

WORKING PEOPLE OF THE WHOLE WORLD, UNITE!

KIM JONG IL

**THE STATUS AND
ROLE OF THE COUNTY IN
SOCIALIST CONSTRUCTION**

March 18, 1964

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The great leader Comrade Kim Il Sung in his *Theses on the Socialist Rural Question in Our Country* identified enhancing the role of the county as a task of strategic importance in finding a final solution to the rural question and accelerating socialist construction. Having elaborated a plan to build up the county on the basis of his long-term perspective on the building of socialism and communism, he set out a new policy of enhancing the role of the county at the historic Changsong Joint Conference of Local Party and Economic Officials, and gave full details on this policy in the theses.

In order to find a final solution to the rural question and accelerate socialist construction, we need to conduct a close study of the leader's idea on the role of the county and implement it to the letter.

Enhancing the role of the county is a matter of principle in relation to all counties, not only those in the highlands that remain backward but also those on the lowlands and in the intermediate regions.

Eliminating the distinctions between town and country and the class distinctions between the working class and the peasantry by enhancing the role of the

county is a strategic task to be tackled by the working-class party and state after the socialist system is established.

The most pressing task in this regard at present is to improve in all aspects the role of the county as an all-encompassing unit for regional economic development and as a hub for economic links between town and country.

This paper deals with the leader's original idea for improving the role of the county in socialist construction, mainly in the light of an economic study.

1. Reasons for Designating a Regional Base in Socialist Construction

1) The Question of a Regional Base in the Building of Socialism and Communism

To eliminate class distinctions overall and develop all regions in the country evenly is an intrinsic requirement of socialist and communist society.

Solving the rural question once and for all by removing the distinctions between town and country and the class distinctions between the working class and the peasantry is one of the most important tasks for the working-class party and state in the building of socialism and communism.

The great leader Comrade Kim Il Sung said:

“Leadership and assistance by the working-class party and state are indispensable for the emergence, consolidation and development of the socialist system in the countryside.”

Working-class leadership of the peasantry, industry’s assistance to agriculture and support by town for country constitute one of the basic principles

for solving the rural question.

Only under the leadership of the working class can farmers join the cause of socialism and communism and fulfil their role as the reliable ally of the working class.

The completion of the socialist transformation of the production relations in urban and rural areas and the establishment of the socialist system lead to a fundamental change in the social and class position of farmers, and open an avenue for the development of the productive forces of agriculture. For a certain period after the socialist system is established, however, agriculture lags behind industry in terms of property relations and the level of development of the productive forces, and the farmers remain backward ideologically and culturally, compared with the working class. Such backwardness can be eliminated only under the leadership and with the assistance of the working class.

The leadership and assistance of the working class for the peasantry begin with the seizure of power by the working class and are raised to a new, higher level after the socialist system is established.

In socialist society the farmers and workers are socialist working people on an equal footing, and cooperative property and all-people property—the two forms of socialist property—provide the economic

foundations of the socialist state. So, unlike in the period of the private peasant economy, in socialist society the party and state should take direct responsibility for not only the development of cooperative property but also the farmers' livelihood and overall rural work.

The development of the productive forces of agriculture depends largely on the advancement of industry, the leading sector of the national economy. Only with the active support of an advanced industry can the rural economy be equipped with modern technology and the productive forces of agriculture be developed rapidly.

Town is ahead of country in all spheres of politics, the economy and culture. Only with positive assistance from the former can the latter eradicate its backwardness and catch up rapidly.

Working-class leadership of the peasantry, industry's assistance to agriculture and support by town for country can achieve success only under the correct guidance of the working-class party and state. In other words, whether or not the distinctions between town and country and the class distinctions between the working class and the peasantry are eliminated so that a final solution to the rural question

can be found, depends entirely on how the working-class party and state direct and assist rural work.

Guidance by the working-class party and state to the socialist countryside should be given in a unified and comprehensive way. Only then is it possible to eliminate the countryside's backwardness relative to the urban areas and solve the rural question once and for all.

In order to ensure that the unified and comprehensive guidance of the party and state to the countryside is successful it is necessary to designate a certain area as a regional base and work by relying on it. This is because the countryside has its own unique characteristics.

An important characteristic of the countryside is dispersion.

In the industrial sector, factories and enterprises are concentrated in certain regions, their employees live in towns or workers' districts, and their workspace is limited. But in the agricultural sector, where land is the basic means of production, farming enterprises and villages are scattered and the farmers work in small isolated groups in dispersed areas.

In the future, too, such dispersion will remain an important characteristic distinguishing the countryside from the towns.

The greater vulnerability of agricultural production to natural and climatic conditions, compared with other production sectors, is another characteristic of the countryside.

Both agricultural production and industrial production are a struggle to conquer nature. Man's power to achieve this is determined by the level of development of the productive forces. His power to do so increases in proportion to the development of the agricultural productive forces, and his needs will be better met accordingly.

But agriculture, unlike industry, deals mainly with living organisms such as plants and animals. This is why it is more vulnerable to natural and climatic conditions than industry.

The vulnerability of agricultural production to natural and climatic conditions varies from region to region. Particularly in our country which is mountainous and where there are considerable regional differences in natural and climatic conditions, these factors cannot be downplayed.

In order to guarantee the effectiveness of their guidance to the socialist countryside, the working-class party and state should make allowances for such factors as the dispersion of rural communities and the

vulnerability of agricultural production to natural and climatic conditions, and on this basis designate a certain area as a unit of unified guidance in each locality so that, with it as a base, direct guidance can be given to all units in each area.

Identifying a regional base in socialist construction is also important for ensuring the even development of all regions in the country.

Ensuring that the people's living standards improve evenly across the country is a law-governed requirement for building socialism and communism. To attain this goal, scrupulous attention should be paid to allocating productive forces. It is particularly important to apply the principle of maintaining a good balance between the growth of large-scale centrally-run industries and that of small- and medium-scale locally-run industries.

Local industries produce consumer goods mainly from the natural resources, agricultural produce and sideline products available locally, and thus contribute to filling local needs. In developing local industries with a certain area as the unit, the availability of manpower and raw materials and the marketability of products should be taken into account.

The process of building socialism and communism

is, ultimately, one of assimilating the peasantry to the working class, agriculture to industry and country to town. Therefore, it is crucial to identify a suitable regional base and enhance its role so that the ties between the working class and the peasantry, between industry and agriculture and between town and country are strengthened in all aspects.

Identifying a suitable regional base is a matter of strategic importance that must be resolved by the working-class party and state if the rural question is to be solved once and for all and socialism and communism built with success.

2) The County as the Regional Base for Building a Socialist Countryside

Which unit should be identified as a regional base is a very important question in developing the socialist rural economy and accelerating overall socialist construction.

A regional base should have favourable conditions for disseminating the policies of the party and state directly to rural communities and for ensuring direct guidance to and the coordinated development of local

economic and cultural sectors like agricultural production. It should also serve as a link between towns and rural areas in all spheres of politics, the economy and culture. Only such a regional base can give correct guidance to rural work and all other types of work in the region and ensure effective assistance from the town to the countryside.

A regional base should satisfy certain conditions if it is to perform its functions and role properly.

It should contain an appropriate number of units requiring guidance, and within the bounds of the area concerned there must be no sizeable variations in the natural, geographical, economic and cultural conditions. Besides, it should have adequate forces for giving direct, unified and comprehensive guidance to all affairs in a particular area, as well as material, technical and cultural facilities conducive to assisting the rural communities.

If a regional base is too big, the variations in the natural, geographical, economic and cultural conditions within the region, the distance between its centre and the units being guided, and the number of such units will all be too great. This will make it impossible to give effective guidance to all affairs in the region by relying on the regional base and,

especially, to ensure the unified and direct guidance of rural work.

Conversely, if a regional base is too small, it will be hard for it to have all the leading forces for guiding all the affairs in the region concerned, as well as all the necessary material, technical and cultural facilities. And if the guidance unit is too small, the units being guided may be confined to a few sectors, which will in turn impede the comprehensive development of the local economy, such as agricultural production, and of the local culture in a symbiotic relationship.

The units that are guided by the regional base and its ability to offer guidance are far from immutable; they change and develop along with the progress of socialist construction. These units grow in number constantly, proportionate to the progress in their economic and cultural construction in the regional base, and the base's ability to offer guidance is enhanced. When identifying a regional base it is essential adequately to consider the potential development of the units being guided and the ability to offer guidance, as well as the conditions for linking them closely. A regional base should be identified rationally by taking into account both the present and the future state of socialist construction.

Given the situation in our country, the most reasonable option is to designate the county as a regional base.

The leader has already identified the county as the unit responsible for direct and unified guidance to rural and all other local affairs and as a base for linking town and countryside.

The counties in our country have all the conditions for functioning as a regional base in all fields—politics, the economy and culture.

In the days of Japanese colonial rule, the county was the major unit for governing and plundering the local people. Today the county, as the lowest unit of guidance by our Party and state, has become suitable as a base for developing the local economy in a comprehensive way and connecting the towns and rural areas.

It is a suitable unit for giving direct guidance to all the units within it and, as the lowest unit of Party and administrative guidance, has forces capable of directing all its internal affairs in a unified and comprehensive manner. It is through the county that all the policies of the Party and government are disseminated to farm villages and workers' districts and the opinions of the local people are canvassed.

The county is an all-encompassing unit of optimum size for influencing local economic development.

It is, before anything else, particularly suitable for stepping up agricultural production.

Agriculture occupies the most important place in the local economy. Given that the rural economy in our country has expanded in scope and, along with the technical advances in this field, that agricultural production has been converted into a technical process, success in the technological revolution and agricultural production hinges largely on identifying the most suitable unit as a base for concentrating technical staff and means and guiding the rural economy by the industrial method of management.

Within the boundaries of a single county there is no great difference in the natural, geographical and other conditions. So, if the county is designated as the unit for offering unified guidance to rural work, industrial guidance to cooperative farms can achieve the desired results.

The county has available economic and technical forces capable of directing the rural economy by the industrial method, as well as organs, enterprises and other material and technical facilities that can render technical assistance to all the processes of agricultural

production. The county also includes a commercial network linking towns and the countryside.

The county is also the most appropriate unit for developing locally-run industry.

The county has favourable conditions for developing locally-run industry. This is because the key stages of reproduction, including manufacturing and consumption, in the field of locally-run industry are closely connected to the rural areas. Many locally-run industry factories are fed by agricultural produce and sideline products, and the wide variety of consumer goods produced by locally-run industry for the most part serve the needs of the farmers and other local people. Only when the county is identified as the unit for developing locally-run industry can locally-run industry make rapid progress by relying on the raw and other materials that are abundant in the region to satisfy the needs of its residents for consumer goods, and measures be adopted to build more factories and enterprises so as to ensure the comprehensive development of the county economy.

The county, as an all-encompassing unit, is most appropriate for developing local culture.

Every county seat has educational, cultural and

health care institutions such as schools, hospitals, cinemas, libraries and bookshops. The residents in each county are regularly in touch with the county seat. The latest urban culture is introduced into rural communities via the county seat. The county is a base for promoting the cultural revolution in the countryside and cultural exchange between urban and rural communities.

The county is the ideal regional base for the successful development of rural and all other types of local work and for the acceleration of socialist construction in the countryside.

The ri is too small to be a regional unit. Cooperative farms organized with the ri as the unit have an inadequate number of management officials and technical cadres, and their material and technical foundations for the industrial transformation of agriculture and their facilities for conducting the cultural revolution in rural areas are poor.

On the other hand, the province is too big in this respect. In a province there are wide variations in the natural, geographical and other conditions, and there are too many units for it to give direct and specific guidance to them all.

The county is playing a growing role as a major

base of socialist construction.

The leader, with a scientific insight into the status and role of the county in building socialism and communism, has for many years been directing special attention to improving the role of the county.

During the Fatherland Liberation War he took the revolutionary step of adjusting the administrative units on a countrywide scale, with a view to enhancing the role of the county. As a result, the county became smaller and the ri bigger in area, with the sub-county disappearing as a medium point between county and ri and the county becoming able to maintain direct contact with the ri.

In the postwar period our Party, while pressing ahead with the socialist transformation of the production relations, took systematic steps to improve the functions and role of local Party organizations and power organs, those at the county level in particular.

Having completed the socialist transformation of the production relations in urban and rural areas, our Party paid close attention to enhancing the role of the county in socialist construction.

During his field guidance in Chongsan-ri and Kangso County, the leader established a system of giving the county direct responsibility for agricultural

production and the farmers' livelihoods in conformity to a new environment.

In particular he put forward the original policy of setting up a new agricultural guidance system, and initiated the creation of the county cooperative farm management committee, with the result that an epochal turn was brought about in guidance to the rural economy. The creation of the county cooperative farm management committee led to a remarkable improvement in the status and role of the county in overall socialist construction including rural construction.

Along with the advance of socialist construction, the county will play an increasing role and, in the future, too, remain the unit giving comprehensive and unified guidance in each locality.

2. The County as an All-Encompassing Unit for the Development of the Local Economy

1) The Development of Locally-Run Industry with the County as the Unit

The county, as the regional base in socialist construction, acts, above all, as an all-encompassing unit for the development of the local economy.

The great leader Comrade Kim Il Sung said:

“The county is the all-embracing unit of local economic and cultural development. It serves as the unit in the development of locally-run industry, and directly guides the development of the rural economy.”

As a sphere of human creative activity for conquering nature, the economy constitutes the material base of people's social life.

Humans, through a sustained effort, transform nature, the consequential products of which are distributed, exchanged and consumed. Through such economic activities they satisfy their own material

needs. Without developing the economy it is impossible to provide people with adequate and happy living conditions.

For the masses of the people to live a rich and happy life to their heart's content, the economy should be developed in an all-round way.

People demand various consumer goods for their existence, and their demands for them increase quantitatively and qualitatively as their material standard of living rises. These material demands cannot be fully met if production growth is achieved in only a few economic sectors; it will be possible when the economy develops in a balanced and all-round way. The same applies to the local economy. To develop the county economy in a comprehensive way is the best way of meeting the material demands of the local people.

The top priority in the comprehensive development of the county economy is to strengthen the weak links in the chain of its economic development.

The backwardness and one-sidedness of the local economy in our country find clear expression in industry lagging behind agriculture. In order to eradicate these undesirable features as early as possible, locally-run industry should be developed on

an extensive scale with the county as the unit.

Developing locally-run industry is a key to the rapid growth of production and improving the people's living standards.

To achieve the rapid growth of production, the production potentials available in all the regions of the country need to be fully tapped and balanced development achieved between sectors, between regions and between the capital and provinces. The development of locally-run industry involves tapping the latent manpower, materials and other resources available in the locality, which makes it possible to achieve a rapid increase in the output of consumer goods with the minimum additional expenditure from the state in terms of manpower and the objects and means of labour.

Developing locally-run industry will result in a rapid increase in the output of consumer goods through tapping of all the locally-available resources, which will, in turn, enable the state to divert a considerable part of its investment from light industry to heavy industry. Thus, the development of locally-run industry creates favourable conditions for ensuring the preferential development of heavy industry and maintaining a high speed of socialist

expanded reproduction.

Developing locally-run industry and ensuring the comprehensive development of the local economy contribute to establishing close ties between industry and agriculture and between production and consumption at the county level. This accelerates the consumption of industrial and agricultural products and helps save labour in exchanging and distributing the products, which results in an increase in social labour productivity and the rapid growth of production.

Developing locally-run industry is an effective way of successfully attaining the goal of socialist production for fully meeting people's material demands.

The high speed of economic development in socialist society brings about a steady increase in people's incomes and the resultant expenditure demands. A characteristic of the growth of people's demands is their diversity. People's demands for consumer goods are not immutable. They vary according to individual characteristics such as sex, age, tastes and interests, as well as regional features including the climate and living customs.

In order fully to meet the diverse and growing demands of people in socialist society it is necessary

to increase the quality and quantity of products and extend their variety. Such demands can be satisfied only through the development of small- and medium-scale locally-run industries, in parallel with that of large-scale centrally-run industries. Small- and medium-scale locally-run industries have advantages in producing goods in moderate demand, are located close to the point of consumption, and use less sophisticated technology. Therefore, locally-run industry can readily adapt the organization of production to the changing demand structure.

Developing locally-run industry with the county as the unit also contributes considerably to eliminating the distinctions between town and countryside by raising the level of countryside to that of town.

In eliminating backwardness in countryside relative to town and the distinctions between them, it is important to consolidate the material and technical foundations of the rural economy and transform agriculture on an industrial pattern, on the basis of steadily improving the leading role of industry. A key aspect of industrializing agriculture is to send more modern farming machinery to the rural areas by developing heavy industry. In addition, locally-run industry should be developed, as it is crucial to

assimilating agriculture to industry by bringing industry close to agriculture and introducing more effectively into farming the advanced technology and enterprise management methods of industry.

Developing locally-run industry is conducive to raising the ideological, technological and cultural qualities of farmers.

As the leader said, the backwardness of countryside compared with town finds expression in the facts that agriculture has weaker material and technical foundations than industry, that the cultural standard of the rural population is lower than that of town dwellers, and that the farmers lag behind the workers in their ideological consciousness. In order to abolish the backwardness of countryside compared with town and raise the ideological, technological and cultural standards of the farmers it is essential to develop locally-run industry while pressing ahead with the ideological, technological and cultural revolutions in the rural areas.

Developing locally-run industry enables the farmers to forge closer ties with the workers and learn from them the advanced ideology and culture and technical skills with which to handle modern farming machinery.

To develop local economy with the county as the base is also very important for national defence. To maintain economic construction and defence building in parallel is vital to our country, divided as it is into north and south, and the southern half of which is occupied by the US aggressors, the ringleader of the world reactionaries. We should approach and find solutions to all problems in anticipation of war. If we are to win a war the material demands of both the front and the rear should be fully met. The best way of doing this at the time of an emergency is to develop locally-run industry in step with agriculture. In view of its technical and economic characteristics, locally-run industry is advantageous in that the raw materials and manpower for production are readily available locally, even in wartime conditions, and it will suffer little damage during the war.

During the Fatherland Liberation War our Party took positive steps to ensure wartime production—evacuating major production facilities and scattering them over safe areas, and building locally-run industry factories in different parts of the country. Despite the difficult wartime conditions new factories were built across the country and the output of locally-run industry exceeded the prewar level, even though the

country's total industrial output value declined. In fact, locally-run industry during the war was a great contributory factor in keeping the people's livelihoods stable.

More efforts should be made to build small- and medium-scale locally-run industry factories so that counties can meet their own needs in time of war.

Locally-run industry in our country has made great strides, thanks to the wise guidance by the leader.

The leader said that all counties should strive to raise their locally-run industries to a higher stage of development while consolidating the successes achieved so far.

The most pressing task in this respect is to accelerate the technological revolution with the objective of mechanizing production lines and, in the long run, making them semi-automated and automated.

The June 1958 Plenary Meeting of the Party Central Committee was followed by a mass campaign to build more than one locally-run industry factory in each city and county. As a result, locally-run industry factories have sprung up across the country without any heavy investment from the state. They are great assets in developing the local economy and

improving people's living standards. In the future we should make great efforts to upgrade the technical equipment at existing factories while continuing the efforts to build more.

The locally-run industry factories in our country are still poor in terms of their technical equipment, and some are reliant on manual labour. If they produce goods by hand, they cannot ensure that their quality is high or maintain rapid production growth. The developing reality requires that all factories produce quality goods in larger quantities and without much labour.

We should make sure that centrally-run industry renders active assistance to locally-run industry and the localities depend on their internal forces to step up the technological updating of the backward locally-run industry. In this way they can switch from manual work to mechanization and then gradually to semi-automation and automation.

Improving the standard of enterprise management and technical skills is a key link in the chain of developing locally-run industry.

With the rapid increase in the number of locally-run industry factories, many officials and workers who lack enterprise management and technical skills have

come to work at these factories. They have done a great deal to improve the standard of their enterprise management and their technical skills, but the results cannot be called satisfactory.

The main link in the whole chain of the effort to develop locally-run industry is rapidly to improve the standard of enterprise management and the technical skills of the officials and workers, as they are the masters of locally-run industry factories. Only then is it possible to achieve the technological modernization of these factories and increase the quantity and quality of their products.

In order to improve their management officials' competence and workers' technical skills, locally-run industry factories should establish a proper system of technical study and encourage the employees to study hard to raise their technical skills while paying due attention to correspondence courses. It is particularly important to urge the officials to enroll at correspondence colleges or correspondence technical schools.

Building up raw materials bases is a prerequisite for the normalization and growth of production at locally-run industry factories.

The supply of raw materials has not been a big

obstacle up to now, since there have not been many locally-run industry factories. But the demand for raw materials is growing rapidly with the expansion of locally-run industry.

We should establish a well-regulated system for supplying locally-run industry factories with sufficient raw materials by building up raw materials bases according to more detailed plans. We should also endeavour to find new sources of raw materials and build more factories that operate based on them.

Improving the standard of enterprise management and technical skills, replacing old technologies with new ones and building up raw materials bases—these are the core tasks to be tackled in developing locally-run industry.

We should strive to accomplish these tasks so as to bring about the rapid growth of locally-run industry, the main link in the whole chain of the comprehensive development of the local economy, and thus consolidate the county as a supply base for the countryside and a bridge between urban and rural communities.

2) The Development of Economic Sectors in the County and of Stronger Ties among Them

Thanks to our Party's sustained efforts to improve the role of the county as an all-encompassing unit and base for the development of the local economy, various economic sectors in the county have been developed and the ties among them have been strengthened.

Agriculture is the buttress of the local economy that develops with the county as the unit. It takes the lion's share in the economy of each county in terms of employees and output value. If overall output is to be increased and the local people's living standards improved, agriculture should first be developed rapidly. Our Party's initiative of identifying a regional base in socialist construction is principally aimed at solving the questions of agriculture and the farmers, and its efforts to create locally-run industry with the county as the unit and develop supply work, education, culture and health services with the county as the centre are aimed at eliminating the backwardness of the countryside compared with the

towns. The major object of the county's dealings is the countryside.

Counties have been able to increase agricultural production rapidly because they made the countryside the focus of their work and have placed great stress on developing the rural economy.

Locally-run industry holds a special position in the economic development of the county. Along with centrally-run industry, it plays an important role in industrializing agriculture and eliminating the backwardness and one-sidedness of the local economy. In this sense, it can be said that the comprehensive development of the local economy with the county as the unit is achieved only through the growth of locally-run industry. In our country today cities and counties have factories operating in several sectors such as food, daily-necessities, textiles, papermaking, building-materials and machine-building industries.

With agriculture and locally-run industry making rapid progress, the county is creditably playing its role as an all-encompassing unit for developing the local economy.

The comprehensive development of the local economy is achieved through close relationships

among different sectors, and it requires stronger ties to be established among them.

The local economy, by its nature, can make progress only when it is tied into the unified economic development of the state and when proper relations are made among different economic sectors in the locality and among their economic indices.

The ties between locally-run industry and agriculture are growing stronger as the local economy develops in an all-round way.

The locally-run industry in the county manufactures and supplies some of the means of production necessary for running the rural economy. Today the use of modern farming machinery is expanding steadily in the rural economy, but the usefulness of small- and medium-sized farming tools in agricultural production cannot be played down. Because of the features of our country's terrain and the characteristics of agricultural production, these farming tools will be useful for a long time to come. Today the locally-run industry in our country is turning out most of these farming tools and supplying them to the rural areas.

The locally-run industry in the county supplies foodstuffs and other daily necessities to the rural

population, and agriculture produces grain for the workers and city dwellers, as well as various raw materials for locally-run industry.

Locally-run industry and agriculture stimulate each other when close ties are established between them. The development of locally-run industry facilitates the growth of agriculture and its diversification, while the growth of agriculture helps meet the increasing demand of locally-run industry for raw materials and expedites the consumption of its products, thus spurring the growth of locally-run industry.

The economic ties among counties become stronger along with the development of locally-run industry.

Some counties are currently promoting cooperation in production and, notably, specializing by regions in certain indices is making steady progress. Efforts are also under way to produce specialities by counties and distribute them at the provincial level. If counties are encouraged to specialize in certain goods and the way they are supplied is improved, it will be possible to boost output by using locally available resources to good effect as suited to the characteristics of the counties, improve their quality radically and meet the diverse demands of the local people.

Close ties among local economic sectors are

guaranteed by the development of socialist commerce. Today commerce in our country is playing an important role in drawing locally-run industry and agriculture into close ties, ensuring the comprehensive economic development of counties, and strengthening the ties among counties and between towns and rural areas.

The comprehensive economic development of counties and ties among economic sectors are achieved through a well-regulated system of guidance over the county economy.

The comprehensive economic development of counties and the eventual diversification of the structure of their economic sectors require the rational distribution of manpower and the dovetailing of plans in such a way as to enable those sectors to stimulate production growth one another in a close relationship. In order to find the best way of supplying raw materials to locally-run industry it is necessary to draw up plans to dovetail the industrial demands for raw and other materials with the agricultural produce of cooperative farms and farmers' sideline products, and to take steps to develop locally-run industry so as to keep up with the growing and diversified agricultural production and meet the needs of the local

people. This means that in order to ensure the comprehensive economic development of counties and establish close ties among economic sectors it is essential to take unified control of all economic activities such as production, distribution, exchange and consumption, as well as human and material resources, and to establish planned and organized relations among sectors involved in material production. None of these objectives is attainable without setting up a reasonable system of economic management.

Our Party has paid close attention to updating the system of economic management and strengthening the ties among sectors in order to meet the legitimate requirements of the economic development of counties.

The introduction of a new system of agricultural guidance was an epoch-making step in developing the local economy in a comprehensive way with the county as the unit and forging rational connections among various economic sectors in the country. The organization of county cooperative farm management committees, which are specialized organs of agricultural guidance responsible for guiding the rural economy by the industrial method, was a turning point in stepping up the direct and unified guidance by the

counties of the rural economy.

Our Party has ensured that the county people's committees take full responsibility for the local people's livelihoods, take direct control of locally-run industry and commerce and intensify their guidance to them, so that they can better serve the local people's living. It has also made sure that these organs of power step up their guidance to and control over all institutions and enterprises in their respective counties.

As the general staff in county work, each county Party committee exercises unified control over all the affairs in the county. It sets the administrative and economic bodies in its charge the direction for carrying out their work strictly in accordance with the Party's lines and policies, inspects and controls the execution of their work, and helps them correct any mistakes.

Today, unified guidance by the county Party committees over all county affairs, and leadership and control by county people's committees over all institutions and enterprises in their respective counties have been strengthened, making it possible to boost the ties among economic sectors as well as the overall economic development of counties.

Further enhancing the functions and role of the county Party committees, county people's committees and county cooperative farm management committees will give stronger impetus to the overall economic development of the counties.

3) The Elimination of Distinctions among Counties through the Comprehensive Economic Development of Counties

The local economy in our country has been developing in a comprehensive way with the county as the unit, and this has resulted in the gradual reduction of the distinctions among the counties in terms of economic development. The process of diminishing the distinctions among the counties is closely linked with that of eliminating the distinctions between town and country.

There are differences among regions in all spheres—politics, the economy and culture—and these differences, from the economic point of view, are manifested largely in the level of development of the productive forces and the resultant living standards of local people.

The differences in the living standards of the working people have already been reduced to a considerable degree through a vigorous effort to implement our Party's policy of ensuring the balanced improvement of the living standards of blue-collar and white-collar workers, and farmers.

But there is still a difference in the living standards between blue-collar and white-collar workers on the one hand and farmers on the other, particularly among the farmers in various regions.

The regional differences in the level of development of the productive forces and the differences in the living standards of farmers in different regions are all legacies of the old society. In the former exploitative societies agriculture could develop more rapidly in the regions around towns where there was a high demand for agricultural produce such as food and for raw materials for industry, and in those areas with favourable natural and economic conditions. But this was not the case in out-of-the-way mountainous regions with unfavourable natural and economic conditions; there the living standards of the local people were at a very low level.

In order to eliminate the distinctions between town and country it is important to remove regional differences by putting special emphasis on the

development of backward regions while paying due attention to ensuring the overall development of the rural areas. The work of removing regional differences should be undertaken in an organic relationship with that of eliminating the distinctions between town and country.

Regional differences occur mainly in the conditions for agricultural production—the area, soil fertility and geographical location of the arable land, which is the basic means of agricultural production. Labour efficiency differs according to the conditions under which the farmers work, so the same amount of labour produces different results. In other words, the regions with advantages in natural and economic conditions, including soil fertility and the consumption of products, gain additional profits compared to those without them. The difference in incomes due to such objective conditions results from the ownership of land being socialized with the cooperative farm as the unit. The additional profits earned due to the favourable conditions for production are distributed mainly within the boundary of the cooperative farm that has obtained them. So, the differences in additional profits due to the different production conditions can be adjusted within individual

cooperative farms, but these differences are not eliminated among the cooperative farms.

In order to raise the living standards of the farmers in various regions evenly under the condition that there still remains cooperative property, it is necessary to encourage the regions to put main emphasis on steadily increasing their own incomes by making effective use of their natural and economic conditions and developing the local economy in a comprehensive way, and to give them appropriate state support.

All of these efforts are conducted with the county as the unit, as the base. This is because the county is an all-encompassing unit for the development of the local economy and a base for rendering political, economic and cultural support to the countryside.

The comprehensive development of the local economy with the county as the unit assures the county of the most effective and rational use of all its geographical conditions. This is the most reasonable way to diminish the differences in the living standards of the farmers in various regions by stimulating the growth of the local economy and improving their livelihoods as quickly as possible through the effective utilization of the natural and economic conditions, however unfavourable they may be.

Of greatest importance in eliminating regional differences in the level of the development of the productive forces and in the farmers' living standards by developing the local economy in a comprehensive way with the county as the unit, is to encourage mountainous regions to make full use of the mountains in their efforts to develop the local economy and raise the living standards of the local people.

Because of their unfavourable natural and economic conditions the highlands have an underdeveloped economy and the local people's standard of living is low. To raise the living standards of the farmers in the highlands in our country, where mountains account for most of the territory, is a very important task for accelerating overall socialist construction.

The leader has always attached great significance to improving the living standards of the farmers in the highlands; he says that people in mountainous regions should live off the mountains, and has stressed the need for them to improve their living standards by themselves by developing the local economy through the effective use of the mountains, and he encouraged Changsong County to set an example in this respect.

Man's power to conquer nature increases inexorably,

and the effect the natural conditions have on people varies according to how they make use of those conditions. In mountainous regions the area of arable land is limited and it is usually infertile; there are far more non-paddy than paddy fields in these regions. On the other hand, they are endowed with large deposits of precious minerals, abundant forest resources, a wide variety of useful plants such as edible herbs and wild fruits, and favourable conditions for rearing livestock and silkworms and fruit farming.

The rational use of the mountains will lead to rapid growth by locally-run industry and stockbreeding, which will in turn bring about an increase in farmers' incomes and in the fertility of soil and hence grain output. If the comprehensive use is made of the mountains to solve the problems of materials for locally-run industry and animal feed, arable land will be saved, since there is no need to divert part of the land for producing cash crops and animal feed.

The area and soil fertility of arable land are not immutable. Barren land can be brought under cultivation as science and technology make advances and man's power to conquer nature increases, and soil fertility may vary according to how much the farmers work to enrich it.

True to our Party's policy of making comprehensive use of the mountains, the counties in the highlands have worked hard to use their own abundant natural resources and arable land to good effect, with the result that they have shored up locally-run industry and agriculture and thus raised the local people's standard of living. The rising standard of living of farmers in the highlands finds clear expression in the increasing distribution of grain and income in cash to households. The experience gained in Changsong County under the leader's guidance proves that counties in mountainous regions, even though the conditions for agricultural production are unfavourable, can be on a par with those in the lowlands in terms of economic development and the local people's standard of living if they develop the local economy in a comprehensive way by using their natural and economic endowments to good effect.

The leader has said that, just as mountainous regions should live off the mountains, so coastal regions should live off the sea.

Pursuant to the policies advanced by the leader, the rural economy has developed in various forms, such as agro-fishery and agro-stockbreeding, as appropriate to the regional characteristics. As a result, even those cooperative farms which are located in

regions with unfavourable natural and economic conditions have laid sound economic foundations and increased the local people's incomes within a short period of time.

All the facts prove the validity of our Party's policy of developing the local economy in a comprehensive way by making effective use of the natural and economic conditions so as to evenly raise the living standards of the farmers in different regions.

Another important task for eliminating regional differences in the development of the productive forces and the local farmers' living standards is to render appropriate state support to backward regions.

State support for improving farmers' standard of living is granted on the principle of giving due consideration to regional differences in natural and economic conditions. On the basis of this principle, regions are prioritized according to their natural and economic conditions in systematically reducing various burdens, such as the complete abolition of the agricultural tax in kind, and the extent to which such benefits are given is decided differently for each region. Besides, the state establishes differences in terms of the prices of the means of production it sells to rural areas and of the agricultural produce it purchases from them,

and takes practical steps to grant them a variety of additional benefits.

The correct definition of the correlation between accumulation and consumption is also important in eliminating the differences in the standard of living among various farming regions.

The principle which our Party has maintained in adjusting the balance between accumulation and consumption at cooperative farms is to give equal consideration to them and, as the local people's standard of living rises, increase the share of accumulation. But this does not mean that the amounts of and the ratio between consumption and accumulation should be set uniformly for all cooperative farms. In setting the ratio of consumption to accumulation our Party has ensured that it is higher in the highlands than in the lowlands so as to increase the share enjoyed by farmers on the highlands.

Proceeding from the interests of the state and society, modern state-run technical means used to be supplied first to the lowlands, where there is greater potential for increasing agricultural output. Consequently, the backward highlands enjoyed fewer state benefits than the advanced lowlands. The abolition of the system of agricultural tax in kind, which was used as a means of

adjusting regional differences in income levels, resulted in greater state benefits for farmers in the rich farms, as higher taxes had been levied on them. That is why due concern should be paid to raising the farmers' living standards evenly in various regions.

The main task to be tackled in evenly raising the farmers' living standards in various regions is thoroughly to implement the Party's policy of ensuring the comprehensive development of the local economy by making the best use of the natural and economic conditions in the localities and, on this basis, steadily increasing internal incomes; the advantages and validity of this policy have already been proved in practice. It is also necessary to keep on adopting, as the environment changes, the method of regulating prices, such as reasonably setting the purchasing price of agricultural produce according to local natural and economic conditions and the method of granting credit and other special financial benefits to the farmers living in regions where the natural and economic conditions are unfavourable.

As the distinctions between town and country gradually diminish as a result of the successful implementation of the tasks presented in the *Theses on the Socialist Rural Question in Our Country*, the

living standards of blue-collar and white-collar workers and of farmers will develop evenly and, in close combination with this, regional differences in the farmers' living standards will be eliminated.

3. The County as the Base for Economic Ties between Town and Country

1) The County and Economic Ties between Town and Country

The county in building socialism serves not only as an all-encompassing unit for the development of the local economy but also as a base of economic ties between town and country.

To establish proper economic ties between town and country is crucial to accelerating socialist economic construction and improving people's standard of living.

Socialist industry turns out the means of production and consumer goods to meet rural demand for production and consumption, while socialist agriculture produces raw materials for industry and food for urban needs. As the social division of labour

exists in socialist society, too, it is impossible to carry on social production and raise people's standard of living without the mutual exchange of goods between industry and agriculture.

The economic ties between town and country assume various types and forms.

These economic ties in socialist society can be divided, according to their mission and role, into two categories—one for production and the other for consumption.

Both of these ties may assume a direct or a commercial form, depending on whether or not they are established through the medium of the money-commodity relationship.

The direct form without the medium of the money-commodity relationship is used mostly in establishing production ties between industry and agriculture. Development of the direct form in establishing production ties between industry and agriculture is based on the similarities between all-people property and cooperative property, which together make up the economic foundations of socialist society, and it conforms entirely to the law-governed nature of the development of cooperative property that is constantly being fused with all-people property.

The commercial form with the medium of the money-commodity relationship is based on the social division of labour, the differentiation of ownership and the difference between all-people property and cooperative property in socialist society. But this is fundamentally different from the commercial form of economic ties between town and country in capitalist society. The commercial relationship between town and country in capitalist society is utilized by towns as a means of exploiting the countryside, exacerbating the contradiction between the two. On the contrary, this relationship in socialist society is based on the common interests of the working class and the peasantry, and reflects urban support for rural communities.

The direct and commercial forms of production and consumption ties between town and country are forged through various economic leverages. Production ties in general are formed mainly through state-run enterprises that directly serve the rural economy, such as farm machinery stations and irrigation offices, and in some cases certain means of production are traded at commercial trade institutions. As for consumption ties, industrial and agricultural commodities are mostly traded at commercial trade institutions.

Our Party has combined and applied the various

forms of economic ties as appropriate to the content of and tasks for the economic relationship between town and country at each stage and in each period of the socialist revolution and construction.

The types of economic ties between town and country and the forms by which they are applied develop in a symbiotic relationship, with their roles and significance varying at different stages of economic development.

In the initial period of the transition from capitalism to socialism, economic ties between town and country existed in the form of ties between the working class and individual farmers and between industry based on all-people property and agriculture based on private ownership. In this period, when heavy industry for manufacturing the means of production was in its infancy, the consumption ties held an overwhelming proportion in general in the economic ties between town and country. True, there existed production ties between industry and agriculture, but they failed to predominate since the demand in the backward countryside for modern material and technical means was not high and industry was not sufficiently developed to satisfy the demand. Since the production ties between town and

country were those between sectors with different social and economic foundations, they usually assumed the commercial form of product exchange by way of trading.

The proportion of the production ties in the economic ties between town and country increased as socialist industrialization and the technological revolution in the countryside gained momentum following the completion of the socialist transformation of the rural economy. The expanding scope of the rural economy and the acceleration of the technological revolution in the countryside led to a rise in the rural demand for modern material and technical means, and the rapid progress in socialist industrialization helped towards satisfying this demand. The production ties between industry and agriculture came to assume a direct rather than a commercial form, in compliance with the law-governed requirements of socialist economic development. In this period, the consumption ties between town and country gained in scope and played a greater role in developing the economy and improving the people's standard of living.

The completion of the socialist transformation of the production relations in urban and rural areas

brought about a fundamental change in the class, social and economic foundations of the economic ties between them. The relationship between town and country had in the past been one between industry based on all-people property and agriculture based on private ownership, but with the completion of cooperativization it developed into one between socialist industry and socialist agriculture, both of which are based on socialist ownership, into the relationship of cooperation between workers and cooperative farmers, both groups being socialist working people.

The content of and tasks for the economic ties between town and country also changed after the establishment of the socialist system. These economic ties, which had served mainly as an incentive to step up the socialist transformation of production relations, after the completion of cooperativization, came to serve the consolidation and development of the socialist agricultural cooperative economy on the basis of enhancing the leading role of socialist industry and the creation of various prerequisites and conditions for eliminating the distinctions between town and country.

In addition, the economic ties between town and country came to be cemented on a planned basis. In

former days, characterized by the survival of private businesses, the economic ties between town and country were subject to the blind operation of the law of value; but, after the completion of the socialist transformation of the production relations, these ties began to be established on a planned basis in compliance with the law of the socialist economy.

The present situation in our country, where rapid progress is being made in socialist construction, requires that the economic ties between town and country be further strengthened.

It is crucial in the successful realization of the economic ties between town and country to establish a proper regional base for the purpose, and enhance its role.

Whereas industrial sectors are concentrated in urban areas, farmers' villages are scattered all over the country and the workplaces are dispersed over wide areas; for this reason, the production and consumption ties between town and country, which help combine agricultural production with industrial production and provide supplies for the citizens, can be realized with success only when a certain area is designated as the unit and used as a base for developing these ties.

The county is the base of economic ties between town and country and the supply base for the countryside.

The great leader Comrade Kim Il Sung said:

“The county is the base for linking the towns with the countryside in all spheres of politics, the economy and culture. The peasants are kept informed of the Party’s policies through the medium of the county, and it is through the county that they establish production and economic ties with the working class and learn urban culture and customs.”

Our Party, in the belief that county is the most suitable base for economic ties between town and country, has concentrated all the necessary channels and economic means and organizations under each county. In this way in our country the county has become not only an all-encompassing unit for local economic and cultural development but also a key point for firmly establishing economic ties between town and country.

Direct production ties occupy the most important position in the economic ties between town and country established with the county as the base.

Long ago our country built up the state-run enterprises serving the rural economy, such as farm

machinery stations and irrigation offices, in each county so that they could render a direct service to agricultural production at cooperative farms. This is how the material and technical assistance of the state to the countryside and the support of the working class for the peasantry have developed. The organization of the county cooperative farm management committee was a turning point in strengthening direct production ties between industry and agriculture with the county as the base.

The county as a base for economic ties also promotes the consumption ties between town and country.

That the county functions as the base for economic ties does not simply mean that it is a base for the production ties between town and country; it also plays the role as a base for commercial relations and a supply base for the countryside.

Today, with its favourable conditions such as its guidance over and management of retail trade and locally-run industry, the county acts as a supplier of consumer goods and certain means of production from central and local industries to the countryside, and of various kinds of agricultural produce and sideline products to towns and industrial sectors. This means

that the county is performing its role as a base for commercial relations geared to meeting the increasing demands of citizens, as well as a supply base for the countryside.

The county as the base for economic ties between town and country facilitates a close relationship not only in individual aspects of the economic ties but also among them and all other ties between town and country.

There was no close relationship among individual aspects of the production and consumption ties between town and country, nor was there any proper relationship and unity between these two forms of economic ties. But today the county has been established as an all-encompassing base for economic ties between town and country, ensuring a close relationship and unity in the production and consumption ties and between these two forms of economic ties. Besides, the county as the base for economic ties has become a political base and a base of the cultural revolution, ensuring the coordinated development of the ties between town and country in close relationship with the economic, political and cultural aspects.

The consolidation of economic ties between town

and country with the county as the base is rendering a great service to developing industry and agriculture and improving the living standards of the workers and farmers, and this marks a fresh turning point in eliminating the distinctions between town and country.

2) The Development of Direct Production Ties between Industry and Agriculture with the County as the Base

Direct production ties hold the most important position in the economic ties between town and country and between industry and agriculture. These ties, as distinct from the consumption ties the principal aim of which is to meet the needs of farmers with regard to their individual consumption, ensure that the modern material and technical means manufactured by the state-run enterprises and industrial sectors directly serving the rural economy render an active service to agricultural production; in this way they help towards strengthening the leading role of all-people property over cooperative property and laying solid material and technical foundations

for agricultural production.

The direct production ties between industry and agriculture also reflect in a concentrated way the similarities between all-people property and cooperative property, both of which make up the economic foundations of a socialist state, and the relationship of comradely cooperation between workers and farmers, the respective owners of the two forms of property. Expanding this direct form of economic ties will lead to rapid growth of the agricultural production forces, thus improving the farmers' livelihood, and this will bring all-people property and cooperative property into organic combination on the principle of steadily enhancing the leading role of all-people property over cooperative property. Thus the process of transforming the latter into the former will be facilitated.

The leader designated the county as the base for realizing direct production ties between industry and agriculture.

The county as such promotes the rapid growth of the agricultural production forces.

Agricultural production has now been further converted into a modern technological process, and the role of technology in this sector is steadily increasing.

In order to ensure success in the technological guidance over agricultural production, it is necessary to concentrate the technical personnel and facilities serving agriculture on a certain unit in such a way that they prove most efficient in agricultural production and to include them in a unified guidance system.

The agricultural productive processes of domestication and cultivation of animals and plants with land as the basic means of production include a whole host of technologies that are applied according to the species of animals and plants, the soil and climatic conditions and the stages of growth of the living organisms. Therefore, scientific and technological guidance to agricultural production requires diverse technical means and technicians who are capable of handling these means according to scientific principles.

State-run enterprises which render technical services to the rural economy, such as farm machinery stations, irrigation offices, seed farms, seed treatment stations, agricultural experimentation stations, breeding stock farms, and veterinary and anti-epizootic stations, are now distributed with the county as the unit.

But these enterprises, in spite of their role in agricultural production, had been placed under different guidance systems because there was no guidance organ exercising unified control over the state-run enterprises serving the rural economy. The county people's committee that assumed responsibility for guiding cooperative farms in the county failed to take direct control of the technical means and technicians engaged in the rural economy, so it could not give proper technical guidance to those farms under its charge.

The newly formed county cooperative farm management committee has assumed unified control over all state-run enterprises serving the rural economy within the boundaries of the given county, directly supervises the cooperative farms in it, and gives technical guidance to agricultural production according to a well-regulated technical guidance system. It enables these state-run enterprises to operate in an intensive, comprehensive and flexible way on the basis of a unified plan so that they can render a greater service to increasing production at cooperative farms. This results in the highly efficient use of state-owned resources, human and material, for serving the rural economy by combining them

organically, and maximum economic effectiveness in their distribution and utilization.

As the base for the direct production ties between industry and agriculture, the county combines all-people property and cooperative property organically on the principle of enhancing the leading role of all-people property over cooperative property, and thus plays an important role in the smooth transformation of the latter into the former.

The conversion of cooperative property into all-people property is essential to eliminating the distinctions between town and country and the class distinctions between the working class and the peasantry.

The most important task to be tackled in transforming cooperative property into all-people property is to combine them organically while steadily enhancing the leading role of the latter over the former.

Granting the county unified control over the state-run enterprises, material and technical means and technicians directly serving the rural economy, and assigning it the role of guiding cooperative farms by the industrial method of management is the best way of strengthening the leading role of all-people property

over cooperative property and combining them organically.

The growth of socialist industry brings about a rapid increase in the number of modern material and technical means directly serving the rural economy, which are all-people property. So, regarding the fixed assets available for agricultural production at cooperative farms, the proportion of cooperative property to all-people property declines from one year to the next.

Along with the advance of socialist construction, the fixed assets that are all-people property will occupy an overwhelming proportion in agricultural production, its leading role over and influence on cooperative property will strengthen, and the dependence of the latter on the former will increase. These are critical for the smooth conversion of cooperative property into all-people property.

The direct production ties with the county as the base help improve the workers' ideological and cultural influence on the farmers, thus accelerating the conversion of cooperative property into all-people property.

The survival of cooperative property in socialist society is largely related not only to the technological

backwardness of agriculture relative to industry but also to the ideological and cultural backwardness of the peasantry compared with the working class.

If the direct production ties between industry and agriculture are strengthened with the county as the base, workers, along with farmers, can take part in agricultural production. In the course of this their political and ideological influence on the farmers will increase and the farmers can learn the techniques for managing new machines and agricultural science and technology. This is a key factor in accelerating the smooth conversion of cooperative property into all-people property.

Strengthening the direct production ties between industry and agriculture is a particularly pressing task to be tackled by the county in developing the rural economy and eliminating the distinctions between town and country.

The county should take steps to build up the state-run enterprises directly serving the rural economy, solidify their material and technological foundations, and ensure that state-run material and technical means better serve agricultural production at cooperative farms. The state-run technical means for agricultural production in the county are the basic means of

realizing direct production ties between industry and agriculture.

With socialist industry achieving rapid growth, the state should supply to counties larger quantities of tractors and other modern farming machines in order to solidify the material and technical foundations of state-run enterprises that are directly serving agricultural production. If modern material and technical means that are all-people property gradually come to hold an overwhelming proportion in agricultural production at cooperative farms, the character of cooperative property will change and it will be transformed naturally into all-people property.

It is essential in strengthening the direct production ties between industry and agriculture radically to raise the rate of the utilization of state-run material and technical means engaged in agricultural production at cooperative farms.

The direct production ties between industry and agriculture are aimed at increasing agricultural output and better serving cooperative farms. That is why such ties cannot be strengthened without raising the rate of the utilization of the state-run material and technical means available at cooperative farms.

Today tractors and other farm machines are widely available at the farms in our country, but the rate of their utilization is not high.

Recently our Party convened the National Conference of Model Tractor Drivers, where it announced radical steps to raise the rate of utilization of tractors and other farm machines.

Above all else, it made sure that each farm machinery station dovetailed its plan for the working of farm machines with the production plans of cooperative farms, so as to ensure the rational utilization of tractors and other farm machines according to those plans. In this way, even though the ownership of farm machines and their utilization are separated, closer ties have been established between the two forms of property, and state-run material and technical means have come to serve agricultural production better at cooperative farms.

In order to raise the rate of utilization of tractors and other farm machines, a strict system of their utilization and maintenance needs to be set up. As hundreds of tractors and other farm machines are available in each county, our Party has ensured that a more effective system for managing them has been

established and a tractor repair base created in each county for conducting every type of repair, including major overhauls. Accordingly, tractors and all other farm machines are well maintained and kept in a good state of repair, with the result that the rate of their utilization has been raised.

As one measure for raising the rate of tractor utilization, our Party has paid special attention to instilling a high sense of responsibility for the mechanization of the rural economy to tractor drivers, and to enhancing their role.

All these measures mean that the state-run modern farm machines are now able to serve the rural economy better, and the working class can give more effective assistance, material and technical, to the farmers, thus upgrading the direct production ties between industry and agriculture and more closely combining the two forms of property.

We should improve the direct production ties between industry and agriculture in every way, in keeping with the requirements of the developing reality, so as to accelerate the process of putting agriculture on an industrial and modern footing and gradually to develop cooperative property into all-people property.

3) The Improvement of the Commercial Ties between Town and Country with the County as the Base

The leader has said that improving the commercial ties between town and country is very important in developing the socialist countryside and accelerating socialist construction.

Commercial ties play a supplementary role in realizing the production ties between town and country.

In socialist society, where the means of production are divided into two categories—one owned by the state and the other by cooperative organizations—the products of these two forms of the means of production are exchanged by the way of trading. Needless to say, it is a law-governed requirement for the development of socialist society that the direct production ties between industry and agriculture are formed on the basis of the similarities between state property and cooperative property, and that the economic ties between town and country develop mostly through these direct ties. However, the

economic ties between industry and agriculture are not realized only through direct production ties, since ownership of the means of production is differentiated. In other words, the state cannot make all the means of agricultural production available to cooperative farms after identifying them as state property, and there is no need to do so. It is not a big burden for cooperative farms to purchase simple farming tools. It would be reasonable to allow cooperative farms to buy with their own funds through the medium of the money-commodity relationship, chemical fertilizers, agricultural chemicals and other means of production which readily transfer their value to products in the process of agricultural production. It is therefore necessary to make effective use of commercial ties, although they play a supplementary role in realizing the production ties between industry and agriculture.

The commercial ties between town and country constitute the main form of the consumption ties between town and country.

The consumption ties between town and country, which serve the private needs of farmers for consumer goods from the industrial sector, take on a commercial form in socialist society because there exist state and cooperative property of the means of production and

private ownership of consumer goods. The commercial form is fundamental to the consumption ties between town and country as they are designed to meet the private demand for consumer goods. In socialist society consumer goods are traded as commodities, serving the private needs of the citizens.

The commercial ties between town and country contribute to meeting the demands of farmers and agriculture for industrial products, as well as those of urban dwellers and industry for agricultural produce.

Strengthening the commercial ties between industry and agriculture and between town and country is of great significance in increasing agricultural output, satisfying the private needs of farmers, facilitating industrial growth and providing for urban dwellers.

Establishing a base is crucial to developing the commercial ties between industry and agriculture and between town and country. In our country, the county is the base for realizing these commercial ties and the most suitable supply base for the countryside.

It is reasonable to make the bases for realizing the commercial ties between town and country correspond to the units for guiding industrial and agricultural production. In our country the county is the unit which assumes direct responsibility for guiding locally-run

industry and agriculture, and at the same time the base for realizing the commercial ties between town and country. As the base for realizing the commercial ties between town and country, the county can supply industrial goods to the countryside on the one hand and provide locally-run industry with agricultural produce as raw materials on the other.

The county is the base for supplying industrial goods to the countryside.

The county is the most suitable supply base for the countryside in terms of scope and population.

Our Party has designated the county as the supply base for the countryside, and has paid special attention to enhancing its role. It took steps to nationalize the commercial organs which had been under the control of cooperative farms and set up a well-regulated system of supply and service with the county as the base. Since then, the county has been empowered to exercise unified control over the circulation of commodities within its boundaries and provide the farmers with a variety of commodities in larger quantities and in a more convenient way, while the cooperative farm, having been relieved of the burden of commodity circulation, has become able to concentrate its efforts on production.

This has resulted in more active assistance being given by all-people property to cooperative property not only in production but also in commercial activities. Such assistance will facilitate the progress of rural commerce towards the advanced type of urban commerce and contribute to raising the people's standard of living in rural areas to that in urban areas.

Apart from its role of supplying industrial goods to farmers, the county is responsible for making detailed arrangements for procurement, an important form of socialist commerce, and developing it.

As a link in the chain of commodity circulation which connects town with country and agricultural production with urban consumption, procurement is crucial to developing the economic ties between town and country. Through procurement, the socialist rural economy supplies its products to socialist industry and city dwellers. In this process the interests of cooperative farms and farmers coincide with those of the state and city dwellers, which encourages economic cooperation between workers and farmers.

A rapid increase has been recorded in agricultural output along with the advance of agricultural production and the diversification of the rural economy, but the system of agricultural tax in kind, a major

channel for distributing agricultural produce from cooperative farms, has begun to disappear. Under such conditions, procurement conducted by the state serves as a major channel for distributing agricultural produce from cooperative farms and as a basic source of cash revenue for farmers. All the facts show that developing commercial activity in the form of procurement is an effective way for strengthening the economic ties between town and country and raising farmers' living standards.

The county in our country is the most suitable base for procurement.

Only when the county is identified as the base for procurement is it possible to conduct a proper survey of the demands of commercial organs and locally-run industry factories in the county and, on this basis, give active support to cooperative farms within the county so that they can increase output. Favourable conditions are created for enlisting materials for procurement by bringing the base for the purpose closer to the units for agricultural production.

The county should build up its own agencies for procurement, such as procurement stations, and daily-necessity and foodstuff procurement shops, and encourage them to work in rural areas so that they can

purchase agricultural produce promptly. In this way they can render an active service to augmenting farmers' revenue, inspire them to make further efforts in production and satisfy the demands of city dwellers and industry for food and raw materials.

In order to meet the demands of the people in the county in full it is necessary to make effective use of all channels of commodity circulation. It is important in this regard to develop state-run commerce steadily and at the same time make effective use of commercial activity on the farmers' market.

Commercial activity on the farmers' market is an inevitable result from the predomination of cooperative property in agriculture and the survival of the private sideline economy. It acts as an ancillary channel of commodity supply serving the convenience of citizens in towns and workers' districts by tapping additional sources of goods available in rural areas. Through the farmers' market, surplus farm produce, livestock and other sideline products available in rural areas are sold directly to customers in towns and workers' districts. Besides, the farmers' market contributes to meeting the diverse demands of the farmers at other cooperative farms.

The county should run the farmers' markets within

its boundaries in a responsible manner and use them to good effect so that they render an active service in strengthening the commercial ties between town and country with the county as the base.

The county as the supply base plays a large part in improving services for farmers.

The needs of farmers for consumer goods and their demands in terms of a cultural life continuously increase as their incomes do and the relationship between town and country gets closer. Therefore, the county should put great emphasis on improving the services for farmers.

The county should provide material support to the welfare service organs in rural areas in updating their facilities, and guide them in their business operation, so that they can better serve the interests of farmers.

The economic ties between town and country will get closer along with the advance of socialist construction, which will in turn require the county to enhance its role and functions as the base for developing these ties.

Even in the future, when enormous strides will be made in socialist construction and urban development, rural residents will account for a significant proportion of the population and farmers, because of the

dispersion of rural work, will remain scattered over wide areas. So in the distant future of socialism and communism, the ri in rural areas will remain the unit for production, supply and services, and the county the base for economic ties between town and country and the supply base for the countryside.

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