Contents

PREFACE xi

INTRODUCTION <u>A Case for "Public Policy"</u> <u>Approaches to China's Finance and Trade</u> 1

T

PART ONE General Economic Line

11

| 1. | <u>People's Daily</u> Correspondent Prescribes Two Opposed Lines for Building the Economy | 20 |
|-----|--|----|
| 2. | <u>Red Flag</u> Author Argues Politics Is a Concentrated Manifestation of Economics | 26 |
| 3. | Revolutionary Mass Criticism Groups Denounce Sun Yeh- fang's "One Black Program" and "Five Soft Daggers" | 31 |
| 4. | Revolutionary Mass Criticism Groups Tie Sun Yeh-fang to Liu Shao-ch'i | 36 |
| 5. | Provincial Revolutionary Committee Writing Group Asserts Sun Yeh-fang's "System of Political Economy" Is an Ideologi- cal Foundation for Liu Shao-ch'i's Counterrevolutionary Line | 38 |
| 6. | Provincial Revolutionary Committee Writing Group Identifies What Sun Yeh-fang Learned from Efsei Liberman | 39 |
| 7. | Provincial Revolutionary Committee Writing Group Asserts Sun Yeh-fang's Program Would Serve the Interests of the "Eight Immortals" | 41 |
| 8. | State Planning Commission Writing Group Emphasizes the Importance of Thrift | 42 |
| 9. | Provincial Revolutionary Committee Writing Group Warns Putting Politics in Command Is Not Enough | 46 |
| 10. | <u>People's Daily</u> Correspondent Refutes the Argument "Statistics Is Useless" | 46 |

| 11. | Provincial Revolutionary Committee Writing Team Argues Land, Labor and Capital Are Insufficient to Explain Economic Development | 53 | | | |
|-------------|--|-----|--|--|--|
| 12. | State Planning Commission Charts the Future of the Chinese Economy in the Post-Mao Era | 54 | | | |
| | PART TWO | | | | |
| | Planning and Markets 71 | | | | |
| 13. | Ministry of Commerce Writing Group Refutes Four Main Issues in the Two-Line Struggle in Commerce | 82 | | | |
| 14. | Ministry of Commerce Writing Group Contrasts Correct Line for Leading Commerce with Liu Shao-ch'i's Line | 82 | | | |
| 15. | Ministry of Commerce Writing Group Refutes Liu Shao- ch'i's Fallacy "Circulation Determines Production" | 85 | | | |
| 16. | Ministry of Commerce Writing Group Criticizes Liu Shao-ch'i for Advocating Free Markets | 88 | | | |
| 17. | Ministry of Commerce Writing Group Describes How Liu Shao-ch'i Promoted Capitalism in Rural Commerce | 89 | | | |
| 18. | Provincial Revolutionary Committee Writing Team Analyzes the Danger of Spontaneous Capitalism When Diversifying Rural Economies | 92 | | | |
| 19. | Economist Asserts China's Individual Peasant Economy Is Basically a Petty Commodity Economy | 94 | | | |
| 20. | Economist Analyzes Classes in a Rural Petty Commodity Economy | 95 | | | |
| 21. | Economist Analyzes Growth of Speculation and Usury after Land Reform | 96 | | | |
| 22. | Ministry of Commerce Writing Group Charges Liu Shao- ch'i Advocated "Squeezing" the Peasant Sector | 100 | | | |
| 23. | Economist Argues That Capitalist Planning Is Unscientific, Unreliable, and Wasteful | 101 | | | |
| 24. | Economist Lists Necessary Socialist Planning Targets | 102 | | | |
| 25. | Economist Analyzes Socialist Planning as Continuous Preparations to Handle Disequilibria | 103 | | | |
| 2 6. | Economist Outlines Four Main Equilibria Socialist Planning Should Try to Achieve | 104 | | | |
| 27. | Provincial Revolutionary Committee Writing Group Criticizes Sun Yeh-fang's View That "Plans Should Be Based on the Law of Value" | 108 | | | |

| 28. | Provincial Revolutionary Committee Writing Group Puts the "Law of Value" in Perspective | 108 |
|-----|--|------------|
| 29. | Provincial Revolutionary Committee Writing Group Criticizes Overemphasis on Profits | 111 |
| 30. | Red Flag Author Exposes Class Enemies' Tactics on the Finance-Trade Front | 111 |
| 31. | <u>People's Daily</u> Correspondent Urges Commercial Departments to Promote Development of a Diversified Rural Economy | 118 |
| 32. | <u>New China News Agency</u> Correspondent Reports on New-style Rural Periodic Market Where Private Transactions Are Minimized | 121 |
| 33. | Representatives of Ten Big Department Stores in Nine Cities Denounce Teng Hsiao-p'ing and Demand "Bourgeois Right" Be Restricted | 129 |
| 34. | All-China Supply and Marketing Co-op Mass Criticism Group Exposes Crimes of the "Gang of Four" in Sabotaging Agricultural Subsidiary Production in Rural Markets | 131 |
| | PART THREE Money, Banking, and Investment 137 | |
| 35. | Economist Gives Comprehensive Overview of Socialist Public Finance | 149 |
| 36. | Pierre-Henri Cassou, "The Chinese Monetary System" | 171 |
| 37. | Red Flag Correspondent Reports the Advanced Experience of a Model Banking Office | 186 |
| 38. | "Red Bank" [Homonym] Lauds the Long-term Stability of the <u>Jen-min pi</u> | 198 |
| 39. | "Red Bank" Draws Contrast between the Currencies of China and the Soviet Union's Ruble | 200 |
| 40. | "Red Bank" Draws Further Contrasts between the <u>Jen-</u> <u>min pi</u> and Currency under the KMT and under the Line of Liu Shao-ch'i | 0.01 |
| 41. | Red Flag Author Explains Why the Jen-min pi Has Remained Stable | 201 205 |
| 42. | Economist Observes a Shift since 1949 in the Profile of People Making Personal Savings Deposits | 208 |
| 43. | Economist Reports Increase in Proportion of Fixed | |

x Contents

| 44. | <u>People's Daily</u> Correspondent Explains Continued Increase in Savings Deposits through 1973 | 209 |
|-----|---|-----|
| 45. | Economist Explains the Importance of People's Savings to Economic Construction | 211 |
| 46. | Economist Raises the Problem of the Ratio of Accumulation to Consumption in Rural Communes | 218 |
| 47. | Economist Details Three Attributes of the Accumulation/Consumption Ratio | 219 |
| 48. | Economist Notes Relationship between Consumption and Labor Productivity | 222 |
| 49. | Economist Identifies Views of the Accumulation/ Consumption Ratio Held by Different Rural Classes | 223 |
| 50. | Economist Refutes View That Accumulation/ Consumption Ratio Should Remain Stable | 224 |
| 51. | Mao Tse-tung Legitimizes Interests of State, Collective, and Individual | 225 |
| 52. | Economist Notes How Bumper Harvest Years and Lean Years Should Affect the Accumulation/Consumption Ratio | 226 |
| 53. | Province and Ministry of Light Industry Joint Investigation Group Argues for "Multiple Utilization" to Reduce Waste | 227 |
| 54. | Group of Theorists at a Branch of the People's Bank Discusses Importance of Money in a Socialist Economy | 237 |
| 55. | Theory Group at a District Office of the People's Bank Discusses Money and Exchange in a Socialist Economy | 238 |
| 56. | <u>People's Daily</u> Correspondent Reports on the Supervisory Function of a People's Bank Office | 240 |
| | | |

SOURCES

247

ABOUT THE EDITOR 250