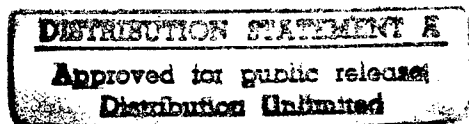


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26 July 1984



China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

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26 July 1984

CHINA REPORT

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

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GENERAL

U.S. REACTION TO SOVIET REFUSAL ON TALKS

HK030950 Beijing RENMIN RIBAO in Chinese 3 Jul 84 p 7

["Special dispatch" from Washington by reporter Zhang Liang [1728 0081]: "The United States Expressed Disappointment at Soviet Rejection of the U.S. Proposal To Link Negotiations on Nuclear and Anti-Satellite Weapons"]

[Text] Washington, 2 Jul (RENMIN RIBAO)--The Reagan administration of the United States expressed its "regret" yesterday at the announcement made by the TASS NEWS AGENCY of the Soviet Union on Soviet rejection of the U.S. proposal on simultaneously linking negotiations on nuclear and space arms. On the one hand TASS asserted that the United States "expected to continue to discuss this question with the Soviets through diplomatic channels." On the other hand, it declared that the United States was still willing to sit down to hold talks with the Soviet Union in September in accordance with the Soviet proposal.

Yesterday evening, at a barbecue dinner to fete the diplomatic representatives of various countries at the White House, President Reagan, Secretary of State George P. Shultz, and Soviet Ambassador to the United States Anatoliy F. Dobrynin sat together and talked for 15 minutes. A senior official of the White House called this "quiet diplomacy." President Reagan hoped to use this opportunity to explain to Dobrynin that the United States hoped to hold talks with the Soviet Union on the control of all armaments. However, after the talks, Weinberger said that it was too early as yet to say whether Reagan's talks with Dobrynin will open up the way to lead to new talks on nuclear weapons between the United States and the Soviet Union.

The State Department yesterday issued a statement that insisted on discussing the issue related to nuclear arms along with the talks on space arms, because "since people tested the first ballistic missile and since people began to deploy this kind of missile and other weapons systems that utilize outer space, this kind of militarization of space has already begun." The statement also says: "Because space activities continue to have important implications for nuclear deterrence, the question of resuming nuclear arms talks deserves to be stressed along with the question of talks on space arms."

Observers here hold that the disputes between the United States and the Soviet Union on the question of talks on space arms is a "battle of propaganda," a "war of tongues," and "a game of hide and seek." At first, the Soviet Union

thought that the United States had always refused to discuss the question of banning space arms; therefore, it proposed to the United States a discussion on the question related to the demilitarization of space in order to embarrass the United States. However, the United States quickly responded and expressed its willingness to hold talks and this, contrarily, put the Soviet Union in an difficult position. However, the reason why the United States was willing to hold talks with the Soviet Union was not because it hoped to have an agreement to eliminate the possibility of a "space war." It was because Reagan was eager to have dialogues with the Soviet Union before the general election. What Reagan hoped was precisely what the Soviet Union opposed. The Soviet Union has publicly declared that it hopes that Reagan is not reelected.

CSO: 4005/717

GENERAL

JOURNAL ON U.S.-USSR ASIA-PACIFIC RIVALRY:

HK280404 Beijing SHIJIE ZHISHI in Chinese No 9, 1 May 84, pp 2-5

[Article by Yuan Yuzhou [5913 3254 1558]: "The Fluctuating Stability of the Situation in the Asia-Pacific Area"]

[Text] In recent years, forecasts have been made in many countries that the focus of the world economy will gradually be shifted to the Asia-Pacific region and that a "new civilization center of the world" will emerge in the Pacific Basin and a "new Asia era" will come. However, people have also seen that many factors that may lead to a turbulent situation exist in this region. In particular, the markedly intensifying contention between the two superpowers, the United States and the Soviet Union, in this region has directly threatened the peace and stability there. At present, various factors promoting or impeding prosperity and stability in the Asian-Pacific region are interwoven with one another, and the development of the Asia-Pacific situation has become an issue attracting to worldwide attention.

The Economic Upsurge

In general, the Asia-Pacific region refers to the Pacific Ocean and the areas on both sides, which include eastern Asia and western coastal areas of North America. This region possesses one-fifth of the land on the earth and more than one-half of the world's population. Over the past 2 decades, the speed of economic growth in east Asian countries has continued to be higher than that in other areas; and Japan's economic growth has always ranked first in the capitalist world. The rapid industrialization of some countries with a medium level of development and regions in Asia and of the ASEAN countries in recent years is also an outstanding fact. In some of these countries, the annual industrial growth rate is three times as high as that in developed Western countries. In the late 1970's and early 1980's, when the overall economy of the capitalist world was bogged down in a serious recession, the economies of most Asian countries still continued to grow, and the growth rates of trade and investment in this region outstripped those in Europe. As the capitalist world economy began to recover last year, the economies of newly industrialized countries in Asia grew even more vigorously.

At present, the economic strength of the United States and Japan accounts for one-third of the world's total GNP, or one-half of the capitalist world's total. With the rapidly developing economies in China and newly industrialized countries and regions, such as ASEAN countries, Hong Kong, and South Korea, the Asia-Pacific region forms an even greater proportion of the world economy. According to analyses by the foreign press, the Asia-Pacific region has many favorable conditions and great potential for economic development. This is mainly reflected in the following points: 1. This region is rich in natural resources. From the East China Sea to the continental shelf beneath Vietnamese waters, there are huge deposits of petroleum, uranium, iron, and various non-ferrous metals. In addition, the region is also rich in coal and timber resources. 2. There is the gigantic market of a population of 1.5 to 2 billion people in various countries around the Pacific Ocean, and a large part of this market has yet to be developed. 3. Such highly developed countries as the United States and Japan provide the region with sophisticated technology and highly developed markets. 4. China's modernization program and her open-door policy have produced a marked and beneficial effect upon the region's economic development. 5. In this region there are a number of major grain-exporting countries, which can expand their grain supply. 6. Regional cooperation is developing. The ASEAN countries have integrated their economies and have taken positive steps to cooperate with developed countries in this region. North-South cooperation in the whole region is making smooth progress. Economic cooperation among south Asian countries is also developing. 7. The focus of the U.S. economy and population is being shifted to the West coast. To sum up, economic development in the Asia-Pacific region is in the ascendant. The region is emerging as a new "economic center."

However, it should also be noticed that the flimsy economic structures of some countries and the economic frictions between some countries will lead to unevenness in economic development. Although many developing countries in this region have developed their industry to an unprecedented level, poverty remains unchanged in the countryside. This has given rise to the "dual structure" of "prosperity and poverty." According to statistics, even in the ASEAN countries, which have markedly developed their economies, the proportion of families living below the poverty line remains, in the best case, as high as 25 percent, while in the worst case the level reaches 50 to 60 percent. Because the growth rate of the labor force outpaces the growth rate of employment, a large number of people are unemployed and semiunemployed. Large numbers of peasants who have lost their means of livelihood from the land in the countryside keep pouring into cities, and add to the numbers of urban poor. All this will not only affect further economic development, but will also threaten social stability.

A Latent Chaotic Situation

As compared with other regions in the world, the political situations in various countries in the Asia-Pacific region have not experienced drastic changes. In general, the rulers in these countries, whether civilians or military officials, are strong men who govern in an ironhanded manner. The activities of opposition parties and factions are under strict restraint and they are not strong enough to overthrow the existing governments. So coups are not as frequent in the Asia-Pacific region as in Africa and Latin America, and changes in

ruling parties in this region are not as frequent as in European countries. The national liberation movements in Asia arose earlier than in other regions. It is generally agreed that, through the two world wars and the postwar developments, especially since Vietnam won its anti-U.S. war in the mid-1970's, the struggle to win national independence in Asia has basically come to an end.

As far as state-to-state relations in this region are concerned, Sino-U.S. relations have been gradually normalized since the two countries terminated their hostility in the 1950's and 1960's. The two countries established diplomatic relations in 1979 and have been continuing to develop their friendly relations. Sino-Japanese relations have also entered a new period and have been developing on the basis of the four principles of peace and friendship, equality and mutual benefit, mutual trust, and lasting stability. Sino-Soviet relations have also improved in recent years. U.S.-Japanese relations have become much closer. All this is beneficial to the stability of the Asia-Pacific situation. China's independent and peaceable foreign policy and her open-door policy have played and will continue to play a great role in promoting the political stability in the Asia-Pacific region.

However, the political situation in this region is not absolutely calm and tranquil. In some countries, there are not only opposition parties and factions, but also antigovernment armed forces. In some countries, the leader in power is at an advanced age and the state is thus faced with the issue of choosing a successor, so the power struggle is likely to affect the political stability. Last year the Philippine opposition leader, Aquino, was assassinated and this incident immediately evoked an antigovernment movement. This case provides an ill omen for latent instability.

In addition, a country like Vietnam carries out regional hegemonism, invades and interferes in other countries, stations troops in Kampuchea for a long time, suppresses the resistance forces in Kampuchea, and willfully carries out armed provocations against Thailand. Recently, Vietnam has intruded into Thailand's territory even more furiously and has seriously endangered the security and stability of this region.

More importantly, with the rising of Asia's status, its position in the global strategic contention between the United States and the Soviet Union has also become more important. The two superpowers are competing in strengthening their respective military presences in this region and have created a serious situation of confrontation in order to strive for military superiority.

The Soviet-U.S. Confrontation

It is for profound reasons that the Soviet Union attaches greater and greater importance to the Asia-Pacific region while pursuing its expansionist policy. First, about three-fourths of Soviet territory is in Asia, and about one-third of Asia's land is part of the Soviet Union's territory. It is expected that the Soviet Union's resources in its western areas will be nearly exhausted by the end of this century, so its future economic development will depend, to a great degree, on its rich mineral and forest resources in its territory in

Asia. Now the Soviet Union is making great efforts to develop Siberia and is gradually shifting its economic strength eastward. Second, for strategic reasons, the Soviet Union is trying hard to exclude U.S. influence from the north-west Pacific region, threatening China and Japan, and trying to control South-east Asia, to have a hand in the Indian Ocean, to dovetail its maneuvering in Asia with its Middle East strategy, and to eventually cut the oil supply line of the West.

Does the Soviet Union rely on its political influence to expand its sphere of influence in the Asia-Pacific region? In the 1950's, the Soviet Union had great political influence in this region. However, since it began to pursue a hegemonist policy, its relations with China have worsened, and this has also affected its relations with some Asian countries. In addition, the Soviets refuse to return the four northern islands to Japan, and this has obstructed the improvement of Soviet-Japanese relations. Moreover, as the Soviet Union supports Vietnam's invasion of Kampuchea and has carried out armed invasion of Afghanistan, it has lost more ground, politically and morally. Now Asian countries have heightened their vigilance over Soviet hegemonist practices.

Do the Soviets rely on economic means? They do often expand their political influence through offering economic assistance to other countries, but Moscow's economic assistance is only available to a small number of countries in Asia. The Soviet Union's trade with Asian countries has been declining in general over the past 20 years, and this is not commensurate with the rapidly growing economies in Asian countries. On the other hand, the Soviet market is far less attractive to Asia than the West European market.

In the last decade, the Soviet Union has relied mainly on its military strength in its expansion. Since the mid-1970's, by taking advantage of the United States' failure in its aggression against Vietnam, the Soviet Union has increased its military strength in Asia in a big way and has actively pursued the policy of taking the offensive southward. Supporting Vietnam's invasion of Kampuchea and dispatching its own troops to occupy Afghanistan are both major steps in pursuing this policy. At the same time, the Soviet Union is expanding its military buildup in the Far East at an unprecedented speed and on an unprecedented scale.

Now the Soviet Union has deployed about one-third of the forces of its three armed services in the Far East region, with a total of 53 battle divisions, 3,200 fighter planes, and 1,000 battle helicopters being deployed in the forefront. Moscow has set great store by developing its naval forces in the Asia-Pacific region. In the past, czarist Russia spared no effort to seek ice-free ports; at present, the Soviet Union is trying by every possible means to ensure that the open seas are accessible to its fleets from the bases in the north Pacific in wartime so as to expand its influence. Its Pacific Fleet is the greatest of the four major Soviet naval fleets. The Pacific Fleet has a total of 820 warships, accounting for one-third of the total Soviet naval force. The number of submarines carrying ballistic missiles in the Pacific Fleet accounts for 40 percent of the total of Soviet strategic submarines.

In addition, two out of the three Soviet aircraft carriers are often cruising in the Far East. The Pacific Fleet also has more than 30 backfire bombers and the largest marine corps of the Soviet Navy.

Nuclear force has held a more and more prominent position in the Soviet military buildup in the Far East. The number of SS-20 missiles deployed in the Far East increased to 126 last year from 108 in 1982, and will increase to 144 this year. The strike range of these missiles includes the entire Far East region, the West Pacific coast, and some bases in the United States.

The Sea of Okhotsk has become a very sensitive area of "strategic character." It was over this area that a South Korean airliner was shot down last year. In addition, the Soviet Union has also been building up its military strength on the four northern Japanese islands and stepping up military activities in the air and waters around Japan.

In Southeast Asia, besides continuing to support Vietnam's invasion of Kampuchea, the Soviet Union has also stationed a task fleet in Vietnam's Cam Ranh Bay, thus threatening the Strait of Malacca which is an important waterway linking the Pacific and Indian Oceans.

After the end of the Vietnam War, the United States effected a strategic retreat from Asia. After the Nixon administration withdrew all U.S. troops from Vietnam, the Carter administration once tried to reduce the troops stationed in South Korea. But after Reagan came to power, the United States began to rally its forces and reassume an offensive stance in its strategy in order to contend with the Soviet Union in Asia. There are two main reasons for the readjustment of U.S. policy: first, the Asia-Pacific region's position in the world economy has become more and more important, and the United States' economic ties with this region have also become closer and closer. The volume of U.S. trade with Asia ranks first among trade figures between the United States and other regions. In 1982, the volume of U.S.-Asian trade reached \$150 billion, while the volume of U.S.-European trade was just \$115 billion. The United States has made \$26 billion worth of investment in East Asia, and U.S. investment is still increasing. The economy in the southern and western parts of the United States has become heavily dependent on their relations with various Pacific nations. Second, the Soviet expansion in the Asia-Pacific region has deeply upset the United States. Being faced with the Soviet Union's aggressive offensive, the United States could not but adopt a series of measures to restore its military superiority in this region. It is trying to build a defensive line from the Sea of Japan in the north to the Indian Ocean in the south so as to contain the Soviet Union's expansion.

In the global sphere, the focus of U.S.-Soviet contention is Europe, and a prominent hot spot is the Middle East. This situation remains unchanged. However, the United States is readjusting its global strategy in light of the changing situation. In the past, its strategy was the so-called "reinforcement strategy." That is, if trouble occurred in the Middle East, it would dispatch reinforcements from Asia to the Middle East. In recent years, it has worked out a so-called "flexible combat strategy on multiple lines" and has taken the Far East, especially Northeast Asia, as a key area in which to contend with

the Soviet Union so as to contain the possible military activities of the Soviet Union in Europe and the Middle East.

Why does the United States take the Far East and Northeast Asia as a key strategic area?

Some Americans hold that from a geopolitical point of view, the United States is in an inferior position, compared with the Soviet Union, in Europe and the Middle East. Once an emergency occurs, it will be difficult for the United States to transport supplies to these areas because of the long distances. This will be very unfavorable to the launching of large-scale military actions. However, in Northeast Asia and the North Pacific region, the United States can find many favorable conditions. It can not only attack Soviet territory directly, but can also make use of the military bases in Japan and South Korea. The United States has stationed necessary attacking echelons on the Pacific coasts and in Hawaii and Okinawa. These forces are strong enough to threaten Soviet territory to the east of the Ural Mountains. Moreover, the Soviet Union has insufficient transport facilities and no major industrial bases in this region. Therefore, in the eyes of the United States, the Northeast Asia region is a weak link for the Soviet Union, and it can deal with the Soviet Union by attacking this weak link and will not have to conduct a trial of strength in the regions unfavorable to it. On the basis of this strategic idea, the United States has strengthened its military buildup in the Asia-Pacific region, especially in the North Pacific Ocean, Japan, and South Korea. In particular, the position of Japan and South Korea in the U.S. strategy in Asia has become much more prominent.

According to some reports, the troops deployed by the United States (including the 7th Fleet) in this region number some 150,000 people as of now. This accounts for about one-third of the U.S. forces stationed abroad.

The United States has also strengthened its tactical air forces stationed in Japan and South Korea, and is preparing to deploy nuclear forces in Japan and South Korea. Last August, Schneider, U.S. Under Secretary of State, said that the United States would deploy 10 Trident nuclear submarines and some small-sized intercontinental missiles in the West Pacific region. Since June last year, the United States has begun to equip its warships with Tomahawk cruise missiles.

At present, the United States stations some 50,000 troops in Japan and another 40,000 troops in South Korea. At the same time, it has a number of military bases in these two countries. In Southeast Asia, the United States has a major military base in the Philippines' Subic Bay.

While increasing its own military strength, the United States is also consolidating the collective "security and defense" system with Japan and South Korea. It requires Japan to control the Soya, Tsugaru, and Tsushima Strait, which the Soviet naval ships must pass through in order to cruise southward from their bases. It also asks Japan to undertake the task of defending the 1,000-nautical mile waterways. At the same time, the United States has also improved its strategic coordination with Australia and New Zealand.

In general, the strategic military strengths of the two superpowers in the Asia-Pacific region are well-matched, with each side having strong and weak points. At present, their rivalry is still in a stage of readjusting deployment, and they are unlikely to be involved in head-on conflict. However, this state of affairs is fraught with the danger of war. Therefore, the U.S.-Soviet contention in the Asia-Pacific region, which is expected to last throughout the 1980's, will remain the main source of unrest and turbulence in this region.

CSO: 4005/717

GENERAL

GUANGMING RIBAO ON ASIAN-PACIFIC SITUATION

HK050512 Beijing GUANGMING RIBAO in Chinese 25 Jun 84 p 4

[Article by Mei Zhenmin [2734 2182 3046]: "Building a Peaceful and Cooperative Asian-Pacific Region"]

[Text] The ever-increasing importance of the Asia-Pacific region in world politics and economics has attracted worldwide attention and has become a major topic of international opinion. "The Mediterranean Sea represents the past, the Atlantic Ocean only represents the present, and the Pacific Ocean represents the future." This moving comment has been frequently quoted by the press and recently has become a rather prevalent argument.

A strong tendency to develop rapidly has appeared in the Asia-Pacific region, which was comparatively backward in the past. Many previous colonies and semicolonies there have won political independence and are striving to develop their national economies. China, which has one-fourth of the world's population, has shifted the focus of its efforts to economic development and will ensure sustained and steady growth in its economy. The five ASEAN nations have made marked progress in developing their economies and have definitely raised their position on the international political stage. Japan has become one of the world's greatest economic powers, increasing its proportion in the world's total GNP from 2 percent in 1955 to 10 percent in 1980. Japan is now playing an ever greater role in international affairs. Australia, New Zealand, and other nations of Oceania as well as the Latin American countries among the Pacific coast have all made good progress in developing their economies. In addition, the Soviet Union is gradually shifting the focus of development from its European areas west of the Ural Mountains to its eastern areas which have not been fully developed. The United States is maintaining the tendency to shift its economic center from the East coast to the West coast. At present, the total GNP created by the Asian and Pacific countries and their gross trade volume account for considerable proportions in the world.

A particularly noticeable fact is that the economic growth rate in the Asia-Pacific region has exceeded the average growth rate of the whole world. According to statistics, the average annual growth rate of the world economy in the 1960's was 5.3 percent, while the rate in the Western Pacific region was 6.2 percent, and the rate in East and Southeast Asia was 6.4 percent; in the 1970's the world's average growth rate was 3.7 percent, while the figures

in the Western Pacific region and the East and Southeast Asian region were 4 percent and 5.2 percent respectively. Moreover, as this region possesses about half the world's population, half the world's total water area, and one-third of the world's land and is rich in all kinds of natural resources, it has great potential for further development. Therefore many international observers hold that the world's economic center is shifting to the Asia-Pacific region. This region, which was comparatively backward in the past, is rapidly changing its face and catching up with other advanced and developed regions in the world.

Development requires peace, but the Pacific Ocean is not pacific now. With the economic and strategic position of the Asia-Pacific region becoming increasingly important, the superpowers are stepping up their contention in this region while continuing to focus their strategies on Europe. This has made the Asian-Pacific situation more turbulent than before. Since 1978 the Soviet Union has rapidly expanded its military strength in this region. Its ground forces in the Far East have increased from more than 30 divisions in 1978 to more than 50 divisions at present. The number of Soviet SS-20 intermediate-range missiles deployed in the Far East has also increased from 25 in 1978 to 135 at present. Its Pacific Fleet had 750 warships with a total tonnage of 1.35 million tons in 1978; but now its battle capacity has greatly increased with the number of warships increasing to more than 820 with a total tonnage of 1.62 million tons. In view of the challenge of the Soviet Union, plus the important position of the Asian-Pacific region in the U.S. economy, the United States has its policy of withdrawing from Asia and has accordingly built up its military strength in this region. In recent years, the United States has added to its 7th Fleet the world's greatest nuclear-powered aircraft carrier, the "Carl Vinson," and the fleet is equipped with nuclear submarines and cruise missiles. It has increased its fighting forces in Asia and has strengthened its warning and reconnaissance facilities there. It has consolidated and built a number of military bases and has strengthened its military cooperation with its Asian allies. In particular, it has required Japan to undertake the task of defending and controlling four important straits and 1,000 nautical miles of waterways around Japan. The confrontation and contention between the Soviet Union and the United States in the Asia-Pacific region have threatened the peace and security of various countries in this region. The Soviet Union has directly or indirectly become involved in two aggressive wars in this region. In one of these wars, it directly dispatched troops to occupy Afghanistan; and in the other war, it supports Vietnam's invasion of Kampuchea. On the other hand, the United States refuses to withdraw its troops from South Korea and continues to back the South Korean authorities in obstructing the peaceful reunification of Korea. That is why the tense situation on the Korean peninsula cannot be eased so far. The U.S. military support for the Taiwan authorities has also obstructed the realization of China's reunification. All these events have cast ominous shadows over the Pacific Ocean, and they go against the aspirations and interests of the people in this region.

Development also requires cooperation. Since the late 1960's, some Asian and Pacific countries have put forward a variety of proposals for conducting regional cooperation. Public opinion in this region generally holds that

the idea of establishing a Pacific community is not realistic for the time being, because countries in this region vary greatly from one to another and their situations are quite complex. However, it is not only possible but also necessary to strengthen bilateral and multilateral cooperation on the basis of equality and mutual benefit. As a matter of fact, over the past 20 years cooperation in economic and other fields among the Asian and Pacific countries has developed to large extent. This is amply proved by the development of regional cooperation organizations in Southeast Asia and Oceania and the fruitful bilateral cooperations between other countries.

Development, peace, and cooperation are what Asian and Pacific peoples strongly desire, and are also their historical missions. The rapid development of this region has been bringing about changes in the world's overall situation. The 2 billion intelligent, brave, and industrious people in the Asia-Pacific region should be able to make their contributions to human progress.

CSO: 4005/717

GENERAL

WESTERN GOVERNMENTS PROMOTING NEW TECHNOLOGY

HK211009 Beijing RENMIN RIBAO in Chinese 13 Jun 84 p 7

[Article by Zhang Yunling [1728 5686 1545]: "Measures of Western Countries To Push Forward the New Scientific and Technological Revolution"]

[Text] The Western countries, in particular the United States and Japan, are now taking measures and steps to push forward the new scientific and technological revolution.

As far as the governments are concerned, the first priority is to concentrate on stepping up organization and coordination of the application of new scientific research. In the case of some large-scale research and development projects in particular, the governments are directly involved in planning, organization, and coordination. The most outstanding example in this aspects is Japan. During the early 1970's the Japanese Government spent enormous sums on setting up the Tsukuba science center, thereby gathering together over 40 national research centers, laboratories, and technological institutes in one place and establishing a coordinated network of research-development-promotion, and thus launching offensives in all theories and areas of technology which showed developmental potential and significance. Last year the government set up an electric communications research base in Atsugi, specially designed to research new technology related to integrated circuits. In order to get to grips with the developmental trends of the world's new scientific and technological revolution, the government recently established the committees for technological developmental prospects and the prime minister's technology discussion committee. In order to promote popularization and utilization of the new scientific and technological revolution, the government has also directly provided funds for the establishment of a technology transfer center. The Reagan administration in the United States also pays a great deal of attention to developing new technology but, unlike Japan, the United States mainly concentrates on space development and military technology and encourages companies to research and make use of new technology by means of subsidies, purchases, and contracts. What is worth noting is that more than half of the state governments in the United States have set up new technology development advisory bodies and the technology development plans that each state has put forward have reached more than 150 separate projects. In Western Europe, West Germany, France, and Britain have all outlined plans for the development of new technology and their major aim for the 1980's and 1990's is to overtake the United States and Japan.

Second, the governments are willing to spend money and thus provide all the support they can for the development of key projects. Over recent years the American Government's financial allocations for research and development have clearly increased, and in 1982, 1983, and 1984 spending increased by 10.7 percent, 8.2 percent, and 18 percent. In order to research and develop the fifth generation of electronic computers, the American Defense Department is investing some \$250 million, as well as some \$390 million for research and development of optical fibers, super large-scale integrated circuits, high temperature semiconductors, and three-dimensional integrated circuits. By 1986 the Japanese Government plans to have increased spending on research and development to 4 percent of the GNP, with the result that annual expenditure will reach U.S.\$50-60 billion. Today the funds that the Japanese Government provides makes up between 50 to 60 percent of all development funds for new technology in Japan. The Ministry of International Trade and Industry alone raised U.S.\$400 million for research and development of the fifth generation of computers and in addition invested some U.S.\$150 million in research and development of high temperature semiconductors and large-scale integrated circuits. Recently, the government decided that as from this year, 80 percent of the budget allowance for basic research should be used for the development of software. In Western Europe the West German Government has invested the most money in scientific research and in 1983 such investments reached 46 billion marks, with government-provided funds making up more than 40 percent of all research and development expenditure in the country. The government is also preparing to invest some 530 million marks for the "production technology plans" passed last year, of which 66 percent will be used for the development of electronic computers and industrial robots. The Mitterrand government in France is planning to increase the proportion represented by research and development expenditure the total GNP from 1.8 percent to 2.5 percent. Last year the government decided that it would spend U.S.\$20 billion on the development of micro-computer technology within the next 5 years. These vast sums of money that the governments are investing in the development of new technology are totally unprecedented.

Third, laws are being passed and preferential treatment is being offered in order to eradicate obstacles to the development of new technology. Preferential tax laws are being introduced, mainly aimed at reducing the profits tax rate for companies, while reductions in or total eradication of income tax is being implemented for new technology products. Since the end of the 1970's the Japanese Government has drawn up many laws concerning preferential treatment, such as the "highly accelerated depreciation law" (which makes half of the first year's sales income deductible as depreciation). In addition there are the "interim measures on promotion of information services concerning specific machine industries," which involve preferential tax rates for all industries dealing with computers, software, optical communications, laser processing, and new energy sources. At the same time management restrictions have been relaxed to promote unified coordination. The American Government has made it clear that integrated groups which deal with new technology will no longer be hampered by antitrust laws. The Japanese Government has made a very direct move by organizing between 10 and 20 cable and electrical companies to form a united research and development body. In Britain and West Germany the governments have even directly set up risk companies to provide risk funds to private individuals for the development of new technology.

Fourth, there have been increases in funds allocated to education, so as to improve the popularization of new technological knowledge. The new scientific and technological revolution has made three pressing demands on education: faster training of large numbers of high-level technological personnel; the implementation of suitable technological training for existing workers; and popularization of education relating to new technology. In order to solve these problems all the Western countries have made improvements to the quality of education and improvements to the popularization of new technology an important task. The American Government has now made improvements to the quality of education one of its most important future political aims. Last year the government allocated US\$50 million for improving the standards of teaching and education in colleges of science and education. Today the government is examining the possibility of tax redemption for all company expenses linked to worker training. In order to promote the popularization of new technology, the United States, Britain, and Japan have all introduced classes in secondary schools which teach computer technology, and have also drawn up specialized laws relating to worker training.

As far as individual companies are concerned, they have quickly readjusted their management strategies to correspond to the trend in the development of new technology. Readjustments to management have mainly involved refocusing on research into new technology and the production of new products. Some companies have completely abandoned their old businesses and have opened up new lines, while others have shifted their focus. As far as readjustments to management style is concerned, this has mainly involved a reorganization or amalgamation of the original management system according to the demands of developments in new technology. Many major companies have readjusted mixed management systems and have come up with specialized management.

Also, there has been an increase in the unification and coordination of research and production. One of the outstanding trends of the development of new technology in the West has been the increased unity and coordination between companies. In 1981 some of America's largest semiconductor companies set up the "semiconductor research company" and last year the "microelectronics and computer technology company" was also established. In Japan the various technological research associations in which both the government and the companies participate, or which involve major companies alone, are increasing considerably in number and examples include "the super large-scale integrated circuit technological research association" and the "cable and electronic technology research association."

As far as unity between companies is concerned, the most eye-catching is that which occurs on the international level. In Western Europe, in addition to plans for joint research and development in the European Community, unity and coordination among major companies is increasing very fast. Some of Western Europe's largest electronic computer companies, such as West Germany's Siemens, France's Bu-er [1580 1422] (previously called International Computer Co) and Britian's International Computers have decided that as from this year they will undertake joint research of the fifth generation of electronic calculators and computers so as to withstand competition from America and Japan.

It is planned that around 1 billion marks will be invested in the project during the next few years. At the same time transnational unity and coordination among companies in America, Japan, and Western Europe is also developing fast.

CSO: 4005/717

GENERAL

BAN YUE TAN ARTICLE ON U.S.-SOVIET ARMS RACE

HK250734 Beijing BAN YUE TAN in Chinese No 10, 25 May 84, pp 56-58

[Article by Ren Zhengde [0117 2973 1795]: "Disarmament Talks and the U.S.-Soviet Arms Races"]

[Text] From early February to late April, another round of the Geneva talks on force reductions, which have lasted for many years, was held. The only result of this round of talks was the decision to set up some special committees. However, the talks made no substantial progress on such major subjects as stopping the nuclear arms race, banning chemical weapons, and preventing the occurrence of an arms race in the outer space. This was because the two superpowers, the United States and the Soviet Union, which possess the greatest nuclear and chemical arsenals in the world and are both space powers, adopted a passive and hypocritical attitude toward the issue of stopping their arms race.

Intense Conflict Over the Issue of Banning Chemical Weapons

Banning all chemical weapons is a matter of great urgency at the moment, not only because these weapons have a great antipersonnel power and can be made easily at low costs and thus the chemical arms race has become increasingly intense, but also because chemical weapons have been used on a number of battlefields in Afghanistan, Kampuchea, and the Middle East. The use of chemical weapons has caused serious casualties. It was expected that an agreement was most likely to be reached on the issue of banning chemical weapons at the latest round of the Geneva disarmament talks, but this hope proved vain.

The United States particularly sent Vice President Bush to propose a draft treaty on banning chemical weapons at the Geneva conference. Bush said that the United States "ardently hoped" that chemical weapons would be banned and that the U.S. draft scheme "was indispensable for eliminating chemical war for good." The Soviet representative immediately refuted Bush's claim.

The differences between the two sides focused on the issue of verification. The United States proposed that on-the-spot inspection be carried out at all chemical arsenals and facilities under government control. In late February, the Soviet Union indicated that it would agree to international supervision

over the destruction of chemical weapons, but it strongly opposed the U.S.-proposed measure for on-the-spot inspections which may be conducted whenever necessary. This is because all factories producing chemical weapons in the Soviet Union are owned and run by the state and thus would have to be subject to international inspection, while most factories of this kind in the United States are privately owned and run and would not have to be inspected. The Soviets also denounced the Americans for attempting to conduct espionage through international supervision. In short, in the eyes of Moscow, the U.S. scheme was "unmitigatedly designed to conceal the development of its own chemical weapon system."

As a matter of fact, the United States is indeed stepping up the production of chemical weapons. Not long ago, Reagan openly declared that the United States would continue to develop chemical weapons in a big way as "the advanced chemical weapons produced by the Soviet Union constitute a threat to Americans." On the other hand, the Soviet Union has been constantly and quietly developing and producing its chemical weapon system and now possesses the greatest chemical arsenal in the world. At present, the chemicals stockpiled by the United States and the Soviet Union for military purposes amount to more than 400,000 tons, and both superpowers are still developing such weapons. Under these circumstances, how can they be expected to ban chemical weapons in real earnest?

The Space Arms Race Has Been Greatly Intensified

The outer space is a new area of the U.S.-Soviet arms race in recent years. Outer space is very likely to become the fourth major battlefield after land, sea, and air as both superpowers are guided by the strategic idea that "who controls outer space will control the earth."

At the Geneva conference, both the United States and the Soviet Union pretended to be serious in talking about the urgency of stopping the arms race in outer space and emphasized that space weapons "threaten the safety of the entire globe." However, these two--the only space powers in the world--showed no real sincerity to reach any agreement on stopping the space arms race, and they even failed to give a common definition of space weapons at the conference.

At present, most of the hundreds of U.S. and Soviet satellites working in the space are used for military purposes. Moreover, laser and particle beam weapons will be put into orbit before long.

Recently Reagan announced that because the Soviet Union had gained an upper hand in space weaponry, the United States decided to appropriate \$25 billion over 5 years to develop antimissile and antisatellite weapons for use in outer space and to establish a research association headed by a general to coordinate this work.

The Soviet Union has never denied that it possesses a space weapons system. It has also acknowledged that it is developing an outer space weapons systems which could destroy intercontinental missiles and satellites.

The Nuclear Arms Race Is Becoming White-Hot Day by Day

Since the breakdown of the two sets of U.S.-Soviet nuclear negotiations, in Geneva last year, the two superpowers have begun to deploy new missiles in Europe, thus forcing the people of Europe to live in "missile jungles." Many countries had urged the two superpowers to restore their talks on dismantling the missiles as soon as possible and to settle this issue in real earnest at the Geneva conference. However, the representatives of both sides were only keen on recriminations. They just tried hard to defend themselves and place the blame on each other.

While crossing verbal swords, the two superpowers are going all out to expand their nuclear armaments. The United States has largely completed the deployment of its first missiles in Western Europe, and is now preparing to follow up the deployment. On the other hand, the Soviet Union has also shipped new missiles to East European countries. The number of its SS-20 missiles has increased to 378, of which, 243 are aimed at Western Europe, with the rest being aimed at Asia.

At the same time, both the United States and the Soviet Union are stepping up the development of a variety of new missiles. Some of these missiles are based on land, others are to be launched from submarines and airplanes. Neither of them has any qualm about spending huge amounts of money on outdoing their opponent.

Since the two superpowers suspended their two sets of talks last year, people have harbored few illusions that they might make some substantial compromise at this conference. However, people must not ignore the serious threats caused by the frenzied arms race. While being faced with stern reality, all peoples in the world must strengthen their unity and struggle. Only thus can they effectively safeguard world peace.

CSO: 4005/717

GENERAL

RENMIN RIBAO: USSR-U.S. TALKS ON SPACE WEAPONRY PROPOSED

HK260627 Beijing RENMIN RIBAO in Chinese 22 Jun 84 p 7

[Report: "The Soviet Proposal To Talk With the United States on Banning Anti-Satellite Weapons Evokes Different U.S. Reactions"]

[Text] The Soviet Union has once again urged the United States to begin immediate formal negotiations on banning anti-satellite weapons in outer space. This has evoked different reactions in the United States.

On 19 [June], Israelyan, chief Soviet delegate to the 40-nation Conference on Disarmament, said that the negotiations on guarding against an arms race in outer space "brooks no delay," and "the Soviet Union is prepared to begin immediate formal negotiations with the United States in the hope that the two countries will reach an agreement on the anti-satellite system issue." However, he did not suggest specific verification measures.

The Soviet Union had delivered drafts of the treaty to the United Nations in 1981 and 1983, in which it urged complete control on space weapons. The United States refused to reply on the issue. On 11 June this year, Soviet leader Chernenko once again proposed such a demand, and urged immediate negotiations on banning space weapons. Both of these have been rejected by the Reagan administration.

It is reported that the views of the U.S. Government are still divergent on U.S.-Soviet talks on space weapons. Some people do not believe that any measure of banning these space weapons can be verified. In order to deal with the "political pressure," however, they are planning to hold discussions on issues of limited banning of some systems and intelligence exchange, and of assuring non-intervention. On the other hand, some people agree to holding talks with the Soviet Union in a more comprehensive way.

It is reported that the people and military experts in the U.S. Defense Department do not believe that Reagan's "Star Wars" defense is technically feasible. If the United States wants such a defense system to function properly, it has to make technical breakthroughs in eight areas. The cost for making these breakthroughs is so "astonishing" that it will total \$27 billion in the next 5 years and will total \$200 billion by the year 2000. Moreover, "so long

as 5 percent of the Soviet attack strength can breakthrough such a line of defense, most of the U.S. territory is vulnerable to destruction."

On the 19th, a spokesman for a group of famous U.S. personalities said that they were planning to launch a campaign against the Reagan administration's "Star Wars" plan. This is because this plan violates the U.S.-Soviet plans on limiting the anti-missile systems. Also, the plan will bring about the danger of another round in the arms race. This group was formed by retired military officers, government officials, and scientists, including former President Carter, former Secretaries of State Rusk and Vance, and former Secretary of Defense MacNamara.

CSO: 4005/717

GENERAL

BRIEFS

U.S. COMMERCE OFFICIAL--According to an ANHUI RIBAO report, Provincial Vice Governor Su Hua met with Madam (Thomas), project manager of the Major International Projects Office under the Department of Commerce of the United States, in Hefei on the evening of 12 June. He said: Anhui has rich natural resources that await large-scale exploitation. We welcome American enterprises to invest in Anhui and cooperate with us in coal mining, building materials industry, petrochemical industry, machinery manufacturing and other projects. (Thomas) said: American enterprises are interested in cooperating with China in coal mining and other projects. (Thomas) was visiting Anhui at the invitation of the International Trust and Investment Corporation in Anhui. After the meeting, Provincial Vice Governor Su Hua hosted a banquet in honor of Madame (Thomas). [Text] [OW221105 Hefei Anhui Provincial Service in Mandarin 1100 GMT 20 Jun 84]

U.S. CONSULATE IN LIAONING--The United States Consulate General, in Shenyang, Liaoning Province, held a tea party on 4 July to celebrate the 208th anniversary of the independence of the United States. Zuo Kun, deputy governor of Liaoning Province; Tang Hongguang, vice chairman of the provincial people's congress standing committee; Liu Mingjiu, vice chairman of the provincial CPPCC committee; and Zhang Hongjun, deputy mayor of Shenyang City; and responsible persons of departments concerned attended the party. [Summary] [SK041317 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 4 Jul 84]

CSO: 4005/718

UNITED STATES

JOURNAL ON REAGAN'S AGRICULTURAL POLICY

HK270534 Beijing SHIJIE JINGJI in Chinese No 4, 10 Apr 84 pp 71-75

[Article by Xu Gangsheng [1776 2577 3932], of the World Economic and Politics Research Institute under the Chinese Academy of Social Sciences: "The Agricultural Policy of the Reagan Administration"]

[Text] Toward the end of 1982, the Reagan administration proposed a plan of "compensation in kind," to utilize the surplus agricultural products in the government's possession in exchange for farmers producing wheat, maize, kaoliang, rice, and cotton allowing more land to lie fallow. It was said that this plan would cut down the output of these crops, so as to maintain the basic balance between supply and demand, to make their market prices rise, and to increase farmers' incomes, enabling the agricultural economy to finally overcome the crisis. Since publication of the plan, the farmers have made an active response. According to materials published by the U.S. Department of Agriculture, acreage lying fallow in 1983 was 83 million acres, greatly exceeding the original plan and topping the U.S. record. This plan has become "representative" of the agricultural policy of the Reagan administration. This article is to introduce and analyze the current U.S. agricultural policy centering around this plan.

1. The U.S. Agricultural Economic Situation in Recent Years and the Counter-move of the Reagan Administration

During the 1980 campaign for the U.S. Presidency, the Carter administration placed an embargo on grain exports to the Soviet Union out of opposition to the USSR's armed occupation of Afghanistan. This act roused the universal dissatisfaction of the farmers. Seizing this opportunity, Reagan promised that once he was elected president, he would immediately lift the embargo on grain exports to the Soviet Union, so as to win the support of the farmers. As is universally known, the Republican Party represented by Reagan has always opposed the government's interference in agriculture. It was not long after he came to power that Reagan openly proposed in his first State of the Union message on the budget, that farmers should acquire capital funds from the private economy. He held that if the government made loans to agriculture it would disturb the money market and up inflation. It had been advocated that the government should make fewer loans to farmers and abolish price supports for farmers joining the government plans, and so on.

However, as President, it was by no means easy for Reagan to change the basic orientation of an agricultural policy which was formed over half a century. Apart from making good his promise on lifting the embargo on the grain exports to the Soviet Union, he made no important changes in agricultural policy at first. The 1981 agriculture and grain law drawn up in the first year after he came to power, basically maintained the essence of the 1977 grain and agriculture law.

However, beginning from the end of 1982, the Reagan administration suddenly changed the 1982 agricultural plan announced in the latter half of 1982, and proposed a "compensation in kind" plan to the congress. This plan was later voted down by the Senate. However, in a speech made to a farmers organization on 11 January 1983, Reagan announced without consulting anyone, that the "compensation in kind" plan was to be implemented from 24 January. His secretary of agriculture explained that with its existing power, the government could implement the "compensation in kind" plan without being authorized by the Congress. Between 24 January and 18 March, the government signed separate contracts with farmers engaged in planting fodder grains (including maize, laoliang, barley, and oats, among which, barley and oats do not belong to the "compensation in kind" plan, but the acreage lying fallow includes the regular acreage of land lying fallow in their planted wheat, rice and cotton (including only cotton planted in highlands). According to the contracts, the farmers agreed to allow 83 million acres of land to lie fallow, accounting for 36 percent of the total area of these crops. This is the first time in U.S. history for such a large acreage to lie fallow.

Why did the Reagan administration depart from its normal behavior and why was it so determined to pursue the "compensation in kind" plan? The chief cause lies in the great changes that have taken place in the situation over the past 2 years.

On the one hand, there has been favorable weather for U.S. agricultural production since 1980, and there were bumper harvests in 3 successive years. Between the years 1980-81 and 1982-83 (Note: This refers to the market year. For wheat, barley and oats, it is between 1 June and 31 May of the following year; for cotton and rice, between 1 August and 31 July of the following year; and for maize and lailoang, between 1 October and 30 September) the total output of wheat, rice, and fodder grains increased by 26 percent, and cotton by 8 percent (there was a 41 percent increase in the 1982-83 year from the 1981-82 year). (Note: The materials quoted in this article are from the research report on the "compensation in kind" plan and other publications by U.S. Department of Agriculture unless their sources are otherwise specified).

On the other hand, with the aggravation of the economic crisis of the United States and the capitalist world, the market for the grains and fibers has been correspondingly shrinking. Despite the fact that great efforts have been made to expand consumption at home--for example, there has been a great development in the production of syrup from maize--the total consumption of grains and fodder at home in the same period increased only by 13 percent. In exports, because the grain importing countries of the Third World lack the

means of payment, and the competition between major grain exporting countries has been aggravated, grain exports dropped by over 15 percent, and the export of cotton dropped by 12 percent.

Therefore, stocks of grains and fodder grains in the United States have increased greatly, there was a 144 percent increase in the 1982-83 market year from the 1980-81 market year. Maize stocks increased by 209 percent; and cotton stocks increased by 195 percent. Toward the end of the 1982-83 market year, stocks of grains and oil-bearing crops reached 3 billion bushels exceeding the normal demand. Whereas wheat, cotton, and rice stocks separately exceeded the acceptable amounts to be kept in stock by 50 to 150 percent.

The overabundance of agricultural products has always been a headache for the U.S. Government. It has not only left capital funds idle, but has caused the government to spend about 10 percent of the value of surplus agricultural products on storage. Apart from this, the sharp increase in surplus agricultural products has caused the market price of agricultural products to drop to the lowest level since the great economic crisis of the 1930's. Between 1980 and 1982, the grain prices (including wheat and rice) dropped by 12 percent, fodder grain dropped by 11 percent, and cotton dropped by 12 percent, fodder grain dropped by 11 percent, and cotton dropped by 20 percent; whereas the production costs of farmers was rising continuously. During the same period of time, the price of seeds grew by 19 percent, chemical fertilizer by 7.5 percent, insecticide by 17 percent, and the interest paid for fixed assets by the farmers grew by 39 percent. This rise in production costs and drop in the market prices of agricultural products caused an obvious drop in the net U.S. farm income. According to the recently revised figures of the Department of Agriculture, the net U.S. farm income in 1982 dropped by 32 percent from 1979. Calculated at fixed prices, the net U.S. farm income in 1982 amounted to only 54 percent of the 1979 level.

With the drop in prices of agricultural products, the government's expenditures on price supports for agricultural products have greatly increased. In the 1981-82 fiscal year (Note: The U.S. fiscal year is between 1 October and 30 September of the following year), the expenditures were as great as \$12 billion, exceeding the original plan by 200 percent. Given that the U.S. Government deficit had reached an unprecedented height, the Reagan administration decided to cut down expenditures on food stamps so as to reduce expenditures on the agricultural plan, requiring state governments to share part of the expenditures of the federal government, while shifting part of the burden onto the farmers. For example, in 1982, the U.S. Congress passed a bill, apportioning the charge of \$1 for every 100 pounds of milk sold by the farmers to make up for the overspending by the government on this aspect. However, the greatest expenditure on agriculture by the United States has been that on price supports for agricultural products, therefore, the Reagan administration has taken it as the focus in practice economies. According to the 1983 plan for agricultural products announced by the U.S. Department of Agriculture in the latter half of 1982, although 20 percent of the cultivable land would lie fallow for major agricultural crops such as wheat, rice, fodder grains, and cotton (with 5 percent of the land for wheat and rice, and 10 percent for fodder crops being given a certain amount of compensation by the government),

the amount of stocks and the government expenditures on agriculture would continue to grow, and the worsening agricultural condition would inevitably affect the future election activities of the Republican Party. Therefore, the Reagan administration changed its mind and announced the implementation of the "compensation in kind" plan in order to achieve the following targets:

1. To cut down production and reduce the stocks of surplus agricultural products;
2. To ensure appropriate market supplies;
3. To cut to the minimum the government's expenditures on the agricultural plan;
4. To improve soil conservation;
5. To increase farm incomes; and
6. To relax the strain on storage facilities.

2. The Essence of the "Compensation in Kind" Plan and the Reactions of Various Circles

The so-called "compensation in kind" plan is to require the farmers who plant wheat, maize, kaoliang, rice, and cotton to allow another 10 to 30 percent of the basis cultivable land to lie fallow apart from the plan of allowing 20 percent of their land to lie fallow, according to the plan announced in the latter half of 1982, the loss will be compensated by the government and the surplus agricultural products possessed by the Commodity Credit Corporation, at a rate of 80 percent of the basic per unit area output (usually calculated in accordance with the average output of the preceding 3 years). As wheat had already been sown by that time, the compensation rate was fixed at 95 percent of the average output of the preceding 3 years. If the farmers (excluding those who planted rice) wanted to leave all their land fallow, they could propose a compensation rate to the government, which the county agricultural stabilization and conservation service would take into consideration in order of their increasing rates, and sign contracts with the farmers in this order. However, the total acreage of land lying fallow in various counties should not exceed 45 percent of their cultivable land. The land lying fallow should not be laid waste, and the farmers should be responsible for planting grass on them so as to conserve water and soil. No pasturing or harvesting of hay should be carried out on land lying fallow (however, it is permitted to pasture on winter wheat land joining the plan, or to harvest the wheat as hay). Farmers could go to the nearest state grainery to get surplus agricultural products according to the above-mentioned compensation rate in the 5 months after the harvesting season would begin. In these 5 months, farm workers might store these compensation grains in the state graineries free of charge so as to wait for a favorable price. But if those participating in the plan would violate these stipulations, compensation for losses would be demanded apart from their being denied the advantages.

Obviously, this plan was very favorable to the farmers. Because they did not have to cultivate the land lying fallow but only plant grass on it, they did not have to pay any other expenses nor worry about harvesting. They were guaranteed 80 percent of the average output of the preceding 3 years, and the harvests of those 3 years had been good. It was particularly so for those farmers who would allow all their land to lie fallow as they could get compensation for all the land lying fallow all the same.

Therefore, when the plan was announced, the reaction of the farmers was strong, and they were vying to sign contracts with the county agricultural stabilization and conservation service. A farmer in Ottawa, Michigan, said: "One must be crazy not to want to benefit from this plan. I am ready to leave all my land fallow ("Successful Agriculture" in FARM MANAGEMENT JOURNAL, Feb 83, p 9).

This plan was particularly favorable to the big farmers. THE WASHINGTON POST reported that, according to a research report by the National Cotton Association, the "compensation in kind" plan would enable big farmers with over 500 acres of land who planted cotton in California and Arizona to reap a profit of over \$1 million. However, if they planted cotton on all their land, they could only reap a profit of about \$368,000. A cotton planter owning 500 acres of land in the low yielding areas in the south could reap a profit of \$290,000 (quoted in THE WASHINGTON POST 21 Feb 83, p A 3). However, regarding small farmers, the advantages they got from the "compensation in kind" plan were very limited.

The "compensation in kind" plan would enable the farmers to reduce their expenditures by 11 percent, namely \$4.9 billion, however, it would cause serious injury to the industries providing the means of production and services to agriculture. Its chief affect would be to reduce the demand for seeds, fertilizer, insecticide, fuel, and agricultural machines. According to the estimate of the U.S. Department of Agriculture, the reduction in demand of the various means of production affected by the plan were: seeds, insecticide, and machinery repair services, 12 to 15 percent; fertilizer, 12 to 14 percent; fuel, 8 to 10 percent; and agricultural machines, 2 to 3 percent. Profits and jobs in all these areas would be affected, though in some areas the effects would be greater and some chemical fertilizer works might be forced to close down. Therefore, it is not difficult to understand why they do not support the "compensation in kind" plan.

Of course, there have been different views on the "compensation in kind" plan among political and academic circles. One opinion expressed the worry that there was too much land lying fallow, if the weather went bad resulting in a drop in the harvest, it would create a strain in demand and the consumption price of grain would drastically rise and injure the interests of the consumers. Some people held that while the United States allowed a large acreage of land to lie fallow, and axed grain production, other grain producing countries might expand their production and would step up the world trade war in agricultural products, making it all the more difficult for the U.S. grain exports. The greatest dispute has been over the cost of this plan. Originally, the Department of Agriculture officials had all along laid stress that this plan would be able to save the government money, but later it was discovered that the number of farmers signing contracts far exceeded the original

estimates, and as the surplus agricultural products in the possession of Commodity Credit Corporation were not enough to compensate the farmers, they would have to buy a large quantity of agricultural products from the farmers to use to compensate the losses of those in the program. The Department of Agriculture officials first said that the "compensation in kind" plan would cost about 7 to 9 billion, but later they had to admit that in fiscal year 1983, the government would spend a total of \$21 billion in price supports for agricultural products, a 75 percent increase from the 1982 fiscal year. Many people have awakened to the fact that this has been the most expensive agricultural plan in U.S. history and criticized it in succession.

Last year, the United States suffered the most serious drought of the past 50 years and there was a poor harvest, wheat output dropped by 14 percent, and it was estimated that maize output would drop by 51 percent, and the sum spent on price supports by the Department of Agriculture reached a high of \$21.8 billion. Centering around this result, a great debate has once again been started nationwide on the Reagan administration's agricultural policy. Generally, apart from a small number of big farmers who have profited from the "compensation in kind" plan, nobody is satisfied with it. It seems that this most expensive agricultural policy will become an important issue in the presidential election this year.

3. It Is Impossible for the Reagan Administration Basically To Solve the Agricultural Crisis

The United States is the world's most developed country in agricultural production. Despite the fact that its population accounts for about 5 percent of the total world population, it produces 22 percent of the total world grain output (1982 figures).

For a long time, the crux of the problem in U.S. agriculture has been overproduction. Here there is the irrational factor of distribution caused by the capitalist system, namely, under conditions of great surplus in agricultural products, many people have gone hungry. At the same time, there exists a graver phenomenon in the waste of grain. Therefore, speaking of the United States itself, the grain surplus is absolute. Its only way out is to export. For a long time, the world market has had an extremely important position in U.S. agriculture. At present, the agricultural products exported by the United States account for about a third of its total output, of which maize accounts for a quarter, wheat for a half, and cotton accounts for two-fifths. Therefore, if the year's harvest is poorer worldwide, it will be better for the United States; whereas a bumper harvest in the world's agriculture will mean a disaster for the United States. In recent years, various grain-exporting countries have reaped bumper harvests, while those developing countries in urgent need of grain have been restricted by their ability to pay, facing the United States with fiercer and fiercer competition. This has been one of the important reasons for the aggravation of its agricultural crisis in recent years.

In the face of overproduction in agriculture and the development of hunger in the world, some people in the United States advocate giving a free hand to the farmers to fully develop the production of grain to provide the world with an endless supply of grains and other agricultural products at low prices or without compensation. However, under the capitalist system, this is after all empty utopian, talk, because it would be impossible for the farmer to make money. Besides, the stipulations of the international anti-dumping law do not allow the dumping of U.S. grains on the world market at low prices.

Under such circumstances, the only way out for the United States is to continue its existing policy of restricting production and expanding consumption. However, the history of the past 50 years has proved that the effect of the U.S. Government's policy of restricting production has been next to nothing. This is because:

1. Even without the government's plan, the farmers always allow part of their land to lie fallow every year. When there is a plan to promote taking land out of production, the farmers will include this land in the plan, thus actually achieving no effect on the output.
2. The farmers always leave the worst part of their land fallow in exchange for the government's subsidies, therefore, it has little effect on the output.
3. When the farmers allow part of their land to lie fallow, they can concentrate their manpower, material, and financial powers to do a good job in farming, and thus the productivity of the good land will be raised by a large margin. In short, although part of their land is left fallow, the total output will not fall in proportion, but will grow with each passing year. The government's policy of restricting production can only keep the growth in output from being too much and too fast. As to expanding consumption, apart from increasing exports by a large quantity in a year, it will never catch up with the growth of production. As it is impossible to solve the problem of supply exceeding demand, the prices of agricultural products and farm incomes have failed to rise, and there is no way to be rid of the perplexing agricultural crisis.

At present, the Reagan administration's agricultural policy has nothing superior to the agricultural policies of its predecessors and its sole characteristic is attracting farmers to leave more land fallow for higher compensation. The experience of the Kennedy administration in implementing the "compensation in kind" plan in the early 1960's proved that such a plan was an effective way to reduce the stocks in the Commodity Credit Corporation's possession, but it is not necessarily possible to relax the agricultural crisis. Natural calamities have led to the current drastic fall in the output of grains and cotton, and the rise in prices of agricultural products by a large margin--the wheat price on 16 August 1983 was 17 percent higher than December 1982, maize and soy beans rose to the highest level since 1980 (Hong Kong ECONOMIC REPORTER 22 Aug 83, p 30). According to an estimate by the U.S. Department of Agriculture, the net agricultural income in 1983 might reach \$27 billion, a 22 percent increase over 1982; however, it is tantamount to 78.5 percent of the 1973 level. (REUTER, Washington dispatch, 23 August 83) In a certain time

from now, the prices of agricultural products will continue to rise some as it is forecast, however, they will be restricted by some factors. For example, as the farmers will get about 2.5 billion bushels of grain from the government's Commodity Credit Corporation, the situation will be quite different from their being kept as stocks by the corporation because they will be sold whether the grain price is high or low. Therefore, the supply of grain in the market will be greatly increased, becoming a factor in causing price of grain to fall. Besides, the market price and the increase in agricultural income will depend on the exports this year. Even according to the comparatively optimistic estimate of the Department of Agriculture, there can only be a 12 percent increase in exports this year against last year, which is still lower than the 1982 level. But the more important point is that the decrease in the output of agricultural crops caused by temporary factors can not really set up an appropriate demand and supply relationship for agricultural products or fundamentally overcome the U.S. agricultural crisis.

According to the original design of the Reagan administration, the "compensation in kind" plan was to last 2 years. Earlier last year, when the Department of Agriculture announced the 1984 wheat plan, the farmers joining the plan had to leave at least 30 percent of their land fallow (it was 15 percent last year) before they were eligible for loans at the rate of \$3.3 per bushel, while ensuring that they will get the target price of \$4.45 per bushel after harvest. Besides, the farmers may let another 10 to 30 percent of their land to lie fallow in joining the "compensation in kind" plan and the government will compensate them with 75 percent (it was 95 percent last year) of the average output of the preceding 3 years in terms of surplus agricultural products. It can be seen that to the farmers, this plan is far less favorable than that of last year. According to W. Caston of the Kansas Federal Statistical Reporting Office: "Not everybody (i.e. the farmers) seems to be interested in the government's plan (NEW YORK TIMES 13 Nov 83). The farmers' enthusiasm for this year's "compensation in kind" plan contrasts sharply with their enthusiasm for last year's plan. Because of the sharp decrease in grain output and the dispute over the "compensation in kind" plan, John R. Block, secretary of agriculture said, the possibility has diminished for the "compensation in kind" plan to be implemented for cotton, fodder, and rice in 1984 (REUTER, Washington dispatch 23 Aug 83). What plan will finally be implemented is a major problem affecting how the farmers are going to vote and will cause the Reagan administration to give it a serious consideration.

COS: 4005/718

UNITED STATES

RENMIN RIBAO NOTES GROWTH OF U.S. SPECIAL FORCES

HK280143 Beijing RENMIN RIBAO in Chinese 27 Jun 84 p 7

["Random Note" by Tan Feng]6151 6912]: "The Dregs Are Again Floating to the Top"]

[Text] In October 1961, shortly before the outbreak of Kennedy's "special war" in Indochina, a White House journalists delegation was sent to a "Special Warfare School" in Fort Bragg, U.S.A., to watch a "military exercise with live ammunition." A U.S. reporter wrote complacently "...the special troops newly trained by the United States are some romantic people. They are by no means ordinary. They are not only typical, energetic men, but also erudite doctors of philosophy. They can clamber twigs and leap from tree to tree. They speak Russian and Chinese, eat snake meat and other animals, and can launch counterambush attacks on Asian ambushers who are not prepared for sudden attacks." "...the last performance was that of a soldier flying by rocketpack over a river and landing on the other side. This was really wonderful." However French reporter La Le [2139 0519], who reported the Indochina war of the 1950's, was not moved by this, saying: "We tried this in 1951, but failed." What La Le said "turned out to be true unfortunately."

Today, 20 years later, "President Kennedy's Special Forces with their green berets" are again in the U.S. Government's good graces. According to U.S. newspapers, the U.S. Government is vigorously making preparations for military intervention in the Third World. In recent years, the United States bought weapons and warships, established overseas bases and military equipment network, increased overseas military training, and vigorously supplied weapons to the Third World, playing an active role in promoting "a policy of 'fighting against rebellions' in the Third World." The United States is vigorously building a "Rapid Deployment Force" and increasing its ability to send troops abroad. In addition, it established "the Joint Special Operations Command" in 1982, "the 23d Special Air Unit of the U.S. Air Force" in 1983, and "the Joint Special Operations Agency under the Joint Chiefs of Staff" in 1984. A reporter wrote: "In many aspects, this reminds people of the situation in early 1960's"; "the government is taking every opportunity to express its more active determination in the Third World."

What after all is the "determination" of the U.S. Government? A senior U.S. official said: "It was only recently that people began to understand the true implications of a regional conflict, which obviously involves the interests of the United States and the Free World." To put it bluntly, the U.S. Government wants to safeguard its interests in fighting for hegemony with another superpower over the vast areas of the Third World. It is not difficult for people to see that wherever "chaos" and "regional conflicts" are, there are the two superpowers. Have people seen so little in these years?

However, history is inexorable. The dregs stirred up by the Green Berets will certainly be washed away in the historical torrents of safeguarding national independence and world peace by the people of the Third World.

CSO: 4005/718

UNITED STATES

U.S. RESPONSE TO SOVIET ARMS TALKS PROPOSAL

HK010752 Beijing RENMIN RIBAO in Chinese 1 Jul 84 p 6

["Special Dispatch" from correspondent Zhang Liang [1728 0081] : "Soviet Union Proposes Talks on Banning Weapons in Space; United States Immediately Agrees and Wants Scope of Talks Expanded"]

[Text] Washington, 30 Jun--After the Soviet Government proposed a ban on weapons in space to the United States on 29 June, the Reagan administration swiftly replied on the same day expressing willingness to hold talks with the Soviet Union on this question, and also calling for a resumption of the talks on strategic weapons and medium-range missiles.

The new Soviet proposal was formally handed to the U.S. Government by Soviet Ambassador Dobrynin on 29 June. The White House then immediately held a meeting. Afterwards, Secretary of State Shultz informed Dobrynin of the U.S. Government's reply, and also had a 45-minute talk with him. Presidential National Security Assistant MacFarlane hurriedly convened a press conference and issued a statement.

The statement pointed out that the U.S. Government had informed the Soviet Government that it was prepared to hold talks with the Soviet Union in September at any location suitable for the Soviet Union. The goals of the talks would be: "1. To discuss and decide on agreements suitable for both sides, to facilitate the resumption of talks on reducing strategic weapons and on medium-range nuclear weapons; 2. to discuss and explore practices guidelines for the talks, which would lead to instituting verifiable and effective limits on antisatellite weapons. We will also be prepared to discuss any other arms control issue or any question of concern to both sides. We will continue to hold contacts with the Soviet Union through diplomatic channels in accordance with the arrangements for the September talks."

When a reporter asked whether the United States would treat these September talks as the prelude to a bargaining session, MacFarlane replied "yes." He said that whereas the Soviet proposal only concentrated on certain issues, the United States also wanted talks on missiles; moreover, the U.S. Government held that these talks would be a forum for "discussing arrangements for the resumption of talks."

The media here comment that this was the first time that the Reagan administration has responded to a Soviet proposal within a few hours. In recent months, under the pressure of domestic and foreign opinion and out of election considerations, President Reagan has made a number of speeches on improving U.S.-Soviet relations. On 27 June, in a speech made while receiving experts on Soviet problems who are attending the "U.S.-Soviet exchange meeting", Reagan put forward a whole series of proposals on bilateral exchanges in culture, education, and science and technology. The Reagan administration is counting on these American gestures to bring the Soviet Union back to the nuclear disarmament talks table.

It is also noted that although the Reagan administration accepted the Soviet proposal for talks on banning weapons in space, it also proposed the resumption of other nuclear disarmament talks. Therefore, it is necessary to await developments, to see whether these U.S.-Soviet talks will come about or will be able to reach an agreement.

CSO: 4005/718

UNITED STATES

RENMIN RIBAO ON WOMEN'S VOTE, U.S. ELECTION

HK160754 Beijing RENMIN RIBAO in Chinese 16 Jun 84 p 7

[Article by Fang Min [2455 2404]: "The U.S. Election and Women"]

[Text] A new phenomenon has appeared in the U.S. presidential election this year, which is that quite a number of people are saying a woman should be chosen as vice presidential candidate. The three leading contenders in the Democratic Party race have all declared that they will consider having a woman as a running mate; and a responsible person of the Republican Party reelection committee stated that the party would propose a woman as a vice presidential candidate in 1988. The American media hold that these remarks show that the influence of women on political life in America is growing all the time, and more and more people are paying attention to the role that women will play in this year's election.

According to statistics, women account for 52.3 percent of the American electorate, outnumbering men by 8 million. Judging by voting rates, more women have voted than men in all elections since 1964, with the exception of 1980, when the proportions were equal. Some people estimate that women voters will again outnumber men in this November's election.

American women have their own special problems and demands. Their voting trends and choices always differ from those of men. The American press frequently calls this difference to so-called "gender gap," meaning that women attach greater importance to how the government can narrow the wage gap between men and women, and satisfy women's demands and rights. Women show greater concern over environmental protection, gun control, and other social issues, and are also more worried over the threat of war and foreign interventionist activities. The American working women's national committee has pointed out that women voted in the last election taking their own demands with them, and the calls of women today can hardly be neglected. It is precisely because of this that the Republican and Democratic parties are vying in attracting women to the polling booths. American women have become a card in the battle between the two parties.

CSO: 4005/718

NORTHEAST ASIA

RENMIN RIBAO HAILS SINO-JAPANESE COUNCIL MEETING

HK300125 Beijing RENMIN RIBAO in Chinese 27 Jun 84 p 6

[Article by RENMIN RIBAO reporters Zhou Bin [0719 2430] and Feng Chaoyang [7458 2600 7122]: "A Grand Meeting in the History of Nongovernmental Exchanges Between China and Japan"]

[Text] On the morning of 26 June, the second meeting of the Council of Chinese and Japanese Nongovernmental Figures solemnly opened at the Great Hall of the People in Beijing. The meeting had substantial content and a distinctive style. Some 120 Chinese and Japanese experts and scholars from various fields get together to discuss the central subject of "developing Sino-Japanese friendship and safeguarding Asian and world peace."

At the opening session, Wang Zhen, head of the Chinese delegation, said: The Council of Chinese and Japanese Nongovernmental Figures is a pioneer undertaking at a new stage of Sino-Japanese friendship and is a new channel for the further development of friendly cooperation between the two nations in all fields. This council has been endowed with great vitality since its establishment. It will certainly play a greater role in Sino-Japanese relations in the future.

Masayoshi Ito, head of the Japanese delegation to the council, pointed out: Japan and China may have varying interests on this or that issue in the future, since the two countries have different social systems, values, and courses of development. However, as long as we bear in mind the modest attitude of keenly realizing our responsibilities and having deep introspection, adhere to the principle and obligation of not seeking hegemony and not allowing hegemony prescribed in the peace and friendship treaty, and make conscientious efforts to consolidate our relationship of mutual trust, we will certainly be able to surmount all obstacles.

The establishment of the Council of Chinese and Japanese Nongovernmental Figures was proposed by Mr Haruo Okada, former deputy speaker of the Japanese Diet, when he visited China in 1981. Based on his 30-year experience in the Japanese-Chinese friendship movement, Mr Okada held that it is of particular significance to strengthen and expand nongovernmental contacts between the two nations. As he said, the previous nongovernmental contacts had laid a solid

foundation for the normalization of diplomatic relations between the two countries in 1972; although fine relations had been established between the two governments, nongovernmental contacts could continue to supplement the official relations and powerfully promote Sino-Japanese friendly cooperation to a deeper and broader degree.

Mr Okada's proposal won a positive response from Chinese leaders, the Japanese Government and some unofficial figures. In October 1982 the Council of Chinese and Japanese Nongovernmental Figures held its first meeting in Tokyo.

According to the successful experience of the first meeting and the experience of jointly preparing the second meeting, both sides have fully affirmed the unique strong points of the form of this unofficial council: as most participants are experts and scholars who are broadly representative, highly authoritative and have rich experience and profound knowledge, they can exchange views on issues of common interest in various fields. Both sides can express their ideas and opinions more freely without restraint and formality; when they share the same view and consider necessary, they can put forward a proposal to their respective governments so as to put the idea into practice by promoting the governments to take action. If their views are different, they can reserve their own ideas or discuss the issues on later occasions without imposing one's idea on the other.

In order to ensure the success of the meeting, the Japanese side of the council sent a 55-member delegation this time. The size of this delegation, the important capacity of its members, and their representativeness and authoritativeness have rarely been seen in the history of Sino-Japanese nongovernmental contacts and in Japan's contact with other nations. In this delegation, there are one former acting prime minister, four former cabinet members, 11 current Diet members from various major political parties, 17 professors and honorary professors from some famous universities (including two former presidents of Tokyo University and Kyoto University) and two Nobel prize winners in physics and chemistry and some veterans who have dedicated themselves to the cause of Sino-Japanese friendship for many years, and a number of responsible people of some relevant mass organizations and research institutes. The delegation has brought 34 theses and texts of speeches. When seeing the name-list of the Japanese delegation, Sun Pinghua, vice president of the Sino-Japanese Friendship Association, who has been engaged in promoting nongovernmental contacts between the two countries since the founding of New China, said with deep feelings: Many of these Japanese friends have visited our country several times before, but this is the first time they have formed a delegation to discuss with us in Beijing the long-term strategy for developing friendship and cooperation between China and Japan.

Another fact which should be mentioned here is that in order to exchange views more fully and deeply, the council will carry out discussions in four groups, respectively dealing with political, economic, energy, and educational and cultural affairs, with the last two groups being newly increased, and will extend the meeting period from 2 days to 4 days. Therefore, we have every reason to believe that the second meeting of the Council of Chinese and Japanese Nongovernmental Figures will certainly meet with complete success and will achieve all its projected aims.

CSO: 4005/716

NATIONAL AFFAIRS

GUANGMING RIBAO CARRIES LIAOWANG INTERVIEW ON PERSONNEL REFORM

HK030845 Beijing GUANGMING RIBAO in Chinese 23 Jun 84 p 1

[Abridged report of item published in LIAOWANG No 26: "In Interview With LIAOWANG, Responsible Person of the Ministry of Labor and Personnel Says Reform in the Personnel System Is Imperative"]

[Text] The trend of personnel system reforms in the world is that attention is being paid to the role of specialists and scholars and stress is being laid on enabling cadres to be more professionally competent and on enabling the personnel system to be practiced in a scientific, systematic, and legal manner. Viewed from history, we know that none of China's social reforms and progress has not been related to the personnel system reform. In short, personages in ancient or modern times or in China or foreign countries who have played an important role in promoting social progress have always attached great importance to personnel system reform.

At present in order to realize socialist modernization, it is necessary not only to build a cadre contingent which is suited to the requirements of the "four transformations," but also to properly manage and use it and to bring its initiative into full play. Hence, it is necessary to boldly reform the irrational aspects of the personnel system. In this way, we will be able to establish a perfect, scientific personnel system which is suited to the four modernizations.

To do a good job in personnel system reform, first it is necessary to further emancipate our minds and to regard personnel system reform as an important task.

At present, personnel system reform is just beginning. Excessively centralized regulations, over-rigid regulations, and the serious practices of "everybody having an iron rice bowl" and "everybody eating from the same big pot" still exist. In our personnel work the vestiges of "leftist" ideology have not been eradicated. The idea of sticking to old conventions still enjoys support among certain people. These invisible shackles are binding the people hand and foot and are hampering the progress of personnel system reform. We must emancipate the mind and be determined to break thought obstacles and to do a good job in personnel system reform. Labor and personnel departments at all

levels are required to place personnel system reform above everything else and to regard it as the key link in their personnel work.

Second, it is necessary to correctly handle the relationships between primary and secondary aspects and between immediate and long-term interests.

The personnel system reform is an important component of reforming the entire system throughout the country. Instead of being carried out in an isolated manner, it must be carried out in coordination with economic system reform, labor system reform, wage system reform, and the educational system reform. Under the feasible guidance provided by the overall system reform and by proceeding from actual needs and conditions, it is necessary to carry out reform in one aspect in an accurate manner and to expand this reform to larger aspects so as to create favorable condition for overall reform.

Third, it is necessary to streamline administration, to delegate power to lower levels, and to enliven the personnel system.

Streamlining administration and transferring power to lower levels means reforming the management system, reforming the practice of exercising excessive and rigid control over the lower levels, and transferring certain decision-making rights to lower levels. It is necessary to expand enterprises' right to manage cadres, to transfer to lower levels the rights of party and government organs and of enterprises for managing cadres, and to exercise management over cadres by levels. Enlivening the personnel system means enabling cadres to work at higher or lower levels, giving priority to talented cadres while recruiting them, and appointing cadres on their merits so as to promote the rational use of talented cadres.

Fourth, it is necessary to mobilize the masses to blaze a new trail and to conscientiously carry out investigation, study and reform experiments.

Good reform methods do not fall from the skies, nor are they innate in the mind. They are created under the guidance of Marxism-Leninism-Mao Zedong Thought and by relying on the socialist strength and on the practice of the masses. Reform must be carried out according to actual conditions and by boldly making investigation. Units at the lower levels should be encouraged to carry out reform experiments, provided these experiments are beneficial for discovering and using talented persons. On the basis of mobilizing the masses to carry out reform, it is necessary to conduct investigation and study, to sum up experiences, and to solve new problems so as to bring forward personnel system reform in an overall, systematic, resolute, and orderly manner.

CSO: 4005/714

NATIONAL AFFAIRS

FORMER KMT GENERAL URGES REUNIFICATION OF CHINA

HK200940 Beijing ZHONGGUO XINWEN SHE in Chinese 0917 GMT 19 Jun 84

[Report by Tian Di [3944 0966]: "Break Ice To Promote Reunification--An Interview With Cai Wenzhi, Initiator of the Whampoa Students Organization in Washington"--ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 19 Jun (ZHONGGUO XINWEN SHE)--On 1 February this year, Cai Wenzhi, a former high-ranking KMT general residing in the United States, initiated the setting up of a preparatory committee of the students of the Whampoa Military Academy and their family members for the promotion of the peaceful reunification of China. At present, he is in China by invitation, participating in the celebrations for the 60th anniversary of the founding of the Whampoa Military Academy.

At the commemoration meeting held in the Great Hall of the People on the 16th, General Cai presented his views vehemently: Disregarding reality and the interests of the nation, the Taiwan authorities still attempt to this day to "recover the mainland" and to "unify China with the three people's principles." This is like talking fantastic nonsense. We, all alumni of the Whampoa Military Academy both at home and abroad, must urge the Taiwan authorities to bring about the early peaceful reunification of Taiwan with the motherland by upholding the principle of turning ice and frost into sweet dew.

This reporter interviewed General Cai in the Beijing hotel in which he stayed.

At first glance, General Cai Wenzhi, aged 74, had quite the manner of a scholar but his speech and deportment still carried suggestions of a great soldier. He was happy that he had been invited by the motherland to take part in the celebrations for the founding of the Whampoa Military Academy and had had an opportunity to have a happy reunion with so many alumni, both living at home and coming from abroad. He said: "I made my first trip to the motherland in 1980, at the invitation of Marshal Ye Jiaying. Now I am extremely excited at the sight of such rapid progress and development as the motherland has made over the last few years. I feel how glorious we, the Chinese people, are! I want to hail this rapid progress and development."

Cai Wenzhi's ancestral home is in Hubei Province's Huanggang County. When he was young, he studied at a military academy in Japan. After the "September 18th incident" of 1931, confronted with the act of aggression by the Japanese militarists, Cai Wenzhi left the academy in anger and returned home to study at the military academy of the KMT Central Committee in Nanjing. After graduation from the academy in 1934, he went to a college for staff officers in the United States for advanced studies. During the war of resistance against Japan, because he had received an education in military science in the United States and knew English, Cai Wenzhi was appointed head of the operational planning office of the KMT military orders departments as a lieutenant general. In this capacity, he took charge of mapping out the operational plans for the Taierzhuang campaign and the Changsha first, second, and third campaigns. After the "Pearl Harbor Incident," he was sent to Washington to work in the joint staff headquarters of the staff of Britain, the United States, France, and China for 2 years and there he participated in working out the operational plans for opening up the Yunnan-Burma highway.

It turned out that there were ties and contacts between General Cai and Marshal Ye Jianying for quite some time. Right after the victory in the war of resistance against Japan, a military mediation executive organ was set up in Beijing, with Ye Jianying as the representative of the CPC and Cai Wenzhi as the representative of the KMT. "Although we had different political stands at that time, we still got on well with each other personally." Said Cai Wenzhi: "In 1980, when Geng Biao conveyed to me the invitation by Marshal Ye during his visit to the United States, I still hesitated to a certain extent at that time. Now that I had opposed the CPC for many years, fought against the Chinese volunteers during the Korean War, and worked as a military adviser in the U.S. Department of Defense Pentagon for 25 years between 1953 and 1978, could I, I thought, meet with trouble if I visited mainland China? Facts have proved that the CPC and the mainland government are sincere in their wish to bring about a peaceful reunification of the motherland. The mainland side has discarded past grudges and it is the Taiwan side that presents obstacles to the peaceful reunification of the motherland. At present the Taiwan authorities rely on U.S. aid on the one hand and on Whampoa students as the backbone elements of the cadres on the other for its very existence. Therefore, as I see it, this is a very important force in promoting the reunification of the motherland and, so, I made up my mind to initiate the establishment of the preparatory committee of Whampoa students and their family members for promoting the reunification of the motherland, so as to strengthen the ties among the Whampoa alumni living at home and residing abroad and in Taiwan and to promote the reunification of the motherland. I personally drafted the manifesto of the committee with the approval of Generals Song Xilian, Hou Jingru, and Li Moan."

"Unexpectedly, our patriotic actions were criticized by Taipei's ZHONGYANG RIBAO [CENTRAL DAILY]" and some Whampoa alumni residing in San Francisco and Los Angeles of the United States and, under the pretext of "opposing the united front," they suppressed open discussion by patriots. On 5 May, together with Generals Li Moan, Song Xilian, and Hou Jingru, I issued a statement in Washington, criticizing their sabotage of the reunification of the motherland and their civil war policy, which advertises recovery of the mainland with

Taiwan as the base, and reaffirming that we are no tools of the united front, subject to the control of any party grouping, and that being advanced in age and old and feeble, we seek nothing from the KMT and the CPC and what we have said and done is completely out of our patriotic zeal and in the public interest. This statement was carried in the MEIZHOU HUAQIAO RIBAO [AMERICAN OVERSEAS CHINESE DAILY] on 8 May".

General Cai Wenzhi said: "There is an American saying which refers to "breaking the ice" meaning breaking a deadlock or settling contradictions. At present, there are icy relations between mainland China and Taiwan. This requires us to thaw out the icy relations between the two sides. The way out lies in forming extensive ties through various channels among all Whampoa alumni and all Chinese people so as to link up everybody's hearts and to build confidence in each other. The Taiwan authorities are still dreaming. We must wake them up and urge them to achieve the early peaceful reunification of the motherland. If I say that in 1949 I took part in designing the Changjiang defense line for the KMT in an attempt to divide the country into two and share it equally with the CPC, then today I am willing to be a bridge between Taiwan and the mainland in the peaceful reunification drive.

CSO: 4005/714

NATIONAL AFFAIRS

UNIVERSITY CADRE SPECIAL COURSE STUDENTS GRADUATE

OW230238 Beijing XINHUA Domestic Service in Chinese 1450 GMT 22 Jun 84

[By reporter Zhu Shuxin]

[Excerpts] Beijing, 22 Jun (XINHUA)--After completing 2 years of studies, all 108 students of Beijing University's first class of politics cadre special course have graduated with exceedingly good scholastic results. The commencement ceremony was held this afternoon.

Entrusted by the CPC Central Committee's Organization Department and the Ministry of Education, Beijing University opened this cadre special course in 1982. All students of the first class are young cadres from organizations directly under the central authorities, state organizations, and some provinces and cities. Their average age is 33. The purpose of the special course is to enable students to further study the grasping of the basic Marxist theory and the party's line, principle and policies in the new period, further raise their educational level, improve their leadership and ability of management and train them to be party and government cadres who have both ability and political integrity.

At the commencement, Wang Zhaohua, deputy head of the CPC Central Committee Organization Department, said: The first class of the cadre special course is a success. He hopes that after assuming work and leading posts, these young cadres will inherit and develop the party's fine traditions, shoulder the important historical task of carrying forward the revolutionary cause and forging ahead into the future, develop the spirit of daring to blaze new trails, be in the vanguard of the four modernizations, take the lead in reform, and set an example in improving party style.

CSO: 4005/714

NATIONAL AFFAIRS

PREFACE TO PHOTO ALBUM '2D KMT-CPC COOPERATION'

HK141441 Beijing RENMIN RIBAO in Chinese 2 Jun 84 p 2

["Preface" by Lu Dingyi [7120 1353 0001] to "The Photograph Album 'The Second KMT-CPC Cooperation'"]

[Text] The photograph album "The Second KMT-CPC Cooperation," compiled by Comrade Tong Xiaopeng, is valuable historical reference material for studying the CPC's policy on national united front work in the war of resistance against Japanese aggression and for studying the development of the second KMT-CPC cooperation.

From the end of 1936 to March 1947, Comrade Tong Xiaopeng worked in the CPC delegation offices and the Eighth-route Army offices in Xian, Wuhan, Guilin, Chongqing, and Nanjing. He was a witness to historical events at that time. Most of the photographs in the album were taken by him. It is praiseworthy to have been able to keep such valuable photographs until today. He sorted out all the photographs he kept, collected some relevant photographs, gave the necessary explanations, and entered them in an album. He has done a job of great significance, and no one else could substitute for him in this respect.

The CPC and the KMT experienced two cooperations. The first cooperation was realized when the Chinese revolution entered the period of the May 30 movement, the Guangdong-Hong Kong strike, and the victory of the northern expedition. The second cooperation manifested itself in the great victory in the war of resistance against Japanese aggression, which lasted 8 years. I remember composing a song in 1936, which goes: "With the cooperation between the two parties, China thrives; With the cooperation between the two parties, China will not perish." The Chinese communists have always been in favor of cooperation between the two parties and opposed to the splitting of the two parties. The first cooperation was initiated by the CPC and Mr Sun Yat-sen. The second cooperation was realized through the common efforts of the CPC, General Zhang Xueliang, and General Yang Hucheng.

When the two parties split, the people suffered and the imperialists strengthened their aggression against China. It does great harm to split the Chinese people. Can the KMT benefit from splitting the Chinese people? No. During the cooperation between the KMT and the CPC, the KMT was united and its prestige rose among the people; when the KMT opposed the CPC, it split and its prestige

among the people dropped. Therefore, the KMT was united when it cooperated with the CPC and split when it opposed the CPC; it thrived when it cooperated with the CPC and retrogressed when it opposed the CPC. This is an objective law derived from a protracted historical development. It is sometimes difficult to believe what others say. The KMT might as well try to study this law according to historical facts. Sixty years ago, Mr Sun Yat-sen resolutely cooperated with the CPC. This has now proved more clearly that he was a great, farsighted revolutionary predecessor.

The CPC has put forward a suggestion to the Taiwan KMT authorities that the two parties realize a third cooperation. The Chinese people, which includes various nationalities throughout the country, the 18 million Taiwan compatriots, Hong Kong and Macao compatriots, and Overseas Chinese, ardently expect the peaceful reunification of the motherland, as with this reunification, the entire Chinese nation can concentrate its efforts on rejuvenating China. The publication of the album at such a time will certainly enable readers to use irrefutable historical facts to review the past and understand the present. This will be beneficial for our descendants in deciding which road to take.

This short preface expresses my happiness as well as my gratitude to Comrade Tong Xiaopeng for his hard work.

CSO: 4005/714

NATIONAL AFFAIRS

NATIONAL MEETING ON PUBLISHING WORK ENDS

OW281045 Beijing XINHUA Domestic Service in Chinese 1559 GMT 27 Jun 84

[Text] Harbin, 27 Jun (XINHUA)--The national meeting on local publishing work, the first of its kind since the founding of New China, ended in Harbin this afternoon. The meeting called on publishing departments to adhere to the current policy on publishing work, to speed up reform, and to promote the production of reading material by economic means.

The meeting was convened by the Ministry of Culture to discuss ways to reform and generate new ideas in publishing work. The meeting summed up and exchanged the experience of various provincial, city, and autonomous regional publishing houses in the past few years in doing publishing work well by implementing the principle of serving the needs of localities as well as those of the entire country.

The participants held that, to reform publishing work, it is first necessary to improve business management in publishing, printing, and distribution departments, and pointed out that the State Council's "Provisional regulations on further extending the decision-making powers of state industrial enterprises: and the basic principle of directors or managers gradually assuming full responsibility in state-owned enterprises are suitable for publishing departments. A strict responsibility system should be set up, the participants said, so that enterprises will not eat from "the big pot" of the state and employees will not eat from "the big pot" of the enterprise. At the same time, they said, it is necessary to uphold the fundamental principle of serving the people and socialism, to pay attention to both the impact on society and economic results, with priority given to the impact on society, and to learn how to enhance people's enthusiasm and initiative by economic means in order to produce more and better books for the masses. Publishing houses should be given freer decision-making power, the participants said, in order to enhance their enthusiasm and initiative in business operations. At the same time, the right to examine and approve publishing plans and the ultimate right to examine manuscripts must be put under strict control in order to ensure the correct orientation of publishing work.

The meeting pointed out: The main point of the reform of publishing houses is aimed at eliminating the practice of eating from "the big pot" in

editorial departments. It is necessary to respect intellectuals who do mental labor in editorial departments and to further carry out the policy on intellectuals. Various forms of responsibility systems should be adopted in editorial work, and diligent workers should be awarded while lazy ones should be punished to enable intellectuals who make outstanding contributions to publishing houses increase their income.

CSO: 4005/714

NATIONAL AFFAIRS

BRIEFS

PROPAGANDA DEPARTMENT CIRCULAR--Beijing, 24 Jun (XINHUA)--The Propaganda Department of the CPC Central Committee recently issued a circular calling for all units to fully make use of statistical hanging charts to publicize the great achievements in economic and cultural construction made in the past 35 years since the founding of the republic. It is learned that the "Statistical Hanging Charts on the Great Achievements Made in the Past 35 Years Since the Founding of the Republic" is drawn and made by the State Statistical Bureau for the celebrations of the 35th anniversary of the founding of the republic. The whole set consists of six charts, whose contents are the tremendous development of the national economy; the huge increase of the output of industrial and farm products; fruitful results from investments of fixed assets; flourishing urban and rural markets and foreign trade; higher living standard of the people; and the vigorous development of science, culture, education and public health. The circular of the CPC Central Committee's Propaganda Department pointed out: These hanging charts are persuasive material for conducting education in patriotism. The propaganda departments under party committees at all levels must organize and mobilize all units concerned to do well in publishing and publicizing the charts so they can be available at all urban and rural grassroots units in good time and fully play their propaganda role. The set of hanging charts will be published by the China Statistical Publishing House this September. Those who wish to subscribe to the charts may do so at XINHUA bookstores throughout the country before 15 July [Text] [OW250214 Beijing XINHUA Domestic Service in Chinese 1209 GMT 24 Jun 84]

NATIONAL IDEOLOGICAL-POLITICAL CONFERENCE--The national ideological and political work conference of the chemical industrial front concluded in Jilin City, Jilin Province, on 24 June after a 5-day session. Attending the conference were leading comrades in charge of political work at chemical industrial departments and bureaus in 28 provinces, autonomous regions, and municipalities. Qin Zhongda, minister of chemical industry, also attended the conference. Through group discussions, participants in the conference exchanged good experiences and methods of various chemical industrial enterprises in carrying out ideological and political work. This conference also commended 86 excellent political workers emerged in various chemical industrial enterprises. [Summary] [SK281318 Changchun Jilin Provincial Service in Mandarin 1030 GMT 26 Jun 84]

CSO: 4005/714

NORTHEAST REGION

JILIN COMMENTARY ON PERSONNEL AFFAIRS REFORM

SK190415 Changchun Jilin Provincial Service in Mandarin 1030 GMT 18 Jun 84

[Short station commentary: "We Should Organize the Personnel Departments To Take the Lead in Conducting Transformations"]

[Text] At present, the drive of conducting transformations is prevailing on various fronts. In conducting transformations, the most important question is to first solve well the employment of personnel. Whether or not we can select and successfully employ the right personnel first depends on conducting transformations in personnel systems. Therefore, the organizational and personnel departments have to be vanguards in the transformation drive and to take the lead in conducting transformations.

Since the 3d Plenary Session of the 11th CPC Central Committee, the organizational and personnel departments at all levels, according to the four requirements of cadres, have actively employed talented people to take up important posts, playing a security role in conducting the economic work. However, there still is a tendency in which the organizational and personnel work deviates from that of the economy. Some are used to the out-of-date regulations and rules and dare not to go beyond the bounds of policies, resulting in the lack of spirit to conduct transformations.

The situation prevailing in the organizational and personnel departments of Tonghua Prefecture is the example of the province. In employing personnel, some first looked for the provisions of the red-head [?] document and employed them according to the recommendation of higher authorities and the school diploma without paying attention to the actual need and personal ability. In examining application forms of personnel employment, some suffered from short-sightedness and color blindness. They demanded perfection among some intellectuals and those who had scored achievements in conducting transformations and did not give them important positions. Some leaders did not trust their subordinates and imposed many rigid rules on the personnel management taken up by cadres. They even excessively maintained the stable state of affairs and feared for stirring up disorder. As a result, those who are in charge of personnel affairs did not know the cadres well and those who are familiar with cadres have no right in approving personnel changes.

The root of all phenomena mentioned above lies in the leftist ideas. If we fail to remove this root, we will face difficulties in conducting transformations. Therefore, by following the work done by Tonghua Prefecture, the organizational and personnel departments of various localities should first eliminate the leftist influence, earnestly examine their organizational and personnel work that is unsuitable to the drive of conducting transformations, and should display the courage and resourcefulness of reformers to take the lead in plunging into the current transformation drive.

CSO: 4005/712

NORTHEAST REGION

JILIN: QIANG XIAOCHU RECEIVES DPRK DELEGATION

SK170351 Changchun Jilin Provincial Service in Mandarin 2200 GMT 16 Jun 84

[Text] At the invitation of the Jilin Provincial CPC Committee, an eight-member delegation of the DPRK's Yanggang Provincial Korean Workers Party [KWP] Committee arrived in Changchun City on 16 June on its good-will tour of our province led by Comrade (Choe Chang-hwan), secretary in charge of the provincial KWP committee, and with Comrade (Chong Song-hyon), responsible secretary of the Samsu County KWP, as its deputy head.

Greeting the delegation at the railway station were Zhang Gensheng, secretary of the provincial CPC committee; Liu Yunzhao, standing committee member of the provincial CPC committee and deputy governor of the province; (Fan Yeben), deputy secretary general of the provincial CPC committee; and (Xing Houjun), deputy director of the propaganda department under the provincial CPC committee.

Comrade (Zhu Wenyu), deputy director of the provincial foreign affairs office, made a special trip to Tumen City in order to greet the delegation and he also arrived at Changchun on the same train as the Korean guests.

On the evening of 16 June, the provincial CPC committee gave a banquet in honor of the entire delegation. Qiang Xiaochu, first secretary of the provincial CPC committee, presided over the banquet. Attending the banquet to help entertain the guests of honor were Zhang Gensheng, secretary of the provincial CPC committee; Yu Lin, vice chairman of the provincial advisory commission; Liu Yunzhao, standing committee member of the provincial CPC committee and deputy governor of the province; (Fan Yeben), deputy secretary of the Changchun City CPC Committee; and responsible comrades from the departments concerned.

At the banquet, which was filled with a friendly atmosphere, Comrade Qiang Xiaochu and the delegation's head, (Choe Chang-hwan), successively proposed a toast. During the banquet, hosts and guests repeatedly toasted the fraternal friendship between the two provinces and exchanged their experience gained in party work and socialist construction. They wished each other ever more brilliant and new achievements in various fields and also expressed the idea that they should actively exert efforts to consolidate or develop the great friendship between the CPC and KWP, between the two countries, and between the two peoples and to push their friendly contacts and traditional events to a new stage.

Prior to the banquet, Comrade Qiang Xiaochu received the entire delegation at the reception hall of the Nanhu Guest House and held a talk with them in the warm and friendly atmosphere of comradery.

CSO: 4005/712

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