhibit displayed the words "Huangchaoleng Heroic Company." It was awarded to the 4th company of a regiment. To assist the Korean people in their fight against the invaders and defend the new-born People's Republic of China which was gravely threatened by U.S. imperialism, the division joined the Chinese People's Volunteers and crossed the Yalu River on the China-Korea border in October 1950. The first task the leadership assigned the 4th company was to take Huangchaoleng, a strategic pass. The company made forced marches covering 60 kilometres each night and took Huangchaoleng just a step ahead of the enemy. When the company ran out of food and ammunition in a fierce battle, the fighters kept tooth-paste in their mouths to ease their thirst and fought hand-to-hand against the enemy with the stocks of their guns and stones. They held the position for three days and nights, drove back over 20 frantic enemy attacks and wiped out 250 U.S. invaders and south Korean puppet troops. For this the company was honoured with the above-mentioned title.

In the division, 22 such heroic companies and 2,300 heroes and model fighters emerged either in the War of Resistance Against Japan (1937-45), the War of Liberation (1945-49) or the war to resist U.S. aggression and aid Korea (1950-53).

A military exercise.



The history of the division shows that it has faithfully put into practice Chairman Mao's teaching: "These battalions of ours are wholly dedicated to the liberation of the people and work entirely in the people's interests." (*Serve the People.*) Therefore it "has an indomitable spirit and is determined to vanquish all enemies and never to yield. No matter what the difficulties and hardships, so long as a single man remains, he will fight on." (*On Coalition Government.*)

### Heighten Vigilance, Be Ready for War

The division defends the south gate of our motherland in the period of socialist revolution and construction. In the last 20 years and more it has strictly implemented Chairman Mao's line on army building, worked hard to master military techniques and always stood ready for battle.

In their talks with us, the cadres and fighters stressed that the contention between the two hegemonist powers would finally lead to a world war and that the Soviet revisionists were still bent on subjugating us. A fighter said: "We shoulder a heavy responsibility because there are tigers and wolves at large. So we must work hard to be prepared against war and defend our motherland. We must also be ready at all times to liberate Taiwan and fulfil any task assigned to us by the Party Central Committee and its Military Commission headed by Chairman Hua."

The commanders and fighters of the division always bear in mind Chairman Mao's teaching: "The People's Liberation Army is always a fighting force. Even after countrywide victory, our army will remain a fighting force during the historical period in which classes have not been abolished in our country and the imperialist system still exists in the world. On this point there should be no misunderstanding or wavering." (*Report to the Second Plenary Session of the Seventh Central Committee of the Communist Party of China.*)

# Soviet Social-Colonialism Stands Exposed

by Hsing Hua

SOVIET colonialism with a socialist front is the latest variant of colonialism. The Kremlin's new tsars, stepping into the shoes of their predecessors, are trying to build a new worldwide colonial system with Moscow as the supreme arbiter. It is of immediate significance to the present-day world revolutionary struggle against the two superpowers, Soviet social-imperialism in particular, if the veil of Soviet social-colonialism is ripped off to reveal the danger it poses.

## Social-Colonialism: Its Formation and Distinct Features

Colonialism is an institution under which a few capitalist powers, by aggression, oppression and exploitation, reduce the majority of the world's lesser and weaker countries to the status of colonies or semi-colonies. This is what Lenin meant when he wrote "**the capitalist colonial system, i.e., a system of enslavement, plunder and violence.**" (*Inflammable Material in World Politics*.) In capitalism's primitive accumulation period, the colonialist powers drained the wealth of the colonies and accumulated capital through buccaneering, dishonest trading, traffic in Negro slaves and other means. In capitalism's laissez-faire period, the bourgeoisie in countries like Britain and France made big profits by exporting commodities and seizing raw materials overseas in the name of "free trade." By the time capitalism entered its highest stage, the stage of imperialism, export of capital became a dominating factor in the colonial policies of the imperialist countries which by means of capital export intensified as never before their control and plundering of the colonies. The scramble for colonies among the

imperialist powers during this period grew increasingly acute.

This step-up of the colonial policy of imperialism had its repercussions in the international workers' movement. As early as 70 years ago, not long after capitalism had entered the stage of imperialism, the old-line revisionists of the Second International, such as Bernstein, MacDonald and Van Kol, came into the open to play the role of apologists for colonialism with a socialist front. Peddling what they called a "**socialist-colonial policy,**" these renegades to Marxism defended the oppression and enslavement of the colonies by the monopoly capital in their own countries. European nations, they asserted, were "civilized" and "advanced," while the people of the colonies in Asia, Africa and Latin America belonged to "backward" nations. They spoke of the "necessity" of placing "uncivilized" nations under some sort of "guardianship" of the "civilized" nations; they claimed that the colonial policy under socialist regime "may have a civilizing effect," and therefore, such a socialist-colonial policy must be energetically developed. Lenin gave these fallacies a thorough trouncing. This so-called socialist-colonial policy, he pointed out, "**was tantamount to a direct retreat towards bourgeois policy**" (*The International Socialist Congress in Stuttgart*, published in *Kalendar*) and a "**decisive step towards subordinating the proletariat to bourgeois ideology, to bourgeois imperialism which is now arrogantly raising its head.**" (*The International Socialist Congress in Stuttgart*, published in *Proletary*.) The firm opposition put up by Lenin, who represented the revolutionaries in the Second International, condemned this "socialist-colonial policy" to die in its womb. This historical episode pointed up the fact that

whoever falls into the stinking pit of revisionism and becomes an agent of the bourgeoisie is bound to end up as an apologist for colonialism or a social-colonialist.

Present-day Soviet social-colonialism, the upshot of capitalist restoration in the Soviet Union, has its deep economic roots and class origin. Chairman Mao said: **"The rise to power of revisionism means the rise to power of the bourgeoisie."** **"The Soviet Union today is under the dictatorship of the bourgeoisie, a dictatorship of the big bourgeoisie."** Not long after Stalin's death, Soviet Party and state power fell into the hands of the Khrushchov-Brezhnev revisionist clique, the bourgeois representatives who had wormed their way into the Soviet Communist Party. In pushing a counter-revolutionary revisionist line, they had capitalism restored in all spheres of endeavour and banded together as a bureaucrat-monopoly capitalist class of a new type. With state power under their control, they transformed the socialist ownership into the ownership of the bureaucrat-monopoly capitalist class and turned the socialist economy into a state monopoly capitalist economy. They are after the maximum profits, and so while exploiting and oppressing the people at home, they have joined the ranks of international imperialism, pushing an imperialist policy to divide up the world.

As colonialism of the latest type, Soviet social-colonialism has come on the scene at a time when the imperialist system of colonialism is crumbling with a bang and when fundamental changes in the balance of class forces in the international arena are going against imperialism.

In pushing its colonial policy in its early days, imperialism generally relied on fire and the sword to seize colonies where it maintained direct rule over the oppressed nations. Since World War II the historical trend, onrushing and irresistible, has been that countries want independence, nations want liberation and the people want revolution. The people in the colonies and dependencies are gripped by a strong urge to free themselves completely from the colonialist fetters. Imperialism can no longer rule and exploit the colonies and newly independent countries in the way they did before. As it is, the capitalist-imperialist countries have been compelled to give up direct colonial rule, change

to a new form and push a new colonial policy. They "allow" the oppressed nations to achieve nominal independence but in reality they exercise indirect colonial rule through various means. Examples follow. By knocking together military blocs, by establishing military bases, by grooming agents in their service, they try their best to control and enslave the colonies and developing countries. By providing economic and military "aid," they stop at nothing to manipulate the economic lifelines of the recipient countries so that they can go on using these countries as the outlets for their capital export, the sources of their raw material and the markets for their manufactured goods.

Soviet social-colonialism too is playing the same game. But compared with capitalist neo-colonialism, it has its own peculiar features.

First, this colonialism with a new brand finds its roots in tsarist Russia, an expansionist country by tradition and at the time the world's most barbarous and ferocious colonial empire. The old tsars cherished a fond dream of building a colossal world colonial empire which would encompass the land mass from the Elbe to China and extend from the Adriatic to the Arctic. The new tsars entrenched in Moscow who now openly talk about the tsarist "traditions" are drunk with ambitions that far surpass those entertained by their progenitors.

Second, it is more cunning and more dangerous than capitalist colonialism whose nature of preying upon others, despite latter-day changes in tactics, is still very familiar to the people of the world because it has been so for several hundred years. In the case of Soviet social-colonialism which results from capitalist restoration in a socialist country, revolutionary slogans of the past are taken over to dress up the neocolonialist policy with eye-catching tags such as "Leninism" and "proletarian internationalism." Colonialist activities are carried out under the banner of "opposing colonialism." Social-colonialism is therefore more deceptive than capitalist neocolonialism.

Third, as a late-comer to the imperialist banqueting table, it is more unbridled. This colonial power, when it appears on the scene, finds many raw material producing areas, markets and places of strategic value in the world already in the hands of the old-line

capitalist-imperialist countries, mostly in the hands of U.S. imperialism. So it is anxious to redivide the world and snatch spheres of influence from the United States. History bears witness to the fact that in the course of colonial expansion it is invariably the up-and-coming colonial powers that for strategic purposes take the offensive to supplant the existing colonial powers. In the case of U.S. imperialism, despite its fall from the pinnacle, it remains the most powerful country in the capitalist world, determined as before to seek world hegemony. But having overreached itself and bent on preserving its vested interests, U.S. imperialism finds it cannot but go on the defensive in its general strategy. With the Soviet Union, things are different. As it gathers strength militarily and economically, it is becoming more and more aggressive in encroaching on other countries' sovereign rights and interests and weakening and squeezing out U.S. influence in all parts of the world. It is trying its utmost to include the whole world in the new tsars' colonial empire.

Fourth, the bureaucrat-monopoly capitalist class in the Soviet Union controls not only the nation's economy but the entire state apparatus. It is in a position to muster and channel the nation's political, economic and military sinews in the service of its colonial expansion. That cannot be said of all capitalist-imperialist countries, the United States included.

In short, the danger of Soviet social-colonialism must be given sufficient attention. To do otherwise would make a grave mistake.

### **Attractive Rhetoric and Sordid Moves**

Lenin in his time had lifted the veil masking imperialism's colonial policy and colonial control. He said: "**Finance capital finds most 'convenient', and is able to extract the greatest profit from such a subjection as involves the loss of the political independence of the subjected countries and peoples.**" (*Imperialism, the Highest Stage of Capitalism*.) On the other hand, he also pointed out that the imperialist powers, "**under the guise of politically independent states, set up states that are wholly dependent upon them economically, financially and militarily.**" (*Preliminary Draft Theses on the National and Colonial Questions*.) Here Soviet

social-colonialism can claim the accolade of past masters in rattling out the most attractive rhetoric while doing the dirtiest things.

In this connection some East European countries and the People's Republic of Mongolia are classical examples. According to the Kremlin's new tsars, the Warsaw Pact organization is one of "fraternal" "military co-operation" between the Soviet Union and Eastern Europe. The fact of life is that in that organization what the Soviet Union says goes. Under the slogans "limited sovereignty" and "international dictatorship," Moscow has placed the member countries of the organization under military occupation. Through "military integration," it tightens its grip on their armed forces. To maintain its colonial rule, it even sends large numbers of troops abroad and set up puppet regimes at bayonet point. Economically, in the name of "international division of labour," "co-ordination of plans" and "multilateral integration," it has the economic lifelines of "fraternal" countries under its manipulation. It forces them to organize their economic activities and change their own economic structures in accordance with the Soviet "principle" of "international division of labour" and the needs of the Soviet Union and to work out short-term and long-term plans for economic development in "co-ordination" with those of the Soviet Union. What all this boils down to is that these countries must give up their right to develop their own economies independently and accept the status of Soviet dependencies. In addition, the Soviet Union also actively pushes integration in the political, diplomatic and ideological fields, striving to corral some of the countries in Eastern Europe and the People's Republic of Mongolia in the "community" with the Soviet bureaucrat-monopoly capitalist class as the big boss.

The policy of the new tsars towards the third world is to impose on the Asian, African and Latin American countries "Brezhnevism" as it has been introduced to some East European countries and the People's Republic of Mongolia. It vainly attempts to exercise colonial rule in these countries.

Brezhnev and his ilk assert that the developing countries must form an "alliance" with the Soviet Union and declare that this is an ex-

tremely important condition for the final victory of the developing countries in their struggle for national liberation. In order to consolidate the independence they have won and strive to build up an independent national economy, the developing countries have no alternative but to form an "alliance" with the Soviet Union, they say.

"Alliance" with the Soviet Union indeed! To put it bluntly, it means that the developing countries must meekly submit to the men in the Kremlin as if they were Moscow's vassal states. The so-called "theory of the international worker-peasant alliance" the new tsars painstakingly concocted throws some light on their evil intentions. According to this "theory," the workers' movements in the developing countries are "rather weak," so weak that they cannot exercise leadership over the national democratic revolution. Therefore, the only choice is for the "unorganized" and "politically backward" peasants in the developing countries to form an "alliance" with the Soviet Union which represents the "international working class." It has even been shamelessly declared that the Soviet Union is not only the "main ally" of the national-liberation movement but also the "dominating force" for the independent development of the liberated countries. When the new tsars claim that the Soviet Union is the "dominating force," they expect the developing countries to willingly accept the status of dependencies and colonies and look to the Soviet Union as their new suzerain.

Lenin said export of capital is "a solid basis for imperialist oppression and the exploitation of most of the countries and nations of the world." (*Imperialism, the Highest Stage of Capitalism.*) As a rule, by coupling export of capital with the signing of unequal treaties the imperialist powers extract from other countries economic, political and military privileges by which to turn them into dependent countries or colonies in one form or another.

The same is true of Soviet social-colonialism. By giving "aid" to developing countries, in other words, by exporting capital, it seeks to prevent them from establishing a comprehensive economic system of their own and requires them to join the Soviet Union in "socialist international division of labour," "economic integra-

tion" and "international specialization of production." What is happening in some countries in Eastern Europe and in Mongolia is an illustration of this. By "division of labour" and "specialization" Soviet social-colonialism requires the developing countries to produce food grains and raw materials and serve as suppliers of agricultural products and raw materials to the Soviet Union and its commodity markets.

To drag developing countries into the system of "international division of labour" and "economic integration," the Soviet Union has also gone in for "new forms of co-operation," such as "oriented production" and "co-ordination of plans" in the third world. The developing countries are required to co-ordinate their national economic plans with the Soviet Union and turn out the products it needs. These moves are designed to gain control of these countries' economic lifelines and bring their national economies into the Soviet orbit. As the Indian newspaper *Financial Express* pointed out, "The oriented production conducted by Moscow in India will enable the Soviet Union unjustifiably to sway the Indian industry." The "co-operation" between the national economic planning organizations of India and the Soviet Union, as one Indian public figure put it, is virtually another means by which both countries' plans would accord with each other as is done in the Council for Mutual Economic Assistance. Thus India will become in the main the supplier of raw materials and primary products to the Soviet Union.

By "military aid," the Soviet Union monopolizes arms supplies to other countries, lays down restrictions on the use of Soviet arms and seizes control of the armies of the recipient countries.

These are the trammels, economic, military and political, by which the new tsars keep the developing countries under their thumb. Whoever is caught in the net will have to dance to their baton; otherwise the stick in the form of economic and military pressures will come swinging over his head. A few years ago Moscow loudly preached its "friendship" with Egypt as an example of its relationship with the developing countries. But it was not long before Moscow did everything it could to make life difficult for Egypt when the latter wanted to be its own master and opposed the



Kremlin's dictates. In a huff, Moscow terminated the supplies of arms to Egypt as well as machines, equipment, parts and accessories for the "aid" items, and scrapped contracts and stopped all imports from Egypt, thus for a time bringing production in one-third of Egyptian factories to a standstill. The Sudan, Egypt's neighbour, suffered the same, and for the same reason. In recent years, the Soviet Union masterminded coups in its attempts to subvert the lawfully instituted governments of these countries.

### **More Avaricious Than Capitalist Imperialism**

The new tsars are never weary of swearing that the Soviet Union "has not in the least been embroiled in the colonialist plunder of the Asian, African and Latin American countries" and "has not in the least exploited the people of these countries by means of neocolonialism." In point of fact, they are greedier than capitalist imperialism when it comes to colonial exploitation and plunder.

Lenin penetratingly exposed the crimes of the capitalist imperialists in opening up markets and reaping superprofits by the export of capital. He pointed out: "**The most usual thing**" in the imperialist export of capital "**is to stipulate that part of the loan that is granted shall be spent on purchases in the creditor country. . . . The export of capital abroad thus becomes a means for encouraging the export of commodities.**" (*Imperialism, the Highest Stage of Capitalism.*) The export of capital plays a very conspicuous role in opening up commodity markets in the case of the Soviet Union. Soviet "aid" to third world countries carries with it stipulations that the recipient countries must use not part but practically all of the loan to purchase Soviet products, in particular machines and equipment. *World Economy and International Relations*, a Soviet journal, admitted that 80 per cent of the Soviet exports of machines, equipment and transport vehicles to the market of the capitalist world go to developing countries. For example, machines and equipment sold to Africa alone in 1974 under an "aid" programme showed a tenfold increase, as compared with the 1960 figure. By extending "economic aid" in the form of loans, which was spurred by the export of capital, the Soviet Union has since 1960 sold the third world countries over 20,000

million dollars worth of machines, equipment and other manufactured goods at high prices and extracted superprofits to the tune of several thousand million dollars. In addition, from 1955 to 1973, the Soviet Union sold East European countries, again at fantastic prices, manufactured goods for more than 35,000 million dollars (including machines and equipment worth over 15,000 millions), making close to 8,400 million dollars in superprofits. It must be pointed out that much of what the Soviet Union exported in the way of machines, equipment and other industrial products was shoddy, outdated, very poor in quality. Far from helping these countries to develop their economies, these imports from the Soviet Union became heavy economic liabilities.

Lashing out at the old-line colonialist powers for their plunder of raw materials, Karl Marx pointed out that the colonialists turned the colonies into sources of raw materials and ruthlessly exploited them through inequitable trade and investment. The Soviet Union today is doing the same thing. Soviet revisionism and its press make no secret of the fact that through loans to developing countries the Soviet Union will increase the import of the raw materials, foodstuffs and finished goods that it takes a fancy to and finds economically profitable, in addition to stepping up its export of machines. Such is the way the Soviet Union robs the third world and other countries of their raw materials and farm and subsidiary products. Statistics show that from 1960 to 1974 the Soviet Union imported 20,900 million dollars worth of primary products from the third world, half of which were used for repayment of debts. It is crystal clear that what Moscow has time and again advertised as a principle of "enormous mutual value," which stipulates repayment of debts with raw materials or traditional commodities, is nothing but a colonialist millstone round the necks of the recipient countries. Since the recipient countries are obliged to repay debts by organizing production in accordance with Soviet requirements and shipping their lowly-priced products to the Soviet Union, they run the risk of being reduced to raw material suppliers and accessory factories.

Then there is another Soviet underhand way of plundering and exploiting other countries which goes by the name "equitable and

mutually beneficial" trade. Top Soviet revisionists say that the Soviet Union is opposed to "inequitable exchange" and "exploitation of the developing countries by way of forcing up the price of manufactured goods and keeping down the price of raw materials." It is a typical case of one thief calling another thief. According to the statistics listed in the *Net Cost of the Soviet Foreign Aid*, a U.S. publication, from 1960 to 1974, the Soviet Union extracted fabulous profits of 11,800 million dollars from its inequitable trade with the third world countries. The exploitation keeps growing as its import-export trade with the third world countries multiplies from year to year. In terms of the parity change in trading on a barter basis, this ruthless exploitation is even more astonishing. In 1960, a developing country must export 1.7 tons of tea in exchange for a Soviet metal-cutting machine tool. In 1974, this went up to 3.8 tons. In 1960, a developing country must export 4 tons of natural rubber in exchange for a Soviet heavy-duty truck. In 1974, the exchange rate was 10 tons.

### **Global Strategy for World Domination**

The new tsars' social-colonialist policy is of a piece with their global strategy and policy for world hegemony and serves the latter.

Lenin taught us that if we want to grasp the real essence of a country's foreign policy, we must make a comprehensive class analysis of its economic base and its general policy in international relations. The economic base of Soviet social-imperialism is state-monopoly capitalism, the hallmark of which is plunder, expansion and contention for world hegemony. Moscow's entire foreign policy hinges on its scramble for world domination. In Europe, it keeps some of the countries in Eastern Europe firmly within the Kremlin's sphere of influence and uses them as forward positions for mounting attacks on Western Europe. At the same time, by peddling "all-Europe economic cooperation," "opposition to monopoly capitalism" and "detente," it feverishly carries out infiltration in Western Europe and tries to drive a

wedge between Western Europe and the United States. In Asia, Africa and Latin America, flaunting the banner of "anti-colonialism," "assistance" and "support," it competes with the United States for sources of raw materials, commodity markets, investment openings and spheres of influence.

The Soviet performance as regards the question of Angola makes clear what the new tsars mean by "support for national-liberation movements" and "aid" to developing countries. Known as "the jewel of Africa" for its natural wealth, Angola commands the strategic passage to the South Atlantic. In the course of the Angolan people's protracted struggle against the Portuguese colonialists, the Soviet Union never gave them assistance in a significant way. But in November 1975 when Angola proclaimed its independence and the Portuguese colonialists were on their way out, the Soviet Union suddenly saw fit to come out with support and assistance for a factional organization of liberation in Angola in a big way. It cast a covetous eye on Angola's abundant resources and regarded the country as holding the key to the struggle with the United States for control of the sea lanes in the South Atlantic and as the stepping-stone to its infiltration in southern Africa. The mercenaries' armed intervention in Angola and the invasion of Zaire showed just how frenzied the new tsars were in pushing their policy of colonial expansion. Brezhnev declared: "Strengthening its economic and defence potential has enabled the Soviet Union to launch an active and successful 'offensive' in the international arena" and "in shaping our foreign policy we now have to reckon, in one way or another, with the state of affairs in virtually every spot on the globe." What ambitions! It seems as if the new tsars are going to gobble up the earth at one gulp.

This is how the Soviet social-colonialists contend for world hegemony with the United States and encroach on the sovereignty of

developing countries while they harp on the shopworn theme of "opposition to imperialism" and "support for developing countries." Lenin long ago warned the oppressed nations and the people of all colonies to be vigilant against the tactics employed by imperialism. He said that **"the struggle for national liberation against one imperialist power may, under certain conditions, be utilized by another 'great' power for its own, equally, imperialist, aims."** (*The Socialist Revolution and the Right of Nations to Self-Determination.*) As a late-comer, U.S. imperialism took advantage of the Cuban and Filipino struggles for national independence at the end of the 19th century to seize the two countries from the Spanish colonialists and put them under U.S. colonial rule. Today, the new tsars are resorting to the same trick in colonial expansion.

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Chairman Mao's theory of the differentiation of the three worlds provides the international proletariat, the oppressed nations and revolutionary people in all lands with a powerful ideological weapon for forging unity and building the broadest united front against the two hegemonist powers' war policies. It will serve to push the world revolution forward. At present, the struggle against imperialism, colonialism and hegemonism waged by the world's rev-

olutionary people, above all by the third world countries, is surging forward and the international situation is very good. To carry this struggle through to the end and win still greater victories, it is imperative to oppose colonialism and neocolonialism, and Soviet social-colonialism in particular. The tiger must be prevented from coming in at the back door while the wolf is repelled at the front gate. It is necessary to expose Soviet social-colonialism ceaselessly, heighten vigilance and build the broadest international united front to wage a tit-for-tat struggle against it. History is an impartial witness. Spain as an empire was overthrown in the revolutionary storm of the national-liberation movement in the Spanish colonies and the struggle launched by the people of various countries. The British empire which came in its wake crashed and sank in the angry waves of resistance of the oppressed nations and people. Then came U.S. imperialism. It had its heyday shortly after the end of World War II but has since been going downhill. Likewise, Soviet social-colonialism is doomed to destruction, for the political awakening of the revolutionary people of all countries is rising as never before.

*(A slightly abridged translation of an article from "Hongqi" No. 11, 1977. Subheads are ours.)*

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*(Continued from p. 3.)*

and staff in 1971, the Party Central Committee and the State Council once again decided in 1974 to increase the wages of some of the workers and staff and included it in the annual state plan. The "gang of four" which tried to seize supreme Party and state power sabotaged the development of the national economy. This undermined the

basis for increasing wages and improving living standards, and it was impossible to increase wages that year.

In 1975, the state called a national work conference on labour and wages, again with a view to raising wages for some workers and staff members. The "gang of four" came out with a fierce attack at the conference. They dubbed wage increases "material incentives" and collective material benefits "laying

exclusive stress on material benefits." The conference had to be adjourned indefinitely.

After the downfall of the gang, the Party Central Committee headed by Chairman Hua decided to reconvene the conference in July this year. It discussed and formulated the policy and methods for the current wage increases. The problem of increasing collective material benefits was also studied.

# ROUND THE WORLD

U.N.

## A Resolution on Middle East

The U.N. General Assembly adopted a resolution on November 25 after a four-day debate on the situation in the Middle East.

The resolution reaffirms that a just and lasting peace in the Middle East cannot be achieved without Israel's withdrawal from all Arab territories occupied since 1967 and the attainment by the Palestinian people of their inalienable national rights. It calls once again for the early convening of the peace conference on the Middle East, with the participation on an equal footing of all parties concerned, including the Palestine Liberation Organization.

Ahmed Esmat Abdel Meguid of Egypt noted that what Egypt is seeking is a just peace for the whole Middle East area, not a peace that would be achieved at any price, nor a unilateral peace agreement. It is seeking the kind of peace that could restore to the Palestinian people their rights and to the Arab nations their territories under occupation. He added that a just peace in the Middle East cannot be realized under the conditions of occupation and with the denial of the Palestinian people's

rights to self-determination and to an independent state.

Syrian Representative Mouafak Allaf condemned Israel for its policy of expansion.

Representative Zehdi Labib Terzi of the Palestine Liberation Organization declared that the Middle East problem can be settled only when the relevant resolutions of the United Nations were observed, the question of Palestine resolved and the rights of the Palestinians restored.

Representative of the United Arab Emirates Ali Hamaidan stressed that the Middle East problem can only be settled through Arab solidarity and joint struggle.

China did not take part in the vote. Chinese Representative Lai Ya-li said in his statement that China was in favour of those portions of the draft condemning Israel's continued occupation of Arab territories and demanding Israel's withdrawal from all the occupied Arab territories and the attainment by the Palestinian people of their inalienable national rights. He reaffirmed, "The Chinese Government and people will, as always, firmly support the Arab and Palestinian people in their just struggle against Israeli Zionism and superpower hegemonism and for

the recovery of their lost territories and the regaining of their national rights."

"In the final analysis," he pointed out, "the Middle East question can only be settled by the Arab and Palestinian people persevering in unity, upholding principles and carrying on persistent struggles against the common enemy."

EGYPT

## President Sadat Visits Israel

Egyptian President Anwar Sadat paid a visit to Israel from November 19 to 21 at the invitation of Israeli Prime Minister Menachem Begin.

During his visit, President Sadat held talks with Israeli Prime Minister Begin in Jerusalem, met Israeli President Ephraim Katzir, former Prime Minister Golda Meir and other ranking Israeli officials and delivered a speech at the Israeli Knesset (Parliament).

In his speech President Sadat said that he did not go to Israel "to conclude a separate agreement between Egypt and Israel," "to seek a partial peace" or "to agree upon a third disengagement," but "to build together a durable and just peace." The Egyptian President said that peace should be based on:

"The termination of the Israeli occupation of the Arab lands occupied since 1967;

"Fulfilling the basic rights of the Palestinian people and their right to self-determination, including the right to establish their own state;

"The right of each country of the area to live in peace within secure and guaranteed borders;

"All the countries of the area should be committed to conduct their relations with one another according to the aims and principles of the United Nations Charter, particularly not to resort to the use of force, and to resolve any differences between them through peaceful ways;

"The termination of the present state of belligerency in the area."

According to MENA report, Egyptian Acting Minister of Foreign Affairs Botros Ghaly declared in Cairo on November 23 at a meeting with Arab diplomatic envoys in his country that Egypt has not changed its stand or principles but it merely changed its attitude into one to face the problem on the basis of "direct dialogue."

#### U.N. SPECIAL POLITICAL COMMITTEE

### **Israeli Zionist Crimes Condemned**

The United Nations Special Political Committee from November 14 to 23 debated on Israel's practices against human rights in the occupied Arab territories.

In their speeches, many representatives from third world countries, particularly Arab countries, condemned Israel's criminal annexation of land and demanded Israel's unconditional withdrawal from the occupied territories.

Introducing a report on Israeli practices outlining the worsening living conditions of the civilians and expanding Israeli settlements in the occupied territories, Ousmane Goundiam (Senegal), acting chairman of "the special committee to investigate Israeli practices affecting the human rights of population of the occupied territories," stated that it is imperative to end Israeli occupation of Arab territories and to restore the rights to the Palestinian and Arab people.

Assaf Kamel, Permanent Observer from the Palestine Liberation Organization, pointed out that 70,000 Palestinians had been killed since 1967; 20,000 detained or imprisoned; and 3,000 are still in jails, with all their land expropriated and houses destroyed.

Chinese Representative Chou Nan in his November 18 speech pointed out: The so-called question of human rights in the Israeli-occupied territories is, in the final analysis, a question of aggression versus anti-aggression. And Israeli Zionism dares to act so outrageously and ferociously because it has the various forms of support and connivance of the two superpowers.

One superpower has provided huge quantities of economic and military assistance to the Israeli aggressors, repeatedly declaring that it is "committed to the security of Israel." The other superpower which flaunts the banner of "socialism" is doing its utmost to sabotage the militant unity of the Arab people and wantonly interfering in the internal affairs of Arab countries. It practises control and expansion while professing "friendship" and "assistance" and is sending a steady flow of Jewish emigrants to Israel which needs them badly. While both hegemonic powers are trying to outshout each other for an overall settlement of the Middle East question, neither of them really wishes to see a genuine settlement. They want to maintain the unsettled state of "no war, no peace" in the Middle East to facilitate their control of the area to suit their respective strategic needs for global hegemony. However, the Arab and Palestinian people are heroic people tempered through long years of struggle. No force on earth can shake their determined resolve to recover their lost territories and regain their national rights. It can be said with certainty that in the face of these heroic people, all attempts on the part of hegemonism and Zionism to sustain Israel's protracted aggression, exploitation and sanguinary rule at the expense of the interests of the Palestinian

and other Arab people are doomed to failure.

### THIRD WORLD

## Joint Action of Coffee Producers

Twenty major coffee producers met in London on November 14 to discuss the international coffee market situation and to negotiate a common stand on defending coffee prices. A proposal put forward by Latin American coffee producers for a revision of the clauses of the international coffee pact signed in 1976 had the widespread support of the African and Asian coffee producers. The proposal involves price levels and the setting up of an international coffee fund to finance a coffee buffer stock for the stabilization of coffee prices. The unanimous stand of coffee producers has spurred the executive board (composed of the producer and consumer countries) of the International Coffee Organization to agree to submit the demand of the coffee producers for discussion at the next board meeting to be held in Brazil from December 12 to 19.

The U.S.-led coffee consumers had control of the international coffee markets for a long time and kept prices down to around 50 and 70 cents per pound and thus causing heavy losses to the producers. As a result of the

drastic fall in coffee production caused by frost in 1975 in Brazil, the world's biggest producer, and a shortfall of coffee supply on the international markets, the price of coffee, however, has shot up to a record high of three dollars a pound last March. In these circumstances, the U.S.-led coffee consumers have resorted to reducing imports, using coffee substitutes and stock-piling in an effort to regain control of the markets and force down coffee prices. This has led to a 57 per cent drop in coffee prices since last March.

To uphold a rational coffee price, 10 Latin American coffee producing countries met last October in Salvador where they came to a unanimous decision to immediately withhold sales of their soft coffee on the international markets until prices for such coffee returned to a reasonable level. The Inter-African Coffee Organization of 20 member countries held its 17th session in Kinshasa from late October to early November and urged its members to strengthen solidarity and abide by the recommendations for withdrawing from the markets and temporarily withholding sales of their soft coffee, which were put forward by the organization at a meeting in Abidjan last July. The session also expressed satisfaction at the decision taken by 10 Latin American countries to retreat from the markets.

### YUGOSLAVIA

## Ringleader of Anti-Yugoslav Clique Arrested

TANJUG reported on November 22 that the ringleader of an anti-Yugoslav clique, Mileta Perovic, had been arrested by Yugoslav organs of the interior.

"M. Perovic, born in Pec in 1923, has carried out in a secret and organized way hostile activities against the independence and sovereignty of the Socialist Federal Republic of Yugoslavia."

M. Perovic, as the ringleader of an anti-Yugoslav clique, "lived in Kiev [in the Soviet Union] for a long time. At the so-called 'inauguration meeting' of the so-called 'new Communist Party of Yugoslavia' held in Bar [in Yugoslavia] several years ago, he was elected secretary of that 'party.'"

"At the request of the district public prosecutor in Belgrade, criminal proceedings against Perovic are being carried out by the district court for a number of grave criminal offences against the people and state," said the report.

In 1974, Yugoslavia unearthed a clandestine organization which maintained close ties with the Soviet Union against the Yugoslav Government and in 1975, the government arrested Vladimir Dapcevic, an anti-Yugoslav clique chieftain who had lived in the Soviet Union for a long time, and sentenced him to 20 years' imprisonment the following year.

# ON THE HOME FRONT

## *Kiangsu's Electronics Industry*

**T**HE electronics industry in east China's Kiangsu Province is a new emerging industry which is developing at a good pace.

Before 1965, there were only a few small electronics factories in the provincial capital of Nanking and several other cities. As a result of unfolding the movement to learn from Taching in industry, Kiangsu's electronics industry has made rapid advances. Its total output value in 1976 was 10.5 times that of 1965, the number of workers and staff increased 4.8 times and labour productivity 4 times. At the same time, the products reached a new level in quality. Now Kiangsu has become one of the provinces with a relatively developed electronics industry.

This is the result of state support combined with mobilizing the masses as well as giving full play to local initiative. According to statistics, 97 per cent of Kiangsu's 300 and more electronics enterprises are run by various localities.

For instance, Nantung city, which had no electronics industry before 1965, had mainly textile and other light industries. But local cadres, workers and technicians have built electronics factories and manufactured the equipment on a basis of self-reliance, using whatever conditions the locality offered. Now the city is not only producing a large number of radio elements, transistor apparatus, instruments and meters, but also making advanced electronics equipment.

The development of the electronics industry is playing

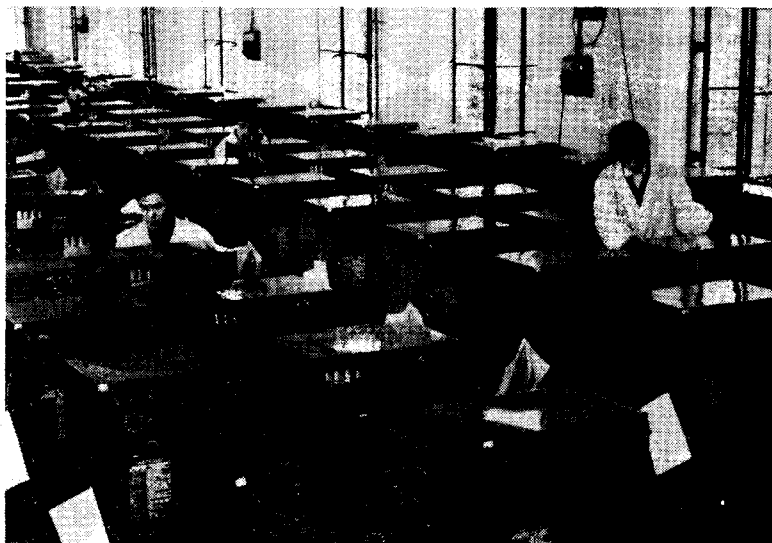
an increasingly important role in the technical transformation of the national economy. Electronic techniques are being widely used in Kiangsu's industry, agriculture, communications, finance and commerce as well as in scientific research, cultural, educational and public health departments. This not only has helped raise the quality of the products but also improved working conditions. For instance, as a result of using electronic-controlled automatic stencil printing and automatic control systems in textile mills and in the petroleum, chemical, engineering and metallurgical industries, working efficiency has been greatly raised.

A lock in Chitung County, Nantung Prefecture, forms the throat of the county's waterways. In the past, its opening and closing were done manually and it took two hours for a string of cargo ships to pass through. Now with the installation of electronic-controlled equipment, it takes only seven minutes.

## *A National Minority County*

**T**HE Yuku people who live in the southern part of Kansu Province, northwest China, make up one of the smallest among China's over 50 minority nationalities.

This national minority has rich experience in stock-raising. Because the reactionary ruling classes followed an oppressive policy towards minority peoples in the old society, its population decreased year by year and the



Products of the Nanking Radio Factory.

herds dwindled. On the eve of liberation, there were less than 3,000 people who had only 82,000 head of cattle. After liberation, the South Kansu Yuku Autonomous County was established in 1954. Over the last two decades and more, the Yuku population has more than doubled and the aggregate head of animals has gone up 11-fold.

The Party and the People's Government pay great attention to training minority cadres. Among the nine members of the standing committee of the county Party committee, six are of national minorities. At the district and commune levels (there are several districts under a county and several communes under a district), two-thirds are minority cadres. There is a deputy of Yuku nationality to the National People's Congress — China's highest organ of state power.

Formerly this county had no industry. Now the county seat has more than ten factories including a milk powder plant, a carpet-weaving mill, a factory for making and repairing machines used in agriculture and animal husbandry and an animal skin factory. There are some 30 small hydropower stations in the county. Meanwhile some districts and communes have set up their own tractor repair shops, iron shops or carpenter's shops. Sowing, harvesting, fodder-crushing, shearing and cream separation have been mechanized or semi-mechanized.

In the past, transport was mainly by horse and yak, now

highways reach every commune.

The state grants considerable aid for building up the county. Apart from appropriating large sums of money every year, it also provides improved strains of grass seed to prevent grassland retrogression and to renew the pastures. With drilling machines and trucks supplied by the state, over 80 wells were dug which guarantee the water supply for irrigation and the animals' requirements. Besides, large numbers of sheds and pens have been built to protect the herds.

The county has 40 primary schools and 20 middle schools, with school children making up one-fourth of the county's total population as against 4 primary schools with 70 pupils before liberation. Every year a number of the students are enrolled into the national minority institutes and other colleges.

### ***An Outstanding Technical Innovator***

**T**HE veteran worker Li Chao-chun has introduced about 300 technical innovations in the last 28 years.

He is a Communist Party member 54 years old, working at the Chengtu Hungchi Machine-Building Plant in southwest China's Szechuan Province. At present he is in charge of cutting, straining and welding. In the old society he used to work at odd jobs for the capitalists. He has earnestly contributed his share in build-

ing socialism since liberation when the working people became masters of the country.

Hungchi was a small plant with outdated machines and equipment. Li and other workers decided to renovate them on their own so that more investment could be diverted to major construction items. They transformed the plant into a mechanized one which turns out heavy construction machinery such as loaders and power shovels.

One of Li's outstanding technical innovations is an automatic device for turning heavy work pieces during welding. This used to be done by manual labour. With the support of the plant's Party organization and the workers, he succeeded in mechanizing the procedure after repeated experiments. Now with only a push on a button, a one-ton bucket fixed onto the device turns automatically, and the welding work is much lighter.

He overfulfils his production quota year after year. In the first half of this year he completed 2.5 times the required quota and then in July did four months' work. In the six and a half days before he attended the 11th Party Congress as a delegate in August, he completed 32 days' work.

Now Li Chao-chun is a member of the plant's Party committee and a member of the standing committee of the Chengtu city trade union council.