

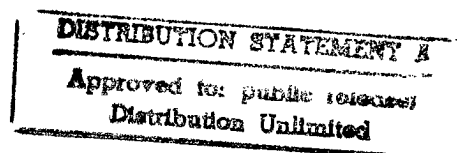
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11 September 1984

China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS



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11 September 1984

CHINA REPORT

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

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GENERAL

RENMIN RIBAO ON U.S.-USSR RIVALRY IN OUTER SPACE

HK230700 Beijing RENMIN RIBAO in Chinese 17 Aug 84 p 7

["News Analysis" column by Zhang Dezhen [1728 1795 4176]: "U.S.-USSR Rivalry for Military Superiority in Outer Space"]

[Text] The brawl between the United States and the Soviet Union over the negotiations on space weapons shows that the two superpowers are engaged in increasingly more heated military rivalry in outer space. In their pursuit of world domination, the superpowers have already extended their tentacles of contention from the earth's surface to outer space. As a result of their continued scientific and technological developments over the past few years, the United States and the Soviet Union have pushed their rivalry in outer space to a new stage, which is called by the Western press as the stage of "taking contention for domination of outer space as the goal."

A salient feature of the current military contention in outer space between the United States and the Soviet Union is that both sides have started going from the development of military satellites to the development of space weapons, and are marching in the direction of actual combat.

To date the United States and the Soviet Union have launched close to 3,000 satellites into space, including reconnaissance satellites, communications satellites, early-warning satellites, and navigational satellites, of which the overwhelming majority have been used for military purposes. In the past few years they no longer have been satisfied with confining their military satellites to these uses. Instead, they have devoted vigorous effort to the research and development of various types of space-to-earth, earth-to-space, and space-to-space weapons, such as the antisatellite weapons, space shuttles, and permanent space stations.

With regard to antisatellite weapons, the Soviet Union started early and is in the lead. It has conducted more than 20 experiments on its interceptor satellite, which will be rather useful in real combat. The United States at present is mainly developing antisatellite weapons launched from F-15 fighters. Its first launching experiment conducted last year was successful.

The space shuttle is a scientific achievement scored by the United States in its research on outer space in recent years. It can be used as an important space weapon when necessary. It is useful in transporting and inspecting military satellites, in assembling and testing military installations in space, and in attacking satellites and missiles in outer space and targets on the ground. Since 1981 the United States has developed three space shuttles, namely, "Columbia," "Challenger," and "Discoverer." It has planned to develop another two space shuttles. Beginning in the late 1970's, the Soviet Union also has stepped up its research and development of a space shuttle. In 1983 it conducted the first experimental flight of a small space shuttle.

The permanent space station is a space platform, which still is a plan on paper. It can be used as a permanent space base for man to forge ahead toward the universe. The Soviet Union started its planning in this connection during the late 1970's. By now it has laid a preliminary foundation. Meanwhile, the United States has roused itself to catch up with the Soviet Union. It has planned to send a permanent space station into its orbit before 1992. Obviously, such a permanent space station will be used for many purposes in a future space war. The large-scale antiballistic missile system as proposed by Reagan in March last year will have such a permanent space station as its base.

The emergence and deployment of space weapons show that the United States and the Soviet Union have taken outer space as the "fourth theater" in addition to the traditional theaters of the land, the sea and the air. Some Western critics have pointed out: This means that "the curtain on the age of star wars has been raised."

Another salient feature of the current military contention in space between the United States and the Soviet Union is that both sides are stepping up their efforts to develop space defense systems to gain overall nuclear superiority.

The United States and the Soviet Union started developing their antiballistic missile systems during the 1960's. The two countries in 1972 signed a treaty restricting antiballistic missiles. In recent years, however, they have quickened their pace of developing this kind of weapon. According to the Western press, the Soviet Union is "quietly going all out" to use the latest laser technology and bunches of particles to set up a nationwide antimissile system. It has set up an antimissile system around Moscow. The large-scale radar system which it has set up in the Far East is capable of simultaneously detecting several thousand incoming warheads. Each of the SAM-12 missiles which are being deployed by the Soviet Union is capable of hitting 20 attacking warheads. The United States is also making noticeable efforts in this connection. Last March President Reagan formally proposed an antiballistic missile plan, which has been called "star wars" in the West. According to this plan, the United States will set up in space and on the earth's surface a "three-layer defense network" mainly comprising weapons of directed energy (including laser, bunches of particles, and microwaves), in addition to offensive satellites and interceptor missiles. This defense system is capable of intercepting and destroying a Soviet ballistic missile in outer space

before it enters U.S. territorial airspace. The whole project will require U.S.\$200 billion to \$300 billion and will be completed by the end of this century.

The superpowers vigorously develop their space defense weapons because they want to gain overall nuclear superiority. For example, the United States for many years has pursued the strategy of nuclear threat, holding that "each has the opportunity of destroying the other." According to this strategic theory, with their nuclear forces balanced, both the United States and the Soviet Union dare not undertake a "first strike" for fear of destructive nuclear retaliation by the other, so that they contain each other. However, this strategic theory seems to have been gradually disproved the past few years. Some U.S. strategists hold that, with nuclear weapons becoming more and more accurate in hitting targets, it is possible to make a "first strike" to destroy the opponent's command organs and military targets as as to deprive the opponent of its ability to strike back, and "this plan is possible and feasible." Therefore, they hold that strengthening the strategic defense system in order "to resist the offensive superiority of the ever-more sophisticated attacking system" has become a task of top priority. It is against this background Reagan put forward the antiballistic missile plan. His purpose was to use U.S. technological superiority to make a breakthrough in the space defense weapons and weaken the Soviet Union's nuclear offensive power. Some U.S. personages hold that once Reagan's "star wars" plan is materialized, U.S. personages hold that once Reagan's "star wars" plan is materialized, plan is materialized, U.S. nuclear strategy may change from "each having the opportunity of destroying the other" to "each having the opportunity of guarding against the other," and the focus of strategy may shift from strategic offense to strategic defense. Of course, this is only the imagination of some strategists. There are many unknown factors. Even if the superpowers' strategic focus is shifted to strategic defense, in no way does it mean that the arms race is weakening in momentum. With the "defense" improved, the "offensive" will also improve and make a new breakthrough. This will invariably lead to the same situation in which the offensive and defensive arms race is escalated time and again.

The increasingly heated military contention between the United States and the Soviet Union in outer space is a continuation and development of their rivalry for military superiority on the earth's surface and serves their scramble for global hegemony. In developing space weapons, they may meet many difficulties, such as the complexity of technology, excessive investment, and opposition from their people and allies. However, judging from the present situation, both of them are playing for high stakes. The space arms race between the two superpowers, the United States and the Soviet Union, obviously harbors a still more serious menace to world peace and the security of mankind.

CSO: 4005/806

GENERAL

WORLD AFFAIRS DISCUSSES SOUTH-SOUTH COOPERATION

OW151630 Beijing XINHUA in English 1453 GMT 15 Aug 84

[Text] Beijing, 15 Aug (XINHUA)--Increased South-South cooperation is essential to world peace and common prosperity, a signed article in the Chinese fortnightly magazine, WORLD AFFAIRS, says in its latest issue. The conditions are ripe for such cooperation, the magazine says.

Economically, the developing countries are rich in material resources and have vast expanses of arable land and two-third of the world population. Politically, they have experienced similar histories of being subject to aggression, suppression and plunder. They cherish the common desire for development and are generally free from mutual conflicts of basic interests. However, the magazine says, they also have common weaknesses resulting from imperialism and colonialism--the low level and even backwardness in economy, education, science and technology, and shortage of funds. The economic development of Third World countries has been hit in recent years by the profound economic crisis in the capitalist world, the magazine says.

It stresses that China has all along devoted itself to strengthening its economic cooperation with other Third World countries. At present, the volume of China's trade with these countries accounts for a quarter of its total foreign trade. China has given assistance and carried out effective cooperation in industry, agriculture, transport, telecommunications, power generation and medicine. It has signed scientific and technical agreements with 30 Third World countries, has had scientific and technical exchanges with 45 and sent several thousand medical workers to 43 Asian and Africa countries. China will continue its efforts to strengthen cooperation with other developing countries, the magazine says.

It says that South-South cooperation is not confined to economics, but also has political implications.

China has consistently adopted a policy of safeguarding, strengthening and promoting unity, and has all along advocated that problems and disputes left over from history should be reasonably solved through peaceful consultations.

If problems cannot be solved for the time being, the parties involved should exercise restraint to prevent any deterioration, says the magazine, adding that China will never intervene in other developing countries' disputes and it opposes external interference.

UNITED STATES

GUOJI WENTI YANJIU ON REAGAN'S AFRICA POLICY

HK220717 Beijing GUOJI WENTI YANJIU in Chinese No 3, 13 Jul 84 pp 1-7

[Article by Xia Jisheng [1115 0679 3932]: "On the Reagan Administration's Africa Policy"]

[Text] The Reagan administration has been in office now for over 3 years. Starting with the basic global strategy of the struggle for hegemony with the Soviet Union, it has taken the containment of Soviet expansion as the central task of its foreign policy. And the Reagan administration's policy toward Africa is part of this goal of containment. Though Africa does not occupy the most important place in U.S. foreign policy, due to its important strategic position on the map, and the fact that it possesses strategic mineral resources vital to the United States and its allies, it is of "growing importance" to the United States. The Reagan administration attaches a certain amount of importance to Africa, while U.S.-Soviet hostility has penetrated into the Reagan administration's Africa policy, becoming its starting point and main thread.

I

Regionally, the Reagan administration gives Southern Africa "top status." (Footnote 1) (Speech by George Bush: "A New Partnership With Africa," given to the Kenyan Chamber of Commerce, Nairobi, Kenya, 19 November 1982). This is because: First, U.S. economic interests in sub-Saharan Africa are concentrated mainly in Southern Africa. According to figures published by the Reagan administration itself, direct U.S. investment in Southern Africa amounts to \$3 billion, accounting for 60 percent of all direct U.S. investment in sub-Saharan Africa. Annual trade figures between the United States and Southern Africa exceed \$6 billion. Southern Africa possesses rich natural resources, while South Africa also has a relatively advanced economy; for this reason, Southern Africa not only occupies a decisive position in African economic development, but is intimately connected with the economic interests and the defense and sophisticated industries of the United States and other Western states. Second, the important strategic location and mineral deposits of Southern Africa turn it into a focus of East-West contention. Namibia, Angola, and South Africa are all hotspots at the moment. On the one hand, the Soviet Union and its allies are actively supporting the Angolan and Mozambican governments and the Namibian forces demanding national

cl

independence, along with armed anti-government forces in South Africa; and on the other hand, South Africa is greatly expanding its military power, intensifying internal oppression and external invasion, and thereby destabilizing the situation. Third, the situation in Southern Africa itself is a complex one. Due to historical reasons, along with the fact that half of them are landlocked, the Southern Africa states are economically highly dependent on South Africa; but racial conflicts and other [word indistinct] are such that the cooperation between them lacks a political base. This provides an opportunity for infiltration by external forces. Fourth, in 1975, Soviet and Cuban forces entered Angola, greatly changing the situation in Southern Africa, and adding to the U.S.-Soviet confrontation. But over the last few years, the Soviet forces have by no means achieved further development, nor have they the capacity to help the Southern African states to solve their economic problems. Some countries previously pro-Soviet have become closer to the West. This provides a beneficial opportunity for the United States in its conflict with the Soviet Union. What the Reagan administration would like best is that if the major problems in Southern Africa can be solved according to U.S. blueprints, not only will this protect vested U.S. interests in the area, but the area will provide a political model for the future political development of Africa, thereby influencing the entire world situation. (Footnote 2) (See speeches by Ke Luo Ke [0344 5012 0344] to American armed forces on Honolulu, Hawaii, 29 Aug 1981, and to the 13th Africa-U.S. Conference held by the Africa-U.S. Association in Harare, Zimbabwe, January 1983. In both these speeches, Ke Luo Ke said: "The political future of Africa will depend on the way in which the serious situation in Southern Africa is eventually solved; this is by no means an exaggeration." He also said: "In the next decade, Southern Africa may well be a key area deciding the rules of international behavior.")

In the view of the Reagan administration, the roots of the instability of Southern Africa are to be found mainly in Soviet intervention, and in addition the internal conflicts in the area. And continuing disruption in Southern Africa can only be of benefit to the Soviet Union. In the face of this situation, the Reagan administration has had this to say on the subject of its overall line toward Africa: Carry out active intervention, and by means of negotiations, economic aid and the promotion of peaceful internal reform, attempt to stabilize the situation in Southern Africa, halt and ultimately expel Soviet forces, and strengthen American status and influence, such that Southern Africa develops in a direction favorable to the United States. The Reagan administration has termed this policy the "constructive engagement" strategy. It has repeatedly asserted that this "constructive engagement" is suited not only to South Africa but to the whole of Southern Africa. (Footnote 3) (See Footnotes 1 and 2) From what has happened over the last few years, this so-called "constructive engagement" seems to consist of the following aspects.

First, taking the negotiated settlement of the problem of Namibian independence and the expulsion of Cuban troops as the primary aim of the United States in Southern Africa during the present stage. The Reagan administration

recognizes that the Namibian question constitutes the focus of the contradictions in Southern Africa. If it is solved properly, Soviet influence may be halted from driving further south, the Americans will win time for internal consolidation in South Africa, U.S. influence in Angola will increase, and its ties with the other frontline African states and black African states improve, playing an important role in stabilizing the situation in Southern Africa. The basic method of the Reagan administration here is to use the excuse that a solution to the Namibian problem must be acceptable to all sides and beneficial to regional security, to link Namibian independence with the withdrawal of Cuban troops from Angola, and to propose a so-called "simultaneous withdrawal" of both Cuban and South African troops from Angola. Its aim lies in expelling Soviet and Cuban military forces from Angola, creating conditions advantageous to negotiations between the "Angolan allies" and the Angolan Government, propping up pro-South African forces in Namibia, and weakening SWAPO. To this end, the Reagan administration is using both hard and soft tactics with Angola; on the one hand it is negotiating with the Angolan Government, and providing some economic aid, while on the other hand it is publicly supporting the "Angolan alliance," conniving at South African armed incursions, and thereby trying to force Angola into submission. This U.S. policy of supporting the reactionary South African forces and blocking Namibian independence has come under opposition from the bulk of the black African states and, increasingly, from world public opinion. It is the major reason why the question of Namibian independence remains unsolved even today.

Second, turning South Africa into a reliable force for the United States in the Southern African region. In that region, South Africa's strategic mineral deposits and geographical position are most important, its economic and military strength is vastly superior to that of the rest of the region, and it remains a solid bastion of anti-communism and a traditional, reliable ally of the United States. Not only do the United States and its Western allies have enormous economic interests in South Africa, but to a really great extent on its mineral products. Therefore, South Africa represents a force which the United States must rely on in Southern Africa. Since it came to office, the Reagan administration has supported South Africa even more undisguisedly than previous administrations, and in particular has changed the Carter administration's policy of putting public pressure on South Africa, supporting instead "private persuasion." The so-called "constructive engagement" strategy was put forward primarily and mainly with regard to South Africa. Its specific practices consist of the following: 1) Giving South Africa more political and economic support, such as the public announcement that it is not "abandoning" South Africa, supporting it in the United Nations, opposing the adoption of "penal" and "isolating" measures against the country, acting in collusion with South Africa on the Namibia question, and increasing technological and economic aid to South Africa. 2) Advocating "peaceful reform" in South Africa, on the one hand expressing opposition to its apartheid policy and supporting the idea of majority rule, while on the other hand insisting that this must be carried out through peaceful methods, and opposing "violence." The U.S. Government euphemistically refers to the South African authorities' sincere wish for "peaceful reform," and says that the "new

constitution" concocted by those authorities shows that the majority of white South Africans agree with and empower the present regime to carry out this "peaceful reform," using this to cheat the broad masses of black South Africans and to protect the rule of South Africa's racist regime. At the same time, it claims that the aim of the United States in carrying out "constructive engagement" lies in encouraging South Africa to effect a "constructive transformation." It therefore supports increased U.S. investment in South Africa, asserting that this will help train black South Africans, raise their economic status, and ultimately achieve the end of allowing blacks to enjoy the same political power as whites. 3) In relations between South Africa and its neighboring states, making great efforts to justify South Africa's armed incursions and military provocations in these areas, referring to them as South African reactions to threats to its own security, and claiming opposition to all violent actions on either side. In fact, this is an attempt to use the threat of South African armed forces to pressure the frontline states into abandoning support for their national liberation movements and armed struggles against racism, and accepting the status quo in Southern Africa.

Third, pursuing active engagement with all Southern African countries, and establishing a so-called "overall structure of regional security." (Footnote 4) (Speech by George Schultz on U.S. policy in Africa, given at a banquet held by the World Working Committee, Boston, United States, 15 February 1984). The Reagan administration claims that the United States is seeking to establish "constructive relations" with all of the Southern African states, and is willing to act as a "catalyst" and provide economic assistance in order to promote peace, cooperation, and economic development between the nations. The intention of the Reagan administration is to become Southern Africa's "political broker," and to use the frontline states' position of economic reliance on South Africa, along with U.S. economic power, to promote the establishment of some sort of regional cooperation including South Africa and based on economic cooperation. This would lead them into a Western orbit, lead them away from Soviet influence, and bring about stability in the Southern African region. To this end, over the past few years the Reagan administration, in addition to carrying on negotiations with the Angolan Government, has also had contact with Mozambique, provided rather more economic assistance to Zimbabwe, and strengthened ties with Zambia, Botswana, and other countries.

II

The Reagan administration sees aiding certain African states as an important path to improving U.S.-African ties and resisting Soviet power. It considers that when the security of friendly African states is threatened by Soviet force, the United States cannot possibly ignore it, but must become a "trustworthy ally" of these countries, otherwise they may lose confidence and fall into the Soviet sphere of influence; at the same time, the African nations are at present suffering their gravest economic crisis since World War II, and economic instability provides the internal root of political chaos and foreign intervention, also damaging American economic interests, so the

United States must also give selective economic assistance to them. When George Bush visited Africa in 1982, he proposed the establishment of a "new and mature alliance" with African states and their peoples, saying that this relationship would be "based on common goals, common principles, and mutual interests." (Footnote 5) (See footnote 1) Quite obviously, the aim of the Reagan administration is to use economic and military aid as a means to the establishment of closer ties with certain pro-Western African nations of strategic importance to the United States, in order to consolidate its strongholds in Africa, coordinating in the Northeast region with its strategy in the Middle East, and forming one line of defense, thereby halting Soviet expansion. By 1982, the United States had given economic assistance to a total of 46 African nations, and military aid to many. The main ones (excluding South Africa) are Egypt and Morocco in the north, Sudan, Kenya and Somalia in the east, Liberia in the west, Zaire in the center and Zimbabwe in the south.

The Reagan administration's assistance to African states has the following two characteristics.

First, the proportion of military assistance is constantly on the increase. The Reagan administration accuses the Soviet bloc of providing 60 to 70 percent of African arms and ammunition, while providing negligible amounts of economic aid; meanwhile it boasts that the United States provides mainly economic assistance. In fact, what the Reagan administration is pursuing is a policy of combined economic and military aid. In the view of the administration, economic assistance can in the long term exploit the advantages of the West, and help buy the hearts of the Africans; it is "the best long-term political investment." (Footnote 6) (AFP dispatch from Washington, 9 March 1983). But in response to the immediate requirements of resisting the Soviet Union, the Reagan administration is constantly increasing the proportion of military aid. During the financial years from 1981 to 1983, U.S. military aid to sub-Saharan Africa rose from 9.3 percent of total U.S. aid to Africa, to 18.4 percent, and again to 21.7 percent; while development aid on the other hand dropped from 33 percent to 31.4 percent and again to 28.9 percent (estimated figures). (Footnote 7) (Johann Qiaoer [0829 1422]: "Africa: Crisis of Confidence," in FOREIGN AFFAIRS, special 1982 supplement on the United States and the World, Vol 61 No 3, p 682; see also Henry Benan: "The United States and Sub-Saharan Africa," and Johann Liu Yi Si [0491 2496 2448] and Walunliyana Kalabai (eds.): "U.S. Foreign Policy and the Third World, 1983 Agenda" p 80, 1980 New York edition.) Some information states that the United States has decided to double its military aid to some countries. (Footnote 8) ("The United States and Africa: A Very Special Kind of Aid," in YOUNG AFRICA issue No 1175, July 1983) In addition, part of U.S. economic aid is called "economic support funds", and is connected with security; if this portion is added in, the proportion of military aid is even higher. Naturally, economic aid is still greater than military aid. At the same time, though there has been some increase over the years in U.S. economic aid to sub-Saharan Africa, figures are by no means high. The total figure each year is no more than something over \$1 billion. Therefore, the absolute quantity of military aid is still much lower than that of the Soviet bloc.

Second, political attitude and strategic interests are the major criteria for selecting countries to provide aid to. Though the Reagan administration says it gives aid to those countries which are experiencing economic progress and implementing a democratic system of government, in fact it is a question of "drawing a line between the country and the Soviet Union" or "drawing a line between the country and us," such that the key conditions for aid are whether the country concerned is politically close to the United States and distant from the Soviet Union, and whether or not it is of strategic interest to the United States. The major recipients of U.S. aid listed above possess these conditions. Of them, Zaire has been censured by the U.S. Congress for its domestic political and economic situation, but the Reagan administration has continued to insist on further aid, and on stronger cooperation between the two countries. Motivated by strategic considerations, the Reagan administration after its assumption of office has increased security aid to Morocco by more than 300 percent, greatly increasing military ties between the two sides.

Regionally, the area of sub-Saharan Africa receiving the most U.S. aid is the Horn of Africa. The Reagan administration considers that Northeast Africa, especially the Horn of Africa, is another strategically vital area and a focus of contradictions. The Horn of Africa links up with the Indian Ocean, the Red Sea and the Arabian Peninsula, and is on a vital shipping path from the Middle East to Europe. Due to racial contradictions and border disputes, there have been many armed conflicts between Somalia, Ethiopia, and Kenya. This led to direct Soviet intervention in 1977. The establishment of the Khomeyni regime in 1979 and the Soviet invasion of Afghanistan in the same year, followed by the signing of a tripartite treaty between Ethiopia, Libya and South Yemen in 1981, made the situation increasingly tense. The Reagan administration felt that "if Soviet weaponry, Cuban troops, and Libyan money combine to support the destruction of legal regimes in the Horn of Africa, the security of Africa cannot be guaranteed." (Footnote 9) ("The Horn of Africa: United States Policy," Khalid Kacai (ed.): "Ideas," Office of the U.S. State Department, January 1983) Its basic countermeasures consist of supporting Somalia, Kenya, and Sudan, and setting up a rapid deployment force base in the region to deal with the Soviets. U.S. aid to Somalia and Kenya has been as follows: In the military sphere, in 1981 it amounted to \$20 million and \$6 million respectively, and in 1983 it had risen to \$30 million and \$35 million respectively; in the economic sphere, in both 1982 and 1983 each country received aid amounting to nearly \$150 million. (Footnote 10) (Henry Benan: "The United States and Subsaharan Africa," and Johann Liuyisi and Walunliyana Kalabai (eds): "U.S. Foreign Policy and the Third World, 1983 Agenda" p 80, 1983 New York edition; see also footnote 9) According to foreign dispatches, the United States plans to invest \$140 million in Oman, Somalia, Kenya, and the island of Diego Garcia between 1983 and 1986 for the construction or expansion of military bases or facilities. (Footnote 11) (UPI Report, February 1982) Sudan, meanwhile, is the greatest recipient of U.S. aid in sub-Saharan Africa, receiving over \$250 million each year.

North Africa is separated from Europe only by the Mediterranean, and is linked directly to the Middle East; it is also therefore an area of exceptional strategic importance. In this region, the main countries supported by

the Reagan administration are Egypt, Morocco and Tunisia. Each year, Egypt receives upward of several hundred million dollars in military and economic aid from the United States, more than any other African country. The United States has conducted joint military exercises with Egypt, Sudan, and Somalia, dispatching radar warning aircraft and aircraft carriers in a show of force to Libya. The United States also supports a strengthening of the alliance between Egypt and Sudan.

In the eyes of the Reagan administration, the majority of the West African nations are "moderate" and "pro-Western," with important influence on United Nations and African affairs. The region is also rich in oil necessary to the United States. Apart from strengthening economic ties with Nigeria, the United States is providing aid mainly to Liberia. The United States has traditional ties with Liberia, and has always seen it as part of its sphere of influence. In 1980, during the early part of Samuel Doe's military regime, the United States took a wait-and-see attitude. Only later, when it saw that relations between Liberia and the Soviet Union were developing somewhat, its attitude suddenly changed, and it restored aid to Liberia. The Reagan administration has continued this policy. Over the last 4 years, U.S. aid to Liberia has increased tenfold. The United States has also conducted joint military exercises with Liberia, and has military bases in the country.

The Reagan administration has actively intervened in the affairs of Chad, providing it with economic and other assistance. After the large-scale escalation of Chad's civil war in July 1983, the States also supported the dispatch of French troops to Chad, and provided the Habre regime with \$25 million in military aid. The Reagan administration claimed that this was to counter a Soviet-backed Libyan invasion. The fact that the Chad problem has failed to find a solution for so long cannot be seen in isolation from foreign intervention. Interference by the superpowers has made the situation in Chad even more serious and complex, and even today the stalemate continues.

III

Since coming to power, the Reagan administration has stepped up the economic infiltration of Africa. This is because the United States needs Africa's markets, mineral deposits, and energy resources, while Africa needs America's markets, technology, industrial products, and grain. Close economic ties with Africa is both suited to America's interests and necessary for contention with Soviet power.

In practice, the Reagan administration stresses trade and investment. This represents the implementation of the Third World economic strategy proposed by Reagan at the Cancun summit conference. The Reagan administration publicly claims that "U.S. trade and investment represent the most important factor in our economic presence in Africa to date, and have great potential for growth." (Footnote 12) (Speech by Keluoke to the U.S. National Chamber of Commerce Conference in Dallas, Texas, 17 September 1982: "Africa: Economic Prospects and Problems") U.S. practices in implementing the policy of economic infiltration of Africa have the following characteristics.

First, the expansion of trade between the United States and Africa. The Reagan administration recognizes that the prosperity of the United States relies on trade with the developing countries. U.S. exports to these countries already exceeds its total exports to Europe and Japan. However, U.S. exports to sub-Saharan Africa including South Africa still represents less than 3 percent of its total exports and less than 10 percent of its total exports to the Third World. (Footnote 13) (See footnote 12). Due to the growing U.S. need for African oil, its trade figures with Africa show massive annual trade deficits amounting to tens of billions of dollars. At present, U.S.-African trade is conducted mainly with South Africa and Nigeria. Therefore, the Reagan administration holds the view that there is both the possibility and the need for further development. In January 1982, a trade delegation led by the U.S. secretary of commerce and secretary of agriculture visited the Ivory Coast, Nigeria, the Cameroons, and Morocco, and signed over 10 contracts. The United States has trade deficits with the first three countries, and was attempting to balance them through increasing its exports. The United States also plans to expand its trade with other African countries.

Second, the increase of private U.S. investment in Africa. This is a policy measure repeatedly stressed by the Reagan administration since it assumed power. According to the administration, it is not enough to rely purely on governmental aid and contacts to solve the economic difficulties of African states and promote their economic development; instead it is necessary to exploit the role of the private business sector, since it is the major force. At the same time, the economic reforms being carried out at present by African states to overcome their economic difficulties have provided precisely the right opportunity for private American investment in Africa. To this end, the Reagan administration has adopted certain concrete measures to encourage such investment. For example, it has established a private enterprise bureau under the International Development Agency; in 1982, it sent a high level banking and investment group headed by David Rockefeller to visit Africa; it has held several trade and investment conferences in central cities at home to create public opinion; it has demanded that Congress amend laws restricting trade and investment, and so on.

The Reagan administration stresses that trade and investment must be linked with U.S. economic aid to Africa, and to the domestic economic reform of African states, before it can produce results. At the same time, the administration has divided the nations of sub-Saharan Africa into three economic categories to facilitate the adoption of different specific economic policies. The first category consists of "countries with a relatively healthy market economy, in many (but not all) cases supported by oil or mineral desposits." They number very few, consisting of only Nigeria, Gabon, Cameroon, the Ivory Coast, Botswana, Zimbabwe, and South Africa. For this category, the main task is to adjust the relevant domestic laws to promote trade and investment. The second category consists of "normal" non-oil-producing developing countries. They are characterized by moderate to serious economic difficulties, and a narrow market, consisting mainly of some small managers and enterprises. For these countries, the main policy is emphasis on aiding their productive sectors, encouraging private U.S. investment, and supporting their domestic economic reform. The third category consists of those

countries designated by the United Nations as having the lowest per capita income and the least development; there are over 20 such nations in Africa. Though some of these countries are located in important areas, and have potential for development, the majority have bad conditions, and many are landlocked. The agricultural sector is the most important, but has not developed very well. Apart from the appropriate use of some of the above policies, emphasis is placed on solving problems such as refugees, grain, regional consolidation and capital construction. (Footnote 14) (Speech by Crocker to the Chicago Foreign Relations Committee, Chicago, U.S.A., 19 November 1981): "The Private Sector in Africa and United States Policy"]

Looking at these policies being pursued by the Reagan administration in Africa, it can be seen that the administration is trying to use both trade and investment, coordinated with U.S. aid, to strengthen U.S. economic infiltration of Africa, to promote the economic reforms in Africa required by the West, and thereby to win the African markets and important resources needed by the United States, to carry out the export of capital, shift the economic crisis, and with the prerequisite of protecting the old international economic order, to bring the African economies onto a Western path headed by the United States, to serve the ends of the U.S. confrontation with the Soviet Union.

IV

When the Reagan administration took power, Soviet influence in Africa was just beginning to show a downward trend. This was of advantage to the United States. The Reagan administration gave Africa a relatively prominent place in its foreign policy, actively developing ties and achieving a certain amount of progress. Through its aid to Africa, the United States has strengthened its military presence there, and the scope in which its rapid deployment force can maneuver includes Egypt, Sudan, Ethiopia, Somalia, Kenya, and Djibouti. It has also strengthened bilateral relations with some African countries. The so-called "humanitarian aid" of the Reagan administration (refugees, grain, and so on) has also expanded U.S. influence in Africa. In Southern Africa, the Reagan administration has taken even more initiative in carrying out diplomatic activities of various kinds. Since this year, new trends have appeared in the Southern African situation; Angola and South Africa have reached an "agreement on military disengagement," while Mozambique and South Africa have signed a "mutual nonaggression and good neighborliness treaty," and the situation is beginning to relax. Certainly this has to do with the fact that South Africa, beset by difficulties in both its internal and external relations, had no choice but to make certain readjustments to its policies, along with the fact that African nations need an environment of peace and stability in which to overcome their economic difficulties and carry out construction, but the activities of the United States also played a certain role. In general, the United States is on both the offensive and the defensive toward the Soviet Union in Africa at the moment. The Reagan administration has made some progress in halting Soviet expansion and strengthening U.S. status and influence in Africa.

However, the following basic problems continue to exist in the Reagan administration's implementation of its African policy.

First, United States opposition to the Soviet Union Africa has come under counterattack from the Soviets and opposition and resistance from other areas. The Soviet Union condemns the Reagan administration's policies as "imperialist and neo-colonialist principles and a revival of cold war policies," an attempt to use "the threat from Moscow" to scare the African states, the establishment of military bases and the exploitation of Africa's national resources, "recolonizing Africa;" it also threatens that those countries which now have U.S. military bases "have been turned into possible targets for a retaliatory nuclear attack." (Footnote 15) (a na tuo li [7093 4780 2094 04482 Gromyko answering questions by MOSCOW NEWS commentator Julia Bu ke xin [1580 0344 6580]: "Africa, the West and Us", MOSCOW NEWS weekly, No 29, 1982; Anatole Gromyko's discussion with MOSCOW NEWS weekly journalist, TASS NEWS AGENCY dispatch from Moscow, 14 December 1982) In response to the Reagan administration's actions, the Soviet Union has increased its military and other assistance to certain African countries, dispatched a series of high-level officials to Africa for visits, and invited personnel from the relevant African countries to come to the Soviet Union to visit and study, trying in every way to strengthen Soviet control over its allies, and developing intense contention with the United States over the entire continent, especially Southern Africa. At the same time, America's Western allies have become anxious and dissatisfied over the Reagan administration's policies. Though on the one side Western European nations cooperate with the United States to deal with the Soviet Union, they also have their own plans. Their main aim lies in defending and developing their own traditional interests and influence in Africa. They do not support the United States [words indistinct] relations with Africa entirely into the strategy of opposing the Soviet Union and thereby destroys the stability of Africa. And the U.S.-Soviet conflict is even less suited to the basic interests of the African states and their peoples. The basic national policy of the African states is to defend their sovereignty and independence, develop their national economies, and oppose foreign intervention. They are against turning Africa into an arena for U.S.-Soviet conflict, for which they alone will suffer. In their words, "when two great elephants fight, the grass is crushed." The Organization of African Unity has many times made resolutions resolutely opposing foreign intervention in Africa's internal affairs. African Socialist Organization Chairman Sang ge er [2718 2047 1422] has publicly condemned U.S.-Soviet conflict in Africa as "a serious threat to African independence." (Footnote 16) (XINHUA SHE French broadcast from Rabat, 20 May 1981)

Second, the policy of supporting the racist regime in South Africa and standing in the way of Namibian independence has caused contradictions with African states. The African nations, and in particular the frontline states of Southern Africa, fiercely oppose the so-called "integration scheme" as a way of solving the Namibian problem, considering Namibian independence as an inalienable right of the Namibian people and having nothing whatsoever to do with the withdrawal of Cuban troops from Angola. In their view, the strategy of "constructive engagement" with South Africa is in fact a trick of giving unprincipled protection to South Africa, and a way of conniving at and continuing to maintain South Africa's racist rule. They fiercely condemn South Africa's destructive activities, such as its armed invasions of and military provocations in Angola and other neighboring countries,

which are carried out with U.S. support. Though there have been the beginnings of a relaxation in the situation in Southern Africa, the leaders of the people's liberation organizations in both South Africa and Namibia both stress that the struggle must continue. Certain frontline state leaders have also pointed out that Southern African development cannot hinder the liberation struggle of the African blacks. The situation is clear: Only when the United States ceases its policy of support for the South African authorities, and put pressure on them to completely abandon their destabilizing activities in neighboring countries, put into effect UN Security Council Resolution No 435, give Namibia independence, and reform its domestic racist system, will there be any guarantee of peace in Southern Africa.

Third, in the field of economic relations, the trade and investment channels encouraged by the Reagan administration are by no means unblocked, and compared to the lightning growth of the 1970's there has not been much progress at all. This is because the African economy is in grave difficulties at the moment, while in 1979 the United States itself fell into its eighth economic crisis since the war, and did not begin to recover until 1983. This is not a situation which can be fundamentally improved in the short term. Moreover, the United States also faces competition from the Western states. As to the economic reforms in Africa demanded by the United States, these touch on the interests of all strata of society, and are in the same way no easy matter to arrange. The Reagan administration cannot fail to recognize that the further improvement of U.S.-African economic relations will take time and hard work.

Looking at future prospects, the Reagan administration still faces difficulties in implementing its African policy, and there is still intense rivalry between the superpowers in Africa.

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UNITED STATES

U.S. EXTRATERRITORIAL, INTERNATIONAL JURISDICTION

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[Article by Zhou Xiaolin [0719 0879 2681]: "Extraterritorial Jurisdiction in U.S. Law and Conflicts in International Jurisdiction"]

[Text] Since World War II, an outstanding characteristic of U.S. law has been the ever growing tendency of extraterritorial jurisdiction. This has particularly been the case in economic legislation to that the number of laws and regulations that are applicable outside the United States has increased day by day and cases of extraterritorial jurisdiction have continued to emerge. This practice of expanding the area in which the country's law is applicable and the conflicts that this practice has given rise to between this extraterritorial jurisdiction and international jurisdiction has already become a phenomenon that people have focused their attention on.

I

What is called extraterritorial jurisdiction is, in short, a practice of a country expanding the scope of the application of its law or the scope of its jurisdiction and administration to areas outside its territory. The extraterritorial jurisdiction of U.S. law has a long history. The "Sherman Anti-Trust Act" of 1890 is a typical U.S. economic act that is applicable outside U.S. territory. (Footnote 1) (U.S. Legislation Vol 15, Clauses 1 and 2) This act is aimed at forbidding any actions that restrict competition in U.S. commerce and trade. Its extraterritorial applicability lies in the rule that any action done by any person anywhere that in essence, has a restrictive effect on U.S. commerce and trade comes within the jurisdiction of U.S. law. However, in early anti-trust cases, U.S. courts usually exercised a relatively great degree of restraint and made restrictive interpretations of the extraterritorial jurisdiction of the anti-trust act. In the case of *Re American Banana Corporation* (1909) (Footnote 2) (Reports of the U.S. Supreme Court, Vol 213, p 416), regarding an alleged anti-competition action outside the United States, the U.S. Supreme Court pointed out: "It is a general and almost universally acknowledged rule that the legality of an action must be judged by the law of the country where this action has taken place." However, in later anti-trust cases, the court reversed this rule and replace it with a kind of rule that expands the scope of application

of the anti-trust act. In the United States vs. Aluminum Company (Footnote 3) (Reports of the Federal Court, Second Edition, Vol 148, p 416), the U.S. Supreme Court gave the judgment that the agreement that had been made by some foreign companies outside the United States on the restriction of the amount of aluminum exports violated the U.S. Anti-trust Act, therefore, the court issued a sanction order. The court declared that the rule for this judgment was that any country is entitled to hold any person responsible for any action outside its territory if this action has an adverse effect inside the country's territory. This judgment has established the legal precedent by which U.S. courts conducted their extraterritorial jurisdiction on the basis of the so-called "theory of effect."

Since World War II, as international economic activities have developed horizontally, the interaction between the economies of various countries has deepened and the extraterritorial jurisdiction of the U.S. anti-trust act has greatly developed. The Swiss clock and watch industry, British Air Transport Company and the Canadian paper industry have all experienced the extraterritorial jurisdiction of this act. Even the member countries of OPEC has been accused by the U.S. court of violating the U.S. anti-trust act because they jointly adopted measures to stabilize oil prices in order to safeguard their national economic rights and interests. (Footnote 4) (Supplement of Cases of the Federal Court, Vol 477, p 533)

In the field of foreign trade, U.S. legislation of the nature of extraterritorial jurisdiction has continued to emerge. For example, the "International Emergency Economic Powers Act" that came into force in 1977 (Footnote 6) (Collection of U.S. Legislation, Vol 55, p 839) and its predecessor the "Trade with Enemy Countries Act" are legislation of this category. (Footnote 7) (U.S. Legislation, Vol 50, Clauses 1701-1706) The two above-mentioned acts grant the U.S. President the power to supervise, restrict, and ban trade with certain countries in war time or in periods of global tension. The scope of the jurisdiction includes: 1) U.S. citizens abroad. 2) The companies that are incorporated under U.S. law but conduct business and trade abroad. 3) The commercial entities that are incorporated under foreign law and carry out business activities abroad but are under the control of the entities listed in 1) and 2). When Iran detained hostages in 1979, the United States cited the regulation in the "International Emergency Economic Powers Act" to forbid all U.S. banks, including their overseas branches in Britain and France, from [word indistinct] any transaction with Iran. This was an actual example of exercising extraterritorial jurisdiction. Before this, the United States had time and again cited the "Trade with Enemy Countries Act" to prevent foreign countries from punishing them for conducting trade with China, Cuba, Korea, and other countries.

After the war in the Middle East in 1973, the Arab countries boycotted Israel and severed all economic and trade relations with Israel. Under these circumstances, in 1977, the United States formulated an "Anti-Boycott Act" to counterboycott the activities of the Arab countries in boycotting Israel. (Footnote 8) (Ibid., Clause 2407) This act stipulates that no persons "under the jurisdiction of the United States" should follow the boycott

measure adopted by the Arab countries and any person who has violated this act will be liable to imprisonment and fines. According to this act, the persons "under the jurisdiction of the United States," include U.S. citizens, U.S. residents, and foreign companies actually controlled by U.S. companies no matter where these foreign companies are set up and where they carry out their business. As a matter of fact, "actual control" is a flexible idea and there has been no definite explanation to its meaning. In the United States, generally speaking, if a company has the power and capacity to formulate the management policies and direct the daily business of a certain foreign company, the latter can be regarded as under the actual control of the former. Therefore, it is possible for a foreign company to be within the scope of jurisdiction of the "Anti-Boycott Act" if 50 percent of an even smaller percentage of its capital is American.

In 1977, the United States promulgated an "Export Control Act" which has an even wider scope of extraterritorial jurisdiction. (Footnote 9) (Ibid., Clauses 2404-2405) This act is aimed at restricting and forbidding the exports of these materials, goods, and technologies are regarded as an action that may strengthen the military potential of countries that threaten the security of the United States or if the banning of the exports will facilitate the implementation of the foreign policies of the United States. This act is not only applicable to the materials, goods, and technologies that are directly exported from the United States, but is also applicable to the re-exports of the above-mentioned materials, goods, and technologies including the products that foreign companies have used American components or technology to make in foreign countries. Even inspecting, outside the United States, the equipment and facilities that have come from the United States and even the oral exchange of technological information are within the scope of the "reexport of technology." Therefore, without permission from the U.S. Department of Commerce, no foreign company is allowed to reexport the products that it has purchased from the United States or has produced under an American license. It is even not allowed to resell the products to the final users of the products inside its own country if it has not obtained permission beforehand. Otherwise, it will be prosecuted for violating the "Export Control Act" and be punished for this.

The extraterritorial jurisdiction of U.S. law can also be found in other legislation such as the "Foreign Sovereignty Immunity Act" and a series of state laws.

The U.S. "Foreign Sovereignty Immunity Act" that came into force in 1977, (Footnote 10) (Notes to U.S. Legislation, Vol 28, Clauses 1602-1611) put the issue related to the legal immunity of foreign countries in the scope of readjustment of U.S. domestic law. This act empowers U.S. courts to exercise jurisdiction over foreign countries' "offenses against international law," and over foreign countries' commercial activities that have been carried out outside the United States but have practical effect in the United States. Accordingly, U.S. prosecutors can prosecute at will in U.S. courts the activities of commerce and encroachment of foreign countries. They can even

prosecute against foreign countries for their activities of genuine sovereignty such as nationalization. Over the past few years, there have been endless cases in U.S. courts prosecuting foreign countries.

The legislation of the various states in the United States does not fall behind the federal legislation in the sphere of extraterritorial jurisdiction. (Footnote 11) (For example, Clause 302 of the "New York State Civil Prosecution Law and Regulations" and subclause 10 of Clause 410 in "California State Civil Prosecution Procedure Act") Since the U.S. Supreme Court established the so-called rule of "minimum links," there has been a great relaxation of the restrictions on the jurisdiction of state courts. (Footnote 12) (Refer to International Shoe Company v. Washington in Reports of U.S. Supreme Court, Vol 326, p 340) Now all the state legislations allows their state courts to exercise jurisdiction over the civil activities that non-residents in their states (including foreigners) have carried out outside their states, as long as there is a certain kind of relationship between the prosecuted and the responsible court in the state. This relationship is the so-called "minimum link." However, there are no definite content and yardsticks for this so-called rule of "minimum links"; therefore, it is entirely left to the courts to determine at will. In practice, the establishment of a branch office or agent by a foreign company, a visit to an American factory, and kind of commercial advertisement in the United States, the opening of an account in an American bank, having a telephone number there, or even the fact that one party of the contract is an American citizen or corporation, or that the victims of the products are American citizens may be sufficient to constitute a "minimum link" with the United States. This rule of jurisdiction that can be explained and applied at will posts a serious threat on foreign companies that carry out economic and trade transactions with the United States and is vividly called "long arm jurisdiction."

The tendency of extraterritorial jurisdiction in U.S. law does not emerge occasionally. As a tradition, the United States has always advocated the territorial restriction of legal jurisdiction and opposed the practice of other countries exercising extraterritorial jurisdiction. An earlier American jurist (Holms) had a well-known passage: "The foundation of jurisdiction is actual power." This has been regarded as the theoretical foundation for the practice of jurisdiction for a long time. The basic concept of the so-called "theory of power" is that the existence of power is determined by whether the court can exercise a direct public power over the prosecuted, for example, whether it can arrest and imprison him. However, the scope of the effect of this power is restricted by the boundary of territory. Only when the prosecuted resides, carries out business, or temporarily passes the territory can this public power actually work. Therefore, according to the "theory of power," domicile, residence, and the business place of a company are usually the grounds for exercising the power of jurisdiction. Since World War II, there has been tremendously great change in the traditional theory and practice of jurisdiction in the United States. In the area of legal jurisdiction, the "theory of power" which has a strict territorial characteristic has gradually lost its ground and been replaced by a theory of jurisdiction characterized by using the "theory of justice and justification" and the "theory of power" to supplement each other and by alternately

applying these two theories. The so-called "theory of justice and justification" holds that the existence of the power of jurisdiction is determined by whether the existence is just and justified for the two parties. This is in essence, a practice to regard the judge's concept of value as the foundation for exercising jurisdiction. In practice, it often becomes a pretext for exercising jurisdiction at will. In the field of legislative jurisdiction, the "theory of results" has almost become common ground for all legislation of extraterritorial jurisdiction. American scholars even think that international law does not restrict a country's power of civil legislative jurisdiction. (Footnote 13) (International Law by (Henkin) et al, Precedence and Materials, p 421, 1980 Edition) In 1981, the U.S. Law Association published a book "Reexposition on the Law of U.S. External Relations" (Third Edition), in which it declared that if the U.S. Congress had a clear intention to exercise jurisdiction and this power of jurisdiction was within the scope of the power of the Congress, this power of jurisdiction has legal force in the United States even if it surpasses the scope allowed by international law. (Footnote 14) (Reexposition on the Law of U.S. External Relations, (Third Edition), Clause 408, 1981) It is precisely under the guidance of this theory on the expansion of jurisdiction that the jurisdictional scope of U.S. law has taken a tendency of vertical and horizontal expansion. In other words, there has been a tendency to expand the geographical scope of the jurisdiction, to include more objects into the scope of the jurisdiction, to extend the application of U.S. civil and criminal law to the areas outside U.S. territory, to solve through the readjustment of U.S. domestic law the problems that ought to have been solved through political and diplomatic channels and even to regard what is genuinely the internal affairs of other [word indistinct] background and cause for the emergency of the tendency of extraterritorial jurisdiction of U.S. law particularly its economic legislation. Former Director of the Anti-trust Bureau of U.S. Department of Justice said when he talked about the background of the extraterritorial jurisdiction of the U.S. Anti-Trust Act: "The United States was for a time a country that practiced economic isolation, but now, it has merged into the world economy. U.S. imports and exports constituted more than 10 percent of the total volume of world trade. From 1970-1980, the investment of foreign countries in the United States increased by four fold and U.S. investment abroad increased by two and a half time. Events that are happening in other areas of the world affect U.S. economic life every day. Under these circumstances, it is inevitable to apply our Anti-Trust Act outside our territory." (Footnote 15) (William Barkst): Carry Out the Fight Against Trusts in a World of Mutual Dependence--a Speech at American Lawyers Association, 1981) Of course, this reason can similarly be used for other U.S. laws of extraterritorial jurisdiction. The only difference is that the aims of the extraterritorial jurisdiction of different laws differ. Some are aimed at safeguarding the economic policies and system of the United States. They include the "Anti-Trust Act," and the "Securities Exchange Act." Others are aimed at promoting the implementation of the diplomatic policies of the United States. They include the "Anti-Boycott Act" and the "Export Control Act." Still others are aimed at safeguarding the security of the state. These include the "Trade With Enemy Countries Act" and the

"International Emergency Economic Powers Act." There are also some that are aimed at a combination of these purposes. In a final analysis, the extraterritorial jurisdiction of U.S. law is determined by its own interests.

II

The attempt of any country to extend the application of its law to other countries will possibly become a latent factor to give rise to tension and conflicts with other countries. The extraterritorial jurisdiction of U.S. law has roused strong response throughout the world and has even urged some countries to adopt relevant countermeasures in order to safeguard these countries' sovereignty and interests. During the past few years, [word indistinct] kinds of conflicts and confrontations in a legal form of political and economic interests and diplomatic policies between the United States and other countries have already become common phenomena.

Since China and France established diplomatic relations in 1964, the economic and trade relations between the two countries have developed rapidly. At that time the United States adopted a policy of isolation and embargo against China. One of the major aims of the Trade With Enemy Countries Act was to ban trade with China. The well-known Fuluhaofo [4395 7627 3185 1133] case took place precisely under this background. (Footnote 16) (International Law Materials, Vol 5, p 476, 1966) In this case Fuluhaofo a French subsidiary of a U.S. company signed a contract with one of France's biggest automobile manufacturers--Mashadi [7456 3097 5630] Company--to sell the latter the trailers and components that would be exported to China. Just as this transaction was in progress, the U.S. Government declared that this kind of transaction violated the U.S. "Trade With Enemy Countries Act" and the regulations on its implementation and ordered the U.S. company and its subordinate company to cancel that contract. Mashadi Company rejected Fuluhaofo Company's request for the termination of the contract and sued the latter in a French court for a huge amount of damages for breach of contract. Faced with serious economic losses and the danger of winding up, the Fuluhaofo Company's three French directors and five American directors sued the American Holding Company accusing the latter of harming the interests of their company by obeying American law and cancelling their contracts. The French court gave the judgment that U.S. law was not applicable to a transaction in French territory and that it was a wanton application of legal power to apply U.S. law in French territory. It also granted an injunction, forbidding Fuluhaofo Company to obey U.S. law, and thus enabled the execution of the contract. At that time, this case shocked the international legal circles.

In another case that involved the "Trade With Enemy Countries Act," an American shipping company undertook to carry a batch of sulphur drugs for a Hong Kong trade company, but when the goods reached Hong Kong, the American Company refused to deliver the goods and sign the delivery note for the reason that the goods might be reexported to China, and that this was forbidden by U.S. law. As a matter of fact, when the ship that carried the goods was on its way to Hong Kong, the American company had already received a warning from the United States on banning the delivery. Consequently, the consigner in

Hong Kong was forced to take legal action. The Supreme Court in Hong Kong gave the judgment that the United States was not entitled to forbid a commercial transaction in the territory of Hong Kong even if the transaction involved American products. The court held that after the goods reached the storeroom in Hong Kong, it was not governed by U.S. law and had to be governed by the law of the place where the goods were, i.e., by the law of Hong Kong. (Footnote 17) (U.S. Marine Cases in 1953, p 1510)

Indignation and resistance against the extraterritorial jurisdiction of U.S. law has not only been seen in the judgment of legal cases, but have also been reflected in diplomatic transactions. In 1958, the U.S. Government ordered Ford Automobile Corporation to give an instruction to its subordinate company in Canada to cancel the contract of truck sales to China. At that time the Canadian Parliament published a statement of strong protest and urged the Canadian Government to approach U.S. Government on this problem. (Footnote 18) (Article by (Scott) and (Peterson): Method fo Export Control and Multi-National Enterprises, International Law, Vol 11, p 29, 1977). Not long after this, another dispute broke out between the United States and Canada over jurisdiction. The U.S. Government tried to stop a Canadian company's export of wheat to China on the grounds that the transport facility used by the company in loading the wheat on board a ship was in Illinois State, the United States. That was why this transaction had to be put under the jurisdiction of U.S. law. This action roused indignation in Canada and through diplomatic approach, the United States was forced to give up the demand for applying U.S. law to this transaction. (Footnote 19) (Ibid.)

The dispute between the United States and its Western European allies on the incident of a natural gas pipeline is the most recent case of these kinds of conflicts and confrontations. Since martial law was imposed in Poland in December 1981, the United States has announced a series of sanctions against the Soviet Union, including forbidding American companies, foreign subordinate companies under the control of American companies and independent foreign companies from supplying any equipment and technology for the natural gas pipeline project that links Soviet Siberia and various Western European countries. Equipment made by foreign companies under American licenses was also included in the last of sanctions. Moreover, this order of sanction was retroactive and was therefore, applicable to all the technology and equipment that foreign companies previously purchased from the United States. At that time, many Western European companies had already signed a large number of supply contracts with the Soviet Union. If they had obeyed U.S. law, they would have incurred heavy economic losses. The one-sided sanction measures on the part of the United States were in sharp conflict with the interests of the Western European countries. One after another the governments and the government leaders of these countries denounced the United States for this "action of extraterritorial jurisdiction that ran against international law." The governments of Britain, France, the FRG, and Italy all respectively ordered the companies in their countries to disregard the injunctions of the United States and continue to execute the contracts that had already been in force. The French Government even went so far as to cooperate with the companies that had received the threat of injunction from the United States, compulsorily

purchased their products and used the products to execute the contracts. At the same time, the governments of these countries continued to bring pressure on the United States and requested it to give up the extraterritorial application of its law. Finally, the United States was forced to lift the sanctions in December 1982 and later, it revised the relevant stipulations of its "Export Control Act." Only by so doing has it appeased this dispute.

Similar conflicts and confrontations have been particularly outstanding in the field of the fighting against trusts. We can get a glimpse of the conflicts by looking into the anti-trust case involving the Swiss clock and watch industry that was handled by a U.S. court in the early 1960's. The Swiss clock and watch industry consisted of many small factories. In order to protect their common economic interests, they formed a clock and watch manufacturers association and reached an agreement on joint management in accordance with Swiss law and with the support of the Swiss Government. By so doing, they unified their policies and conditions of manufacturing, marketing, and exports. The U.S. Department of Justice condemned this activity and said that it was aimed at restricting the exports of American watches and clocks, and had weakened competition in the American clock and watch market and violated the U.S. Anti-Trust Act. It demanded that the court issue an injunction against the Swiss clock and watch industry and granted other measures of punishment. The Swiss Government protested against the United States and sent officials to speak in the court in the name of "friend of the court," pointing against the integration agreement between Swiss clock and watch manufacturers had been negotiated, signed, and implemented entirely in Switzerland under the support of the Swiss Government and in accordance with Swiss law; and that the application of the U.S. Anti-Trust Act outside U.S. territory to the Swiss clock and watch industry encroached on the sovereignty of Switzerland, violated international law, and was harmful to the foreign relations of the United States. The Swiss Government supported the clock and watch manufacturers' appeal to a higher court and declared that unless the U.S. court changed the former judgment, it would sue at the international court. Due to the approach by the Swiss Government, the U.S. Department of Justice was forced to give way and persuaded the court to reverse the previous judgment and lift the sanctions against Swiss clock and watch businessmen. (Footnote 20) (Refer to Transnational Legal Issues by Sidayinle [2448 6871 5419 0519] and Waci [3907 5412], pp 1040-1044)

Of course, Switzerland was not the only country that resisted the extraterritorial jurisdiction of the U.S. Anti-Trust Act. In the U.S. Government v. General Electric Company (Footnote 21) (Supplement to Reports of Federal Court, Vol 115, p 835), the U.S. Department of Justice accused some transnational companies of attempting to monopolize the market of electric lights in the United States by means of signing crisscross agreements of licenses, and demanded that the court issue an order to dismiss all these contracts no matter what countries they were signed by and that the court punish these companies. Included in the list of the offenders was the Netherland's Philips Company. The Dutch Government lodged a protest with the U.S. State Department and demanded that in exercising its law, the United States had to take full consideration of the Netherlands sovereignty over its people, trade, commerce, and patent system.

In the case related to nylon products (Footnote 22) (Ibid., Vol 105, p 215), the U.S. courts ordered British Imperial Chemical Company to give up the patent that it had obtained in Britain, because the restrictive arrangement of this patent was regarded by it as an arrangement that will impede competition in U.S. market. In the prosecution in Britain, the British court resolutely refused to acknowledge the validity of the judgment given by the U.S. courts and denounced it for its encroachment on Britain's sovereignty by its extraterritorial jurisdiction.

In 1978, the United States adopted the "Aviation Decontrol Act," and thus extended the scope of the fight against trusts to the field of world air transport and put the aviation companies of more than 80 countries under the threat of legal punishment. After widespread protest and resistance, the United States was forced to give up its intention to apply the anti-trust act to foreign aviation companies and thus enabled them to continue to enjoy the rights of immunity from the anti-trust act in making arrangements for air-freight charges.

In 1979, U.S. courts levied fines of \$6.1 million on some foreign shipping companies, including British and FRG ones, and this was immediately denounced by the countries involved. The British Secretary of Foreign Trade (Nord) denounced the United States for disregarding British economic interests and marine transport policies and said that it was wrong in principle to exercise a unitary control over the international shipping business. (Footnote 23) (Report on Fighting Against Trust and on Trade Management, No 918, p 29)

The conflicts and confrontation caused by the extraterritorial jurisdiction of U.S. law have been particularly reflected in the aspect of prosecuting procedures. According to the law and practice of jurisdiction in the United States, U.S. departments of administration of law can directly summon the defendants and witnesses from other countries without obtaining the consent of the government of the relevant other countries or going through the judicial mutual-help procedures between the United States and the relevant countries. They can also order foreign defendants to obey the judicial investigation of the United States, for example deliver commercial information and data as evidence. However, other countries regard this kind of matter of procedures as public legal activities of the state and hold that these activities can only be done by the organs of a public power or with the permission of the countries concerned, otherwise they will constitute an encroachment on the sovereignty and an interference in the internal affairs of the country concerned. In the Uranium Anti-Trust Case (Footnote 24) (Materials About International Law, Vol 17, p 38), the Westinghouse Electric Power Company, one of the largest companies in the United States, ascribed its failure to execute the contracts to supply uranium to other American enterprises to the boycott of the international cartel. It sued 29 uranium producers including some foreign companies. The U.S. courts ordered all defendant foreign companies to supply the largest possible amount of evidence related to the accused cartel activities, including the documents, records, reports, and accounts of these enterprises, no matter where these materials came from. This order of legal investigation issued by the U.S. courts was

regarded by the foreign companies home countries an intolerable action of extraterritorial jurisdiction. The governments of the four countries appeared in the court of appeal in the name of "friends of the court," demanded that the court repeal the order of the lower court and brought pressure on the United States. In a large number of taxation and securities exchange cases and cases of other natures, the procedures of the investigation of the extraterritorial jurisdiction of the United States have also met the opposition of other countries. The indignation in the world at the extraterritorial jurisdiction of U.S. law is so strong that even Britain, a country with a legal system and common law similar to that of the United States also criticized it. British Lord Chancellor Danning described the scene of foreigners being forced to be involved in U.S. legal procedures as a scene of exposing moths in sunshine [an unusual sight]. (Footnote 25) (Cited From U.S. Journal of International Law, Vol 77, p 901, 1984) The current British secretary of trade criticized the extraterritorial jurisdiction of U.S. law and said that it was a source of the current tension in the relations between the United States and Europe. (Footnote 26) (REMNING RIBAO, 11 February 1984, p 7)

In order to prevent the extraterritorial jurisdiction of U.S. law, particularly the extraterritorial legal investigation, quite a few countries have adopted legislative measures to forbid the companies in these countries to cooperate with the extraterritorial legal investigation of the legal authorities of other countries. As far back as in 1950, the Meng-da-na [5536 1129 2169] Province in Canada formulated a "Commercial Records Protection Act" to counter the legal investigation by the United States in the paper industry in the province. This act bans the supply of commercial information and data to foreign countries. (Footnote 27) (Refer to the Fight Against Trusts and U.S. Overseas Commerce by Xilusite [1585 7627 2448 3676] pp 46-50, 1958) In 1956, the Netherlands also promulgated a similar law. (Footnote 28) (Ibid.) During the past few years, as the United States increasingly seriously intensifies its investigation procedures of extraterritorial jurisdiction, some countries have clearly speeded up the formulation of this kind of legislation against the supply of evidence for such investigations. Australia, Switzerland, New Zealand, and France have respectively formulated such legislation. Concerning the content and the nature of confrontation of the legislation, the "Trade Interests Protection Act" that Britain adopted in 1980 has its distinctive features. (Footnote 29) (Materials of International Law, No 4, p 834, 1982) The act not only forbids the supply of documents and materials to any foreign legal authorities, but also allows British companies to take counter action in British courts to claim back two thirds of the punitive fine that any foreign court has imposed on the company. This legislative stipulation is obviously aimed at countering the practice of the U.S. Anti-Trust Act of allowing the court to impose a three fold fine on the defendant. At present, this kind of confrontational so-called blocking statute nature is fairly much in vogue in the world. It is aimed not only at boycotting the extraterritorial investigations of foreign countries and safeguarding the country's sovereignty and economic rights and interests, but also at providing legal protection through legal means for the country's companies in disobeying the legal investigation procedures of foreign countries. By 1982, at least 15 countries had formulated such legislation.

What warrants our attention is that some countries, such as the EEC countries which have always been the targets of the extraterritorial jurisdiction of U.S. law are not content with the position of passive resistance, but have now begun to take up this weapon to fight back against the United States. (Footnote 30) (Cited from U.S. Journal of International Law, Vol 77, p 901, 1984) The EEC Commission has formulated and implemented a series of rules and directives to impose some compulsory duties on foreign companies, mainly U.S. ones, that have set up subsidiary companies in EEC member countries. For example, these foreign companies must inform their European subsidiary companies 40 days beforehand of their plans for closing down, moving, and reorganizing and their decisions of management, administration, and financial statement. This is aimed at strengthening the position of labor in EEC countries in handling the relations between labor and capital. This aroused a great fear in the circles of U.S. enterprises. Therefore, in 1981, the U.S. Congress put forth a bill similar to the British "Trade Interests Protection Act," to protect secret commercial information. (Footnote 31) (Reports of U.S. House of Representatives No 4339 of the 97th Congress) The bill says that the imposition of a duty to reveal secrets on foreign companies "runs counter to international law and courtesy" and empowers the U.S. Federal Securities Exchange Board to issue protective orders. The bill also stipulates that U.S. courts must not implement the fines and other punitive judgment that foreign countries have imposed on U.S. companies for their refusal to divulge information and data and that U.S. companies can sue foreign countries in U.S. courts for the repayment of fines. In addition, during the past few years the EEC countries have also strengthened the work of readjusting their legislation in order to counter the anti-competition activities of foreign companies, mainly U.S. ones, that are conducting economic activities there. The EEC Commission's prosecution against and investigation of the IBM Corporation of the United States was one such example. After IBM's appeal to the EEC Court of Justice for repealing the EEC Commission's punishment against it was rejected by the court, U.S. Deputy Attorney General complained that the EEC Commission's action against IBM Corporation will have an extraterritorial consequence on the U.S. economy. (Footnote 32) (WALL STREET JOURNAL, 31 March 1983) U.S. scholars were filled with worries and called this situation as a "turning point of extraterritorial jurisdiction." (Footnote 33) (Same as footnote 30) From this we can see that the scramble between the United States and Europe on extraterritorial jurisdiction has already become white-hot.

The conflicts and confrontations between the United States and Europe concerning jurisdiction are on the surface a dispute related to law, but in essence reflect the contradictions and conflicts between their different policies. The incident of the natural gas pipeline project was a clear practical example. From the point of view of the United States, the natural gas pipeline that links Siberia with the Western European countries will not only help the Soviet Union earn more hard currency, but will also make Western Europe excessively reliant on the Soviet Union for the supply of energy. This will become a [words indistinct]. This is what U.S. foreign policies have tried their best to avoid. Out of the consideration of their own geographical surroundings and economic interests, the Western European countries could not help but adopt an independent stand on this issue, a stand that ran

counter to the U.S. policy of sanctions against the Soviet Union. Therefore, when the United States tried to use legal means to promote its foreign policies, it would inevitably clash with the Western European countries. Just as U.S. Deputy Secretary of State Kenneth W. Dam said in his speech entitled "Extraterritoriality, conflicts in power of jurisdiction and U.S. foreign policies:" "The pipeline incident is a clash of policies. It has emerged out of the difference in the foreign policies of the two parties and it cannot be solved by the court but should be solved through the readjustment of policies." (Footnote 34) (Speech at U.S. Association of International Law, 15 April 1982) Of course, the conflicts about jurisdiction and policies are in the final analysis determined by political and economic interests. This is the essence of the conflicts.

III

Jurisdiction in international law is a very complicated problem. The theory and practice of jurisdiction varies as the international politics, and economics, and international relations evolve and develop. In history, when most of the globe was under the rule of imperialism and colonialism, there emerged the abnormal phenomena of consular jurisdiction and extraterritorial jurisdiction. On the one hand, the modern international law that is based on the principle of all countries are equal in sovereignty and are not allowed to interfere in each other's internal affairs, acknowledges that jurisdiction is a sovereign right of a country and that all countries are entitled to define the scope of their jurisdiction, including the exercising of extraterritorial jurisdiction under certain circumstances. On the other hand, it imposes some restrictions on the exercise of jurisdiction and demands that a country reasonably define, in accordance with the principle of jurisdiction that is acknowledged by it, the scope of its jurisdiction and exercise its jurisdiction in a reasonable way. From our point of view of the practice in the world, there are the following universally acknowledged principles of jurisdiction:

1. The principle of territory. According to this principle, a country is entitled to exercise its jurisdiction over every person and every activity (except for those who have immunity) in its territory. This is the most fundamental principle of jurisdiction. When there is a clash concerning jurisdiction, the principle of territory usually has priority.
2. The principle of nationality. According to this principle, a country is entitled to have jurisdiction over all the people who are nationals of that country and over all their activities no matter where these people live or where these activities take place.
3. The principle of protection. This principle allows a country to exercise jurisdiction over the activities that have taken place outside its territory but that have harmed its security, political independence, and major interests, if these kinds of activities are generally regarded as criminal activities, such as the forgery of currency, seals, passports, and other government documents.

4. The principle of universality. This means that all countries are allowed to exercise jurisdiction over some universally acknowledged criminal activities, such as piracy, and the sale of slaves.

Practice has proved that exercising jurisdiction on the basis of the principle of jurisdiction of international law can increase the legality of the jurisdiction. Otherwise, it will be denounced and regarded as an action in violation of international law. Moreover, even when a country can cite a certain principle on jurisdiction in international law to be the basis for the exercising of jurisdiction, it must also fully take into account of the sovereignty and interests of other countries, avoid any conflicts with the jurisdiction of other countries and thus act rationally and moderately. Otherwise, there will possibly be an abuse of jurisdiction. For example, according to the principle of territory, a country can exercise jurisdiction over anyone inside its territory including foreigners, but this does not mean that it is entitled to persecute at will the foreigners inside its territory. Again, the principle of nationality does not mean that a country is entitled to formulate a law requiring its nationals to be engaged in activities that encroach on the sovereignty and endanger the security of other countries. Similarly, though a country has a wide power of legislation, it should not regard the internal affairs of other countries as the targets of readjustment of its own domestic legislation. Otherwise, it will be suspected and regarded as having encroached on other countries' sovereignty and interfered in their internal affairs. (Footnote 35) (Refer to Akusite [7093 1655 2488 3676]: Jurisdiction Power in International Law, U.K. Annal of International Law, pp 188-189, 1973-1974)

One of the reasons why the extraterritorial jurisdiction of U.S. law has aroused the opposition of other countries and given rise to conflicts over the power of jurisdiction in the world is because it often lacks grounds in terms of the principles of jurisdiction in international law. An example is the "theory of results." U.S. law regards this theory as of equal importance compared with the principle of territory and regards it as legitimate grounds for jurisdiction. However, many other countries do not acknowledge jurisdiction power based on the "theory of results," and particularly oppose abuse in the application of this theory. As a matter of fact, in the world today, the economies of various countries interact and have an impact on one another, therefore, any major economic or political measure adopted by one country may produce some effect on other countries. The policies to unify the production and marketing of petroleum of the countries that produce and export petroleum will certainly have an impact on the prices of petroleum in the world market. The cancelling of the export license for a certain transaction by the government of a certain country will possibly lead to the bankruptcy and closing down of the firms in another country and thus give rise to unemployment and economic losses. If the "theory of results" can be used as a legitimate ground for unlimited extraterritorial jurisdiction, this will inevitably lead to confusion in the theory of the power of jurisdiction and conflict concerning international jurisdiction.

Similary, it is hard for the principle of protection to provide proper grounds for the extraterritorial jurisdiction of U.S. law. The traditional principle of protection allows a country to exercise jurisdiction over certain extraterritorial activities in order to protect the security and some major interests of the country. However, the exercising of extraterritorial jurisdiction for the mere purpose of carrying out certain kinds of economic or foreign policies (such as the jurisdiction related to the Anti-Boycott Act and Anti-Trust Act) has obviously gone beyond the scope of the principle of jurisdiction on the basis of protection. Moreover, the activities that the above-mentioned U.S. legislation wants to ban, do not constitute crimes in an ordinary sense, precisely on the contrary, they are allowed by and required by the law of the countries concerned. The political and social systems and economic and foreign policies vary as countries vary. This is a necessary consequence of the sovereignty of these countries. It is never possible to find any grounds for a country to attempt to use legal means to force its policies on other countries. From the point of view of international private law, whether or not an activity is legitimate must only be judged by the law of the country in which this activity has taken place. Punishing, on the basis of the principle of protective jurisdiction, a foreigner for an activity that conforms to the law of the country concerned, is not only unjust to the person who has performed the activity, but will often force the person concerned to violate the policies and laws of the country that he is in and thus indirectly harm the sovereignty of the country concerned.

The citing of the principle of nationality will not help the United States concerning the extraterritorial jurisdiction of U.S. law. The principle of nationality is utterly inapplicable for the jurisdiction over the activities of foreigners in foreign countries. It is even very doubtful whether the principle of nationality can be used for jurisdiction over the overseas subordinate companies of U.S. companies. U.S. laws holds that any foreign company under the "actual control" of an American company (for example, American capital accounts for 50 percent or even a smaller percentage of the total capital of the foreign company), is under the jurisdiction of U.S. law and is regarded as a company of U.S. nationality, no matter in what country this company is set up or carries out its business. However, most other countries determine the nationality of a legal person in accordance with an entirely different yardstick--the place where the legal person is registered and the major place of its business. The the natural gas pipeline incident, some European subsidiaries of U.S. companies declared that they would not carry out the supply contracts that they had previously signed because they might be punished under U.S. law. The companies effected immediately/instituted legal proceedings and demanded that the courts issue injunctions to prevent such breaches of contracts or grant them damages for breaches of contract. The courts clearly denied the extraterritorial jurisdiction of U.S. law over the above-mentioned subordinate companies and held that the practice of U.S. law in exercising jurisdiction on the basis of the standing of "actual control" ran counter to international law. Some courts boycotted the jurisdiction of U.S. law over European subordinate companies--a jurisdiction based on the principle of nationality--by using the treaties between the United States and the countries concerned as the basic reasons. For example, the U.S.-Netherlands Friendship, Commerce, and Shipping Agreement stipulates:

"The legal persons incorporated in accordance with the law in force in the territory of each of the countries that is a party to this agreement must be regarded as a legal person in that country concerned. The legal position of such a legal person in one of the countries must be acknowledged by the other country that is a party to the agreement." (Footnote 36) (U.S. Journal of International Law, Vol 77, pp 636-637, 1983) Obviously, this stipulation in the treaty weakens instead of strengthens the position of the United States in using the principle of nationality as grounds to exercise the extraterritorial jurisdiction of U.S. law.

In view of international practices, the standard of U.S. law on the nationality of a legal person does not seem to be tenable. In the famous Basailuola case [1572 1049 5012 2139], (Footnote 37) (Reports of International Court, 1970, pp 3, 43) The Spanish courts declared bankruptcy of Basailuola Company which was registered and established in Canada. The Belgium Government held that 90 percent of this company's capital belonged to Belgium citizens and therefore, upheld to exercise its diplomatic protective power for this company. The International Court of Justice rejected the demand of the Belgium Government and held that only the places where the legal person has been registered and where he has carried out his main business are the basis in international law to define the nationality of a legal person. Accordingly, the International Court of Justice held that it was Canada and not Belgium which had the right to exercise diplomatic protection. The court pointed out that if the shareholders were people of a number of countries and if each country of each shareholder wanted to exercise its right on that company, it would not be hard to imagine what conflicts would emerge between the demands for rights. The judgment of the International Court of Justice has obviously been unfavorable for the U.S. law that upholds the practice of exercising nationality jurisdiction over the subordinate companies in foreign countries.

In the incident of the natural gas pipeline project, the EEC countries were particularly indignant at the practice of the U.S. law in attempting to use the principle of nationality as grounds to exercise its jurisdiction over the products and technology which the U.S. has exported to the EEC countries. In commenting on the implementation and stipulation of the Export Control Act, the EEC Council pointed out that products and technology had no nationality and that there was no rule in international law for a country to exercise its jurisdiction over the people in a foreign country who have its products and technology, on the grounds that the products and technology were in the foreign country. (Footnote 38) (Same as Footnote 29, p 894)

The weakness of the theory and practice of the extraterritorial jurisdiction of U.S. law in international law and the international opposition to and resistance against the extraterritorial jurisdiction of U.S. law have urged the United States to adopt a comparatively reconciliatory attitude on the problem of international jurisdiction. The senior officials of the U.S. Government have declared many times that in order to avoid or reduce the possibility of giving rise to conflicts in the international jurisdiction, they will adopt the following measures. For example, they will eliminate as much as possible the differences in policies between the United States and

its allies; they will circulate a notice beforehand on the cases which may give rise to the conflicts of jurisdiction in order to consult with and seek the cooperation from the governments of the foreign countries concerned; and the U.S. State Department coordinates in a unified manner the activities of legal investigation and the administration of law that involve major interests of foreign countries. (Footnote 39) (Same as Footnote 24) In view of the lessons drawn from the natural gas pipeline incident, the United States Government has revised the relevant regulations of the "Export Control Act," has eliminated the jurisdiction based on U.S. foreign policies which have been comparatively much disputed in the world and has replaced them with the jurisdiction based on state security in order to make the "Export Control Act" more legitimate. The United States has also made some revision in some of the other extraterritorially applicable laws such as the Anti-Trust Act and reduced the scope of jurisdiction over the extraterritorial activities of foreign companies. At the same time, the United States has signed legal assistance and cooperation agreements with some countries including Australia and Switzerland. (Footnote 40) (Same as Footnote 29 No 4, p 702, 1982, No 1, 1983) In the area of legal jurisdiction, since the Tingbailaiyin [3060 0130 5490 5419] case, the so-called "theory of balance of interests" has become a guiding thought and an analytic method in vogue by which the U.S. courts handle the problem on jurisdiction. This theory demands that the court consider a certain number of factors at the time when it decides whether or not the extraterritorial jurisdiction will be exercised in a specific case. For example, these factors are: The extent of conflicts with foreign laws and policies; the nationality of persons concerned; the contrast between the effect of the accused offense against law to the United States and that to a foreign country; any intention and harm hindering U.S. commerce and any foreseeability of the harm and hindrance; the possible impact on the foreign relations of the United States and so forth. Clause 403 in "Reexposition on the Law of U.S. Foreign Relations" (Third Edition) confirms this jurisdiction theory. (Footnote 42) (same as Footnote 14)

However, the fact is that it is impossible for a country alone to achieve the result of a genuine balance if a single country strives to strike the balance of interests between countries. Just as American scholars point out: At least it is difficult for the U.S. courts to objectively strike a balance of interests between the United States and foreign countries, because the results of this kind of balance generally reflects a partiality for the policies and interests of the country with which the court is affiliated. (Footnote 43) (Refer to the article entitled "Extraterritorial Jurisdiction at the Crossroads," published in the Journal of U.S. International Law, 1982, Vol 76, p 317) Recently, some cases have proved this idea. In the U.S. Government v. Weite [1218 3676] Company, (Footnote 44) (Same as Footnote 3, Vol 691, p 1281) the U.S. courts wanted the defendant company to provide the documents and information related to the case, but the law of Switzerland prohibits providing foreign countries with business information and materials related to banks which are under the jurisdiction of Switzerland. After weighing and balancing the policies pursued by and the interests safeguarded by the laws of two countries, the U.S. courts drew the conclusion that the interests

of the United States interests were superior to the Swiss interests and ordered without any hesitation the defendant to obey the procedures of the U.S. legal investigation. In the above-mentioned Uranium Anti-Trust Case, the court declared that the so-called "theory of balance of interests" cannot be utterly applied to this case, because the conflicts between different interests could not be compromised. (Footnote 45) (Same as Footnote 24) Even the legal advisers of the U.S. State Department also admitted that the "theory of balance of interests" is not a panacea for solving conflicts related to jurisdiction. In some cases, the security of the United States and the interests of other major policies require U.S. Government to take actions, even though by so doing, conflicts will emerge in the [word indistinct] and jurisdiction power between the United States and other countries. (Footnote 46) (Refer to the Journal of U.S. International Law, Vol 76, p 845).

Therefore, the conclusion is that as long as the United States upholds that its interests have a priority to those of other countries and as long as at the time when jurisdiction conflicts emerge, the United States stiffly forces its will on others and does not strive to find a solution through consultation and negotiations with other countries, the United States will inevitably encounter opposition and resistance from other countries in the world. Under the situation whereby the struggle against hegemonism is rising increasingly in the current world, the United States will never be able to succeed in its attempt to exercise its jurisdiction power indiscriminately.

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JOURNAL ON U.S. SHIFT TO ASIA-PACIFIC REGION

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[Article by Yang Jiefa [2799 2234 4099]: "Center of Gravity of U.S. Foreign Economic Interests Shifting Toward Asia-Pacific Region"]

[Text] After World War II, the United States, relying on its swollen economic and military strength, declared that its interests spread all over the world and began its economic expansion abroad. The center of gravity of U.S. overseas economic interests has shifted from Latin America and Canada soon after the war and in the 1950's, to Western Europe in the 1960's, and then gradually to the Asia-Pacific region since the mid-1970's.

I. The Trend of Shifting to the Asia-Pacific Region

Since the mid-1970's, great changes have taken place in the distribution of U.S. foreign trade, the orientation of its capital exports, and the origin of some important mineral resources and raw materials. The Asia-Pacific region is becoming more and more important in U.S. overseas economic interests and is gradually replacing Western Europe as the center of gravity of U.S. global economic interests.

This region has become the largest foreign trade market for the United States. In the period from the end of World War II to 1975, Western Europe occupied first place in U.S. foreign trade. For example, in 1970 it comprised 31.5 percent of U.S. foreign trade, while the Asia-Pacific region only accounted for 26.1 percent. Since 1976 the situation has changed. In 1982, the proportion of trade with the latter rose to 34.8 percent, while that of trade with the former dropped to 25.7 percent. (Footnote: "Reagan's Diplomacy; Turning to Asia," carried in the 25 June 1983 issue of Japanese TOYO KEIZAI) The United States plans to increase its bilateral trade with the Asia-Pacific region in the coming decade from \$150 billion to \$5 trillion. By that time, the proportion of U.S. trade with this region will be even higher.

The Asia-Pacific region has become a priority overseas investment area for the United States. At present, although U.S. direct private investment in Western Europe still occupies a dominant position, its investment in the Asia-Pacific region has increased more rapidly than in Western Europe, both in the rate and in net total annual investment. From 1975 to 1982 the total

direct private investment in this region increased from \$5.95 billion to \$28.5 billion, or by 380 percent. In the same period its investment in Western Europe increased from \$49.5 billion to \$99.8 billion, an increase of about 100 percent. In 1982, the U.S. net investment in the Asia-Pacific region reached \$1.29 billion. If its investments in China are added, it was even higher than investment in Western Europe that same year, which was \$1.32 billion. (Footnote 2) (The August 1977 and August 1983 issues of the U.S. COMMERCE TODAY) This trend of development shows that the focus of U.S. overseas investment will be shifting to the Asia-Pacific region in the future.

The Asia-Pacific region is becoming an increasingly important raw materials supplying base for the United States. The recent development of new industrial sectors, such as the electronics and space navigation industries, has made the United States more dependent on the rare mineral resources abroad. Therefore, the Asia-Pacific region, a main production area for strategic raw materials, has become more important to the United States. For example, 8 out of the 11 important mineral materials imported by the United States in 1978 were imported from the Asia-Pacific region. Of various imported mineral materials, 97 percent of the titanium, 82 percent of the tin, 80 percent of the mica, 42 percent of the tantalum, and 27 percent of the bauxite were imported from this region. (Footnote 3) (U.S. Congress: "U.S. Interests in the Global Economy," 1981) Besides, the United States also imported 88 percent of its natural rubber, 99 percent of palm oil, and 94 percent of coconut oil from this region. (Footnote 4) (For figures for 1980, see testimony given by Anthony Albrecht, deputy assistant secretary of state, before the U.S. Senate Foreign Relations Committee on 10 June 1982) Energy resources in the Asia-Pacific region are also becoming more and more important to the United States.

As far as U.S. economic interests in the Asia-Pacific region are concerned, Japan has long been the most important trade partner of the United States, and Australia, the most important area for its direct private investment. Over the past year or so the United States has greatly strengthened its economic relations with the ASEAN countries and swiftly expanded its economic positions in South Korea, Taiwan, and Hong Kong. Some new characteristics have thus appeared in the setup of U.S. economic interests in the Asia-Pacific region.

1) Under the pretext of economic "cooperation," the United States is attempting to expand its economic position in Japan. Japan has been propped up by the United States alone since the end of World War II. Taking advantage of this special relationship and through economic aid, the dumping of goods, and export of capital, the United States once monopolized the Japanese market. Its direct private investment in Japan increased from \$254 million in 1960 to \$6.8 billion in 1981. Of the total direct private investment in 1981, 48 percent was invested in the manufacturing industry, 26.3 percent was in the service industry, and 25.5 percent in the oil industry. (Footnote 5) (See the August 1982 issue of the U.S. COMMERCE TODAY) At present, the sales volume of the safety razor blades produced by the U.S. Schick Ltd in Japan comprise some 70 percent of the total razor blade sales volume in the Japanese market, the computers produced by IBM make up [number indistinct]

percent, and photocopying machines produced by the Xerox Corporation comprise some [number indistinct] percent of the total sales volume. U.S. exports to Japan increased from \$1.34 billion in 1960 to \$21.82 billion in 1981, making up about [number indistinct] percent of the total U.S. exports that year. In 1983, the turnover of U.S.-Japanese trade reached more than \$60 billion, which represented more than 40 percent of the total turnover of bilateral trade between the United States and the Asia-Pacific region.

However, since Japan has already become a powerful exporter and a creditor nation, it has been pursuing a policy of protectionism while speeding up its economic expansion abroad. Thus, the United States finds it difficult to expand its economic interests in this country. In order to further open up the Japanese market, the United States, under the pretexts of balancing economic relations and strengthening "cooperation between partners," urges Japan to reduce tariff and nontariff barriers and adopt a policy of liberalization in importing agricultural products, as well as in financial affairs and using foreign capital. It hoped that a strong Japanese yen will be maintained.

2) The United States is making great efforts to capture the ASEAN market mainly by means of direct investment and granting loans. The ASEAN is the focus of U.S. economic expansion in the Asia-Pacific region. The United States deems it the most ideal place for its economic expansion. The economic growth rate of these countries is the highest in the world. Their average growth rates in the 1970's reached 8.6 percent, and were 7.8 percent in 1981. Affected by the economic crisis in the capitalist world, there was a low growth rate in 1982. In 1983, except for the Philippines, the growth rate of the four other ASEAN countries began to grow rapidly again. A continuous growth is expected. The profit rate of investment in this region is also the highest in the world. In 1981, the profit rate of U.S. direct private investment in this region reached 56 percent, four times the average rate of U.S. overseas investment that year. Besides, in addition to large territory, large populations, and rich resources, these countries have well-developed financial institutions and welcome foreign investment. Therefore, the ASEAN countries "provide the United States with great potential in trade and investment." (Footnote 6) (Quote from Holdridge, former U.S. assistant secretary of state, in "Economies, Politics, and Security in Southeast Asia in the 1980's" edited by Robert Scalapino, 1982, pp 104-105)

In order to expand its economic interests in the ASEAN countries, the United States has adopted the following measures:

a) Enlarge its direct private investment. According to statistics from the U.S. Congress, the total direct private investment in the ASEAN countries reached more than \$10 billion in 1982, (Footnote 7) (U.S. Congressional Research: "U.S. Policy and Executive Planning for Southeast Asia," 1982) which was higher than the investment in Australia and Japan. The ASEAN has become the largest area for U.S. direct private investment in the Asia-Pacific region. Up to June 1983, U.S. Banks had already extended \$25 billion in loans to the ASEAN countries. The U.S. transnational corporations have infiltrated into important economic sectors of various ASEAN countries through investing in factories. For example, from 1971 to 1980, Indonesia's

oil industry which was the economic lifeline of this country (making up 60 percent of the budgeted income and 70 percent of the export income of the Indonesian Government), absorbed a total sum of \$5.9 billion in foreign capital, of which \$4 billion was from the United States. The oil and natural gas produced by U.S. companies in Indonesia in 1980 made up 80 percent of the total oil and natural gas output of this country. (Footnote 8) (Article by the NEW YORK TIMES, "The United States Has Become the Biggest Investor in Indonesia;" see the Singapore NANYANG SIANG PAU, 24 October 1981)

b) Constantly expanding its bilateral trade. From 1970 to 1981, U.S. exports to the ASEAN countries increased from \$1 billion to \$8.8 billion, an average annual increase rate of 22 percent, which was higher than the average increase rate of its exports to the Asia-Pacific region (16.3 percent). The ASEAN, as a whole is the second biggest trade partner of the United States both in bilateral and unilateral trades in the Asia-Pacific region. The volume of bilateral trade in 1981 reached \$21.8 billion. It dropped a little in 1982.

c) Enhance its investment and trade position in the ASEAN countries by means of providing loans through government and financial institutions. According to statistics, from 1945 to 1980 the United States provided the ASEAN countries with \$833.4 billion in loans and complimentary funds. (Footnote 9) ("U.S. Statistical Abstract," 1981) from 1978 to 1981, the U.S. Import and Export Bank provided \$2.2 billion to help export U.S. goods to these countries. In the same period, some U.S. overseas private investment companies also provided a guarantee of \$1.5 billion for U.S. companies to invest in these countries. Up to 1981, the Asian Development Bank granted \$4.1 billion in loans to the ASEAN countries, which made up 61.6 percent of this bank's total loans. (Footnote 10) (Same as footnote 7)

3) Taking political matters into consideration, the United States is making South Korea, Taiwan, and Hong Kong an important stronghold in its Asia-Pacific economic sphere of influence. The United States holds that South Korea, the United States, and Japan have formed a triangular alliance of security and defense in Northeast Asia, that the occupation of China's Taiwan Province is of great significance to "the security of East Asia and the interests of the United States," and that Hong Kong is a bridge for it to enter the Chinese market. They have become important processing areas for U.S. transnational corporations, which play a role of linking Japan with the ASEAN countries.

The United States has mainly adopted the following measures to maintain and expand its economic interests in the above three areas:

a) To stabilize the situation in South Korea and Taiwan by means of state capital so as to open up paths for the expansion of private capital. According to incomplete statistics, from 1950 to 1982 the United States poured into South Korea \$24.7 billion in military aid and \$5.54 billion in economic aid. From 1949 to 1978, it provided Taiwan with \$2.97 billion in military aid and \$1.76 billion in economic aid. At present, official U.S. economic aid to Taiwan and South Korea and military aid to Taiwan have ceased. After

its economic aid ended, the United States began to grant them large sums in loans through its import and export bank. Taiwan, which had borrowed \$3 billion by the end of 1982, became the largest debtor of the bank, and South Korea the second largest. Following this state capital, U.S. private capital also entered these areas and began its expansion and infiltration with the support of state capital.

b) To expand bilateral trade so as to make the three areas more dependent on U.S. markets. The United States has provided them with preferential tariff treatment since 1976, and Taiwan, Hong Kong, and South Korea are respectively the first, second, and third largest beneficiaries of this treatment. From 1971 to 1983 the volume of bilateral trade between the United States and South Korea increased from \$1.17 billion to \$13 billion. In 1983, exports to the United States made up 31 percent of the total exports of South Korea, and imports from the United States made up 25 percent of its total imports. In the same period, bilateral trade between the United States and Taiwan increased from \$1.38 billion to \$16 billion. In 1983 exports to the United States made up 44 percent of Taiwan's total exports, and imports from the United States made up 25 percent of its total imports. From 1971 to 1982 bilateral trade between the United States and Hong Kong increased from \$1.48 billion to \$7.99 billion. In 1982, exports to the United States made up 40 percent of Hong Kong's total exports, and imports from the United States made up 11 percent of its total imports. At present South Korea is the ninth largest trade partner of the United States, Taiwan is the sixth largest, and Hong Kong is the fourth largest partner in Asia. Since exports have an important bearing on the economy of these areas, in order to control their economies the United States has expanded bilateral trade with them.

c) To quicken the pace of exporting private capital so as to infiltrate into and control some major economic sectors. From 1978 to 1982, the total U.S. direct private investment in South Korea increased from \$162 million to \$820 million, and such investment in Taiwan increased from \$666 million to \$1 billion. Up to 1982, the total U.S. direct private investment in Hong Kong was nearly \$3 billion. At present U.S. direct private investment occupies first place in both Taiwan and Hong Kong, and second place in South Korea, compared with the same investment by other countries. By the end of 1982 U.S. banks had extended loans of \$10.9 billion to South Korea, \$5.2 billion to Taiwan, and \$14.1 billion to Hong Kong. Through direct investment and granting loans, the United States controls South Korea's oil refining, chemical fertilizer, power generating, and military industrial production, controls Taiwan's official enterprises, and has infiltrated into a large number of enterprises run by the local people. In 1982, U.S. investment in Hong Kong's manufacturing industry comprised 47 percent of the total foreign investment in this industry, of which investment in electronics, the chemical industry, and construction made up more than 50 percent, and that in the toy-making industry made up 90 percent.

d) To strengthen U.S. economic position in Australia so as to ensure a long-term and stable supply of strategic materials from this area. The United States has built a comparatively better basis for its economic expansion in

Australia, which has long been an important area for U.S. direct private investment in the Asia-Pacific region. Over the past decade U.S. investment in this area has swiftly increased, and reached \$8.73 billion in 1982. Since Australia is a major strategic materials supplier for the United States, U.S. investment is concentrated in mining and oil production, which makes up 33.7 percent of the total U.S. investment in this country.

II. The Reasons for Shifting to the Asian-Pacific Region

There are profound reasons in the economic, political, and strategic fields for the shift in the center of gravity of U.S. global economic interests.

First of all, the rapid economic development in the Asia-Pacific region has become powerfully attractive to U.S. monopoly capital. Since the 1970's, the economy of the Asia-Pacific region has been developing at an unprecedentedly high rate, which has greatly raised its position in the world economy. The main expressions are as follows: 1) Since 1971, Japan has appeared in the international arena as the third strongest economic power after the United States and the Soviet Union. From 1970 to 1980, the average annual growth rate of its GNP reached 4.9 percent, which was higher than that of the developed capitalist countries for the same period, 3.3 percent. The proportion of this GNP in the world's total increased from 4.8 percent in 1960 to 10.2 percent in 1980. (Footnote 11) (Based on "The Basic Financial Situation of the United States, the Soviet Union, Japan, Germany, France, and England," compiled by the International Problems Research Institute)

2) South Korea, Hong Kong, and Singapore have formed an important regional economic force. From 1970 to 1980, the average annual economic growth rate of these countries and areas was higher than 8 percent and became the most conspicuous in the world. Over the past few years, despite the effect of the economic crisis in the Western countries, a comparatively higher growth rate has continuously been maintained. Since 1983 there has been further and stronger growth in the economies of these countries and areas. The South Korean growth rate reached 9.7 percent, that of Hong Kong was 5.7 percent, and Singapore 7.5 percent. 3) Along with the development of its modernization drive and the implementation of the policy of opening to the outside world, China's influence has been increasing with each passing day. The average annual growth rate of its total industrial and agricultural output value was higher than 7 percent from 1981 to 1983.

Since the Asia-Pacific region has more favorable conditions for economic development, its economic position will be further raised in the future. It is estimated that from 1970 to 2000, the economic growth rate of the Asian countries will be maintained at about 6.3 percent, while the average rate of the world will be only 4.8 percent. In the same period the proportion of GNP of the Asian countries in the world's total GNP will grow from 16 percent to 23 percent. (Footnote 12) (Estimate by the Organization for Economic Cooperation and Development in June 1979: see "The Pacific Economic Community" edited by Luo Yuanzheng, 1981) People in the West believe that by the end of the century, the economic growth rate of the Asia-Pacific region will be higher than the average world growth rate, and the center of world economic

development will shift from the Atlantic to the Pacific region. Therefore, a high-level and expanding Asia-Pacific market will become more and more attractive to U.S. trade and export of capital.

Second, the population movements and the shift in the U.S. economic center of gravity from the East to the South and West is being accelerated. From 1950 to 1980 the population in the Eastern United States increased by 125 percent, but the population of the South increased by 160 percent, and that of the West increased by 214 percent. During the same period, the national income of northeastern America increased by 7.4 times, but the national income of the South increased by 12.8 times, and that of the West increased by 13.27 times. In 1975 the national income of the South and West only made up 40 percent of the total national income, but in 1980 it made up more than 50 percent of the total. (Footnote 13) (Same as footnote 1) Along with the shift in population and the economic center of gravity from the Northeast to the South and West, the political influence of the South and West has been swiftly expanded. Thus, it was not a matter of happenstance that both Presidents Nixon and Reagan both came from the West. Since the economic prosperity of Southwest America, especially of California, is closely bound up with the future economic development of the Pacific region, and two-thirds of California's foreign trade is dependent on the Asia-Pacific market, (Footnote 14) (The U.S. "California Incorporated," 1982) the entrepreneurs and politicians in the Southwest United States will undoubtedly urge their country to adopt a policy of attaching more importance to the Asia-Pacific region.

Third, the relative stagnation in economic development of various West European countries has also resulted in accelerating the process of shifting U.S. monopoly capital to the Asia-Pacific region. In the 1950's and 1960's Western Europe was an outstanding area in the development of the world economy, but its development has slowed in comparison with other parts of the world since the mid-1970's. From 1960 to 1973 the GNP of the EEC registered an average annual increase of 4.7 percent, but it dropped to 1.9 percent between 1974 and 1981. In 1981 it was a minus 0.4 percent. (Footnote 15) (The 1983 Economic Report by the U.S. President) The proportion of the GNP of the EEC in the world's total is expected to be reduced from 20 percent in 1970 to 15 percent by the year 2000. (Footnote 16) (Same as footnote 12) There are many reasons for the economic stagnation in the West European countries. One is the high cost of labor. For example, in 1982, the per-hour wage in manufacturing industry in West Germany was \$10.43, which was close to that of the United States, \$11.79. However, the per-hour wage in Japan was only half the U.S. wage, and that of the ASEAN countries was one-fourth, and that of South Korea one-ninth of the U.S. wages. (Footnote 17) (Report on a survey by the First National Citibank reported by AP from New York on 12 September 1983) For this reason, the average profit rate gained by the United States by investing in the Asia-Pacific region was much higher than that gained from Western Europe. In 1981 the profit rate of U.S. direct private investment in the Asia-Pacific region reached 22.2 percent, almost double that of Western Europe (which was 12 percent). (Footnote 18) (The 1983 August issue of the U.S. COMMERCE TODAY) At present the economic position of Western Europe has declined, the situation in the

Middle East and Africa is unstable, and the Latin American countries are faced with a serious debt crisis. This is why U.S. monopoly capital, which has as its motive seeking excessive profits, has a growing interest in the Asia-Pacific region.

Fourth, U.S. monopoly capital is trying to strengthen its competitiveness so as to regain its position of economic hegemony in the Asia-Pacific region. For more than 20 years after World War II, the United States was always in a dominant position in the economies of the Asia-Pacific region, and Japan, South Korea, and the Asian countries could only rely totally on U.S. capital. However, since the 1960's, as a result of the relative decline of its economic strength, as well as of the rise of the Japanese economy and the emergence of other new industrial countries and areas in the Asia-Pacific region, the United States is no longer in a dominant position in its economic relations with this region. In economic competition it is faced with serious challenges from Western Europe and the new industrial countries and areas of the Asia-Pacific region, especially from Japan. From 1961 to 1981 the proportion of imports from the United States in the total imports of the Asia-Pacific countries excluding Japan grew from 12.9 percent to 18.1 percent, and imports from Japan increased from 12 percent to 25 percent. (Footnote 19) (Based on figures provided in "A Guide to Trade Yearbooks" of the International Monetary Fund) In 1966, U.S. direct private investment in the ASEAN countries reached \$370 million, which was 220 percent higher than the total Japanese investment (\$166 million). The situation was entirely different in 1981, during which Japanese investment reached \$9.81 billion, 150 percent higher than total U.S. investment (\$6.35 billion) in the region. In view of this, U.S. monopoly capital is trying to strengthen its competitiveness by means of increasing direct private investment and expanding its export trade so as to recover its lost markets and to regain and strengthen its dominant position and role in the Asia-Pacific economy.

Fifth, the United States is attempting to enhance its military and strategic position in the Asia-Pacific region by economic means. Since the late 1960's the Soviet Union has strengthened its military forces in the Asia-Pacific region, which constitutes a serious threat to U.S. military deployment in this region and directly endangers the economic and political interests of the United States. In view of this, the United States holds that in order to contain the influence of the Soviet Union, in addition to military force, it is also necessary to give play to the role of its economic power. (Footnote 20) (See also "Asian Security in the 1980's" edited by Richard Solomon, pp 254-257) The strengthening of economic relations between the United States and the Asia-Pacific region will deepen the relations of interdependence between the two, so that both sides can adopt an unanimous attitude toward the Soviet threat in terms of security and strategy, based on common economic interests.

The above analysis shows that the strengthening of U.S. economic expansion in the Asia-Pacific region is an important readjustment in economic strategy made by U.S. monopoly capital in accordance with the current development of the international economic situation, which has a bearing on the future of the United States.

III. Influence of Shifting to the Asia-Pacific Region on U.S. Asia-Pacific Policy

Along with the shifting of the center of gravity of its overseas economic interests to the Asia-Pacific region, the United States will naturally attach greater importance to this region. Since the Reagan administration came to power, it has declared many times that the United States is "a Pacific country," that it is necessary to look upon the Asia-Pacific problem from a "global viewpoint," and that the United States will play an "unparalleled" role in the Asia-Pacific region. In diplomatic affairs it has changed its policy of withdrawing adopted since 1969 and has gotten itself increasingly involved in the affairs of this region.

In order to ensure its economic interests in the Asia-Pacific region, the United States holds that "it is very important to maintain and improve peace and prosperity in this region." (Footnote 21) (Remarks by Paul Wolfowitz, U.S. assistant secretary of state, at the Hoover Institution, Stanford University, reported by the U.S. Information Service on 25 August 1983) For this reason, the United States has readjusted its Asia-Pacific policy in an all-round way.

First, it has forcefully strengthened its defenses in the Asia-Pacific region. While the United States is shifting the center of gravity of its overseas economic interests to the Asia-Pacific region, the USSR is also shifting its foreign expansion to this region. One of the purposes of Soviet expansion in this region is to rely on its rapidly increasing military force "to weaken the security relations as well as the political and economic relations between the United States and the Asian countries" (Footnote 22) (Testimony given by William Brown, deputy assistant secretary of state, before the U.S. House of Representatives Foreign Relations Committee on 19 October 1983) Faced with the Soviet threat, the United States "is determined to prevent the USSR from gaining the dominant military position in Asia." (Footnote 23) (Same as footnote 22) It has adopted a series of measures to strengthen its defense in the Asia-Pacific region, such as increasing the number of troops deployed in Asia to 150,000, reinforcing the 7th Fleet with a nuclear-powered aircraft carrier and submarines and fitting them with cruise missiles, strengthening its tactical air force in Japan and South Korea and preparing to deploy nuclear forces there, and strengthening and repairing its military bases in the Asia-Pacific region. At the same time the United States has strengthened its "security and defense system" with Japan and South Korea, increased military aid to the ASEAN countries and provided Thailand with F-16 fighters, and injected new vitality into the U.S.-Australia-New Zealand alliance.

Second, it has made great efforts to balance and strengthen economic relations with the Asia-Pacific region. The United States holds that steady economic development in the Asia-Pacific region is the key to security and stability in this region, which has bearing on the interests and future of the United States. For this reason, it has balanced and strengthened its economic relations with the region so as to help the latter "attain economic development" (Footnote 24) (Same as footnote 21) Over the past year or so,

after consulting with some Asia-Pacific countries, the United States has agreed to relax its trade restrictions so as to reduce clashes in economic affairs and to expand its bilateral trade with this region. It has agreed to quicken the pace of technological transfers on the premise that the security and interests of the United States are ensured, to negotiate investment treaties and agreements on preventing dual taxation, to increase direct private investment, and to increase economic aid to the developing countries. It has also agreed to encourage cooperation in the financial field so as to create more favorable conditions for trade and investment, sign a memorandum of mutual understanding with the ASEAN tin-producing countries on the sale of tin, and to do what it can to provide the Philippines with certain means to alleviate its foreign debts so as to help this country extricate itself from economic crisis.

Third, it has actively carried out diplomatic activities centered on the U.S.-Japan alliance. Since the reagan administration came to power, in order to balance the relationship between its strategic and economic interests, it has forcefully promoted diplomatic activities in this region. President Reagan's Japan visit last November was the high point of these activities. The reasons why the United States has attached great importance to Japan are as follows: 1) The United States holds that both the United States and Japan are "leaders of the world economy." Japan is the economic center in Asia, and the United States is the No 1 economic power in the world. Their economy makes up half the output of the Western world [as published], and they have a common interest and duty in maintaining international economic order. 2) The interdependent economic relations between the United States and Japan is being deepened with each passing day. Each are the biggest trading partner of the other, and they both are "in the same boat and helping each other" in the international economic stream. 3) The U.S.-Japanese security treaty is the main thrust of U.S. military strategy in the Asia-Pacific region. The two countries are "inseparable" in terms of security. In view of this, the United States understands that at present, when it can no longer dominate the Asia-Pacific region exclusively, in order to attain more interests in this region, it must have the support and cooperation of Japan. Otherwise, all its efforts "will not succeed." (Footnote 25) (Speech by U.S. President Reagan at the Japanese Diet, 11 November 1983) Therefore, the United States emphasizes that "the U.S.-Japanese alliance is the cornerstone of U.S. Asia-Pacific policy both in the strategic and political field and the economic field." (Footnote 26) (U.S. Congress: "Report on a Study of Establishing the Asian-Pacific Regional Economic Organization," September 1979) Through promoting its diplomatic activities with Japan, the tense economic relations between the two countries have been relaxed and their cooperation in defense has been strengthened.

Meanwhile, through diplomatic channels the United States has also strengthened its relations with South Korea in an all-round way, markedly improved its relations with the ASEAN countries, and achieved a new development in relations with Australia and New Zealand.

The strengthening of relations between the United States and the Asia-Pacific region in the political and military fields and in economic cooperation through promoting diplomatic activities centering on the U.S.-Japanese alliance in objective reality has formed a wall to contain the Soviet Union and raised the strategic position of the United States in contending with the Soviet Union for global hegemony.

Fourth, it has taken a more positive attitude toward the tentative idea about a "Pacific economic community." This tentative idea was first put forward by Japan. At the beginning the United States reacted coldly toward this idea, but now it has taken a more positive attitude toward it. Since 1979 the United States has issued many reports on this matter, participated in various symposiums, and actively expedited preparations for the establishment of the "Pacific economic community." In the early days after the Reagan administration came to power the establishment of this economic community was regarded as an "urgent task" for the Reagan administration in its foreign affairs for the 1980's. The reason why the United States is enthusiastic in establishing the "Pacific economic community" is that it has taken into consideration the maintenance of its interests in the Pacific region in future years. 1) To maintain the leading position of the United States in the Asia-Pacific region. Since this leading position has met with the challenge from Japan, the United States will possibly be faced with "the danger of being excluded from Asia-Pacific affairs" if it does not actively promote the establishment of the "Pacific economic community." (Footnote 27) (Speech by U.S. Senator Paul Trible at an international symposium on the "Tentative Concert of the Pacific Community" in October 1983) Therefore, the United States hopes that it can play the role of a lever in the political and military fields within this "community" and maintain close organizational ties with the ASEAN countries, which have misgivings about Japan, so as to further restrain Japan. 2) To strengthen the strategic position of the United States in the Asia-Pacific region. The United States holds that an integrative Pacific economy is "in conformity with its political and military interests in Asia." It can help combine economic relations between the United States and Japan, and the political, diplomatic, and economic relations between the United States and the developing countries with the U.S. strategic interests in East Asia and the Pacific region, so that its strategic role can be brought into play more effectively. (Footnote 28) (Same as footnote 26) 3) To guarantee and expand the U.S. economic position in the Asia-Pacific region. The United States holds that the "Pacific economic community" will become "an important means to animate in an all-round way the economic role of the United States in the Asian-Pacific region." According to the tentative idea of the United States, the purpose of this community is to make itself "become a more effective 'safety value' in balancing the economic relations between various countries, to promote investment in and aid to the developing countries in this region and improve their relations with the developed countries, and to provide a forum for formulating the long-term development plans and the plans of economic reform for this region. The most fundamental purpose is to forge a firmer economic alliance with the Asia-Pacific countries." (Footnote 29) (Same as footnote 26) Obviously, the United States is trying hard to bring the "Pacific economic community" into

the orbit of its economic expansion in the Asia-Pacific region so that it can make use of this community to control the economic development of various Asia-Pacific countries and to promote its economic interests in this region.

From the above analysis, people can see that with the shift of the center of gravity of U.S. foreign economic interests to the Asian-Pacific region, the Reagan administration has forcefully readjusted its policies and has adopted "a policy of thoroughly turning toward the Pacific region," (Footnote 30) ("Views of the White House," in the Hong Kong FAR EASTERN ECONOMIC REVIEW, 17 May 1984) so as to promote "the shift of the center of gravity of U.S. foreign policy from the Atlantic to the Pacific basin and Japan." (Footnote 31) (Speech by Eagleburger, former U.S. under secretary of state, 17 February 1984)

CSO: 4005/809

UNITED STATES

U.S. TO RESUME SCIENTIFIC EXCHANGES WITH POLAND

OWO41036 Beijing XINHUA in English 0906 GMT 4 Aug 84

[Text] Washington, 3 Aug (XINHUA)--U.S. President Ronald Reagan officially approved today the resumption of U.S. scientific exchanges with Poland and the restoration of landing rights in America by the Polish airlines.

Presidential spokesman Larry Speakes made the announcement today in Santa Barbara, California, for the President, who is vacationing at his nearby mountaintop ranch.

Speakes said: "First, the President has authorized the lifting of the ban on landing rights for regularly scheduled flights by the Polish state airline LOT, subject to the regularization of our civil aviation relationship, and the full reestablishment of scientific exchanges between the U.S. and Poland."

He continued, "Second, the President has indicated that complete and reasonable implementation of the amnesty decision will create a positive atmosphere that would allow the reactivation of Poland's application for membership in the IMF. The U.S. would, of course, consider any final application on its merits, including Poland's willingness to fulfill the obligations of IMF membership."

Speakes added that the United States is prepared to take further positive steps in response to further significant movement toward national reconciliation in Poland. In the meantime, it will be consulting with its NATO allies and others on the situation in Poland and a Western response to it.

The United States imposed its economic sanctions ten days after the enforcement of martial law in Poland on December 13, 1981.

CSO: 4000/438

UNITED STATES

U.S. PERMITS MILITARY EQUIPMENT SALES TO IRAN

OW070642 Beijing XINHUA in English 0632 GMT 7 Aug 84

[Text] Washington, 6 Aug (XINHUA)--The U.S. Government has permitted American firms to sell Iran jet engine parts, vehicles and other military items while having pressed its allies to halt arms sales to that country, THE WASHINGTON POST reported today.

Many officials fear the U.S. sales are "undermining the credibility of the U.S. argument that the most effective way of forcing Iran into peace talks is to choke off its ability to wage war," the report said.

The United States had refused to sell arms to Iran and Iraq. Last January, it imposed tougher export controls "designed to inhibit international terrorism."

However, it remains legal to sell many items to Iran, and further export bans could give Iran a legal pretext to abrogate the 1981 agreement that freed the American hostages and is the mechanism by which the U.S. hopes to settle billions of dollars in claims by U.S. firms against Iran, the paper said.

The U.S. sales also include a wide variety of U.S.-made equipment that, while technically non-military, can be used for military purposes. The U.S. officials estimated that last year the value of the Commerce Department-licensed material was roughly 27 million dollars.

Interestingly, the report said, for several months, the administration has been pressing other governments to stop sales of arms, even small arms, to Iran. It has created frictions with some allies, particularly Britain.

According to the officials, the sales aroused great controversy within the government. The Defense Department which strongly opposed the sales, argues that any help to Iran's war effort runs counter to U.S. strategy for protecting the Persian Gulf and its vital oil supplies. While on the other side, the Commerce Department argues that interfering with the relationship between U.S. firms and their overseas customers could damage President Reagan's policy of aggressively promoting America's exports.

The State Department stands in the middle. While acknowledging that the sales clearly contradict the quarantine policy that could force Iran into negotiations with Iraq, it said that, as a practical matter, virtually all the items are available to Iran on the world markets, the report said.

CSO: 4000/438

UNITED STATES

U.S. OFFICIAL ON BALANCED POLICY ON EUROPE, ASIA

HK170445 Beijing RENMIN RIBAO in Chinese 16 Aug 84 p 6

[Report: "U.S. Deputy Secretary of State Kenneth Dam Speaks About U.S. Balanced Policy Toward Europe and Asia, Saying That Attaching Importance to Asia-Pacific Region Does Not Mean Turning Away From Europe Toward Asia"]

[Text] Speaking about U.S. relations with Europe and Asia at a recent meeting, U.S. Deputy Secretary of State Kenneth Dam stressed: "Our policy is a balanced one and it does not tilt to one side or the other." He said: "Viewed from the angles of politics and security, and economy in particular, the importance of Asia is increasing. However, it is not necessary for us to weaken our traditional relations with Europe while strengthening our ties with Asia."

Dam said this at the U.S. Lawyers Association Congress held in Chicago on 6 August. With the readjustment of the U.S. Government's policy toward the Asia-Pacific region since the beginning of this year, the United States has tended to attach more and more importance to Asia and this has set off much discussion in the international community. Public opinion in some European countries holds that the center of U.S. foreign affairs will turn away from Europe toward Asia. Evidently, Dam's speech was aimed at this view.

Dam said that the center of U.S. trade seems to be moving westward, U.S. trade across the Pacific has exceeded that across the Atlantic, and the "Far East" has become the U.S. "near west." However, he held that it is necessary to analyze whether the United States is turning away from Europe toward Asia. His conclusion is: "Our policy is a balanced one and it does not tilt to one side or the other."

Speaking about U.S. relations with Asia, he said: It is quite possible that the United States' interest in the Pacific region will increase in the next decade but this does not mean that the Americans have just "discovered" Asia. On the contrary, this is no more than restoring past ties, in particular, restoring U.S. relations with Asia, which gradually weakened after the war in Vietnam.

Speaking about U.S. relations with its European allies, Dam stressed that although their views may not be completely identical, "out relations remain

close," and they share important common interests in dealing with Soviet challenges and in security and defense. Dam held that the United States cannot lay particular stress on one region and neglect another. He pointed out that Europe, North America, and industrialized Asian countries should deal jointly with challenges to their prosperity and peace. He said: "We should view Europe-United States-Asia relations from the angle of complementing each other and not from the angle of competition."

CSO: 4005/809

UNITED STATES

JAPAN, SOVIET UNION HOLD CONSULTATIONS IN TOKYO

OW221718 Beijing XINHUA in English 1631 GMT 22 Aug 84

[Text] Tokyo, 22 Aug (XINHUA)--Representatives of the Japan and Soviet governments held a working-level meeting today and yesterday which is taken by newsmen here as a preparation for the talks between the foreign ministers of the two countries during the coming session of the United Nations General Assembly.

During the meeting between Chusei Yamada, chief of the Japanese Foreign Ministry's UN Affairs Bureau, and Vladimir F. Petrovskiy, director of the International Organization Department of Soviet Foreign Ministry, the Japanese side accused the Soviet Union of stepping up deployment of nuclear weapons including SS-20 missiles in the Far East and called for its unconditional return to the negotiating table for talks with the United States on intermediate-range nuclear force (INF) and strategic arms reduction talks (START).

The Soviet side stressed that the negotiations can be resumed only on condition that the United States withdraw all the medium-range missiles it has deployed in Western Europe, and expressed worry over the strengthening of military cooperation between Japan and the United States.

Both sides also discussed the Middle East, Afghanistan and Kampuchea issues.

Both parties agreed in their talks that it was necessary to expand the dialogue at a time when relations between Japan and the Soviet Union became increasingly strained. However, they acknowledged differences on a number of concrete matters still exist.

CSO: 4000/438

UNITED STATES

BRIEFS

EXPLOSIVE PIPELINES FOR NATO--Washington, 23 Aug (XINHUA)--The United States has recommended that its NATO allies strengthen their border defence by burying pipes filled with explosives which could be blown up to halt a possible Soviet attack, the Defense Department said. In a statement Wednesday, the Pentagon said that the recommendation was discussed with NATO parliamentarians at the Pentagon Monday during a briefing by Anthony Smith, director of European and NATO policy. The meeting was called to discuss improving conventional barriers to possible Soviet tank and other ground assaults. The Pentagon said that NATO military planners have not yet called for constructing such a barrier. Defense sources said that the pipes would remain empty in peacetime and would be filled with liquid explosives only when tensions developed to the point where an outbreak of war was expected. [Text] [OW231550 Beijing XINHUA in English 1448 GMT 23 Aug 84]

'OBSTACLES' TO USSR RELATIONS--Caracas, 6 Aug (AFP)--Chinese Foreign Minister Wu Xuequian said here Sunday that "obstacles" still obstruct normalization of relations between China and the Soviet Union. Without specifying the obstacles, the visiting minister expressed hope for future progress in Sino-Soviet relations. Mr Wu, who made his remarks to journalists during a Sunday sightseeing tour of (?Caracas), arrived in Venezuela Saturday from Mexico on the second stop of a four-nation Latin American tour which will also take him to Argentina and Brazil. Mr Wu will hold talks here Monday with Foreign Minister Isidro Morales Paul, and on the following day is scheduled to meet President Jaime Lusinchi and will with Hernan Anzola, the minister for energy and mines. [sentence as received] [Text] [PA060421 Paris AFP in English 0415 GMT 6 Aug 84]

CSO: 4000/438

NORTHEAST ASIA

JAPAN ENCOURAGING HI-TECH DEVELOPMENT

OW111156 Beijing XINHUA in English 1132 GMT 11 Aug 84

[Text] Tokyo, 10 Aug (XINHUA)--Japanese enterprises will enjoy tax reduction benefits next year if they choose to increase their investment in research or development of new materials or equipment, or in "venture businesses."

The Ministry of International Trade and Industry has drawn up a framework for such tax reductions in its study of taxation system revisions and ways and means of encouraging the enterprises to carry forward their development of comprehensive high technology. The total sum for the proposed tax reductions will average 100 billion yen (nearly 410 million U.S. dollars), a year.

The principal reason for the ministry's new taxation strategy is the recognized fact that the Japanese enterprises are being taxed more heavily than those in Western Europe or the United States. This in turn has resulted in less investment in high technology development and slow replacement of out-dated machinery and equipment, and eventually makes Japanese goods less competitive in the world market.

According to a study made by the Federation of Economic Organizations of Japan, the actual taxation rate for the Japanese enterprises is 51.57 percent in 1984 as against 32.26 percent for American enterprises in 1983 and 18.06 percent for the British in 1982.

CSO: 4000/440

NORTHEAST ASIA

BRIEFS

SEOUL DISSIDENT KIM TAE-CHUNG--Pyongyang, 6 Aug (XINHUA)--South Korean dissident Kim Tae-chung, now in exile in the United States, has decided to return home this year, the KOREAN CENTRAL NEWS AGENCY (KCNA) reported. Kim announced his decision on August 3 in an interview with Japanese reporters in Washington. Asked why he had decided to return, Kim replied it was for the sake of democratization of South Korea. Kim has lived in exile in the United States since 1982 after the South Korean authorities sentenced him to 20 years in prison on charges of sedition. Kim was quoted as saying that he does not fear the possibility that he will be jailed again upon his return to South Korea. [Text] [OW061112 Beijing XINHUA in English 1043 GMT 6 Aug 84]

DPRK RELEASES JAPANESE BOATS--Pyongyang, 4 Aug (XINHUA)--The Government of the Democratic People's Republic of Korea (DPRK) today released three Japanese boats it had detained since July 25, according to KCNA. The three Japanese fishing boats were charged with intruding into the DPRK's economic waters. It was reported that in view of the fact that the crew of the boats have confessed their guilt and asked for forgiveness, the department concerned of the DPRK decided to release the boats and demanded that the Japanese side take measures to prevent the reoccurrence of similar incidents. [Text] [OW050804 Beijing XINHUA in English 0757 GMT 5 Aug 84]

USSR SHOULD RETURN ISLANDS--Tokyo, 8 Aug (XINHUA)--Masuo Takashima, former Japanese ambassador to the USSR, said at the Tokyo Japanese Correspondents Club on 7 August that Japan must be firm in demanding that the USSR return the four northern islands, which is essential for improving Japan-USSR relations. Takashima said that Japan's stand in demanding the USSR to return the four northern islands is legitimate and unyielding. If Japan changes this correct stand, he said, the USSR would think Japan is weak and can be easily cowed. Takashima said that while the timetable for the return of the northern territories is another question, the territorial issue between Japan and the USSR must be resolved. [Text] [OW102347 Beijing XINHUA Domestic Service in Chinese 1806 GMT 8 Aug 84]

CSO: 4005/803

WESTERN HEMISPHERE

JOURNAL ON SOCIALIST PARTIES IN SOUTHERN EUROPE

HK161501 Beijing GUOJI WENTI YANJIU in Chinese No 3, 13 Jul 84 pp 23-30, 36

[Article by Ji Si [4764 1835]: "The Rise of Socialist Parties in Southern Europe and Their Present Policies"]

[Text] In the early 1980's, a spectacular change took place in the political scene of Southern Europe. Following the French Socialist Party, which came to power in May 1981, the socialist parties of Greece, Spain, and Portugal also came to power one after another. The Italian Socialist Party also increased its strength to some extent in the country's parliamentary election held in June 1983. With the support of some other allied parties, it forced the Christian Democratic Party, which had been in power for more than 3 decades, to give up the premiership, which was taken over by Bettino Craxi, the leader of the Socialist Party. In this way, a situation in which both the presidency and premiership are held by the socialists has emerged for the first time in Italian history and the ancient continent of Southern Europe has also been unified by the socialist parties for the first time in history.

I

The fact that the socialist parties in Southern Europe were able to develop in the early 1980's and to defeat their political opponents, to come to power, and to establish their ruling position from the center to the grassroots and from the legislation to the administrative fields in such a short time is not an accidental phenomenon but has profound historical, political, economic, and social roots.

1. The socialist parties in Southern Europe have developed and grown in strength amid the people's cries for change. The whole of Europe, which consists of both Southern and Northern Europe, is the birthplace of the social democratic trend of thought. The socialist parties have a fairly long history and exert an extensive influence on social life in various countries. In the early 1930's, when the Nazi fascists were rampant in a number of West European countries, the socialist parties in quite a few countries were suppressed and both their influence and activities were at a low tide. After World War II, the economy of Western Europe developed rapidly. Great changes took place in its political and social conditions and the socialist parties in various countries gained new ground. However, there was a great difference between Southern and Northern Europe in the development of the socialist parties and in their social, political, and economic influence in various

countries. First, in Northern Europe, the bourgeois parliamentary democratic system was gradually set up and consolidated, the legal status of various political parties were restored, and the democratic rights and liberties of citizens were expanded. In light of the people's aspirations for democracy and freedom after being subjected to the ruthless fascist rule and the suffering of World War II, many socialist parties, labor parties, and social democratic parties in Northern Europe put forward the political program of "democratic socialism." Economically, they advocated nationalism, planned economy, democratic management, expansion of employment, and improvement of the people's livelihood. Therefore, they enjoy popular support, came to power or became major opposition parties. A few socialist parties were also in power for a long time. For example, the Swedish Social Democratic Labor Party has been in power for 44 years since 1932. However, with the exception of France and Italy, the situation in Southern Europe was greatly different, where the rule of totalitarianism and military dictatorship did not end until the mid 1970's. In Spain, the autocratic rule of Franco went on for 37 years; in Portugal, the autocratic regime continued for 42 years; and Greece began a conservative rule under the monarchy as soon as it won liberation in 1944. In 1967 a military coup d'etat was staged in Greece, which resulted in a military dictatorship which lasted until 1974. The conservative regimes in various countries tried their utmost to preserve the remnant forces of the autocratic regimes and to safeguard the interests of the monopoly capitalist class. They refused to grant more political rights to the people so that the broad masses lacked the minimum democracy and freedom and the minority nationalities were subjected to political oppression and discrimination. Second, after World War II, the Northern European economy was "prosperous" for a time. Science and technology developed rapidly and the people's livelihood improved considerably. But the South European economy, which started very late, was in a state of underdevelopment for a long time. In the 1960's, the economies of these countries developed fairly fast but they still lagged far behind those in Middle and Northern Europe. For example, in the last 1960's, the proportion of the industrial output value in the GNP was 40-50 percent in the North European countries but only 20 percent in Southern Europe. Although it was a little higher in France and Italy, it accounted for only 27 and 30 percent respectively. A few other countries were relatively backward agricultural countries. The agricultural output value accounted for 53.9 percent of the GNP in Greece, 42.3 percent in Portugal, and about 40 percent in Spain. In these countries, the land system was still in a feudal separationist condition. The lords of the big manors owned a lot of land and the technique of agricultural production was very backward. The uneven economic development in Southern and Northern Europe resulted in a great disparity in the living standards of the people. In the last 1960's, the per capita annual income in the North European countries was about \$3,000. In some countries, such as Sweden and Denmark, it was close to \$4,000. But in most South European countries, it was only \$500-1,000. Even in France, whose economic development was relatively fast, it was only \$1,900. Third, after World War II, the United States intensified its penetration and control of Western Europe. Southern Europe was more heavily dependent on the United States militarily and economically. The military regimes in Southern Europe followed and threw in their lot with the United States for a long time. They allowed themselves to be ordered about by the United States in the political

and diplomatic fields and supplied the United States with military bases. These countries were in fact in a "subordinate" position. Therefore, the people of South European countries cherished a strong anti-American feeling. Due to the three causes mentioned above, for a long time in the past, the peoples of Southern Europe intensely wanted to change the political status quo, to expand democratic rights and freedom, to develop the economy, to improve the people's living standards, to oppose U.S. control, and to safeguard national rights and interests. They wanted unremitting struggle for this. By the mid 1970's, the voice of the peoples of Southern Europe for freedom, democracy, and the protection of human rights had grown louder and had become a powerful historical trend. It was under the impetus of this situation that the socialist parties of the various South European countries gradually developed and began to show their ability.

2. The socialist parties in Southern Europe have come to power amid profound economic crises. After the first energy crisis broke out in 1973, all the West European countries sank into the worst economic crisis since the war, which did not take a turn for the better even in the early 1980's. Because the economic bases of the South European countries were weaker than those of the North European countries, because they lacked natural resources, particularly crude oil and industrial raw materials, which should be imported for the greater part, and because they chiefly relied on exports for the sales of their own products, these countries were even more seriously affected when the United States took the lead in practicing protectionism and when the prices of crude oil and industrial raw materials rose. Their economies remained stagnant for a long time and both inflation and unemployment worsened simultaneously. In 1980 the inflation rate was 13.6 percent in France, 26.2 percent in Greece, 21.5 percent in Italy, 16.6 percent in Portugal, and 15.2 percent in Spain. In the same year, the number of the unemployed and the unemployment rate were 1.5 million and 7.5 percent in France; 70,000 and 2.4 percent in Greece; 1.7 million and 7.6 percent in Italy; 340,000 and 7.9 percent in Portugal; and 1.6 million and 12.6 percent in Spain. During this period, most of the governments of the conservative and centrist parties adopted the inflationary policies of expanding the financial deficits in order to stimulate an economic upturn. They also increased various taxes under all sorts of pretexts and arbitrarily raised prices in an effort to shift the burden of the economic crisis to the broad masses of people. The result was that the living standard of the people dropped extensively. The growing number of the unemployed, in particular, threw social order into serious chaos. The rate of juvenile delinquency rose by a big margin, and kidnapping, drug trafficking, and assassination activities increased day by day. The terrorist activities in Italy and Spain were even more serious and the political situation was in turmoil. Confronted with this chaotic political and economic situation, the governments of various countries were at a loss what to do and the prestige of the conservative parties and the centrist parties among the electorate steadily declined. From the mid 1970's the focus of confidence of the electorate in these countries started to shift from the conservative parties to the left-wing forces, such as the socialist parties. The electorate of some countries, such as Italy and Portugal, even turned to the communist parties for a time. In particular, the political attitude of the intermediate strata, which had considerable strength, changed a great deal. The

economic crisis infringed upon the interests of the intermediate strata, which consisted chiefly of the vast numbers of small entrepreneurs, and shook their economic position. For this reason, they were dissatisfied with the current political and economic situation and did not have faith in the governments of the conservative and the centrist parties. They demanded "changes" but they also dreaded "violence" and "revolution." They were afraid that the ultrarightist faction would stage a comeback but they also held that it was still unrealistic for the left-wing parties to come to power. Because the socialist parties tried their utmost to foster a moderate image and to give consideration to the interests of the intermediate strata, they made a good impression on and won the support of these people. In the Spanish general election held in October 1982, the seats of the Union of the Democratic Center in the Congress of Deputies dropped from 167 in the last election to 12 while the votes of the Spanish Socialist Workers' Party drastically increased from 5.5 million to 10 million. This is a clear example.

3. The readjustment of their policies is conducive to the development of the socialist parties in Southern Europe. Judging from their political stands, the European socialist parties basically represent the interests of the middle- and petit-bourgeoisie and pursue a reformist line. Generally speaking, the ideological line and political stand of the socialist parties in Southern Europe are more radical than those of the socialist parties in Northern Europe. In the past, the French Socialist Party definitely put forward the political slogan of "breaking with capitalism"; the Italian Socialist Party set forth the political objective of "socializing the means of production and products and abolishing classes and eventually the state" and effecting "replacement by the left wing" in Italy; the Spanish Socialist Workers' Party put forward the slogans of "abolishing private ownership of the means of production" and "realizing a socialist society of the proletariat"; and Portuguese Socialist Party put forward the slogan of "setting up a classless society in Portugal." These radical slogans were too highbrow to be popular and received little response from society. In the late 1970's and early 1980's, in an effort to win the extensive support of the various social strata, the various socialist parties in Southern Europe effected a major readjustment of their strategies. In light of their respective national conditions, they put forward moderate political and economic programs and gave prominence to the ideas of "democracy" and "reform." They flaunted the banner of "democratic socialism" and advocated "political democracy" and "economic democracy." For example, the Panhellenic Socialist Movement put forward the idea of "promoting national independence, people's rule, social emancipation, and democracy in various stages of the state political life." In its political line approved at the 25th congress held in October 1981, the Spanish Socialist Workers' Party reaffirmed that the primary task of the party was to "carry out economic and social democratic reform" and stressed that "the reform of capitalist society in Spain can only be realized through democratic means." The French Socialist Party still stressed the gradual establishment of an "autonomous" "socialist society" "through a democratic path." The slogan of "democratic socialism" put forward by the Portuguese Socialist Party referred to an "autonomous and innovative social plan" and a "social pattern aimed at carrying out great reform." During the general elections, the

various parties made further efforts to flaunt the banner of "reform." In May 1981, when Francois Mitterrand ran for the presidency, he put forward the "110 proposals" which centered on the expansion of nationalization, the transfer of power to lower levels, and social reform which was called the "Mitterrand program." The program put forward numerous measures, from politics, economy, culture, to welfare reform, and the extensive scale of the program was rarely seen in history. Such a massive reform plan naturally had a strong appeal to the vast numbers of French voters. The Panhellenic Socialist Movement put forward the necessity to "socialize all credit funds and large-scale enterprises," to work out economic planning with the participation of the whole society, to decentralize administrative power by means of strengthening regional autonomy, and to narrow the salary gap. The Portuguese Socialist Party put forward the program of consolidating the democratic system, overcoming bureaucratism, opposing the centralization of state power, transferring power to a lower level, practicing regional autonomy, and developing educational, scientific, and cultural undertakings. In 1981 the Italian Socialist Party put forward a political outline centering on the "great reform." According to this outline, reform would be gradually carried out on the constitution, electoral law, and the functions of the president, the Senate, and the Chamber of Deputies in order to stabilize the Italian political situation. Economically, the party formulated a development plan for checking inflation, increasing investment and employment, and narrowing the gap between the southern and northern parts of Italy. At the same time, it advocated the reform of culture, the press, and education. Moreover, the Italian Socialist Party put forward the slogan of first taking turns with the Christian Democratic Party in assuming power and then replacing this with left wing power. In the general election held in October 1982, the Spanish Socialist Workers' Party put forward the slogan of "reform" and promised the voters to speed up the transfer of power from the center to the grassroots, to achieve regional autonomy on a national scale, to streamline state organs, to reform legislation, to reduce work hours, to reform industry, to nationalize a few parts of some sectors, and to create jobs for 800,000 people. Furthermore, in their political programs, a few socialist parties advocated a foreign policy, which includes "maintaining independence and keeping the initiative in one's own hands," opposing the "policy of blocs," carrying out disarmament and detente, disbanding the two major military blocs, maintaining East-West balance, supporting the national liberation struggle of the peoples of various countries, and developing North-South cooperation. These propositions conformed with the ideas of the West European people who dread war and demand detente and so won the extensive support of the voters.

4. The strengthened internal unity of the socialist parties in Southern Europe helps to expand their influence and strength. There are numerous factions within the socialist parties in various South European countries and there have been numerous splits in the past. After being rebuilt in the early 1970's, the "moderate factions" or the "centrist factions" of some parties gradually occupied a dominant position within the parties. Although political differences still existed within the parties and although factional struggle never ceased, major organizational splits were avoided and considerable development was attained because the principal leaders of the various parties, who enjoyed fairly high prestige, were still able to play a balancing and

mediating role among the various factions by adopting the principle of "unity" toward the factions holding different political views and by showing consideration for their interests. In the meantime, since the basic components of these parties are petit-bourgeoisie, office workers, teachers, small businessmen, workers, and farmers, they have a fairly extensive mass basis. In recent years, the various parties have also attached importance to the work of recruiting new party members, stressing that the party is "a party of laborers," "a party of multi-classes" and "a party of the masses." Therefore, their forces have developed considerably. By the early 1980s, the French Socialist Party and the Spanish Socialist Workers' Party had a membership of 200,000 each the Italian Socialist Party 500,000, the Panhellenic Socialist Movement 190,000, and the Portuguese Socialist Party 70,000-80,000. The influence of these parties among the mass organizations have also steadily increased. For example, the "Confederacion Francaise Democratique du Travail" under the influence of the French Socialist Party is the second biggest trade union in France with a membership of 1 million. The "(General Confederation of Laborers)" under the control and influence of the Spanish Socialist Workers' Party has developed into the largest trade union in the country with a membership of more than 2 million. The "Unione Italiana del Lavoro," with a membership of 1.3 million, is subject to the influence of the Italian Socialist Party and has a considerable influence upon the "Confederazione Generale Italiana del Lavoro," the largest trade union in Italy. The "(General Confederation of Laborers)" under the control of the Portuguese Socialist Party has a membership of 400,000. The "(All-Greece Trade Union Movement of the Workers' Struggle)" under the leadership of the Panhellenic Socialist Movement is a powerful mainstay of that party. The socialist parties make use of the trade union organizations to struggle against management. In doing so, they have not only safeguarded the interests of party members and expanded the political influence of the parties among the laboring masses but also expanded their forces. The members of the socialist parties account for a considerable proportion in these trade union organizations.

Moreover, the shaky position of the United States as an overlord in Western Europe and its weakening political and economic influence in Western Europe have also created a favorable condition for the various socialist parties in Southern Europe to come to power.

II

Four years have passed since the French Socialist Party came to power in May 1981. In the past 4 years, the socialist parties of the other South European countries have also come to power one after another. Some spectacular changes have taken place in the domestic and foreign policies of these countries and some progress has been attained.

The governments of various countries have carried out a series of economic and political reforms domestically, thus effecting some important changes in the old economic and social structures. After coming to power, Mitterrand expanded his nationalization policy by nationalizing almost all banks and credit institutions. This represented a big blow to private monopoly capital in France and caused great repercussions at home and abroad. Moreover, the

government has also carried out some reforms, such as reducing work hours, granting earlier retirement, expanding welfare services, and abolishing capital punishment. Objectively, this has brought some advantageous to the middle- and petit-bourgeoisie and the laboring people. Soon after it came to power, the Spanish Socialist Workers' Party implemented regional autonomy throughout the country and carried out a major reform on the decades-long centralization of state power initiated by Franco; at the beginning of this year, the government started to carry out an unprecedented reorganization plan for the army in order to quicken the pace of the national defense modernization. The Greek Socialist Party has implemented the indexation of salaries and the socialization of public enterprises and promulgated and implemented the "family law," which proclaims the equality of the sexes and affirms that both secular and religious marriages have equal legal effect. These judicial forms have done away with some obsolete viewpoints. Some countries have carried out reforms in various fields, such as politics, economy, culture, and education, and some are in the process of enacting legislation. Generally speaking, these reforms are more profound and extensive than the old-fashion reform of the social democratic parties in Northern Europe. They expand the democratic rights of the people to a certain degree and weaken the centralization of state power. They will exert profound influence on the political life of both Southern and Western Europe. We should also note that because some South European countries experienced civil wars and military dictatorship in the past, the conservative forces are still powerful and the antagonistic sentiments between the left and the rightist factions are still strong. The fact that the various socialist parties are able to carry out reform without causing a chaotic political situation is an outstanding achievement in itself.

There is a clear and increasingly strong tendency to "maintain independence and keep the initiative in their own hands" in the foreign policies of the socialist governments in Southern Europe. This is mainly shown in the following facts: 1) These governments have denounced Soviet and U.S. hegemonism and policies of intervention and hold that "hegemonist acts of the Soviet Union and the United States are the roots of the tension in the international situation." Like their predecessors, the governments of the socialist parties in Southern Europe oppose the hegemonist expansive policies that are carried out by the Soviet Union, regard the Soviet Union as the greatest threat to the security of Western Europe, and have adopted increasingly hardline attitudes toward it. At the same time, the governments of these countries are indignant and they have denounced the Reagan administration because it supports Israel and instigates Israel to implement an expansionist policy and because of its armed invasion of Lebanon. Concerning Central American issues, they denounced the U.S. Government's policies of military intervention in this area and opposed the U.S. armed invasion in Grenada. They differ from the United States on the development of South-North cooperation and on the relations with the Third World countries. They have laid even greater stress on the idea that the relations between the United States and Europe must be an entirely equal partnership. 2) They hold that they should establish and develop their own defense. Concerning this, France is particularly firm in adhering to this stand. In order to strive for the status of a big country for France and in order to break the nuclear monopoly of the two superpowers, ever since he came to office, President Francois Mitterrand has persisted in maintaining

an independent defense force and has advocated the views that "there must be a thorough reform in the alliance between Europe and the United States" and that Europe must rely on its own strength in safeguarding its own interests and security. In October 1982, the heads of France and FRG reached an accord on the issue of defense. This opened up a "new phase of the security of Europe." 3) Out of the consideration of their own security and economic interests, they seek to improve their relations with the Soviet Union and Eastern European countries. In some of their joint acts in denouncing and imposing sanctions against the Soviet Union, they have refused to obey the orders of the United States, persisted in "separating diplomacy from economy" and advocated the adoption of a "policy of defense plus detente" toward the Soviet Union. In February 1983, the French minister of external relations visited the Soviet Union and resumed political dialogue between senior officials of the two countries and thus improved the relations between the two countries which had been in a cold stalemate. Not long after the Spanish Socialist Workers' Party formed a cabinet, the Spanish minister of foreign affairs visited the Soviet Union. During this visit, the two countries expressed their willingness to develop their economic, commercial, and cultural relations. Since Bettino Craxi, a member of the Italian Socialist Party, became the prime minister, he has shown a great flexibility in dealing with the relations with the Soviet Union. He attended the reception given by the Soviet Embassy to Italy to mark the 66th anniversary of the October Revolution. This, after all, was a significant act to show his intention to improve Italian-Soviet relations.

In February 1983, Nikolay A. Tikhonov, chairman of USSR Council of Ministers, visited Greece and signed a 10-year agreement of economic, industrial, scientific, and technological cooperation between the two countries. Since Prime Minister Mario Soares came to office, the tension in Portuguese-Soviet relations has to some extent been eased. Before the end of this year, French President Mitterrand and Italian and Portuguese foreign ministers will visit the Soviet Union. In addition, the relations between Southern and Eastern European countries have begun to be active and the number of visits of a political nature between these countries has increased. Last April, the Italian Prime Minister visited Hungary. 4) These countries vigorously advocate North-South cooperation. The relatively economically backward countries in Southern Europe have tasted to the full the bitterness of the crisis that the United States has transferred to them. The high interest rates in the United States have forced these countries to devalue their currencies, caused an outflow of capital and a skyrocketing inflation in these countries. The United States has taken the lead in practicing protectionism and thus caused the deficits in these countries' trade with the United States to increase year by year. Therefore, these countries are indignant at the United States' practice of benefitting itself at the expense of other countries and hold that the whole of Europe should strengthen their mutual cooperation to counter the United States and Japan. At the same time, in order to find sources of raw materials and expand the market for their commodities, they are vigorously in favor of South-North cooperation and have further developed their relations of economic cooperation with Third World countries.

Since they came to power, the socialist parties of various countries in Southern Europe have stressed the establishment of a "relation of equal partnership" with the United States and compared with their predecessors they have criticized the United States more. However, they have in the main inherited their predecessors' foreign policies which are based on the idea that they are a part of the Western world. They stress that they belong to the Western world and attach importance to developing and improving their relations with the United States and strengthening their defense cooperation within NATO.

Except for Greece, the governments of all these countries support NATO's decision on the deployment of two kinds of missiles in Europe. The year 1983 was a "year of missiles in Europe." The Western stand of the governments of these countries have been reflected in a concentrated manner in their attitude toward the issue of the deployment of medium-range missiles in Europe. The Mitterrand government holds that Soviet deployment of SS-20 missiles in Europe has destroyed the "balance in Europe." It has time and again reiterated France's hope that the United States and the Soviet Union reach an agreement through talks and that otherwise Western Europe must deploy Pershing-II and cruise missiles for the sake of its own security, because only by deploying these medium-range missiles can the balance between Eastern and Western military strength in Europe be restored. Italy is one of the five NATO countries where the medium-ranged missiles are to be deployed. The Socialist Party and all other parties in power there unanimously agreed to the deployment of the missiles at Comiso Base in Sicily. The Portuguese Government has expressed the view that only by deploying medium-range missiles in Europe can the Soviet nuclear threat be offset. Before coming into power, the Spanish Socialist Workers' Party always adopted an ambiguous attitude. Soon after it came to power, Prime Minister Felipe Gonzalez Marquez used the opportunity of his visit to the FRG to clearly express that he supported NATO's decision on the deployment of the two kinds of missiles. His stand that if the talks between the United States and the Soviet Union ended in failure, Spain would support the deployment of medium-range missiles in Europe has been well received by the United States and the other NATO member countries.

Concerning the issue of strengthening the defense of the West, the stand of the governments of these countries are basically identical. Since the French Socialist Party came into power, it, on the one hand, has stressed the establishment of an "independent defense," but on the other hand has expressed its loyalty to the NATO. True, in its program, it upholds the final disbandment of both the NATO and the Warsaw Pact, but the Mitterrand government has attached great importance to strengthening its strategic alliance with the United States. Western political circles hold that the French Socialist Government's foreign and defense policies has an even stronger Atlantic flavor than those of the D'Estaing government. The Italian Socialist government has always persisted in opposing Soviet hegemonism and strengthening the defense of the NATO and held that it should conscientiously undertake its duties in the NATO. The Portuguese Socialist government has paid attention to strengthening its defense cooperation within NATO. Before the Spanish Socialist Workers' Party came to power, it actively opposed the previous government's decision on applying for Spain's membership in NATO and declared that when it came to

power, Spain would resign from NATO, but, since that party came to power, Spain would resign from NATO, but, since that party came to power, it has only suspended the talks on admitting Spain into NATO and promised that it will hold a referendum in order to decide whether Spain should continue its participation in NATO. However, it has time and again delayed the referendum and expressed the view that the Spanish Government would not change its policy toward NATO in the immediate future. Before it rose to power, the Panhellenic Socialist Movement clearly advocated that Greece had to resign from NATO and the EEC. However, judging by its practice at present, the Greek Government has in fact laid aside and neglected the issue of Greece's resignation from NATO and has been considering the question of how it should maintain its "special relations" with NATO.

They have been vigorously improving and developing their relation with the United States. Since he rose to power, Francois M. Mitterrand has time and again met Ronald Reagan and his aim in meeting Reagan was to strengthen the relations of strategic alliance between France and the United States. The heads of the governments of the other countries have also visited the United States. The United States has also expressed its support for the socialist governments of these countries and has done something to improve its cooperative relations with these countries. Mitterrand has expressed the view that French-U.S. relations have been the best in many years and both Gonzalez and Soares have expressed their satisfaction with the development and improvement in Spanish-U.S. and Portuguese-U.S. relations. The Spanish and Greek governments have adopted a very "flexible" attitude toward the problem of military bases. As far back as in July 1982, the previous Spanish Government signed a "Spanish-American Friendship, Defense and Cooperation Agreement" of 5 years term to replace the expired Spanish-American Friendship and Cooperation Agreement. According to this agreement, the 11,000 U.S. Navy and Airforce personnel will continue to stay in the four military bases in Spain, and beginning from 1983 the United States will provide \$415 million in military aid to Spain every year. In July 1983, Spain and the United States signs a protocol as a supplement to the above agreement. The United States is satisfied with the cooperative attitude of the Spanish Socialist Workers' Party. Before the Panhellenic Socialist Movement came to power, it clearly advocated Greece's withdrawal from NATO and the abolishment of U.S. military bases in Greece. However, since it came to power, it has retrogressed from its original stand. In September 1983, it signed an agreement with the United States on the issue of military bases which allowed the United States to continue to use the military bases until 1988. In December 1983, the Portuguese Socialist Party also signed a treaty with the United States and thus enabled the United States to use its air bases in the Azores for another 7 years. In short, many of the socialist parties in Southern European countries have retrogressed from their previous anti-U.S. stand since they came to power. The main reasons for this are: 1) The intensive political, economic, military, and cultural infiltration of the United States in this area has aroused a strong anti-U.S. mentality among the people there. Before these parties came to power, they publicized some anti-U.S. ideas mainly in order to meet such an anti-U.S. mentality and win support from the voters although they did not really intend to carry out these ideas in practice. 2) Like all countries in Europe, Southern European countries have deep and extensive relations with the

United States, in particular they find it even more difficult to break away from their economic and military dependence on the United States. Greece depends on the United States for the supply of 90 percent of its military equipment. Portugal needs a large amount of economic and military aid from the United States every year. Italy has a particularly close economic relations with the United States, which has invested in more than 100 large enterprises in Italy. In 80 percent of these enterprises, the U.S. investment accounts for more than 50 percent of their capital. The United States has stationed its troops in Italy and established military bases there. Spain is carrying out a transformation of its troops. However, it depends on the support of the United States for the modernization of its troops. Though France stresses independent defense, as its economic strength is limited, it needs aid and support from the United States to strengthen and develop its economy. 3) Southern Europe has an important strategic position, therefore, the scramble between the two superpowers in this area is fierce. In particular, the Soviet Union is eyeing this strategic area covetously and it is quickly strengthening its navy in the Mediterranean. This has already roused anxiety among the littoral countries of the Mediterranean. Soviet deployment of the SS-20 missiles has already upset "parity" in Europe, therefore, these countries need nuclear protection from the United States. That is why though the programs of some of the parties oppose the "policy of military blocs" and uphold the disbandment of the two major military blocs, out of the consideration of their security and interests, they cannot help but be included in the Western defense system. Therefore, although there are still quite a few contradictions and differences between Southern European countries and the United States, since May 1981 when the French Socialist Party came to power, no radical change has taken place in the overall situation of the relations between these countries and the United States.

III

The various socialist parties in Southern Europe have scored some achievements in running their countries since they came to power. However, they are faced with quite a large number of difficulties and have to undergo severe tests in the future. First, these countries still have many economic difficulties and since these parties came to power, they have encountered many difficulties in carrying out reforms in the economic field. As a result, the reform has been much talked about but little has been done and few results achieved. This has disappointed the voters. In 1983, the growth rate of the French and Greek economies was only 0.5 percent, and that of Spain was 2 percent while the Portuguese and Italian economies dropped by 2 and 1.25 percent respectively. Because of the implementation of a plan of industrial reform, a large number of workers were dismissed in Spain and this gave rise to strikes here and there which have caused a loss of 80 million work hours. Portugal suffered an international payments deficit amounting to \$1.8 billion, its rate of unemployment was 12 percent and more than 4,000 medium-sized and small enterprises have closed down there. The excessive scale of nationalization in France has brought about an adverse effect, increased its trade deficit, caused the franc to be devalued several times, and delayed the arrival of an economic recovery. Practice has proved that as all the reform measures of these parties are based on the prerequisite of protecting the

private economy and refraining from harming the fundamental interests of big monopoly capital, the reforms cannot be thorough. Now, the enthusiasm for reform has begun to gradually decline and the plan for nationalization has already been actually suspended. This and in addition, the failure of some of the parties to make good the promises that they made before they came to power, has caused a decline in their prestige and made them lose the support of quite a few voters. The continuous failure of the French Socialist Party in the elections in cities and towns is much talked about in press there. Moreover, since these parties came to power, in order to pose a moderate image, these parties have adopted some "moderate policies" to appease the troops, religious circles, and monopoly capitalists. This has roused the indignation of the "left wing" in these parties and aggravated the contradictions between various factions inside these parties. At present, the right wing parties in Southern European are reorganizing their ranks and readjusting their strategy in order to contend for power with the left wing parties. It is difficult to foresee that the socialist parties in various Southern European countries will be faced with more serious political and economic challenges in the future.

In the diplomatic field, the governments of these countries are faced with quite a few difficulties and problems. Because of their limited economic strength, in striving to strengthen their own defense, these countries need support and aid from the United States and this has greatly reduced their room to maneuver in their diplomatic activities. The Mitterrand government has always regarded the establishment of a unified European community with France and the FRG as axes as the key to its foreign policies and has pursued the status of a big country. However, its arrogance and selfish national attitude in dealing with the problems related to the allocation of contributions to the EEC and the admittance of Spain and Portugal into the EEC has greatly undermined France's reputation. As a result, there has been little improvement in France's relations with its neighbors. The Spanish Socialist Workers' Party is in a dilemma in dealing with the problem of whether Spain should continue its participation in NATO. It has not yet made good the promise that it gave when it came to power that it would hold a referendum to solve this problem. According to our statistics if a referendum is held now, about 70 percent of the people would vote for Spain's withdrawal from NATO. However, Spain's withdrawal from NATO will certainly rouse the indignation of the Spanish Army, the United States and the other NATO member countries. This will be a very difficult act to perform. If the government continues to delay the solution of this problem for a long time, there will be a great reduction in its prestige. Moreover, Spain has also encountered many difficulties in the talks for admittance into the EEC. Since Andre Papandreu came to power in Greece, there has been no improvement in the relations between Greece and Turkey. Greece has always regarded Turkey as the chief threat to its security. Its efforts to change the United States' attitude of siding with Turkey have not been very effective. It will continue its disputes with Turkey on the issues related to Cyprus and the Aegean Sea and there will continue to be tensions in the relations between the two countries. The beginning of the deployment of the medium-range missiles in Italy has already roused the indignation of the people there. The Craxi government has been under heavy pressure. When Craxi visited Portugal not long ago, he said that

he would request the United States to suspend the deployment of the medium-range missiles and resume talks with the Soviet Union. This suggestion has been opposed by the Christian Democratic Party and other government parties. As a result, the contradictions between various parties in the coalition government has deepened. Since Soares came to power in Portugal, he has always regarded as a key to its diplomatic policies the development of cooperative relations between Portugal and African countries. However, because Portugal is a small country with limited strength, it has never been able to achieve great results. As the government has carried out a policy of excessive dependence on the United States, the press at home has begun to show their indignation at this and the differences inside the party have aggravated day by day. It is difficult for the socialist governments in Southern Europe to solve, in a short time, the difficult diplomatic problems that they are faced with. This has an impact on their foreign relations and has made it difficult for them to achieve much or to continue to open up new prospects in the diplomatic field.

The general diplomatic tendency of the socialist governments in Southern Europe in the future will be a more outstanding tendency in safeguarding the national interests and security of their own countries, opposing hegemonism and the arms race between the two superpowers, and developing their cooperative relations with Third World countries. Their tendency of maintaining independence and keeping the initiative in their own hands will continue to grow. 1) Like Central and Northern European countries, the various Southern European countries have a deep worry about the tension in U.S.-Soviet relations and are not satisfied with the deadlock in U.S.-Soviet relations. They are more active than Central and Northern European countries in upholding the banners of disarmament and detente. Under the prerequisite of not separating themselves from the Western camp, they will take the initiative in striving to break the deadlock in their relations with the Soviet Union and with Eastern European countries and continue to create an atmosphere of detente. Spanish King Juan Carlos and French President Mitterrand will respectively visit the Soviet Union this year. The increase and upgrading in political exchanges will be favorable for a detente in East-West relations. In addition, out of their economic needs, the Southern European countries will vigorously develop their economic trade, and technological cooperation with the Soviet Union and the Eastern European countries. 2) Concerning the issue of the deployment of the medium-range missiles, since the beginning of the deployment at the end of last year, there has been a strong reaction to the deployment, an upsurge of the peace campaign, and a deepening in domestic contradictions in these countries. In particular, the tendency of alternating nuclear and conventional arm races has deeply disturbed the Southern European countries. They are not willing to accept the disastrous results that will be brought about by these kinds of adventurous activities of the United States. Therefore, together with Central and Northern European countries, these countries will continue to bring pressure on the United States and the Soviet Union and urge them to resume nuclear talks as soon as possible. Not long ago, Prime Minister Craxi wrote to President Reagan, proposing the suspension of deployment of the medium-range missiles and the resumption of nuclear talks. This is precisely an outstanding act of this kind. 3) All these countries will continue to strive to keep aloof from the scramble of the two

hegemonist countries and will pay even greater attention to their own defense and security. This will particularly be the case with the issue of the security in the Mediterranean Sea. In the face of the fierce military threat of the Soviet Union, all these countries have a common desire to strengthen the defense in this area.

In short, the various countries in Southern Europe have many things in common concerning some major international problems. Because their national conditions differ and because they have many differences on some problems, it is difficult for them to form a combined political force on the international stage in the near future. However, because Southern Europe has an important strategic position, it will play an increasingly important role in world affairs as their political and economic statuses continue to improve. In a world that is full of changes at present, the trend of the policies of Southern European socialist governments merits our attention.

CSO: 4005/805

WESTERN HEMISPHERE

BRIEFS

VICE CHAIRMAN MEETS PERUVIAN GUESTS--Beijing, 21 Aug (XINHUA)--Liao Hansheng, vice-chairman of the Standing Committee of the Chinese People's Congress, met here this afternoon with Eulogio Pena, Peruvian vice-minister of transportation and communications, and president of Peru's Board of Film, Radio and Television (Canal 7) S.A. Before the meeting, a protocol concerning exchanges between the television authorities of Peru and China was signed, under which the two sides will exchange TV programs on a gratis basis. Liao expressed his congratulations on the signing of the protocol. Present on the occasion were Vice-Minister of Radio and Television Xie Wenqing and Peruvian Ambassador to China Juan Alayza Rospigliosi. [Text] [OW211528 Beijing XINHUA in English 1438 GMT 21 Aug 84]

MEXICAN PARLIAMENTARY DELEGATION LEAVES--Shanghai, 18 Aug (XINHUA)--A Mexican parliament delegation wound up its 10-day visit to China and left here for home today. The delegation is led by Antonio Riva Palacio Lopez, secretary of the Great Commission of the Senate of Mexico. Upon his departure, Riva Palacio told XINHUA that he was impressed by the Chinese people's hard work and modesty. He saw that the Chinese people were working hard to develop their own country, he said. [Text] [OW181307 Beijing XINHUA in English 1241 GMT 18 Aug 84]

NICARAGUA ON POSSIBLE U.S. ATTACK--Managua, 23 Aug (XINHUA)--The Nicaraguan Government has approved a decree ordering the establishment of a nationwide alarm system to warn of the "escalated aggression" of the United States. The decree was approved Wednesday by the country's Council of State. The decree said that the establishment of an "aerial alarm system" was to alert Nicaraguans of the advance of enemy aircraft toward the country. "Faced with the escalated aggression of U.S. imperialism against our people," it said, "it is necessary to establish a practical and uniform system for the defense of the population and (the nation's) economic resources." Nicaraguan leader Daniel Ortega said last week that he did not rule out the possibility of a U.S. military attack on Nicaragua. "We do not discount the possibility of an aggression by the United States that would include air attacks against strategic points in Nicaragua," Ortega said. [Text] [OW231918 Beijing XINHUA in English 1636 GMT 23 Aug 84]

CSO: 4000/436

NATIONAL AFFAIRS

GUANGMING RIBAO PRAISES PATRIOTIC SONG GENERALS

HK171301 Beijing GUANGMING RIBAO in Chinese 1 Aug 84 p 3

[Article by Gu Quanfang [0657 0356 5364]: "A Talk on the Patriotic Spirit of the Generals of the Yang Family in the Northern Song Dynasty"]

[Text] The three generations of the Yang family produced a few well-known patriotic generals who contributed to the Song dynasty's struggle against the state of Liao in the history of China. Yang Ye was originally a provincial governor of the state of Northern Han. Emperor Tai Zong of the Song dynasty attacked Taiyuan and exterminated the state of Northern Han in 979. Yang Ye "surrendered" to Emperor Tai Zong after a "fierce battle to protect his city." ("Brief History of the Eastern Capital" [Dong Du Shi Lue], vol 34) Yang Ye was appointed governor of Daizhou shortly after his surrender and was stationed on the Song-Liao border at Yanmen Pass, Shanxi Province, in charge of the frontier defense against the state of Liao. The army of Liao invaded Yanmen in 980 and 982. With less strength than the enemy, Yang Ye managed to repulse the invaders and thus gained considerable fame among his contemporaries. "The troops of Qidan were so afraid of Yang Ye that they retreated as soon as they saw Yang's banner." ("Short Annals of the Nine Dynasties" [Jiu Chao Bian Nian Bei Yao], vol 3) Emperor Tai Zong launched a three-route offensive against the state of Liao in 986. And Yang Ye was commissioned to be the deputy commander in chief of the troops to attack Shanxi. His troops won a victory and took over the northern part of Shanxi. However, as the main force of the Song army led by Cao Bin suffered a complete defeat in Hebei, Yang Ye was ordered to retreat to Diaozhou (Dai County, Shanxi). He was forced by Yang Shen, inspector-general of the army, to attack Shuozhou (Shuo County, Shanxi) and subsequently fell into an ambush of the Liao troops. Seriously wounded, Yang Ye was captured by the enemy. He refused to surrender to the state of Liao and hunger-struck to death. Yang Ye's son Yang Yanyu and all his troops also died a heroic death in the battle. According to "History of the State of Liao," after Yang Ye was captured, "Yelu Xiezheng asked him? 'You have been fighting us for more than 3 decades. Now, do you not feel too ashamed to face us?' Yang Ye replied that he deserved death." ("History of the State of Liao" [Liao Shi], vol 83) Some people cited this as an evidence to accuse Yang Ye of surrendering to the enemy and betraying the country before his death. Actually this is not strong enough evidence to support their charge. In fact, as one of Liao's tributary states,

Northern Han had never had disputes nor engaged in war with Liao. Therefore, Yang Ye had never fought and could never fight Liao during the 20 years or more when he was serving in the Northern Han's army. Liao's charge against Yang Ye of "fighting Liao for more than 3 decades" and the record that Yang "replied that he deserved death" were nothing but an exaggeration by Yelu Xizhen.

Besides Yang Yangyu, who died in the above-mentioned battle, Yang Yanzhao was the most well-known son of Yang Ye. He carried on his father's cause, making brilliant achievements in defending Song's border in Shanxi and Hebei provinces against the aggression of Liao for nearly 30 years. He had been promoted to be deputy commander in chief of the Gaoyang Pass. As well-known generals of Hebei Province "having performed outstandingly in defending the border," he and Yang Si were known to their contemporaries as the "Two Yang's" and were commended by Emperor Zhen Zong of the Song dynasty. Yang Yanzhao was among the hawks during the Battle of Chanyuan and was highly appreciated by Kou Zhun. ("Collected Essays of Houshan" [Hou Shan Cong Tan], vol 1) Yang Wenguang, the son of Yang Yanzhao, also actively engaged in the struggle against Liao and Western Xia.

The reason why the heroic deeds of the generals of the Yang family have been praised from generation to generation lies in the patriotic spirit they displayed in their indomitable struggle against Liao. Of course, the state that the generals of the Yang family loved was the Song dynasty. Unlike historians of our times, these patriots living nearly 1,000 years ago could never understand the fact that both Song and Liao were parts of China. The war between Song and Liao was a war between a political regime and a nationality within a country. The generals of the Yang family could never love both the Song dynasty and the state of Liao and both the Han nationality and the Qidan nationality. In "pledging his loyalty to the country," Yu Fei meant to be loyal to the emperor and the Song dynasty. There is no doubt that he was pledging to "devote" his life to his "country," that is, the Song dynasty. In pledging to "recover the sacred territory of the motherland," he meant to recover the territory of the Song dynasty under the occupation by the state of Jin. Similarly, Yang Ye devoted his life to his country. He declared before departing for the Battle of Shouzhou that he "was determined to render his service to the country" and claiming before he died for the country that "he felt ashamed to live as a prisoner of the enemy." ("Collection of Historical Facts of the Song Dynasty" [Song Chao Shi Shi Lei Yuan], vol 55) What he said showed that he was loyal to the Song emperor and was ready to devote his life to the Song dynasty. If this was a pitiful example of blind devotion to an emperor due to the limitations of the times, then the people of the Song dynasty actually had no way to escape such limitations. In fact, while Yue Fei and the generals of the Yang family loved the Song dynasty rather than the states of Liao and Jin, the patriots of the states of Liao and Jin and of Qidan and Nuzhen nationalities also loved their own states rather than the Song dynasty, just like their Song counterparts did. Can we deny the argument that Yue Fei and the generals of the Yang family were patriotic national heroes in the history of China just because they fought to defend only the Song dynasty? Of course not. Do we preach the love of the Song dynasty and thereby the love of the Han nationality in affirming the

patriotic deeds of Yue Fei and the generals of the Yang family and in praising their patriotic spirit? Absolutely not.

In affirming the patriotic spirit of the generals of the Yang family, we are not arguing based on the fact that they loved only the Song dynasty rather than Liao, nor on the fact that the Han nationality defeated the Qidan nationality, but on the actual relations between Song and Liao and the nature of this war between the two nationalities as a matter of right and wrong.

It is true that the war between the Song dynasty and the state of Liao was a civil war and, in a certain sense, a war between nationalities. However, all wars, including civil wars and wars between nationalities, involved a judgment between right and wrong and between justice and injustice. Disregarding the right and wrong and the nature of a war, some people argue in very general terms that "military means was also a means facilitating the process of mergence (annexation) of different nationalities at the early stage, which played a progressive role in historical development." (Li Yimang: "On Studying the History of Liao," WENYI YANJIU [STUDY OF ARTS AND LITERATURE], No 4, 1981) This is an unscientific argument which is useless to the discussion on and the evaluation of the historical relations between different nationalities. As far as the relations between the Song dynasty and the state of Liao or the relations between the Han and Qidan nationalities are concerned, the Han nationality was wrong in attacking and enslaving the Qidan nationality, and the Qidan was also wrong in attacking and enslaving the Han nationality. Although war can result in the merging of nationalities, however, it can absolutely not bring about progress. History tells us that plunder and sabotage resulting from wars always obstruct social development. As national wars have their class nature, it is always the rulers of the upper strata who start wars and benefit from them and it is always the people of the warring countries who suffer from them. Thus, essentially speaking, people of all nationalities hate war and the people who attain the goal of ruling various nationalities by means of war. That is to say, those rulers of the upper strata who launch wars in an attempt to enslave and repress other nations should be condemned by history and those outstanding people who oppose such wars should be praised and called national heroes. This principle, with which we assess national relations in history, is applicable to both the Han nationality and the minority nationalities. There were rulers of the Han nationalities who launched wars in order to enslave the minority nationalities. Those outstanding people of the minority nationalities who rose against such wars of enslavement should be called national heroes. On the other hand, those outstanding Han nationals who rose against the wars of enslavement launched by minority nationalities should also be called national heroes. We really should object to "the rash conclusion that all the commanders and generals of the armed forces of the Han nationality who fought the other nationalities are national heroes." However, we should not think that none of them is a national hero either.

Take the generals of the Yang family for instance: The relations between the Song dynasty and the state of Liao were characterized by the frequent wars launched by the latter. Since most of the wars in which the Yang generals

fought were wars fought to resist Liao's invasion of Song and to end the unjust wars launched by Liao in an attempt to enslave, rule, and plunder the people of central China, we affirm that the Yang generals were national heroes.

Although, subjectively, the Yang generals fought against the state of Liao because they were loyal to the Song emperor and they wanted to defend Song territories, however, in regard to objective effects, they had resisted the suppression, enslavement, and plunder of a nation. By resisting all this, the Yang generals had acted in the interests of the Han and Qidan nationals and in compliance with their wishes. Thus, they had won the respect and support of people including the Qidan nationals. Ouyang Xiu praised Yang Ye: "Both the father and his sons were great generals. Even to this day, people of the whole country, including those uneducated lads in the streets, still know about their deeds." (Ouyang Xiu: "Collected Works," vol 29) A historical record says: "As an administrator, Yang Ye never made trouble for the people. The people of the prefecture loved him. The people of the whole country sighed and were deeply agitated as they learned of his death." After the death of Yang Yanzhao, "people living north of Huang He wept on seeing his coffin." ("Long Ping Ji [7127 1627 7162]," vol 17) If it is said that this shows how much the Han nationals had missed the generals of the Yang family, then the temple at Gubeikou [a gateway of the Great Wall] in Miyun County dedicated to Yang Ye can be considered as evidence of the respect the Qidan people under Liao rule had for him. It is obvious that the temple at Gubeikou dedicated to Yang Ye was built by the Qidan people. On their diplomatic missions to Liao, both Su Zhe and Su Song had passed by the temple and written poems to mourn for Yang Ye. They saw with their own eyes that Yang Ye, "with his reputation as an able administrator, had won the respect and esteem of the people of foreign countries" (Su Zhe: "Luan Cheng Ji [2904 1004 7162 --Title of his collected works]," vol 16) and that "he enjoys high prestige even among his enemies." ("Collected Works of Su Song, Duke of Wei," vol 13) All this shows that the Han nationals as well as people of other nationalities were proud of the patriotic spirit of the generals of the Yang family and their sense of national dignity. Today, stories and legends about the generals of the Yang family and their patriotic deeds are popular in areas inhabited by the Han nationals as well as in areas inhabited by minority nationalities such as Nignxia and the Nei Monggol Autonomous Region. Patriotism is a concept which will essentially break through the division of nationalities and become a spiritual wealth shared by all nationalities. It is inappropriate to interpret the patriotism displayed by the generals of the Yang family as one version of patriotism with which they served nobody but the Han nationals and the Song dynasty. The generals of the Yang family are not only heroes of the Han nationals. They should also be considered national heroes of the Chinese nation. Today, if people think that the generals of the Yang family had fought the Qidan people, not the Qidan rulers, who enslaved and plundered people, they have departed from history.

If it is true that the generals of the Yang family had won the support and esteem of the Han and Qidan nationalities, that both the state of Liao and the Song dynasty, which existed 1,000 years ago, did not avoid mentioning them, and that their patriotic spirit became a spiritual wealth shared by

the people of all nationalities long ago, why can we not disseminate, inherit, and courage their patriotism and sense of national dignity? Why is it necessary to avoid mentioning them in disseminating all this? What misgivings do we have?

An important aspect of patriotic education is to disseminate patriotism with historical examples. If we discover revanchist mistakes in the course of popularizing various versions of patriotism in history, we can and should correct them. We should not give up eating for fear of choking and go to the other extreme by avoiding or stopping mentioning the patriotism displayed by Yue Fei and the generals of the Yang family in history.

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NATIONAL AFFAIRS

XIAO HUA ON NOVEL DEPICTING SENIOR OFFICER

HK101000 Beijing RENMIN RIBAO in Chinese 6 Aug 84 p 7

[Article by Xiao Hua [5618 5478]: "A Man, a Real Man--Reading the Full-Length Novel 'Two Generations of Talented People'"]

[Text] As a soldier, I have a partiality for literature works depicting senior commanders. In other countries in the world, there have been many literature works that depict senior commanders, such as "War and Peace," "Admiral Ushakov," "Napoleon at Austerlitz," and "General Patton." Even films such as Oiso-roku Yamamoto, "Oh, Navy" and "Grand Marine Battle in the Sea of Japan," that Japan made more than 10 years ago to advocate militarism, make some depiction of a few senior commanders with vivid characters. Some of these books are politically reactionary, but successful as art. Often a success in art plays a tremendously great role in fulfilling the political tasks for the writers' own class.

When we read the successful books of writers of other countries, we admire them and at the same time feel a pity and an indignation for ourselves. What about literary works of our own? For a long time, I have been waiting and waiting for some works that can give direct description of the senior officers of our army and that can do this successfully. This means that we do have some works of this nature, but few of them are successful, let alone particularly successful. This kind of phenomenon is not in tune with our army's eventful history and fiery life. One day, after I saw a China-made film about war with a fabricated plot, I wrote the following passage: "We fought wars for many years and in these wars emerged well-known generals and marshals as many as the stars in the sky, who have their positions in the history of wars. However, how many of them have had their position in literature? We see in literature only Napoleon Bonaparte, Bernard Montgomery, and George Smith Patton (or perhaps Guan Yunzhang of ancient time?). I am much discontented with this! We must have our own literary works."

Last month, some people recommended me that book "Two Generations of Talented People" which positively portrayed senior officers of our army and said it was a book worth reading. However, to say the truth, I read it with a stern, sober, or even cautious attitude. The life described in the book is what I am familiar with and it is precisely because of this that I am confident

that I have a say in commenting on this book. Consciously or unconsciously, I will nitpick at the portrayal of characters, surroundings, lives and even details of the plot in the book.

However, I was moved by the book. It is indeed a book worth reading.

"Two Generations of Talented People" has something special. Reading it is like looking into the distance at thousands of mountains and valleys, a magnificent scene filled with the sharp rise of peaks and fall of valleys. The book is the first to directly portray the senior officers of our army in the 1980's. It directly described the family life of the senior officers of our army and uses an exquisite touch and deep psychological description to portray the images of our senior officers. Can this not be regarded as a new attempt? The writer is both brave and sober. Only by being sober can he be brave and only by being brave can he be sober.

Li Chen, the principal character in the novel, is not only a hero, but also a man, a real man. In depicting him as a hero, the book has an appeal to me and moves me, and in depicting him as a man, it moves me with a shocking strength. It is easy to portray a hero, but difficult to portray a man. Those who are closest to the readers are men. Who can forget the scenes in the film "Lenin in October" when Lenin is cooking milk and when he steps on a broken book to reach his hand to a higher shelf? Who can forget the scene in the book "Napoleon at Austerlitz" when Napoleon stands on his toes when his height is being taken? When you write about a hero, you should just portray him as a man. If a hero is portrayed as a god, he will have no place on the earth.

Li Chen is a man with unique characteristics. His image is vivid and tangible. From his emergence in the book to the end of the book, I feel a warmth in him. After I finished reading the book and had to part with him, I even found it hard to tear myself away from him.

I think that Li Chen is a character who has something relatively unique in his outstanding boldness of vision, a boldness of vision of a commander of a large army. The writer has paid adequate attention to this in his writing. This is precisely what the previous works that portray senior officers fall short of. From the book, we see that obviously, the writer has learned something from the depiction of some well-known Western generals in portraying this character. His depiction of Li Chen has something similar to the depiction of those generals. However, what is more important is that he depicts the difference between Li Chen and those generals. Li Chen's boldness of vision is of a Chinese pattern, a communist pattern, and of the pattern of the 1980's. This kind of boldness of vision can only be seen in this land of ours and in the time of reform that inherit the past and open up the future. This kind of boldness of vision is a kind of national self-esteem and the concentrated reflection of the aspiration to make our troops and country strong, to make great efforts to catch up and to be unwilling to remain obscure or to lag behind. For example, the section at the beginning of the novel about the tit-for-tat struggle between Li and Senior General (Basov) [ba suo fu 1572 4792 1133], the head of a military delegation from a certain big country is undoubtedly based on a true incident of Premier Zhou in the past. However,

the writer pens the section in such a way as to endow new significance to the incident and make it very interesting. There is a more wonderful scene in Chapter 14. Amid a strong wind, military vehicles drive to the border areas along a twisting road. The way is blocked for Li Chen's car and he has to watch motorcade pass among the masses of people. A commander in a vehicle recognizes Li and loudly shouts "right face," countless helmeted soldiers simultaneously turn their faces right to salute Li with their eyes. Later, the fighters begin to sing a song. Strong wind, loud singing, and brave soldiers, what a magnificent scene! Li is seized with a sudden impulse to say to the masses of people: "Listen, how loud and clear they sing. How can such an army fail to win a war?" When I read this, I could not help but stand up with agitation. It had been a long time since I was so agitated. I entirely understand what the writer wants to express by this scene. The might and courage of our army, motherland, the Great Wall, the vast number of soldiers and the commander, all these constitute our national spirit. Besides Li Chen's image, several images of other senior officers are well written and characterized with outstanding courage. How they strived to make our country so beautiful in the decades of war and in the decades of construction! Only this is the literary skill of a master! Must our writers use such a literary skill?

Another outstanding characteristic in Li Chen is his courage in transforming himself. Marxists hold that the proletariat should transform the subjective world while transforming the objective world. It is difficult to transform the objective world, but it is even more difficult to transform the subjective world. This is particularly true for a man like Li Chen who has time and again risked his life and achieved merits in countless battles. The objective world has been transformed in the hands of the people like him. However, in his later years, he is able to look squarely at, analyze, and transform himself. This is indeed a noble virtue that deserves praise. In this aspect, the writer very skillfully and cleverly worked out the plot of the novel, and often put Li in the vortex of life in order to depict him. The writer does not evade the weak points in Li Chen's characteristics--he is somewhat selfish and jealous and is not on good terms with his wife. A variety of his correct acts have a variety of motives which are not necessarily correct. For example, before the "Great Cultural Revolution," he does not allow his wife to write novels because he is afraid that his wife may "commit mistakes." (A lingering fear caused by the anti-rightist campaign?) After the "Cultural Revolution," he does not allow his daughter to go abroad to engage in advanced studies and opposes her marriage. (Because her boyfriend's father committed mistakes during the "Cultural Revolution").... All these foreshadow the later development of his tragedy. His wife dies of serious illness, his daughter's boyfriend dies heroically in battle and his daughter is wounded in fighting against gangsters. A variety of family misfortunes make him time and again experience the vortex of life and raging waves of emotion, which stir his soul, enable him to undergo a painful change in his thoughts and thus purify his soul and make it nobler. He then understands that in the mind of a man like himself who has taken part in the revolution for his whole life there are many individualist factors. In order to become a genuine revolutionary, he has to throw away all the individualist factors in his mind.

This is in fact the confession of a materialist. He makes self-examination in thinking deeply and thinks deeply in making self-examination. Finally, he makes up his mind to transform and dominate himself. He resigns from his leading post. This is not a retrogression but an advance--an advance in his thoughts. All his life, he has gained much and lost much. However, at the final juncture, what he loses is a rusty link in his thoughts, but what he gains is the virtue of a revolutionary, a virtue as precious as gold. It will be of great significance for all our Communist Party members and Marxists to think deeply about their lives as Li Chen did in his later years.

Also, what particularly moves me is his aspiration to achieve great merit in spite of his old age. The writer depicts this aspiration in an interesting manner with feeling, joy and sadness. Li Chen is 70 years old, but he always hopes that he is only 17. He also thinks that the heaven and the earth will become old but he himself will not. He does not love his wife, but he loves his work. When he realizes the fact that the law of nature can never be changed and when he sees that a new generation of talented people have emerged on the stage of history, the steps of these people shock his heart like the beating of drums. He is in a panic! He tries his best to show that he is full of vigor and is not old. With his good skill in psychological analysis, the writer gives very vivid and exquisite description of this mentality--Li's refusal to give in to old age or to be convinced that he is too old and even his feeling of helplessness. In some passages, the writer's depiction touches the most secret part of Li's heart and the reader cannot help but be shocked when reading these passages. The scene about the mobilization meeting is wonderfully written. Li Chen secretly feels sad when he sees that his colleagues are so young. He willfully walks to the platform with a pace similar to that of young people, but he stumbles over an electric wire. When I read about this, I felt a sad sympathy for him. However, when he reaches the microphone, sweeps his eyes over the meeting-place and said in a ringing voice, "Rise up where one stumbles," he makes me as well as all the audience admire him. This is a kind of mental struggle and a kind of indomitable will power. How noble it is!

The situation develops rapidly. Today, we need a number of comrades who are in the prime of their lives to engage in the undertakings of the party. This is the demand of the revolution and is also an inevitable trend of the times. Quite a large number of the elderly comrades who took part in the revolution for so many years have given priority to the demand of the whole situation and retired from the leading posts. However, I dare say that few of them can bear to part with their work. They enthusiastically hope that they will be able to continue to make contribution to the party. However, they understand that their retirement today is also a kind of contribution and revolution, therefore, they have retired. He can say that it was with tears that they parted with their work as if they had parted from their relatives. That is why the more vivid and complete this mentality is depicted, the more the writer will be able to show the noble virtues and pure party spirit of those cadres. In describing this mentality in the book "Two Generations of Talented People" the writer achieves a harmonious unity between the reality in life and the faithfulness in art and this is very attractive.

Finally, I want to say that I do not like the character Feifei in the novel. Perhaps, the writer has the intention to make me dislike her. If this is true, the writer has attained his aim. Feifei is beautiful, but not lovely. She is always a "trouble-maker" in Li Chen's family of three. Never has she brought much happiness to her old parents, on the contrary, she often brings coldness to the family which has already been cold enough. True, when she is young, her father gives her the cold shoulder. However, it runs against the bounden duties of a daughter to return the cold shoulder when she grows up, particularly, when her father has already become as kind as possible to her. She is not lovely either inside or outside her home. She is good at boasting, has an air of being disillusioned with the mortal world and sometimes, she seems to be frivolous. She pays not attention to other people's desires, but acts solely according to her own will. Some of her language is dry. Sometimes, she does say something wise, but more or less, she seems to say these things for the writer. She neither has Geng Aiguo's strong pioneering spirit nor Yumei's tenderness. If Aiguo did not die, perhaps, he would not continue to love her for a long time. This is my opinion.

When I heard that the writer of the book "Two Generations of Talented People" is only 31 years old, I was excited. Our young people become increasingly competent. I wish that he would write even better things in the future and I firmly believe that he will achieve this.

CSO: 4005/808

NATIONAL AFFAIRS

ORDNANCE INDUSTRY SHOWS GROWTH, DIVERSITY

OW100755 Beijing XINHUA in English 0646 GMT 10 Aug 84

["China's Ordnance Industry Grows--Fifth of the National Day Focus Series"--XINHUA headline]

[Text] Beijing, 10 Aug (XINHUA)--China is now able to independently develop and produce complete ranges of weaponry for its armed forces.

The country's ordnance industry now supplies the field army with large-caliber cannons, tanks and armored vehicles, the navy with missile destroyers, torpedo boats, minesweepers and submarines, and the air force with fighter planes, fighter-bombers, transport planes and helicopters.

The army also has nuclear weapons and long- and medium-range missiles.

China is promoting her ordnance industry to safeguard her modernization construction as well as world peace. While serving the needs of the army, the ordnance industry also produces goods for civilian use, ranging from cassette recorders to scooters, according to ordnance industry ministry officials. All in all, goods of 15 categories in well over 300 varieties are produced for civilian use by factories under the ministry.

The ministry now concerns itself primarily with the development of new weapons for the army which, until now mainly a ground force, is being modernized with a view to making it capable of fighting in the air and at sea as well.

The ordnance industry policy is one of concentrating on developing and producing weapons in complete ranges.

In developing new weapons, between 1979 and 1983 army technicians and scientists made more than 700 scientific achievements, of which 400 were classified by the state as important.

These were mainly in the fields of laser and infrared technology, automatic control, control of fire, new materials, explosion mechanics and pneumatics.

CSO: 4000/441

NATIONAL AFFAIRS

PRC PARTY, STATE LEADERS ATTEND FUNERAL

OW171319 Beijing XINHUA in English 1249 GMT 17 Aug 84

[Text] Beijing, 17 Aug (XINHUA)--Party and state leaders Zhao Ziyang, Li Xiannian, Deng Yingchao, Xi Zhongxun, Wang Zhen, Yang Shangkun, Yang Dezhi and Yu Qiuli were among the 500 mourners paying their last respects to Li Weiha, vice-chairman of the Chinese Communist Party Central Advisory Commission, here this afternoon.

Song Renqiong, Hu Qiaomu, Ni Zhifu, Yao Yilin, Qin Jiwei and Chen Muhua were also present.

Li, a leading united front theoretician and an expert on minority affairs, died of illness in Beijing on August 11. He was 88 years old.

Li helped Mao Zedong organize his first political study group, the "Xin Min Xue Hui (Society of the New Masses)" in 1918. A year later, he joined a group of Chinese students sent to study in France, aiding the late premier Zhou Enlai in establishing a European branch of the Chinese Youth Communist Party.

Li joined the Chinese Communist Party in 1922 and took part in the "long march" of 1934-35. After the founding of the People's Republic he served as head of the United Front Work Department of the party Central Committee, secretary-general of the Chinese Political Consultative Conference National Committee and government Administration Council, chairman of the Central Nationalities Affairs Commission, vice-chairman of the National People's Congress Standing Committee, and a member of the party's eighth Central Committee.

CSO: 4000/441

NATIONAL AFFAIRS

CHINA DAILY ON OBSTRUCTIONS TO 'FLOW OF TALENT'

HK170458 Beijing CHINA DAILY in English 17 Aug 84 p 4

[Article by Zhao Dahua: "Flow of Talent Held up by Personnel System"]

[Text] When an electronics company advertises for 250 workers, gets 1,000 applications but just one person is allowed to leave his present job to take up the new appointment questions need to be asked about the present personnel system.

On several occasions the flow of workers between work units is obstructed and the example of Shanghai's Duoling Electronics Industrial Company proves the point.

Many of the 1,000 applicants were technicians, engineers and managers from state-run or big collectively-owned enterprises.

After negotiations with the units of applicants it was agreed that four could be transferred. But in the end only the one lucky person was allowed his transfer.

The same thing happened in Shenyang, capital city of Liaoning Province in northeast China. The Talent Service Company was set up last year and 8,000 professional people have visited it with 830 registering for jobs that would suit them better. But more than 600 have been told by their present employers they cannot go to the units that need them badly.

According to the company's deputy manager, Wang Shizhong, some are in jobs that don't require their skills, others are not needed because of over-staffing and all are worried they are not using their talents fully.

There is also a problem with surplus talent being wasted in the big cities, coastal areas, heavy industry departments, state-run enterprises, research institutes and colleges and universities. The shortage is in rural areas, small and medium-sized cities, light and energy industries, collectively-owned and individually-owned enterprises and secondary schools.

A sensible flow of talent is vital to the effective reform of China's personnel system. Unless talent is tapped, the modernization drive will be slowed down.

There have been breakthroughs in some areas. In Shanghai seven researchers could not have their wives to live with them as the city's permanent residents. The medium-sized city of Changzhou in Jiangsu Province offered to bring these couples together and shortly after their move there they successfully tackled four of the city's five key technological problems.

The state's measures to deal with the problem have been hindered by the attitude of some units that they "own" their workers and will not let them go even if they are wasting their talents or have nothing to do.

The situation is particularly serious when it stops scientists, technicians and other vital professionals from changing jobs.

Last month the State Science and Technology Commission announced five measures to help the mobility of scientists and engineers. It authorized local science and technology personnel administration to look into overstaffing and improper use of talent and intervene where necessary.

This should be backed up by legislation and instructions to officials that talent belongs to the country and no one unit has the right to waste it or regard it as private property. An employee must have the right to resign and look for a new job.

One fear could be that this would lead to a rush to the big cities, coastal areas and big enterprises. But most professionals prefer to go where they are most needed and where they can best develop their talents. Also incentives can be provided in the way of higher pay and preference in housing allocations.

CSO: 4000/441

NATIONAL AFFAIRS

LI XIANNIAN MAKES STOPOVER IN URUMQI, XINJIANG

HK210330 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 20 Aug 84

[Excerpts] The Chinese party and government delegation headed by Comrade Li Xiannian, member of the Standing Committee of the CPC Central Committee Political Bureau and president of the PRC, made a brief stopover in Urumqi on its way to Bucharest to attend the 40th anniversary celebrations of Romania's social and national liberation and victory in the antifascist and anti-imperialist struggle and to pay state visits to Romania and Yugoslavia. The delegation left Urumqi for Bucharest this morning.

The delegation was seen off by (Wang Enmai), first secretary of the Xinjiang Regional CPC Committee; Xiao Quanfu, commander, and Tan Shanhe, political commissar of Urumqi Military Region; (Ismail Amat), secretary of the regional CPC committee and chairman of the regional People's Government; Tomur Dawamat, secretary of the regional CPC committee and chairman of the regional People's Congress Standing Committee. Before boarding the plane, President Li Xiannian shook hands with the responsible comrades of the region who were there to see him off. Comrade Wang Enmao and the others wished full success to President Li Xiannian's visit.

President Li Xiannian's party arrived in Urumqi by plane from Beijing at noon on 18 August.

At 0948 this morning, when flying over the (Hongzhilafu) navigation station of the air force of Urumqi Military Region, President LI Xiannian sent a greetings message to the station, which read: As I again fly over (Hongzhilafu) navigation station on my way to a state visit to Romania, I send you my cordial regards. You stay at your posts on the border day and night, fulfilling outstandingly well your heavy task of defending the motherland's sacred border. You are worthy to be called heroic border defense fighters.

The message said: The CPC Central Committee and the Central Military Commission are extremely concerned for you. The people of the whole country have confidence in you. I sincerely wish you still greater progress in your lofty posts in defending the motherland.

CSO: 4005/808

EAST REGION

'INTERMEDIATE OBSTRUCTION' ENCOUNTERED IN ZHEJIANG PROVINCE REPORTED

Beijing RENMIN RIBAO in Chinese 14 May 84 p 2

[Article by staff reporter Huang Guowen [7806 0948 2429]: "The Question of 'Intermediate Obstruction' Really Exists"]

[Text] The article "Some People Are Worrying About 'Intermediate Obstruction'--Some Comments on 'Untying' Suggested by 55 Factory Directors and Managers in Fujian Province" published in RENMIN RIBAO on 19 April puts forward a very important question about the reform of urban industrial and commercial enterprises at present. The interviews which the reporter has had with people in some areas and units in Zhejiang Province revealed that the phenomenon of "intermediate obstruction" really exists.

It is first reflected in the fact that certain "middle-level" leading cadres did not get their thinking straightened out in reform. In March of last year, when the production of the Tonglu Transistor Plant in Zhejiang Province was depressed, the director and deputy director of the plant initiated the organization of a 10-man contracting team to sign a 3-year contract for a profit increase above assigned quotas with the county tax bureau in order to engage in contracted production. As a result, the output value and profit of the plant in that year doubled that of the previous year. However, by the end of the year, when the leading group of the plant was readjusted, these two persons who took the lead in signing the contract were respectively dismissed from their posts as director and deputy director of the plant. Zhang Chuhong [1728 5710 1738], chairman of the Science Association of Lin'an County of Zhejiang Province, boldly reformed the current scientific research administrative system. He raised a fund of more than 3,000 yuan, to which he was the main contributor, to set up a scientific research institute "not included in the overall planning" which required no financial support from the state. After 4 years of hard work, the productive capacity of this institute has reached an annual output value of more than 1 million yuan while its fixed assets have accumulated to approximately 1 million yuan and the total amount of tax turned over to the state has reached more than 250,000 yuan. However, his practice was criticized by many people. The party branch of the county science commission under the control of a certain leading cadre even made a decision to expel him from the party. The fact that revolutionaries are encountering such difficulties can be seen almost everywhere.

Two things have emerged in the Hangzhou area which give us much food for thought. Both the Zhejiang provincial party committee and the Hangzhou municipal party committee are evidently and resolutely in support of reform. Recently, a large number of "living examples" have emerged. For instance, Bu Xinsheng [2975 9515 3932] of the Haiyan Shirt Factory, Yu Jianming [0205 0494 2494] of the Wang-Xing-Ji Fan Manufacturing Company and Lu Guangqiu [7627 0385 3808] of the Xiaoshan Universal Coupling Factory are models set by the Zhejiang provincial CPC committee and the Hangzhou municipal CPC committee. Yet, even in a place where the wind of reform is whistling hard, the question of "intermediate obstruction" remains.

The reform of urban industrial and commercial enterprises is different from rural reform. In the past, when the agricultural responsibility system was introduced, even though some leading cadres did not get their thinking straightened out, peasants and cadres at the grassroots level were able to keep the initiative in their own hands. Peasants could act independently even without one's permission and not even written restrictions were imposed upon them. Cadres could be dismissed, but "peasants" have no dread of losing a job. But the situation was different in the cities. When the director of a plant wanted to launch a reform, he may not have been able to give full play to his talent no matter how capable he was once he was "dismissed from his official post" by his "immediate boss." The reform of urban industrial and commercial enterprises involves such questions as prices, wages and the system of planned finance. The situation is much more complicated than that in agricultural reform. If leading cadres in every aspect can support reform and always try to braze a trail or find a way out of a difficulty for the revolutionaries, everything becomes easy. If they on the contrary create some difficulties which are neither big or small, or utilize some "regulations" of a certain department to check someone, the reform may thus be "cut off."

For this reason, the "intermediate obstruction" encountered in the reform of urban industrial and commercial enterprises is particularly worth our attention.

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CSO: 4005/732

NORTH REGION

'CULTURAL REVOLUTION' MENTALITY CAUSES CPC COMMITTEE DOWNFALL

Beijing RENMIN RIBAO in Chinese 14 May 84 p 1

[Article: "Tianjin Municipal CPC Committee Disbands the Degenerated Party Committee of No 707 Institute"]

[Text] A short note of the Staff Office of the Central Committee for Guiding Party Consolidation of the CPC Central Committee: The original CPC committee of the No 707 Institute has become morally degenerate because organizationally it was seriously impure and it was in ideological and political confrontation with the lines, guiding principles and policies adopted since the 3d Plenum of the 11th CPC Central Committee. It has completely lost the proper role which a party organization should play. The Tianjin municipal CPC committee, after arriving at an agreement with the leading party group of the China Ship Industries Corporation, decided to disband the party committee of No 707 Institute. All members of the party committee were dismissed on the spot. The basic members of the party committee, including Li Yuanlie [2621 0337 3525], Zhang Shuwen [1728 2885 2429] and others, were respectively subject to disciplinary action within the party. This is absolutely correct. Leading party organizations in all areas and departments must draw experiences and lessons from this incident and further strengthen their leadership in party consolidation. Conditions of party organizations and responsible cadres of these organizations proven to be actually deteriorated must be thoroughly investigated when discovered and be dealt with sternly and resolutely. It is not permissible to be indecisive or to procrastinate. Otherwise, not only will it be impossible to maintain the purity of party organizations or the solemnity of party discipline, but it will also be impossible to open new prospects in party consolidation and in professional work.

The leading group of No 707 Institute has long been controlled by the "three types of people" in the "great cultural revolution" and by cadres who have made serious mistakes. In the 7 to 8 years after the smashing of the "gang of four," they have never

been touched. Even though a situation like this is very rare, it is worth our attention. It again reminds us that the hidden dangers left over by the "cultural revolution" can never be underestimated. Especially units which are under "dual" leadership or are "co-administered" by several authorities are most prone to become dead angles which shelter evil-doers and evil deeds and harbor the "three types of people." In the current party consolidation, party committees and leading party groups in all areas and departments must strengthen their leadership in units of this kind under their jurisdiction and fully depend on the masses conscientiously to resolve problems existing in these units.

Tianjin 13 May (XINHUA)--After carrying out a conscientious investigation and verification, the Tianjin municipal CPC committee, in coordination with the leading party group of the China Ship Industries Corporation and other departments concerned, made a decision recently to announce the disbandment of the party committee of No 707 Institute of which cadres who made serious mistakes during the "cultural revolution" and people who have risen up in rebellion were the core of the leadership. The party committee of this institute was stubbornly opposed to the lines, guiding principles and policies adopted since the 3d Plenum of the 11th CPC Central Committee. It is not allowed by party discipline. After making a study and arriving at an agreement with the leading party group of the China Ship Industries Corporation, the municipal party committee in accordance with organizational discipline: Secretary Li Yuanlie of the original party committee was placed on probation within the party for 2 years; Zhang Shuwen, member of the standing committee and director of the political department of the original party committee, was expelled from the party; Deputy Secretary Zhang Lanrong [1728 1526 2837] of the original party committee was given a disciplinary warning within the party; and Ning Guodong [1380 0948 2767], the former director of the institute, was given a disciplinary warning within the party. Ren Jibin [0117 4949 2430], the deputy secretary of the original party committee and director of the institute, was exempt from punishment because he examined and dealt with the mistakes he made since the 3d Plenum of the 11th CPC Central Committee and because he retired recently.

The No 707 Institute set up in Tianjin by the China Ship Industries Corporation is an important science and research unit which is relatively strong in its technical forces. Most of its staff members are college graduates before 1965. However, during the "cultural revolution," this unit became a "unit of great disaster." Many cadres and scientific, technical personnel and workers were subjected to persecution while the cadres who fabricated unjust verdicts and made serious mistakes or the leaders of the rebellious factions were put in important posts. They united together to seize overall control of the institute.

They continued to promote the "three types of people" and those who made mistakes during the "cultural revolution" to important posts. Zhang Shuwen, who had risen up in rebellion, was formerly a technician at this institute. During the "cultural revolution," he organized people to criticize and denounce veteran cadres and directly participated in the persecution of cadres and the

masses in the "purification of the class ranks" and in the "One Smash and Three Antis Movement," which resulted in many unjust verdicts. He has never ceased to hold onto his factious ideology after the 3d Plenum of the 11th CPC Central Committee. Even though he is such a person, he has always been placed in important posts and been promoted as a member of the standing committee of the party committee of the institute and later on as director of the political department of the party committee of the institute. In 1981, party committee secretary Li Yuanlie even regarded Zhang Shuwen as an "out-standing middle-aged and young cadre" and reported to higher authorities to recommend him as a candidate for deputy secretary of the party committee. An investigation reveals that there are as many as 10 of the middle-level cadres of this institute with rather serious blemishes on their records during the "cultural revolution."

They refused to implement the party's policy of rehabilitate veteran cadres and intellectuals who were persecuted. Comrade Wang Xinsheng [3769 2450 3932], the former commissar of the institute, was framed and cruelly criticized and denounced during the "cultural revolution." For him, leading organizations of the upper level have twice made clear-cut decisions to implement the party's policy. Li Yuanlie and his followers refused to take any action. With regard to cases of the frame-up and persecution of the former institute director Pu Xiwen [5543 6932 2429], senior engineers Lu Yishou [7120 4135 1108] and Li Guohua [2621 0948 5478], and investigation has been made by a joint investigation team organized by the Tianjin municipal CPC committee and the leading party group of the China Ship Industries Corporation. After the investigation, it asked Li Yuanlie directly to make a decision to rehabilitate these comrades in writing. Li Yuanlie still refused to take action.

For a long time, they never tried to bring ideological and organizational order out of chaos. Some people with more serious problems and Li Yuanlie have in fact formed an influential group to block the efforts to bring order out of chaos. Even today, some people still are seriously influenced by the ideology of the "gang of four." At the same time, when a joint investigation team was sent to the institute to inquire into details, there were people who called out ferociously, saying that "if these old guys were punished with death early, there would be no such investigation teams now coming to investigate us."

They placed people who made serious mistakes during the "cultural revolution" but not the well-trained scientific and technical workers in key posts. Only half of the first-grade leaders of offices engaged in scientific research understood thoroughly the nature of their work and are imbued with professional knowledge. Both scientific research and production have thus been held up. Some major scientific research projects have not been able to achieve their goals year after year and the progress of these projects has been delayed again and again.

The new leading group of the party committee of No 707 Institute has been established. In order to eliminate completely the residue of factious ideology, to consolidate the results achieved in organizational rectification

and to implement the party's policy on intellectuals, key cadres at the middle level have also been readjusted. During readjustment, attention has been paid to the implementation of the party's policies, to the principle of dealing with different people in different ways and to the necessity of uniting the vast majority. A new atmosphere has also emerged in such areas as scientific research and production.

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CSO: 4005/732

NORTH REGION

HEBEI ORGANS NEGATE CULTURAL REVOLUTION

HK070249 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 31 Jul 84

[Excerpts] Since 23 July, when the provincial CPC committee held a gathering of the provincial organs to mobilize the switch to rectification and correction during party rectification, the provincial organs and units have seriously studied and discussed the speech delivered on behalf of the committee by Secretary Xing Chongzhi in connection with the actual state of their party rectification, the guiding ideology for their professional work, and the actual state of their work. They have realized that it is essential to totally negate the Great Cultural Revolution. This is an important question of principle related to whether or not we can fulfill the task of party rectification and maintain a high degree of political unity with the CPC Central Committee.

The party organizations of the provincial organs and units have realized from many facts that the factionalism which formed during the Great Cultural Revolution has still not been uprooted. This affects stability and unity; it is a major factor in the inability of some comrades to take a correct view of certain issues. If one applies the factionalist viewpoint to view problems, one is bound to run counter to the principles of party spirit. Some comrades can never jump out of the circle of factionalism when viewing problems. To solve this problem, it is essential to totally negate the Great Cultural Revolution in every aspect.

Totally negating the Great Cultural Revolution does not pose any problem for most people. However, some people hold that it is essential to divide one into two regarding the cultural revolution. Some even insistently hold that rebellion is justified. Some, who took part in mass organizations during the cultural revolution, are still affected by factionalism and keep close to one faction and aloof from the other. Hence, to totally negate the Great Cultural Revolution, it is essential to do a lot of ideological and political work.

The party organizations of the provincial organs and units held: In totally negating the Great Cultural Revolution, it is first necessary to study the resolution of the CPC Central Committee on a number of problems in the history of the party since the founding of the state, and bring thinking into line with the resolution of the Sixth Plenary Session. This is the ideological

basis for totally negating the cultural revolution. On the basis of studying the documents, it is necessary to investigate and study and take stock of the problems in each unit.

On 28 July, the provincial CPC Committee party rectification office convened a meeting of responsible persons of liaison groups in the various provincial systems to listen to reports on the systems' implementation of the provincial CPC Committee's arrangements for rectification and correction. The meeting held: The stage of rectification and correction is a major step for consolidating and developing the results of party rectification in the previous stage. The time for the rectification and correction stage, which is 3 months, is very pressing and there are many problems to be solved. It is essential to get a thoroughly good grasp of this work.

CSO: 4005/804

NORTH REGION

HEBEI GOVERNOR GIVES INSTRUCTIONS ON INVIGORATING TANGSHAN

HK170501 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 8 Aug 84

[Text] Provincial CPC Committee Secretary and Governor Zhang Shuguang spoke on how to create a new situation in Tangshan at a gathering of leading cadres of organizations at county, prefectural and city levels held in the city on 6 August. He stressed that only when the Cultural Revolution is thoroughly negated and the influences of leftism are thoroughly eliminated will it be possible to step up the pace of reform and to catch up with the new situation which is developing rapidly.

Zhang Shuguang arrived in Tangshan on 26 July. For 10 days he listened to a succession of reports on five topics such as the reconstruction of Tangshan, urban structural reform, rural commodity production, and so on. He has also made a study and investigation in depth in the four counties of Zhuhua, Qian'an, Leting, and Fengnan, and visited some grassroots units and enterprises in towns and townships. He has also studied the questions of how to step up the pace in building Tangshan and economic reform, and how to change the rich natural resources into economic benefit as soon as possible.

The pernicious influence of leftism is deeprooted in Tangshan and has exerted great influences in depth, Comrade Zhang Shuguang pointed out. They have, to a certain degree, been shaped into a chronic and stubborn disease, which has become a great stumbling block to the current reform. Therefore, the thorough negation of the Cultural Revolution and the thorough elimination of leftist influence are of particular significance to Tangshan. It is necessary to follow Qian'an's example in thoroughly negating the Cultural Revolution as it once did capitalism.

To step up the pace in reconstruction, to invigorate the ceramics industry, and to mobilize the masses to extract coal are the three breakthrough points in Tangshan's urban structural reform, Zhang Shuguang stressed in his speech. He said: Solving the housing problem of the army and people as quickly as possible is a matter of prime importance to Tangshan, and is the focus of concern of the people of the whole province and the whole country, as well as the world. Measures should be taken at many levels, through many channels, and of many forms, with the joint efforts of the state, the collective, and the individual to draw in capital from home and abroad in building houses,

and in buying and selling houses. In the course of building the new area, those enterprises which have already completed the building of their residential houses should take the whole situation into consideration and move from their old quarters as soon as possible.

The invigoration of Tangshan's ceramics industry should start from reform of the managerial system. We should change some old enterprises which made a living by charging managerial fees into economic bodies providing service with compensation. Shortcuts should be found; and we should not begrudge the expense of importing technology and equipment and bringing in talented people.

In order to solve the problem of coal for production and daily use, unified planning should be drawn up and rational arrangements should be made. Some shallow and good coal beds should be left for excavation by the masses. The Kailuan Coal Mine should provide them with help and support.

Governor Zhang Shuguang also gave some instructions on the development of the coastal areas of the Yanshan mountain range. He Yanshan is rich in mineral resources. The comprehensive measures of extraction by the masses, setting up of fixed purchasing points for their production, and concentrated selection and smelting operations by the state should be adopted so as to acquire a high speed in developmental production. The same banks and grass slopes in the coastal areas should be fully exploited in order to develop animal breeding and cultivation. Leadership at the county and district levels should focus their efforts on developing enterprises in towns and townships.

Governor Zhang Shuguang demanded that the leadership of Tangshan City overcome sluggishness in their work, heighten their sensitivity, strengthen their sense of urgency, make investigation and study in depth, and be brave in making probes and in breaking new trails. They should be resolute in making decisions and be brave in command. At the same time they should be good in employing those people with a head for economics and who have been proved to be so in practice. It is necessary to bring into fully play the role of a renovated city. Streamlining of administrative organs and devolution should be carried out. The urban and rural areas should be united as one, support each other and develop together.

CSO: 4005/807

NORTH REGION

HEBEI HOLDS MEETING ON RURAL GRASSROOTS CPC ORGANIZATIONS

HK170503 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 8 Aug 84

[Text] It is necessary to pay great attention to and to strengthen leadership over rural grassroots party organizations, thereby building rural grassroots party organizations in the spirit of party rectification and reform with a brand-new working style and in a down-to-earth manner. The provincial CPC committee pointed this out at a meeting of directors of prefectural and city CPC committee organization departments held recently.

Through structural reform, the leading bodies of rural grassroots party organizations have improved to a certain degree. However, there universally exist three problems: The average age is on the high side, the cultural level is on the low side, and their qualities are comparatively poor. Some rural grassroots cadres are not sufficiently mentally prepared for leading socialist modern mass production in the comprehensive management of agriculture, industry and commerce; others are used to demanding uniformity in everything; engage in frenzied activity without a proper long-term plan, and rely on administrative orders in their working method and style. They lack the skill to manage the economy with economic means. A small number of party branch members are very selfish and lack devotion to the cause as well as a sense of responsibility. Some grassroots cadres adopt an attitude of doing what they like in the excellent situation, caring not a bit about party branch work.

The primary issue is to build a contingent of grassroots cadres who are competent to lead commodity production if we are to push further forward rural economic reform and develop commodity production on a large scale, the meeting stressed. For this, the provincial CPC committee proposed three measures for building rural grassroots party organizations in a down-to-earth manner in the course of reform:

1. It is necessary to thoroughly do away with the old concept of considering qualifications and promoting people according to seniority, and the old way of appointing cadres by taking sole consideration of those who suffered bitterly and nursed deep hatred in the old society, who are of exploited class origin, and who abide by the law and behave themselves, and are simple and honest. It is necessary to establish the new concept of appointment in the new period by selecting the wise and able according to the requirements

of cadres for being more revolutionary, younger in average age, better educated, and more professionally competent. Resolute action should be taken to give accelerated promotion to a number of men of action and trail blazers who are emancipated in their minds, courageous and talented, bold in reform, and determined to make progress to augment the leading bodies of rural grassroots organizations. The focus of selecting rural grassroots cadres at present should be placed on educated young people and fine elements among specialized households.

2. It is necessary to attach importance to and to solve well the difficulties of rural educated young people and fine elements among the specialized households in joining the CPC. We should actively recruit new party members from among the rural young people and specialized households. Grassroots cadres should be educated to thoroughly rid themselves of leftist trappings and to overcome prejudices of all descriptions, to make a correct and all-round appraisal of educated young people and fine elements among the specialized households, and to actively improve their education and training. Nonparty activists can be put in leading posts of administrative units or economic bodies to be tempered. Work in recruiting new party members should be carried out actively. Under the premise of upholding the standards for Communist Party members and ensuring quality, we should recruit every person who has attained the standards individually. Cadres should be removed from their leading posts if, after repeated education, they are still bent on refusing to recruit educated young people and fine elements among the specialized households who conform to the standards of party members.

3. It is necessary to create new methods in the education and administration of party members. With structural reform in the rural areas, the activities of party members have gone beyond the sphere of three-level ownership by the commune, the production brigade and the production team, with the production team as the basic accounting unit. Many new characteristics of party members' activities in being scattered, mobile and diversified have emerged. New party organizational activities should be unfolded in accordance with this change with flexibility and varied forms, avoiding concentration as much as possible.

CSO: 4005/807

NORTH REGION

TIANJIN MEETING DISCUSSES LIAISON-GROUP WORK

SK110655 Tianjin City Service in Mandarin 0030 GMT 11 Aug 84

[Excerpts] The leading group in charge of party rectification under the municipal CPC committee held a work conference from 7 to 10 August with the participation of members from the liaison groups that had been assigned to various departments.

At the conference, participating comrades earnestly studied Circular No 9 issued by the guiding committee in charge of party rectification under the CPC Central Committee and summed up or exchanged their experience gained in the party rectification work. The municipal CPC committee put forward proposals for making corrections in the course of party rectification. They discussed and mapped out work plans for the next stage.

The conference urged various liaison groups to uphold their tasks in conducting the party rectification work and to help their assigned departments resolutely implement Circular No 9 issued by the guiding committee in charge of party rectification under the CPC Central Committee so as to better fulfill various tasks in the stage of making corrections.

Attending the 8 August session of the conference were Zhang Zaiwang, secretary of the municipal CPC committee and leader of the leading group in charge of party rectification; Xiao Yan, Wang Shudong, and Ji Zenghui, Standing Committee members of the municipal CPC committee and members of the leading group in charge of party rectification; and Jin Zhaodian, leader of the Tianjin Municipality liaison group of the guiding committee in charge of party rectification under the CPC Central Committee.

Comrade Wang Shudong, on behalf of the leading group in charge of party rectification under the municipal CPC committee, delivered a summing-up speech at the conference.

Comrade Zhang Zaiwang also made a speech in which, on behalf of the municipal CPC committee, he fully acknowledged the achievement scored by the liaison groups in charge of party rectification in the former stage and urged all members of the liaison groups to better play their role in conducting party

rectification work. He also put forward concrete demands for further implementing Circular No 9 issued by the guiding committee in charge of party rectification under the CPC Central Committee and doing a good job in the stage of making corrections.

Comrade Jin Zhaodian also addressed the conference to offer his opinions concerning doing a good job in the present liaison group work.

CSO: 4005/807

NORTH REGION

HEBEI CONFERENCE ON PROBLEMS OF INTELLECTUALS

HK230425 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 16 Aug 84

[Excerpts] Yesterday evening a responsible comrade of the provincial CPC Committee said at a telephone conference convened by the committee: The provincial CPC Committee is resolved to act in accordance with the spirit of the Central Committee's instructions not to rest until the problem is solved, and to do a thoroughly good job in implementing the policies on intellectuals. He proposed the following five views on further checking on the implementation of policies on intellectuals in the next stage:

1. Continue to eliminate leftist influence and genuinely establish a social mood of respect for knowledge and talent. At present there are still certain leading cadres and party members who are prejudiced against and look down on knowledge and talent. Certain cadres, haunted by selfishness and envious of able people, do not regard intellectuals as a part of the working class but continue to view them as targets of unity, education, and remolding. This state of affairs tells us that we must further solve the problem of leftist influence. At the same time we must also conduct propaganda and education for the intellectuals and guide them to devote all their efforts to the four modernizations and continually make new contributions for the motherland.

2. Vigorously grasp corners and places that have not yet been touched, and avoid doing the work in a superficial way. Most places and units have carried out this check well or relatively well. However, certain prefectures and cities have acted superficially and failed to do the work well. Although problems have been discovered there, they have not been solved. Viewing the province as a whole, the prefectures and cities have done the work better than the provincial organs. In accordance with the spirit of the Central Committee's instruction on not resting until the problems are solved, units that have not done the work well or have done it downright badly must make up for the missed lessons. After this meeting, the provincial CPC Committee will dispatch another group of people to prefectures, cities, and provincial units which failed to do the work properly in the previous stage or where there are many problems, to provide assistance and supervision. Those who fail to take action despite education must be resolutely removed from leadership posts.

3. Avoid empty talk and grasp concrete implementation. In the check in the previous stage, the intellectuals reported many problems, and many that should and could have been solved are still unsolved. All prefectures, cities, and units must arrange the problems in order of priority and take steps to solve each one.

4. Implementation of policies on intellectuals must be done in connection with examining and readjusting the leadership groups. The work must be completed by the year's end.

5. Continue to strengthen leadership. The province still has much to do in implementing the policies on intellectuals, and the problem cannot be completely solved just by carrying out one or two checks. Only grasping well the work in connection with the Central Committee's instructions can we ensure that work concerning intellectuals gets on track. The leading comrades of the CPC committees at all levels must tightly grasp this work without the slightest relaxation.

CSO: 4005/804

NORTH REGION

BEIJING UNIVERSITIES SET UP BRANCH SCHOOLS

OW212226 Beijing XINHUA in English 1636 GMT 21 Aug 84

[Text] Beijing, 21 Aug (XINHUA)--To help meet the increased demand for college graduates as China's commodity economy grows and diversifies, 10 universities and other institutes of higher learning in Beijing have set up branch schools in the city's suburbs with financial support from local administrations, according to the municipal government.

Professional people in agriculture, forestry, animal husbandry and fisheries only account for 1.5 per 1,000 among the 5 million suburban population, and there are only 669 technicians among the 620,000 employees of some 110,000 local enterprises, according to a survey made by the municipal government recently.

As a result of the survey, the government decided to raise funds among the local counties and districts to run branch schools of higher education.

They started by setting up the branch school of the Beijing Light Industry Institute in Daxing County last year.

This year, other branch schools have been set up by Beijing Normal University, the College of Economics, the Industrial Engineering University, the Architectural Engineering Institute, the Posts and Telecommunications Institute, and Iron and Steel Engineering Institute and the Beijing Finance and Trade Institute.

Nine of the 10 branch schools are ready to enroll some 1,000 students this year. The two- or three-year courses cover electronics, computer technology, machinery designing and manufacturing, industrial and civil architecture, business management, finance, statistics and biology.

The schools will be placed under combined supervision of the relevant universities and local government departments. The universities are responsible for teaching and local governments for fund-raising, logistics and general administration. The suburban students, selected from outstanding performers in examinations, will be given diplomas upon graduation, but the government will not assign them jobs. This will be up to the local units and enterprises which will take into account their academic records.

CSO: 4000/435

NORTH REGION

BRIEFS

NOTED JOURNALISTS IN NEI MONGGOL--At the invitation of Zhou Hui, first secretary of the Nei Monggol Regional CPC Committee, and Bu He, chairman of the region, China's noted art and literary workers and journalists recently visited Hohhot. Leading comrades of the Nei Monggol Regional CPC Committee, including Kiu Guiqian, We En, Tian Congming, and responsible persons of the regional journalists society and federation of art and literary circles, welcomed them at the airport and railway station. During their stay in Nei Monggol, they will visit some rural and pastoral areas, factories and plants of leagues and cities. [Summary] [SK231355 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 7 Aug 84]

MACAO JOURNALISTS DELEGATION IN TIANJIN--On the afternoon of 19 July, Li Ruihuan, mayor of the municipality, received and feted the Macao journalism delegation at the municipal friendship club. During the reception, the delegation was briefed by Mayor Li Ruihuan on the situation prevailing in the municipality's economic development and open-door policy. Attending the reception were Shi Jian, vice chairman of the municipal People's Congress Standing Committee and honorary chairman of the municipal journalists' association, and responsible comrades of municipal journalism circles. [Excerpts] [Tianjin TIANJIN RIBAO in Chinese 20 Jul 84 p 1 SK]

TIANJIN INTELLECTUAL PARTY MEMBERS--Since 1979, the Tianjin Municipal Textile Industrial Research Institute has recruited 51 party members, 28 of whom are intellectuals. On the eve of "1 July," another 250 technical personnel of the agricultural departments of various districts, counties, and bureaus of Tianjin joined the party. Most of them are middle-aged intellectuals. Since the 3d Plenary Session of the 11th CPC Central Committee, some 6,780 intellectuals on the agricultural front have been admitted to the party. The proportion of intellectual party members has increased from 8 percent before the Third Plenary Session to 12 percent. [Summary] [Tianjin TIANJIN RIBAO in Chinese 6 Jul 84 p 1 SK]

CSO: 4005/807

NORTHEAST REGION

HEILONGJIANG PRESERVES MINORITY HERITAGE

OW171341 Beijing XINHUA in English 1231 GMT 17 Aug 84

[Text] Harbin, 17 Aug (XINHUA)--The Heilongjiang provincial government has decided to allocate special funds for preserving cultural heritage of ten minority nationalities.

Minority population in the province comes to 1.6 million, mostly people of Manchu, Korean, Hui, Mongolian, Daur, Xibo, Oroqen, Hezhen, Eweki and Kirgiz nationalities. Some minority nationalities have their own written language and a great deal of ancient books in the forms of Buddhist scripture, historical records, biographies, family records, and works of literature have been handed down. These books contain data with regard to their politics, economy, culture, customs and habits in the ancient times. The preservation work involves textual collation of books before they are re-published. Some will be re-issued as new compilations.

Other minority nationalities who have not got their own written languages have preserved their cultural heritage orally. For example, the Hezhen people describe their history and folklore in a ballad entitled "Yimakan," sung by minstrels. Spread orally among the Daur is a long lyrical poem. These have to be recorded for further study.

In order to carry out the work, the province has set up a research institute of nationalities and invited specialists and scholars to take part in it. It has planned to publish a picture album reflecting the historical development and people's life of Hezhen nationality by the end of this year.

CSO: 4000/437

NORTHEAST REGION

BRIEFS

LIAONING ARMY DAY SOIREE--On the afternoon of 27 July, officers of the provincial People's Government and the provincial Military District held a soiree to mark the 57th anniversary of Army Day. Armymen and civilians happily gathered under the same roof to look back on the glorious career of our army over the past 57 years, and spoke highly of the achievements scored by soldiers and the civilians in building the four modernizations. They also pledged to achieve success in party rectification, bravely carry out reform and blaze new trails, and make new contributions. Attending the soiree were Quan Shuren, provincial governor; Tan Liren and Wang Jiyuan, advisers to the provincial People's Government; Ding Jianrui, commander of the provincial Military District; and Liu Dongfan, political commissar of the provincial Military District. [Text] [SK170451 Shenyang LIAONING RIBAO in Chinese 28 Jul 84 p 1]

CHINA JUVENILES' ACTIVITY CENTER--This afternoon, the banner of the second summer camping of the China Juveniles' Activity Center slowly went down the pole amid the lively sound of the summer camping song, and more than 170 young pioneers from 16 cities across the country concluded their pleasant 17 days of summer camping activity in Shenyang. This summer camping opened on 27 July in Daqing, a petroleum city. Attending today's closing ceremony were Sun Weiben, Li Tao, Zhang Wu, Fan Chongyan, Chen Suzhi, Zhang Xincun, Liu Wen, Zui Kun, Peng Xiangsong, Ma Longxiang, Ding Jianrui, Wang Danbo, and Li Changchun. At the closing ceremony, the congratulatory letter from Li Desheng, member of the Political Bureau of the CPC Central Committee and commander of the Shenyang Military Region, to all camping participants was read out. In his letter, he encouraged young pioneers to ardently love science and exert themselves in study in order to become the Hua Luogeng, Chen Jingrun, and (Li Siguang) of the 21st century. [Excerpts] [SK130229 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 12 Aug 84]

STAMP EXHIBIT--A prize-giving ceremony for the provincial and Harbin City stamp exhibition was held this afternoon. The 38 outstanding exhibits presented by Harbin Railway Bureau's (Wang Zhiming) were rewarded. During this 8-day stamp exhibition, some 10,000 stamp-collectors and figures from various circles viewed the exhibition. Comrade Deng Liqun, member of the Secretariat

of the CPC Central Committee and director of the propaganda department of the CPC Central Committee, wrote an inscription for the exhibition. The inscription reads: "Mold the people's temperament, foster virtue, and spread knowledge." Chen Jianfei, honorary director of the provincial stamp collection association, issued certificates and prizes to winners. [Text] [SK210410 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 20 Aug 84]

CSO: 4005/810

CHINA POST ON U.S. TAIWAN RELATIONS ACT AMENDMENT

OW210635 Taipei CHINA POST in English 14 Aug 84 p 4

[Editorial: "On TRA Amendment"]

[Text] The U.S. Senate vetoed an amendment Wednesday proposed by Senator Claiborne Pell (D.-R.I.) to add a statement on U.S. policy on Taiwan as an amendment to the second appropriation act for fiscal year 1984 ending September 30.

The proposal was strongly objected to by Senator Barry Goldwater (R.-ARIZ) who called it "non-germane." The vote on the proposal was 69-23. Senator Goldwater issued a statement Thursday to point out that the amendment was a restatement of the resolution jointly introduced by Senator Pell, Senator Edward Kennedy and Senator John Glenn declaring the sense of the Senate relative to the future of the people on Taiwan. He said that he does not feel this is the time for the United States to take an action which "might be seen as upsetting our relations with free China."

After making a lengthy statement on the people's support and welcome of the government headed by President Chiang Ching-kuo and the enormous benefits brought to the people by the economic and social policies of the ROC, Goldwater stated that "There is freedom of religion, freedom of travel, freedom to choose one's profession and a sound legal system in the Republic of China."

Goldwater further pointed out that "The trend of political development is toward greater democratization. The number of new members for the three elective bodies...were all expanded helping to revitalize these bodies. Approximately, half of the active members of the Legislative Yuan are now regularly elected in Taiwan every three years."

Goldwater also cited the judicial independence recently implemented by the government to place the courts under the jurisdiction of the Judicial Yuan as a laudatory move. He said that he believes that developments in the ROC are running very strongly in the direction of greater freedom and expanded representative government, and he did not think that the Senate should do anything to discourage or upset these positive trends.

Senator Goldwater's remarks are effective refutations to some liberals' attempts to undermine the Taiwan Relations Act. He also referred to the "efforts of a group known for its violence to overthrow the legitimate and responsible government in Taiwan" which include both the Chinese communists and the Taiwan independence movement elements.

We are grateful for Senator Goldwater's successful and effective defence of the TRA against amendment by some groups with ulterior motives. At the same time, it shows the inherent dangers lurking in the background to harm the TRA and U.S.-ROC relations. All congressional leaders should be on the alert for all such sinister moves and guard against any attempt to undermine or weaken the TRA.

CSO: 4000/439

EUROPE OPENS DOORS WIDER FOR TAIWAN VISITORS

OW131030 Taipei CNA in English 0932 GMT 13 Aug 84

[Text] Taipei, 13 Aug (CNA)--Western European countries have begun opening their doors wider to visitors from the Republic of China on Taiwan, according to Foreign Ministry sources.

The sources attributed the development to the growing economic and other unofficial ties between this country and Western Europe and the latter's belated recognition of Free China as a worthy trading partner.

The sources listed the following measures adopted recently by major European countries regarding the issuance of visa to ROC nationals:

--The consulates general of European countries have been authorized to issue visas to ROC applicants within 24 hours after applications are received.

--Visa applications filed by ROC nationals will be approved from one to eight days.

--The resident offices of European countries are authorized to issue commercial visas to ROC nationals.

--ROC businessmen are entitled to multiple-entry visas.

--Such requirements that ROC visa applicants must produce bank certified letters of guarantee furnished by the applicants' companies have been waived.

--Also waived are the requirements that the applicants must produce letters of invitation and that student applicants must make a deposit in advance.

In the past, ROC citizens wishing to visit Europe often had to wait for weeks and even months before their applications were approved, if ever.

In recent years, economic ties between this country and Western Europe have grown substantially with two-way trade volume exceeding Dlr 5 billion. The number of ROC businessmen and ordinary tourists has also been increasing rapidly.

CSO: 4000/439

TAIWAN TO MODERNIZE NATION'S VITAL SERVICES

OW210723 Taipei CHINA POST in English 15 Aug 85 p 4

[Editorial: "Vital Services"]

[Text] In 16 years the Twentieth Century will come to an end. In the Republic of China [ROC] this means we have less than two decades to modernize the nation's vital services. These services include communications and transportation. Communications Minister Lien Chan has announced the launching of a multi-dimensional program.

Improvement of these vital services, the minister explained, "is an endless, continuing development: telecommunications, air-sea transshipment, rapid mass transit, traffic safety, and tourism.

The Republic of China has become one of the world's leading suppliers of telephone equipment. Efforts are being made to upgrade the nation's own system. By employing every feasible element of modern telecommunications, a ten-year plan of network digitization is aimed at the long range objectives of establishing an integrated service digital network by the year 2000.

Extensive work is being done to improve the existing data systems as well as to develop new ones to benefit domestic and international transactions. Another objective is to establish an Air-Sea Transshipment Center and to promote global services. Mr Lien pointed out that "Since the ROC is strategically located in the Asia-Pacific region, it is geographically and economically recognized as a natural sea-air transshipment center for international trade in this region."

The success of the excellent transshipment facilities at Kaohsiung and Taichung are impressive examples of the nation's role in international trade. To develop this resource, plans have been made to expand the integration of air-sea transshipment services. Customs and shipping procedures have been simplified. Carriers such as China Air Lines, the Yang Ming Marine Company and the Evergreen Shipping Company are promoting their services around the world.

Another objective is the development of urban rapid mass transit systems. Urban population increases and the rapid industrialization puts a severe

burden on existing transportation systems. "Ever increasing traffic," Lien explained, "may reach a state of stagnation and immobility and cause eventual urban deterioration."

Promotion of traffic mobility and safety means that in addition to planning for the future, the present problems of traffic control must be solved. Safety studies are now under way to determine effective methods of traffic control.

Another vital service is the development of tourism. In addition to the efforts to improve the quality of life for the people, the government is looking for ways to expand tourism resources. The program includes constructing new access roads and improving existing roads, expanding hotels and recreational facilities in the nation's national parks and encouraging private investments in tourists facilities.

The government's modernization program is ambition and calls for cooperation at every level of government. We are convinced the program will succeed, and the Republic of China will enter the Twenty-first Century prepared to take full advantage of everything it offers.

CSO: 4000/439

BRIEFS

ENVOY TO NICARAGUA--Taipei, 23 Aug (CNA)--The Executive Yuan Thursday named Ou Hung-lien as the Republic of China's ambassador to Nicaragua. The Yuan, at its regular weekly meeting, also assigned Prof Liu Chao-hsuan to be vice chairman of the National Science Council. Ou is to replace Mao Chi-hsian while Liu is to succeed Wang Mao-sung in the two posts respectively. [Excerpt] [OW231533 Taipei CNA in English 1426 GMT 23 Aug 84]

CRUDE PURCHASE FROM U.S., AFRICA--Taipei, 22 Aug (CNA)--The Economics Ministry's Energy Commission disclosed Tuesday that the government has planned to buy crude oil from the United States, Africa and Latin America in future, apart from existing suppliers in the Middle East. At a meeting led by Economic Minister Hsu Li-teh, concurrently chairman of the Energy Commission, discussions centered, among other things, on a recommendation that the state-owned China Petroleum Corp should map out plans to diversify its crude imports, sourcing from other areas besides the Middle East. The commission noted that 85.3 percent of the nation's crude imports come from the trouble-plagued Middle East countries where oil tanker traffic on the seas there has been affected by political complications. It suggested that the government actively study whether it would be feasible to procure crude oil from Alaska, the United States. The Energy Commission pointed out that, in the first half of this year, foreign exchange payments for energy imports were valued at U.S. dollar 2.3 billion, up 9 percent from the expenditure for the corresponding period a year ago. The amount also occupied 21.6 percent of the total import pie between January and June this year. [Text] [OW221447 Taipei CNA in English 1430 GMT 22 Aug 84]

COSTA RICAN PRESIDENT--Panama City, 21 Aug (CNA)--The diplomatic relation between Costa Rica and the Republic of China maintains [as received] solid, said President Luis Monge of Costa Rica. President Monge granted Tuesday morning an audience to a 13-member goodwill mission of the National Assembly of the ROC at the presidential palace. He said that traditional and excellent diplomatic, technical, economic and cultural cooperations between the two countries are firm and will be growing up continually. [Text] [OW221137 Taipei CNA in English 1030 GMT 22 Aug 84]

ROC'S PACIFIC ROLE STRESSED--Taipei, 17 Aug (CNA)--Dr Sun Chen, president of National Taiwan University, said Friday that the Republic of China on Taiwan with her geographically strategic location and unusual performance in economic development, is in an excellent position to contribute to other countries in the Western Pacific by participating in a certain kind of regional economic cooperation. He made the remarks at the seminar on Western Pacific security re-examined, sponsored by the Freedom Council of the Republic of China and being held (Sept 17-19) at the Taipei Hilton Hotel. There is an urgent need to formulate a security system of some kind in the Western Pacific. The region's intricate political sensitivities and conflict of interests, however, stand in the way of its establishment, Sun noted. Under the present circumstances, a systematic security arrangement is most unlikely to materialize, he said. However, he added that the cornerstone of such a security system--regional economic cooperation in the Western Pacific--should be laid first. The ROC believes, he pointed out, a stable and rapidly growing economy in the region through cooperation will strengthen the security of the region. [Text] [OW180447 Taipei CNA in English 0322 GMT 18 Aug 84]

KMT OFFICIALS--Taipei, 8 Aug (CNA)--The Republic of China's ruling Kuomintang's Central Standing Committee Wednesday approved the nomination of James Soong as director of the Department of Culture Affairs by Party Chairman Chiang Ching-kuo. Soong will succeed Chou Ying-lung, who was assigned as chairman of the Commission of Evaluation and Discipline of the party's Central Committee. The incumbent chairman of the Commission of Evaluation and Discipline, Lin Ching-sheng, has been nominated as vice president of the Examination Yuan. This nomination will be submitted to the Central Yuan for confirmation. [Excerpt] [OW081311 Taipei CNA in English 0954 GMT 8 Aug 84]

FRG PARLIAMENTARIANS EXPECTED--Taipei, 6 Aug (CNA)--A six-member mission of the Federal Republic of Germany, led by Rudolf Wedekind, member of the European Parliament, will arrive in Taipei Tuesday for an eight-day visit. While here, they will call on government officials, Kuomintang party leaders, and the deputy chairman of the board of the Euro-Asia trade organization. They will also visit economic and cultural establishments here. The visitors are scheduled to depart on August 14. [Text] [OW061433 Taipei CNA in English 1350 GMT 6 Aug 84]

HONDURAN FOREIGN SECRETARY--Taipei, 10 Aug (CNA)--Dr Edgardo Paz Barnica, minister of foreign affairs of the Republic of Honduras, called on Premier Yu Kuo-hwa Friday and exchanged views on matters related to the problems of Sino-Honduran relations. During the meeting, the premier extended warm welcome to Minister Paz and also discussed with him how to improve bilateral relations in various fields. Premier Yu also presented Minister Paz and Honduran Ambassador Jorge Elias Flefil Larach each a jade horse and a cloisonne plate as souvenirs. During his stay here, Minister Paz will call on other leading government officials, visit various establishments in the Republic of China and tour eastern Taiwan. He will leave here Sunday. [Text] [OW101419 Taipei CNA in English 1402 GMT 10 Aug 84]

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HONG KONG MEDIA ON CHINA

CRITICISM OF 'LEFTISM' AND PRC'S OPEN DOOR POLICY DISCUSSED

Hong Kong CHENG MING [CONTENDING] in Chinese No 81, Jul 84 pp 56-58

[Article by Lin Nian [2651 1819]: "CCP's Criticism of 'Leftism' and the CCP's Open Door Policy"]

[Text] The struggle between the "leftist" and the "rightist" forces inside the Chinese Communist Party has never ceased since the downfall of the gang of four. Sometimes the "rightist" forces got the upperhand, other times the "leftists" prevailed, sometimes both the "leftist" and the "rightist" forces got bogged down in a state of uncompromising contention. Such a development inside the CCP merits people's serious attention, for it has a direct bearing on the evolution of the CCP's line and policies.

What, then, are the recent developments? So long as we watch the words of the CCP organ RENMIN RIBAO (RMRB) carefully, we will discover that certain "sudden" changes have taken place in the CCP line and policies.

We can start by reading the issues of RENMIN RIBAO published between the end of March and in early April.

The Symposium on Party Consolidation Did Not Even Oppose "Leftism"

On 31 March, RENMIN RIBAO carried a lengthy report entitled "The Central Guiding Committee Called a Symposium on Party Consolidation Guiding Committee of the CCP Central Committee," which called a party consolidation symposium from 19-21 March at Zhongnanhai with Bo Yibo and Hu Qili presiding. At this symposium Guo Feng, first secretary of the Liaoning provincial CCP committee; Gao Yang, first secretary of the Hebei provincial CCP committee; and Qin Zhongda, secretary of the party group of the Ministry of Chemical Industry, spoke about the party consolidation experience, and Bo Yibo made a summary near the end of the meeting.

From this hodgepodge report we can discover some problems. Even though both Liaoning and Hebei were areas severely afflicted by the extreme leftist line (with Mao Yuanxin and Chen Xilian in Liaoning and Liu Ziu Zihou in Hebei), "opposition to leftism" was not even mentioned, judging from the report. Instead, it was Qin Zhongda of the Ministry of Chemical Industry who stated that "the importance and urgency of eliminating 'leftist' ideology was not

sufficiently understood" and that "thus it is necessary to recognize clearly the extreme importance of summing up historical experiences and eliminating the 'leftist' ideology." People may ask, were Guo Feng and Gao Yang the ones who simply did not oppose leftism in the course of party consolidation, or had the report undergone a "surgical operation" by the CCP Propaganda Department before it was released? Let's put this question aside for the time being.

Bo Yibo's "important speech," however, was very significant in which he summed up three experiences of "very strong objectives" and "universal significance." The first experience went so far as to ask for the "upholding of the four fundamental principles in party consolidation." But the "four fundamental principles" were not even mentioned in the speeches by the aforementioned three persons; furthermore, it so happened that the word "left" was left out in Bo Yibo's speech. As a result, RENMIN RIBAO had also failed completely to highlight the question of "opposition to leftism."

RENMIN RIBAO Suddenly Launched an Attack

Nevertheless, on the next day, 1 April, an "unexpected" thing emerged. RENMIN RIBAO suddenly frontpaged in a prominent position a "RMRB commentator's" article entitled "Eliminate 'Leftist' Pernicious Influence and Correct the State of Weakness and Laxity." The article stated that from the very start "an extremely important task of party consolidation has been to eliminate further the 'leftist' pernicious influence and truly keep in line politically with the Central Committee."

In introducing the party consolidation experience in the paper yesterday, it had also intentionally or inadvertently ignored "opposition to leftism"; thus overnight the theme became "an extremely important task" in RENMIN RIBAO. It seemed the Bo Yibo had failed "truly" to keep in line politically with the Central Committee." And that "symposium on party consolidation" seemed to be the typical representative of extremely serious weakness and laxity, as noted in the commentator's article, which did not face up to the "leftist" impact, criticize "leftist" pernicious influences and surmount "leftist" tendencies.

RENMIN RIBAO's "April Fool's Day" (1 April marks "April Fool's Day," although the Chinese Communists do not go for this kind of stuff) sounded the clarion call to attack, and soon after this, not only did "rumors" about CCP Propaganda Department director Deng Liqun's resignation spread, but RENMIN RIBAO had also published a series of articles to bolster the offensive. Several of the important ones included:

The 12 April "RMRB commentator's" article, "The Theoretical Circles Must Have Enthusiasm in Studying New Things"; the 20 April "RMRB commentator's" article, "Get a Firm Grip on Building the Third Echelon"; the 22 April editorial, "Push on in the Flush of Victory, Bring About a Noticeable Turn for the Better in the Party Style"; the 25 April "RMRB commentator's" article, "We Should Not Be Weak and Powerless Against Bureaucracy"; the 30 April "RMRB

commentator's" article, "To Implement Document No 1, It Is Necessary To Eliminate 'Leftism' Continuously"; the 9 May "RMRB commentator's" article, "Support the New Cadres in Working Boldly"; the 10 May "RMRB commentator's" article, "Progress Can Be Achieved by Comparing"; the 20 May RENMIN RIBAO reprint of the 18 May JIEFANGJUN BAO "commentator's" article, "Keep Summing up Experiences and Keep Lessons Learned in Mind -- On How To Understand the Question of the Three Supports and Two Military's in the Course of Party Consolidation"; the 4 June "RMRB commentator's" article, "Cast the Net Broadly"; and the 7 June RENMIN RIBAO reprint of the 31 May YUNNAN RIBAO "commentator's" article, "The Rebel Organizations of the Two Factions Are Both Wrong."

The main theme of all these articles was opposition to leftism, and special attention should be paid to some of them.

One of these articles is the one entitled "The Theoretical Circles Must Have Enthusiasm in Studying New Things." The article called on "comrades in the theoretical circles to get out of their studies, go among the masses, get in touch with the realities of life, understand new things and study them and, in line with Marxist principles, analyze, explain and guide those new things that emerged after breaking through long years in 'leftist' shackles." The article also added that "while many comrades in the theoretical circles... had done some theoretical research and written articles with keen insight, their work probably has faults of all descriptions. However, their enthusiasm in studying new things should first of all be affirmed." This in actuality amounted to bolstering up the morale of those theoretical workers (with Wang Ruoshui [3769 5387 3055] as their representative) who were criticized and attacked during the struggle to "oppose bourgeois liberalism" and "eliminate spiritual pollution." It also reflected at the same time that the reformist faction is actively searching for a theoretical breakthrough.

The articles entitled "Get a Firm Grip on Building the Third Echelon" and "Support New Cadres in Working Boldly" assured the organizational implementation of the policy against the extreme leftist line. It was not shooting aimlessly when some passages censured "some veteran cadres who stepped back to the second line but failed to hand over their power totally to the new cadres as they should, whereby the handling of certain important matters still depended on having veteran cadres get the final say." Whether or not it will involve the "elimination of spiritual pollution" or related personnel changes (for example, in RENMIN RIBAO itself) remains to be verified.

Both theoretical and organizational questions are sensitive questions in the CCP's line struggle. As a result of RENMIN RIBAO's attacks on these questions, obviously the situation of the struggle and the relative strength inside the party have undergone certain changes.

The Army's "Meritorious Military Service" During the "Cultural Revolution" Was Denied for the First Time

In addition to the two questions mentioned above, the question of the army is also an eye-catching one. As everyone knows, the army has been the stubborn

stronghold of the Chinese Communist conservative forces. No one in the country had heretofore dared to deny the army's past "meritorious military service," including the army's erroneous way of doing things during the "cultural revolution." However, in commenting on the "cultural revolution" and the "three supports and two military's" (support the broad masses of the left, support industry and support agriculture and institute military control and political and military training), JIEFANGJUN BAO's 18 May commentary stated that "in exercising the 'three supports and two military's,' those who supported the 'left' were all factions playing a supportive role and they were wrong no matter which factions they supported."

This is an extraordinary refutation. The "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" adopted by the 6th Plenary Session of the 11th CCP Central Committee on 27 June 1981 commented only briefly on the "three supports and two military's" by saying that "the chaos was such that the military's role was necessary and played a positive role in stabilizing the situation, but it also produced some negative consequences." However, the "experiences" and lessons" of the "negative consequences" were not mentioned until now. Obviously this is a move to put the army question on the agenda and open fire on the obstinate forces in the army.

On the day before this issue of JIEFANGJUN BAO was released, namely, on 17 May, Hu Yaobang was meeting with the leading cadres of the army, navy and air force units of the Shenyang Military Region in Shenyang. He called for efforts to overcome the "leftist" remnants in policies as well as "leftist" sentiments by means of party consolidation. (Remnants" here was a word used in a courteous way whereas the word "sentiments" would make people ponder.) Yang Shangkun, vice chairman of the Military Commission, who accompanied Hu Yaobang to the meeting, nevertheless stressed that the "great cultural revolution" should be completely negated. This naturally has something to do with negating the "three supports and two military's."

Yu Qiuli, director of the PLA General Political Department, who was looked upon as a member of the "petroleum faction" and once was quite close to Hua Guofeng, made a speech at a group meeting of the PLA delegation attending the NPC on 18 May. In his speech, he called on the army units to support actively the localities in doing a good job to open up the cities. Although this also showed Yu Qiuli's attitude toward the "open door," nevertheless it seemed that his speech showed a lack of enthusiasm in "opposing leftism" and negating the "cultural revolution."

What Is the Open Door Economic Policy After?

While taking note of the series of changes mentioned above, we cannot overlook the question of the open door policy in the economic sphere.

During the Spring Festival this year, Deng Xiaoping conducted an inspection tour to the Shenzhen, Zhuhai and Xiamen special zones and fully affirmed the role of these special zones. At the end of March, the CCP Central Committee's secretariat and the State Council jointly called a symposium of some coastal

cities and made two important decisions: One was to open up 14 cities including Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningpo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai. The other was to permit foreign businessmen to manage their enterprises with their own capital. The open door policy was also recently advocated at the Second Session of the Sixth NPC. However, it should be noted that this is purely an open door policy for the economic sphere having no bearing on opening the door politically and ideologically.

The RENMIN RIBAO editorial published on 15 May in celebration of the convocation of the Second Session of the Sixth NPC and the Second Session of the Sixth CPPCC pointed out clearly that the opening up of coastal cities and efficient economic construction in the special zones are nothing but "important policy decisions to introduce foreign capital and advanced technology in a better way." During the meeting on 28 May, RENMIN RIBAO, in specifically commenting on the opening up of coastal cities, also noted that "it is necessary to draw in capital and advanced technology from abroad in a faster way." But the following passage would make people ponder: "Developing economic and technical activities with foreign countries is a rather complicated task backed by strong policy principles. This requires our cadres to be sensible persons with a strong party spirit, professional proficiency and firm devotion to their work." The NPC Standing Committee's resolution on the government work report also noted that "the meeting called on the governments at all levels, while upholding the four fundamental principles, to further...." It seems that the "four fundamental principles," "strong in party spirit" and "sensible persons" are perhaps synonyms indicating that the objectives of opening up economically is for money and technology and definitely not for freedom, democracy, human rights and rule by law in the Western sense. It is, therefore, far too naive to think that in making progress China would tolerate the "two systems."

One Should Not Cherish Any Extravagant Hopes About Having "One Country, Two Systems"

Therefore, the CCP's "criticism of leftism" is primarily an economic move, and one should not cherish too many extravagant hopes that the opening up means that a slight political and ideological slackening. For example, "to eliminate" spiritual pollution was changed to "to boycott" spiritual pollution. We cannot see any difference in principle or essence in the wording. Changing 10,000 times without departing from "communism" may bring about all kinds and forms of communism, but in light of general principles, there is no difference as long as the preservation of Communist Party leadership is concerned. Thus, be it reform or opening up, the objective is to preserve and consolidate Communist Party leadership. Therefore, some people thought that by having "one country, two systems" it would make the system being practiced in Hong Kong a lesson to be learned by China. This can only be a one-sided preference. Zhao Ziyang had put it rightly at his Paris press conference during his European tour: "China will not practice the mainland system in Hong Kong. I also don't believe that the Hong Kong system will spread in the mainland." China will have sovereignty over Hong Kong after

1997. Naturally it also has the power not to let the Hong Kong system spread in the mainland. However, whether or not China, even with its power, will refrain from imposing the mainland system on Hong Kong will depend on those who use that power.

Looking into the future China in the light of this kind of reform and open door policy being pursued in the country, China will remain a one-party political dictatorship while tolerating to a certain extent the existence of capitalist economic elements. But how long this kind of dichotomy in the economic base and the superstructure can last remains to be seen.

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