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GENERAL

New Cohesiveness in Russian-U.S. Relationship Explored

93CM0120A Beijing XIANDAI GUOJI GUANXI
[CONTEMPORARY INTERNATIONAL RELATIONS]
in Chinese No 37, 31 Oct 92 pp 3-9

[Article by Li Zhongcheng (2621 1813 6134): "Characteristics and Trend of Russian-U.S. Relations"]

[Excerpts] Since Boris Yeltsin came to power, a breakthrough has been made in the development of Russian-U.S. relations. An apparent symbol was Yeltsin's "first official state visit" to the United States in June—this was his second trip to the United States since he assumed the presidency of Russia (his first U.S. trip was occasioned when he attended a UN Security Council summit). On this official state visit, the two sides signed a "Charter for U.S.-Russian Partnership and Friendship," which were of "historical significance" and "defined the nature of U.S.-Russian relationship" (comments by ITAR-TASS on 14 June 1992), along with a "Joint Understanding" on reductions in strategic nuclear arms and a series of documents, accords, and joint statements on bilateral cooperation. Propaganda on the two sides said that Yeltsin's visit "signified a radical change in political, economic, and military relations between the two countries" (quoted from Yeltsin) and "marked the beginning of a new era (for the two countries)" (quoted from George Bush). As a matter of fact, at present and for a considerable period from now on, U.S.-Russian relations are and will still be founded on unbalanced powers, that is, a strong United States and a weak Russia. In particular, because of the difference between the specific "national interests" and goals pursued by the two countries, the development of their relations will be marked strikingly by uncertainty and unpredictability. [passage omitted]

Different Roles in International Affairs

Although Russia has inherited the Soviet "legacy" in the international community, its role, position, and influence are far from being comparable to the former USSR. With the further decline of its nuclear-power status and the cropping up of numerous problems at home, assistance is needed from the United States and other Western countries. Just as Weijiebuji has put it, Russia is "now weak, starving, and, in fact, relying on the United States to survive."¹ Under such circumstances, Western public opinion deems it impossible for a genuine "equal partnership" to exist between the United States and Russia. At present, and for some time to come, Russia has to rely, to a certain extent, on the big tree of America to "enjoy the cool," maintain its "big-power status" and play its "big-power role" in the world. For this reason, Russia "will take no action to contravene the Americans" on a host of major international and regional issues. Rather, it has "followed Washington to vote" (quoted from former French ambassador to

Turkey Eric Rouleau) on such questions as sanctions against Iraq, Libya, and Yugoslavia. With regard to the issue on the Mideast peace conference, both the United States and the former USSR were "sponsors," but basically all the six rounds of Arab-Israeli peace talks were arranged by the United States single-handedly, while Russia was an associate "sponsor" in name only. Originally, Russia was one of the major countries involved in the Afghan issue, but at the final stage of political settlement Russia had little say on questions about the fate of Najibullah and the establishment of the provisional Afghan government. With regard to making the Korean peninsula a nuclear-free zone, Russia supported the U.S. stand and pressed the north [North Korea] overtly and covertly. At a meeting with South Korean Foreign Minister Lee Sang-ok at the end of July this year, Yeltsin declared that the ideology-based relationship between Moscow and Pyongyang had ended, and that Russia "had no longer provided North Korea with financial, military, or any other forms of aid." At the 48th UN human rights conference in Geneva last February, the Russian representative voted in favor of the proposal put forth by the United States. In late August, Russia supported the action of the United States, Britain, and France to designate the southern part of Iraq as a "no-fly zone." All these performances in the international arena show that, at present, and "for many years ahead," at best, Russia is "allocated the role of a junior partner."²

Military and Intelligence Cooperation Being Promoted

The United States and Russia are not only striving for an early political "alliance," but also breaking into an area that was a "taboo" in their relations during the "cold war" years—they are quickly promoting and speeding up cooperation in the fields of military and intelligence. Following the formation of the "North Atlantic Cooperation Council" on 20 December 1991 by NATO and the former Warsaw Pact states and Yeltsin's announcement in January this year—which was the first of its kind—that Russia had taken off alert its strategic missiles "targeted on the United States of America," defense ministers and chiefs of staff of the NATO countries and the former Warsaw Pact states held "unprecedented meetings" at the NATO Headquarters in Brussels on 1-10 April this year to discuss a number of questions, including "historical plans for military cooperation" between the Eastern and Western countries, the reconstruction of military machines of the former Warsaw Pact members "in accordance with the Western principle of democracy," and the "expansion of defense cooperation between the two sides." All these were unprecedented in the history of U.S.-Russian relations. In the "Charter for U.S.-Russian Partnership and Friendship," both sides stressed that they would "speed up defense cooperation between the military organizations of the two countries," including the enhancement of links at all levels. They also pledged to encourage such activities that would increase the openness of their warfare principles and combat actions, and work out

plans to expand their exchanges and contacts. Last July the United States and Russia issued a joint statement on building a global antiballistic missile protection system, saying that they would strengthen cooperation in this field. They decided to set up three work teams to "embark right away on the formulation of a global protection scheme."

Meanwhile, heads of intelligence organizations of Russia, countries of the former East Europe bloc, and countries of West Europe and North America held a "historical meeting" on 10 April in Sofia—the first post-war meeting aimed at enhancing intelligence cooperation between the East and West. At the meeting, they agreed to cooperate against terrorism, drug smuggling, illegal arms trade, and illegal exports of funds, materials, and technologies for making mass destructive weapons, and decided that similar meetings be held periodically from then on. On 28 May this year, Telubunikefu, first deputy director of the Russian External Intelligence Agency announced openly that the Russian intelligence agency is "no longer acting in confrontation" with the intelligence departments of the United States and other countries, but is "expanding contacts" and "seeking cooperation" with them, adding that it has established "contacts with personnel of the U.S. Central Intelligence Agency."

Vigilance and suspicion against each other in the military field are very hard to eradicate, however. For example, it is reported that U.S. submarines intruded into the former Soviet territorial waters twice in less than two months during the first half of this year, and that "the CIS Navy watched most closely the movement of the NATO Navy." Referring to the violation of the former Soviet territorial waters by U.S. submarines, Russian Rear Admiral Valery Alexin said frankly: "The politicians have declared that the cold war is over, but militarily, especially in the navies, the cold war goes on."³ In addition, Russia is conducting a "startling" worldwide "arms sale campaign" as a way to earn hard currency. This is quite out of tune with the U.S. policy of controlling arms proliferation. The two sides had a quarrel not long ago when the United States imposed sanctions on Russia because it sold missile technology to India.

It Is Hard To Make Any Breakthrough in Economic and Trade Relations

U.S. economic and trade relations with the former USSR remained stagnant for a long time. Since Yeltsin rose to power, these relations have shown no remarkable improvement despite the great efforts made by both sides. To win support from U.S. congressmen, Yeltsin talked profusely about Russia's determination to make "reform" and went all out to denounce communism when addressing a joint session of U.S. Congress. Speaking to American business executives, he strongly appealed: "American industrial and business circles as well as the U.S. government should not hesitate to act energetically to tap the enormous potential of mutually

beneficial Russian-U.S. cooperation." "Get hold of Russia's large market not later than 1992-1993; otherwise, it would be too late and the market would be occupied by others." Bush also vowed to "do everything possible" to help Russia and expressed the hope that U.S. businesses would boost their investment in that country. Moreover, he repeatedly relaxed the restrictions on high-technology exports to Russia and other [CIS] states. Last April Russia was officially admitted to such international economic organizations as the International Monetary Fund and the World Bank. Additionally, the United States and Russia signed a trade and investment agreement, which includes Russia's most-favored-nation status granted by the United States, a joint statement on cooperation in science and technology between the two countries, and a statement on U.S. aid to Russia. The above moves made by the United States and Russia are expected to have a stimulating effect on their current stagnant economic and trade relations.

Nonetheless, Russia is still ridden with a badly flagging domestic economy with production continuing to slide down. Last year witnessed a 15 percent drop in its gross national product. During the first half of this year, the total industrial output declined 13.5 percent from last year's corresponding period, the drop in food production being 23 percent and oil 13 percent. Commodity prices are skyrocketing "frantically," while the people's living standards are declining sharply (it is reported that 80 to 90 percent of the residents are under the poverty line). Besides, the economy is in an extremely complicated and difficult process of overall privatization and market-oriented transition. Now, Russia has very few things to export (except weapons); their products can hardly enter the American market because of poor quality and lack of competitiveness. On the eve of Yeltsin's visit to the United States last June, Russian Foreign Economic Relations Minister Petr Aven made the following remark on U.S.-Russian trade: "Russian is still being restricted. (The other side is) still reluctant to let us enter the American markets for certain products." On the other hand, with Russia's still-unstable political situation and the acute and complicated struggle within the country around the issue of how to carry out the "reform," American businesses at this time may not be willing to take risks to invest heavily there in setting up industrial plants or opening companies.

Now, the main purpose of the United States is to use limited economic and technical assistance to further stabilize Russia's situation so that Yeltsin can carry on his current "radical reform" line. Up to present, the amount of loans that the United States has provided or promised to provide to Russia is only some \$7 billion. One of the major objectives of Yeltsin's U.S. visit last June and his meeting with the heads of the seven Western countries in July was to get the \$24 billion assistance previously promised by the United States and the other six countries. But this objective was not achieved. So far the U.S. Congress has not approved the U.S. share of assistance. Some congressmen even link

this with the results of investigations of American POW's and MIA's in Russia. When this assistance will be approved and when the promise will be fulfilled are still unknown. Even if the promise is fulfilled, the amount of assistance will be too meager to meet the vast demand of Russia, which is debt-ridden and has scores of tasks to undertake.

The United States will hold a dominant position after the arms reductions.

One of the major goals of the U.S. policy toward Russia is to seize "the rare opportunity in the century" that the "Soviet collapse has made available to the United States" to eliminate the nuclear weapons in Ukraine, Belarus, and Kazakhstan and to reduce the Russian military forces, especially the strategic nuclear arsenal, to the extent of "not posing the slightest threat to the United States," thereby reestablishing an all-round U.S. nuclear superiority. To this end, President Bush took the initiative last January to present a proposal for large-scale reductions in American and Soviet strategic nuclear weapons. Yeltsin immediately responded with a more "radical" plan. Then, the two sides carried out busy negotiations. In June when Yeltsin was visiting the United States, they concluded the U.S.-Russian "Joint Understanding" on reductions in strategic nuclear weapons. Compared with the strategic nuclear weapons treaty signed by Bush and Gorbachev last year, the new agreement has the following striking characteristics:

1. Quick conclusion of the deal. The proposals were made by Bush and Yeltsin in January this year, and the agreement was signed in Washington on 17 June. It took only five months to negotiate the deal. This was unprecedented in the history of disarmament talks between the United States and the former USSR. The strategic nuclear weapons reduction treaty signed by Bush and Gorbachev in the summer of 1991 was a result of 15 years of negotiations.

2. Large reductions. According to the agreement, both the United States and Russia will cut their present nuclear warheads in two phases to 3,000-3,500 apiece (a reduction by two-thirds) by the year 2003 or 2000.

3. Reductions in "the world's most dangerous weapons" (quoted from Bush). This refers to the dismantlement of the most powerful land-based mobile multi-warhead intercontinental ballistic missiles on the Russian side and the reductions in the Minuteman II land-based mobile intercontinental ballistic missiles and sea-based ballistic missiles on the U.S. side.

4. A great concession made by Russia. The agreement has broken through the "notorious" "principle of parity" (quoted from Yeltsin). Because "Russia cannot afford to engage in an arms race with the United States" (quoted from Yeltsin) and for some other reasons, Yeltsin gave up the demands set forth in his January proposal, including the elimination of U.S. sea-based ballistic missiles, as preconditions for Russia's dismantlement of land-based mobile intercontinental ballistic missiles.

According to the new agreement, the United States will continue to possess 1,750 submarine-launched ballistic missile warheads (and keep all sea-based missile launchers) and keep 500 Minuteman II land-based mobile intercontinental ballistic missiles (each with a warhead). In contrast, Russia will have to totally destroy its strategic "nuclear arsenal backbone," or the "outward symbol of a big power" (quoted from the Russian Defense Ministry's organ KRASNAYA ZVEZDA)—namely, SS-18 and SS-24 land-based mobile multi-warhead intercontinental missiles. Russia will only keep 255 SS-25 land-based mobile missiles, 350 SS-11 missiles, and 60 SS-13 missiles (all with single warheads). This has not only freed the United States from the long anxiety and fear caused by the former USSR's large-sized land-based mobile intercontinental ballistic missiles, but also destroyed thoroughly for the first time the nuclear strategic balance persisting for years between the United States and the former USSR. The United States will thus be able to regain its absolute nuclear superiority.

The process from the signing of the agreement to its ratification by the parliaments of the two sides to the supervision over the destruction of the nuclear warheads is a long course involving many complicated questions. Within Russia, there have appeared dissatisfaction and concern over the excessive concession it has made in this deal. Whether any new changes will occur during this period is hard to tell, and the future of the new U.S.-Russian strategic nuclear arms agreement remains to be seen. Judging from the present situation, the trend of U.S.-Russian nuclear disarmament will continue, and attention will be focused on prohibition or reduction of nuclear tests. Last July, Bush issued a "nuclear nonproliferation" proposal and suggested that the United States "produce no more plutonium and enriched uranium for making weapons." Following this, the U.S. Senate adopted resolutions on suspension of ground nuclear tests for nine months beginning 1 October 1992 and on reduction of nuclear tests during the three years thereafter. It is expected that new talks on cutting or entirely banning nuclear tests will be held between the United States and Russia.

Restrictive Factors Are Numerous; Frictions Have Begun To Unveil.

The overall Russian-U.S. relations since Yeltsin assumed power is as follows: Despite words like "cooperation between partners," "friendship," and "alliance" have constantly come out of the mouths of their leaders and appeared in their propaganda, a number of covert restrictive and uncertain factors exist between the two countries. These factors may hinder and affect to varying degrees the smooth development of their relations.

On the American side, the main problems are as follows: 1. The United States still cannot rest assured that Yeltsin will steer the Russian boat of "economic reform" and "privatization" into the "big Western camp" headed by the United States. There is the concern that "hard-liners may come to power again" and "totalitarian rule" may be

reinstated. For this reason, the Bush administration, on the one hand, has been more enthusiastic than ever in backing, encouraging, and helping Yeltsin in one way or another. On the other hand, it has arranged to offer "consultations" and "advice" on Russia's "reforms" through "nongovernment organizations" and "academic groups" and to give concrete "guidance" through the International Monetary Fund and other international organizations to help Russia switch to a market economy and promote privatization. Meanwhile, the Bush administration has continued to link the aid and support to Russia with the progress of "democracy" and "reform" in that country. An example is the "Economic Declaration" issued last July by the Munich Summit of the Group of Seven, which reiterated that the Western assistance to and cooperation with Russia "will be tailored to its reform progress and internationally responsible behavior, including further reductions in military spending and fulfillment of obligations already undertaken."

2. Economic recession, increasingly acute social problems, and the forthcoming presidential election will affect American energy in aiding Russia. In the United States, economic revival is progressing only at a slow pace, while the government deficit is high and tends to climb up. Now the deficit figure has reached some \$400 billion. The people are increasingly dissatisfied with the present government, and the rise of "isolationism" has resulted in objection to increasing U.S. aid to Russia. President Bush is incapable of mapping out a policy to solve the domestic problems; what is more, he is confronted with a grim situation in campaigning for the presidency. If the White House has a new occupant, it is hard to tell whether or not the United States will change its policy toward Russia or how much the change will be. Nevertheless, as can be seen from the above, the United States will not be able to "aid Russia in the same way as its assisted Japan and Germany during the post-war period" (quoted from a high-ranking U.S. government official).

3. The United States, European Countries, and Japan are all scrambling for Russia as "a choice morsel," and it is hard to tell whether the United States will win. The present situation is that in this scramble the United States now apparently lags behind Western Europe, particularly Germany (whose assistance to Russia and other [CIS] countries accounts for over one-half of the Western world's assistance and far exceeds that given by the United States). If the United States pursues an inappropriate policy or is continually unable to offer more money than Western Europe, a shadow will certainly be cast on the new U.S.-Russian relations.

Besides, the United States still has a lingering fear that Russia is still a big military power with a huge nuclear arsenal. In its heart of hearts, the United States still sees Russia as a main potential military opponent. Although Yeltsin has proclaimed time and again that Russian has

taken off alert its missiles aimed at the United States, so far the United States has given no corresponding response to Russia.

On the Russian side, the main factors restricting the development of relations between the two countries are as follows: **1. Because of the deep-rooted traditional Great Russian "imperialist syndrome," Russia is unwilling to remain long under others.** Currently, Russia is carrying out a concealment strategy toward the United States and seems to go out of its way to curry favor. It has only one objective, and that is to win time so as to "revitalize" itself and regain the status of a top-notch power in the world. As Russian Defense Minister Pavel Grachev said, the world "will see the revitalization of Great Russia; it will gain its position among the ranks of big powers."⁴

2. Within Russia, there is a general feeling of no confidence in America's "policy motive" toward Russia. Not only are the no-confidence feeling and skeptical sentiment reflected strongly by the "conservative" class, but many "anti-West comments" are from "those believed to be liberalists and pro-West reformists." "The Russians' skepticism about the Western motive has a rich historical vein." Even MOSKOVSKIYE NOVOSTI, a weekly which is noted for its "radical" stand and which consistently supports the government's "reform," carried an article in its ninth issue of this year saying that the U.S. policy motive toward Russia is "based on its concern over nuclear weapons and its own political future" rather than "its hope to have Russia as an ally." In an even sharper tone, Russian Vice President Alexander Rutskoi has likened the aid from the United States and other Western countries to "free cheese" in the mousetrap.

3. Inside and outside the Russian government, there is a sort of force against "the pursuance of the pro-West policy."⁶ Though the West is "one of" Russia's "most important partners" and "Russia needs support from the West," "loans from the West will increase Russia's external debts," said Yeltsin's political adviser, Sergei Stankevich. He advocates "relying on our own resources and technology to develop the economy." He also suggests that the "focus" of the Russian foreign policy shift from the United States and other Western Europe countries to "second echelon" countries, which are on a par with Russia, adding that "particular attention must be paid to beefing up the Eastern front."⁷ Recently the Russian parliamentary organ SOVETSKAYA ROSSIYA also published an article to voice objection to "relying on Western loans."

4. The Russian and American "national interests" are "far from being identical," and "contradictions and conflicts are inevitable in many areas."⁸ When Yeltsin was visiting the United States, SOVETSKAYA ROSSIYA stressed in an article that "Russia still has its external political interests," which sooner or later "will contradict the American interests." Also, Andrei Kozyrev once emphasized: "Extensiveness of the values of democracy does not mean universal unanimity." "Partnership and

friendship in no way require us to forget our own geographic, economic, and other national interests." "We will resolutely defend these interests, even by tough means if necessary."⁹

5. Because of differences of opinion within Russia itself, "reforms" cannot proceed smoothly according to the present established policy. At this time, contradictions within the Russian leadership are reflected strikingly by confrontation between the parliament and the government. Russian Parliamentary Speaker Ruslan Khasbulatov admitted openly that "serious antagonism exists between the executive power organ and legislative power organ" in Russia.¹⁰ "Normal and natural contradictions" between these two power organs "are turning into uncompromising conflicts," and "are almost in the nature of a duel," said SOVETSKAYA ROSSIYA of 19 May 1992. This, the paper said, makes it impossible for Russia to conduct any "successful reform."

In addition, Kozyrev admitted that "different views" exist between the government and the "military-industrial complex," and that "military personnel can hardly adapt themselves" to the current situation of "reform."¹¹ On the question of whether to return the four northern islands, for example, the General Staff Department of the Russian Armed Forces on 27 July this year distributed to some parliamentarians a "Decision by the General Staff Department on Territorial Delimitation" signed by Chief of General Staff Viktor Dubynin. This document disagreed with the government's stand and held that "even part of the territory should not be returned." Apart from this, the military is not satisfied with certain actions taken by the authorities on disarmament, arms control, "reform" and some other issues, and demands "a halt of action to further weaken the combat strength of the armed forces."¹²

Overall, Yeltsin's June visit to the United States will give a certain impetus to the improvement and development of U.S.-Russian political, military, and especially economic and trade relations. Nonetheless, the more-than-four-decade cold war has just ended, and its remnant chill can still be felt. This, coupled with the numerous restrictive factors mentioned above and the

change in the Russian diplomacy from "facing the West" to "gradually marching to the East" (quoted from Yeltsin), makes it hard at the movement to say what kinds of "partnership" and "alliance" will be developed between the United States and Russia. But, at least, we can say that in the near future they can hardly establish such partnership and alliance as the United States has formed with Europe and Japan.

Footnotes

1. Interview of Weijiebuji, vice chairman of the Supreme Soviet's Industrial and Power Committee, by MOSKOVSKIYE NOVOSTI, published in its Issue No. 6, 1992.
2. Article by Sergei Stankevich, political adviser to Russian President Boris Yeltsin, published in NEZAVISIMAYA GAZETA, 28 March 1992.
3. Quoted from U.S. CHRISTIAN SCIENCE MONITOR, 31 March 1992.
4. Russian Defense Minister Pavel Grachev's 24 July 1992 speech at the Royal Army and Navy Research Institute in London.
5. Quoted from THE WASHINGTON POST, 9 April 1992.
6. Russian Government Acting Premier Yegor Gaidar's 3 July 1992 address to the Russian parliament.
7. Article by Sergei Stankevich, political adviser to Russian President Boris Yeltsin, published in NEZAVISIMAYA GAZETA, 28 March 1992, and his speech at the 21 July press conference.
8. Russian MOSKOVSKIYE NOVOSTI, Issue No. 9, 1 March 1992.
9. Russian Foreign Minister Andrei Kozyrev's speech at the 26 February science and technology practice meeting on "Changing Russia in the New World."
10. Russian Supreme Soviet Chairman Ruslan Khasbulatov's 29 June 1992 speech at the Russian parliament.
11. Interview of Russian Foreign Minister Andrei Kozyrev by French LE MONDE on 5 June 1992.
12. Speech by General Keliesinikefu, first deputy chief of general staff of the Russian armed forces, at a regular meeting of the Russian "Commission for Foreign and Defense Policies," quoted from the British paper THE INDEPENDENT, 1 August 1992.

Transform State Functions To Stimulate Market Economy

93CM0143A Beijing DANGXIAO LUNTAN [PARTY SCHOOL TRIBUNE] in Chinese
No 11, 5 Nov 92 pp 7-10

[Article by He Zhiqiang (0735 1807 1730): "Transform State Functions To Stimulate Socialist Market Economy"]

[Text] As economic reform has progressed, the issue of reforming government work organs has come more and more to the forefront. If we are to bring about a new situation in reform and opening up, boost the economy to a new level, and vigorously develop the forces of production in the 1990's, we must start by transforming state functions, streamlining and decentralizing the government, and combining governmental and economic reforms. At the current stage of economic reform, there is an urgent need to build a socialist market economy in order to establish socialist market economic operating mechanisms. It is within this context that this article shall discuss the transformation of state functions.

I. Progress in Building the Marketplace Lags Behind Economic Development

The marketplace is the venue for commodity exchange, and develops along with the commodity economy. Since the beginning of reform and opening up, our commodity economy has developed greatly and spurred the maturation of markets. Now, with economic expansion and the increasing percentage of products sold at market prices, the stunted maturation of markets has grown increasingly serious and actually become a brake upon development of the commodity economy. This problem is all the more evident in Yunnan, which is on the border and has an undeveloped commodity economy. In 1991, sales of nonstaple agricultural products hit a slump once again. Inventories of sugar, rubber, and some industrial products piled high, and an increasing percentage of state-run enterprises was losing money. Total losses surpassed 100 million yuan, facilities in the circulation were seriously insufficient, and the economy hit snags. Sugar prices were deregulated, but strict limitations were placed on the areas where such sales were allowed. This prevented enterprises from entering the market. The Yunnan tobacco market was also subject to serious restrictions of various types. Yunnan, with its extremely favorable natural conditions, produces superior quality tobacco. It has imported advanced technology from abroad and produces excellent Yunnan cigarettes. In fact, nine of China's 13 top brands are from Yunnan. Supply is outstripped by demand. The plan is not set completely in reference to market demand, however, with the result that 10 percent of productive capacity lies idle. In addition, markets in some areas are closed. Some localities have taken advantage of price deregulation to raise prices for Yunnan tobacco too high in order to protect sales of their own brands, and cigarette companies have not been able to sell at lower prices. Survival of the fittest

has not been the rule in the tobacco market and the competition mechanism has not been implemented. A true commodity economy has simply not been established. Cigarette companies can only gaze upon the market from afar and sigh. This raises the question of whether we should introduce a true commodity economy within the scope of the tobacco monopoly. In its economic management work, the government has come to an acute awareness that unless it seeks to establish large-scale circulation and large-scale markets in its effort to revitalize the circulation sector, and unless it brings about the formation of a unified national market that operates in accordance with market mechanisms, it is unlikely that production will get on track. Therefore every level of government is faced with the urgent necessity to step up efforts to establish a socialist market economy.

How has the market developed more slowly than the commodity economy? Why have we overlooked the need to develop markets in conjunction with our work to develop the commodity economy? I believe that with regard to market development there is also much confusion regarding the following questions: What are the key issues involved in switching from the traditional planned system to a planned commodity economy? Is it the planned economy or the commodity economy which represents the true essence of socialism? Does the plan or the market take top priority? Theoretical explorations have wandered astray from the practice of reform and the objective needs which the plan and the market share in common. The importance of developing markets has not been sufficiently appreciated or focused upon. Although we have taken the first steps toward developing markets in the last ten-plus years of reform, China's socialist market system is still very imbalanced, incomplete, and unstable. It is in a fragile early stage of development. Due to the influence of the pre-existing mechanisms of the planned economy, market regulation often causes the plan to reject the market, and vice-versa. It is relatively difficult to transform macroeconomic regulation and control or the operating mechanism because enterprises, which are the main players in the marketplace, have not actually been pushed toward the marketplace, and related reforms have progressed more slowly than market development requires. This has caused the maturation of the unified national market to lag behind economic development. This is only one aspect, of course. Many localities have accelerated the development and perfection of the socialist market economy and vigorously promoted development of the commodity economy. It is just as they say in some localities: "establish one area's market, bring up one group of industries, revitalize one part of the economy, bring wealth to one portion of the population." This has given us experience and pointed the way for the future. This is what we must do.

II. Liberate Thought, Promote Development of Socialist Markets

Comrade Xiaoping stated in a speech during his southern tour that the question of whether we lean a bit

more toward the plan or the market does not involve any fundamental distinction between socialism and capitalism. A planned economy is not the same as a socialist economy; capitalism also has markets. A market economy is not the same as capitalism; socialism also has markets. The plan and the market are both economic tools. This is a major development of Marxism-Leninism. It has enriched the theory of building socialism with Chinese characteristics, and has drawn a fundamental boundary, liberating our thought. We must build a socialist market system in accordance with this theory. We must reform government organs and transform state functions in a manner conducive to the development of the commodity economy and market economic operating mechanisms. Thus the speech by comrade Xiaoping was a forceful ideological weapon for the transformation of state functions.

As a comprehensive theoretical exposition, the theory of capitalist markets expressed by Marx in *Das Kapital* laid the theoretical foundation for study of the theory of socialist markets. In the practice of socialism, Lenin further developed Marx's market theory. Lenin stated that wherever there are commodities being produced there will be markets, and he implemented the New Economic Policy. However, Lenin did not have the time to systematize market theory. Stalin, on the basis of the practice of socialism in the Soviet Union, affirmed the need for commodity currency and relations of exchange during the entire stage of socialism. This negated the concept that socialism and the commodity economy are mutually incompatible, and it was a major theoretical breakthrough. However, Stalin excluded the means of production produced by state-run enterprises from the commodity economy. For the past 100 years, it has always been believed that commodity currency and market exchange cannot mix with the socialist system of public ownership. Although the need for markets has been acknowledged, the existence of markets has always been restricted. Under such historical circumstances, socialist countries have all exercised a highly centralized planned economy. Socialist markets existed in a suppressed and shrunken state. Markets were very fragile and played a very limited role. Within a highly centralized planned system, nonstaple agricultural products were subject to unified procurement and marketing; agricultural means of production were allocated according to a single plan by the appropriate government agencies; most consumer items were produced in accordance with a compulsory plan; distribution was carried out in a unified manner by commercial organs which allocated rationing tickets and set prices very much as if they were part of the government; and enterprises carried out production on the basis of a compulsory plan and handed over their products to the state, which would then allocate them according to a unified plan. This type of product economy was an enormous obstacle to development of the socialist economy. In reality, it was an economy of shortages, and brought severe consequences. At that time, there was also a one-sided understanding

regarding the question of whether the market mechanism was a regulatory mechanism intrinsic to the commodity economy. People always felt that commodity currency relations were a by-product of the system of private ownership, not an economic relationship intrinsic to the system of public ownership. During the current stage, as well, it has only been an accessory for the planned economy, serving no purpose beyond making up for the shortcomings of the planned economy. This concept of relying primarily on the planned economy and secondarily on regulation by the market has guided the economy. From the current perspective, this runs counter to the concept of a planned commodity economy, and it conflicts with the objective existence of the market economy. In reality, viewing the planned economy and the market economy as mutually opposed has restricted the development of socialist markets. It has been very difficult for socialist markets to mature. The "Decision Regarding Economic Reform" passed during the 3rd plenary session of the 12th Central Committee, introduced the theory of a planned commodity economy based upon a socialist system of public ownership. This was a major breakthrough for our Party in its effort to carry forward socialist reform. It did away with the traditional concept which regarded the planned economy and the commodity economy as mutually exclusive. It clearly stated that full development of the commodity economy is a stage that cannot be skipped in socialist economic development, and that it is necessary for China's economic modernization. At the same time, a new set of concepts has been put forward regarding the model for the economy's operating mechanism. Under the guidance of this theory, we have achieved important progress in reforming the system and transforming the economic operating mechanism. In so doing we have promoted the vigor of the entire national economy and further improved the people's standard of living. Nevertheless, the question remains whether the plan or the market is more important, and how much we should rely on each. There has been endless disagreement on these questions. The theoretical pronouncements of comrade Xiaoping widened our field of vision, changed our narrow understanding of markets, stressed the position and function of markets, and elevated the importance of the market question to the point where it equaled that of reform of the system, transformation of mechanisms, and economic development. It created the conditions for faster development of the forces of production.

The fundamental task of socialism is to liberate and develop the forces of production. The issue of establishing socialist markets has risen for two reasons: the forces of production demand a readjustment of the relations of production; and various factors related to economic reform. In particular, it is internal conflicts within large-scale modern production which have determined the need to establish socialist markets. Due to increasing specialization in modern socialized large-scale production, production in a given enterprise has come to be centered on a smaller range of products while demand has grown more diversified. This conflict can

only be resolved by perfecting markets. We must further promote development of the forces of production. Capitalism has made use of the market tools which had already existed in pre-capitalism to develop capitalism, so why can we not use these same tools to develop socialism? We must overcome traditional ideological restraints, boldly use both the plan and markets, and vigorously promote socialist economic development.

III. To Establish a Unified Socialist Market, State Functions Must Be Transformed

Government economic management organs have been established since the founding of the republic. They were set up under a highly centralized economic system in order to serve the needs of a product economy. Although some effective reforms have been implemented since the 3rd Plenary Session of the 11th Party Committee, we are still far from combining the planned economy and the market economy or perfecting the operating mechanism of a socialist unified market. As a result, they have become an obstacle to development of the commodity economy, and they have shown the way for future reforms. As the key players in socialist markets, state-run enterprises have not truly entered the marketplace. There is only a market for primary products. There exist no perfected markets for labor, capital goods, technology, or financial services. Reform of prices, which are the core of markets, has been inappropriate for establishment of a unified national market, and it has not been carried out in accordance with the market mechanism. There are not enough enterprises in the circulation sector. The legal system is also unsound. Under these circumstances, a unified national market appropriate for socialized large-scale production is not likely to arise. While it is true that there have been many causes for this situation, the key is transforming state functions, because we intend to switch from a product economy (an economic operating mechanism based on a highly centralized planned system which depends heavily upon administrative measures) to a commodity economy (in which the planned economy and market regulation are combined). For this reason, during the course of reform we must accelerate the streamlining of government organs and the transformation of state functions, and we must promote the earliest possible formation of a unified national market which will operate in accordance with the mechanisms of a market economy.

First, we must reform the system of planned management. We must carry out a series of reforms of the planning system aimed at achieving "the three transformations" if we are to make progress in the various aspects of reform and cultivate markets. The "three transformations" are: switching from primary reliance upon compulsory planned management to primary reliance upon planned management which merely provides guidance; switching from a primary focus upon setting quotas, allocating investments, and approving projects

to a primary focus upon formulating strategies, programs, and policies aimed at achieving social and economic development. In order to achieve these transformations, we must change the idea that "the plan is the law" and cannot be revised for the whole year once it has been finalized. We must study and formulate a new management quota system, reassign project approval authority in a rational manner, establish a project approval system which is in step with industrial policy and the market economy, and readjust the corresponding planned management organs.

Second, we must separate government and enterprise activities. We must allow enterprises to truly enter the marketplace and become the main players in socialist markets. In reality, enterprises are still government appendages, and if this situation is to be thoroughly changed, it is fundamental that the government cease running enterprises. We must reform and streamline government organs in accordance with this necessity. We have no choice but to steel ourselves to take drastic measures if we are to create the conditions which will enable enterprises to move toward the marketplace, switch to a new operating mechanism, and achieve managerial autonomy.

Third, we must accelerate price reform and establish a price mechanism which is conducive to development of the market economy. In the course of reform, the price mechanism is the core of the market mechanism. The price mechanism requires adjustable prices. Information regarding supply and demand relationships in the marketplace is provided to enterprises by means of price fluctuations and market competition. We must eliminate government price regulation and make prices adjustable if we are to strengthen the regulatory and guiding effect of the market mechanism, and if we are to promote transformation of the enterprise operating mechanism. Prices for the great majority of products must be gradually deregulated and set by the enterprises themselves. The government must switch from simple price setting to creating the conditions which will assure that the price mechanisms function properly. It must mainly carry out policy analysis, provide guidance and coordination, supply information, and exercise oversight.

Fourth, we must carry out coordinated reforms. We must establish socialist markets not only for consumer goods but also for the means of production; not only at the retail level but at the wholesale level as well; not only for commodities, but for production factors as well. We must have a complete market system which includes markets for funds, personnel, technology, information, labor and services, and real estate. We cannot lack any of these markets as we move forward with reform. Therefore we must reform the finance system, we must reform banking, and in particular we need to accelerate reform of the circulation sector. We must formulate policies for finance, banking, industry, prices, and income which help markets to mature and guide the direction in which they mature.

Fifth, we must establish sound market regulations and economic laws. As the commodity economy develops and markets mature, the issue of holding market activities to a set of standards is becoming very important. In particular, as we work to transform state functions, we need to set standards for how the government treats markets in order to prevent administrative relationships from penetrating and solidifying in markets just as they are forming, causing them to become new appendages of the government. We must also formulate effective laws and regulations which will assure normal functioning of the market mechanism and will assure market order. Only when we have achieved the rule of law can a unified socialist market be stabilized and develop in a healthy manner.

The purpose of switching to the types of government behavior described above is to create a market mechanism which has grown up from within a socialist market economy. This will enable various factors to become forces which spur the maturation of markets while the old system disintegrates as reforms move forward. The effort to establish and perfect a socialist market system as quickly as possible is an important task to which the government must devote much energy as it works to carry reform forward. During the course of reform, government organs at every level will establish a streamlined, unified, and efficient "small government." They will make themselves into resolute and powerful administrative agencies which implement the basic line of "one center and two fundamental points," so as to achieve the historical mission conferred upon the government of building socialism with Chinese characteristics.

Deng Liqun Chairs New History Society

92CM0135A Beijing GUANGMING RIBAO in Chinese
11 Dec 92 p 1

[Report: "Society for Study of Chinese History of People's Republic of China Founded—Honorary Chairman Wang Zhen Sends Letter of Greetings to Society"]

[Text] A grand meeting to mark the founding of the Society for Study of Chinese History of the People's Republic of China was held in Beijing from 8 to 10 December 1992. The meeting was attended by 150 representatives from the units for the study of Chinese history in various provinces, autonomous regions and municipalities under the direct administration of the central government. Comrade Wang Zhen was appointed honorary chairman of the society. He sent in a letter of greetings to the society. Comrade Deng Liqun was appointed chairman of the society. Comrades Liao Hansheng, Chen Muhua and Ni Zhifu were appointed advisors of the society. Vice Chairman Chen Muhua attended the meeting, while Vice Chairman Ni Zhifu sent in a letter of greetings.

The Society for Study of Chinese History of the People's Republic of China is a mass academic organization

aimed at organizing and coordinating the study of Chinese history and carrying out education and publicity activities. Its purpose is to adhere to the party's basic line and systematically study the history regarding the founding and development of the People's Republic of China under the leadership of the Communist Party of China and under the guidance of Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; to sum up experiences and find out a regular pattern in the study of Chinese history; and help develop socialism with Chinese characteristics. This society will devote its work in the following fields:

- Implement the principle put forward by the party and the government on the study of Chinese history, help relevant research organizations fulfill the tasks assigned by the state for the study of Chinese history;
- Support, organize and coordinate various departments and districts throughout the nation for the study of Chinese history; exchange information; reward those who have distinguished themselves in this connection; and train more people for the study of Chinese history;
- Promote academic exchanges with foreign countries;
- Do a good job in publishing journals and books in the study of Chinese history.

At the meeting, the Institute for Study of Contemporary China had awarded Prizes of First Class to the three books of the "Contemporary China" book series—*Tibet in Contemporary China*, *Military Work in Contemporary China* and *Agriculture in Contemporary China*. An award of 20,000 yuan was given to each book. Since the CPC Central Committee made the decision in 1982 to publish this series, the China Social Sciences Publishing House and the Contemporary China Publishing House have already published a total of 102 volumes on local affairs, different departments and specialties and some biographies. The three award-winning books were selected from those 102 volumes.

Biodata on New Politburo Member Wu Bangguo

93CM0069A Hong Kong KUANG-CHIAO [WIDE
ANGLE] in Chinese No 242, 16 Nov 92 pp 26-29

[Article by Tseng Ch'ung-mou (2582 0112 6180): "Wu Bangguo (0702 6721 0948) Enters Politburo. Increased Shanghai Voice in Zhongnanhai"]

[Text] Shanghai Pioneer in Opening to the Outside World, Wu Bangguo, Enters Politburo

Newly appointed Politburo member Wu Bangguo is a native of Feidong, Anhui Province. In 1967, at the very beginning of the Great Cultural Revolution, he graduated from the Radioelectronics Department of Qinghua University and was assigned to work in Shanghai where he has been for nearly 26 years. Wu Bangguo might be

said to know like the palm of his hand this largest industrial city in China where he has spent one-fourth of his life.

"Since Deng Xiaoping's remarks during his trip to south China, the situation in Shanghai has progressed very rapidly, exceeding our forecasts," Wu Bangguo said.

Between January and July 1992, GNP rate of growth for Shanghai reached 14 percent. Never before had Shanghai attained such a high speed, at least during the past 20 years. Because Shanghai began from a high threshold, the speed of its economic growth since the 1970's has been only half the average for the country as a whole. "Make sure of 4 percent and strive for 5" has been the customary goal of the people of Shanghai. No one ever thought that Shanghai would break out of the pack in 1992 to exceed the national average. Furthermore, the products being produced can be sold; they make money, showing that this high speed is a fine and effective speed. Deputy Premier Zhu Rongji [2612 6954 1015] set a goal for running state-owned large and medium size enterprises, namely to make 1992 the year when the slide would be halted, to get out of difficulties in two years, and to produce a full turn for the better in three years. Now it appears that this goal can be realized ahead of time.

"Shanghai's showing in bringing in foreign capital was also unprecedented in 1992. The story is very interesting to tell. In 1991, Shanghai had 365 foreign-invested projects—one a day. People felt this was record breaking. It turned out that during the first seven months of 1992, Shanghai signed on 823 such projects all of a sudden. In just July alone, 321 were approved that brought in \$640 million, which was one and on-half times the total amount for 1991. These were pretty good projects in terms of technology, markets, and quality.

In early 1991, the Chinese Communists began an all out effort to develop Pudong in Shanghai as part of a plan to use Shanghai as a turnkey to stimulate reform, opening to the outside world, and development of the economy of the Chang Jiang Basin and the whole country. It will soon be two years since this effort began, and Wu Bangguo attributes the new take-off that has occurred in Shanghai to the Central Committee's strategic decision to move Shanghai's reform and opening to the outside world from the back burner to the front burner.

On the subject of the criticism of people from Shanghai by people from elsewhere, Wu Bangguo said, "My view is that people are still one of Shanghai's great strengths. The main reason so many foreign businessman investors come to Shanghai is not that fondness for Shanghai's policies. They say that policies in other places are also good enough; the key is fondness for the Shanghai people."

How Should People From Shanghai Be Evaluated?

Shanghai people are highly cultured, sophisticated, smart and capable, and succeed at whatever they do. An

example is the big bridge in south Pudong—the world's third largest cable-braced bridge—which required only three years to build from design to its opening to vehicular traffic. A bridge of the same size abroad would take three years just for design work alone. Then there is Yanggao Road, which cuts through Pudong. It is 50 meters wide, 25 kilometers long, and 12 bridges had to be built along its course. In addition, all of the conduits and power lines for Pudong's infrastructure had to be put underground, including conduits for the as yet undeveloped Donghai gas and oil field. Such a large engineering project required an investment of 900 million renminbi, but within a year from the time when ground was first broken in 1992 it was completed. All this was done by the Shanghai people. Who says that Shanghai people cannot do big things?

Of course, Wu Bangguo also admits that because they have worked in a plan system environment for such a long time, Shanghai officials do not have much of a pioneering spirit, and their understanding of market concepts and competition is fairly weak. "This is a very big shortcoming, but do not blame people at the lower level. This is rooted in history."

In talking about the future, Wu Bangguo says: "We will have to do big deeds and take big actions, performing major feats worthy of Shanghai's position."

Do Big Deeds, Take Great Actions, Performing Major Feats Worthy of Shanghai's Position

During the past two years Shanghai has become more prosperous with each passing day, but Wu Bangguo does not claim credit for himself on this account. He says self-effacingly that "the restoration of Shanghai's framework actually began to be discussed in 1983. The former several municipal CPC Committee secretaries and majors did a large amount of earlier preparatory and developmental work that lay a foundation. In another three years, the development of Pudong and the building of Shanghai will produce a change in the look of the city. By the end of the present century, it will be possible to turn over to the people a booming, cultured new Shanghai that no longer has wooden commodes that cannot be flushed and coal briquette stoves, no longer has dangerous slum houses, and no longer has urban pollution."

Wu Bangguo Has Come Up Through the Ranks

Wu Bangguo stresses that he is a municipal CPC Committee secretary who was born an ordinary citizen. After graduating from university, he went to work in a factory. He worked three shifts a day, did delivery work, became a technician, manager of a workshop and, later on, deputy plant manager, plant manager, and CPC Committee secretary. He came up through the ranks; consequently, he is extraordinarily well-informed about the ins and outs of a factory, and he is also very knowledgeable about the shortcomings of a centralized planning system. Afterward, he was also the deputy manager of two companies, the CPC Committee secretary of a

bureau in charge of industry, and CPC Committee Secretary of the Shanghai Municipal Scientific and Technical Work Committee.

Five People Living in 11 Square Meters for Years

While on the way up, Wu Bangguo lived the same kind of life as most people in Shanghai. He, too, used a wooden commode and coal briquettes, and he also lived in a shikumen [4258 1655 7024] house and a loft, and he lived in them for a very long time as well. [A shikumen house may be a stone gate house at a former mansion in Shanghai] Right up until he became a permanent member of the municipal committee and served as CPC Committee secretary of the Shanghai Municipal Scientific and Technical Committee, his family still lived in the west wing of a shikumen house on Tiantong Road in Shanghai. Five people lived in 11 square meters. During summer nights he had to sleep on the street until one or two o'clock in the morning before being able to go inside. He has personal experience with both the inconveniences of the ordinary people and the hardships of the intellectuals of Shanghai.

Personal Experience With Life as an Ordinary Citizen Has Helped Wu Bangguo Administer

Wu Bangguo says, "I feel that my experiences with life as an ordinary citizen have been very beneficial for me. I can move among the mass of people extremely easily, and engage in small talk with people from every walk of life such as in noodle shops, with the proprietors of small stalls, with vegetable farmers who sell pickled vegetables, and with peddlers. At the same time, I can genuinely form friendships with all sorts of people. Visitors and guests regularly throng Wu Bangguo's home and the telephone is always busy. If he did not have a secretary to turn people away with some excuse, he would have more visitors than he could attend to. He has a rule that he will not have meetings or do any work on Thursdays; instead, he spends the whole day at the grassroots level. Sometimes he has no particular goal in mind; he simply wants to get to know more people and make more friends. He says he treasures these friends very much. They make him feel rich and he gets nourishment from them, while, at the same time, reminding him of his own responsibilities."

Biographic Data About Wu Bangguo

Wu Bangguo was born in July 1941. He is a native of Feidong County, Anhui Province. In 1960 he successfully passed the examination to enter Qinghua University, and in April 1964, he joined the Communist Party of China, just before the outbreak of the Great Cultural Revolution. In 1967, he graduated from the radioelectronics department of Qinghua University where he specialized in electron tubes, and began work in September of the same year. From 1967 to 1976, he was a worker in Shanghai Electron Tube Plant No 3, a technician, deputy head, and later head of the science and technology section.

From 1976 to 1978, Wu Bangguo served as CPC Committee deputy secretary, as deputy director of the Revolutionary Committee, deputy plant manager, and plant manager at the Shanghai Electron Tube Plant No 3. From 1978-1979, he served as deputy manager of the Shanghai Municipal Electron Tube Industrial Corporation. From 1979 to 1981, he served as deputy manager of the Shanghai Municipal Electron Tube Corporation. From 1981-1983, he served as CPC Committee deputy secretary at the Shanghai Municipal Instrument and Telecommunications Industrial Bureau. From 1983-1985, he was a permanent member of the Shanghai Municipal CPC Committee and concurrently CPC Committee secretary of the Shanghai Municipal Scientific and Technical Work Committee.

In 1985, he was assigned to the Shanghai Municipal CPC Committee. From 1985-1991, he served as deputy secretary of the Shanghai Municipal CPC Committee. In April 1991, he was promoted to Shanghai Municipal CPC Committee secretary to replace Zhu Rongji, who was assigned to Beijing.

Wu Bangguo was candidate member of the 12th and 13th party congresses. In October 1992, he was promoted to membership in the CPC Politburo to enter the center of supreme power.

Table 1. Statistical Table Showing Make-Up of 14th Party Congress Central Committee Members

Number of People	189
Average Age	56.3%
Percentage of New Persons	46.7%
percentage of Young and Middle Age Cadres (Under 55 years old)	61%
Percentage of Central Committee members having a college education or higher	83.7%
Percentage of female Central Committee members	7.5%
Percentage of minority nationality Central Committee members	10.3%
Number of candidate Central Committee members	130
Total number of Central Committee members and candidate members	319
Number of Central Discipline Inspection Commission Members	108

Wu Zuguang on Leftism's Bloody History

93CM0118A Hong Kong MING PAO YUE-KAN
[MING PAO MONTHLY] in Chinese No 12, Dec 92
pp 18-20

[Article by Wu Zuguang (0702 4371 0342): "Bloody History of the Left"]

[Text] After the 14th National Congress of the CCP, China adopted the concept of a socialist market economy. The tidal wave of reform notwithstanding, the artistic and literary system in China remained unaffected. Subsequently Deng Xiaoping inspected the south and delivered a speech in which he sharply criticized the Left for its chronic and persistent ills. Still the artistic and literary establishment on the mainland turned a deaf ear to his words and failed to respond in a constructive manner. Recently a number of well-known mainland writers decided they could not take it anymore and started speaking out verbally and in writing one after another. The first salvo was fired by ZHONGGUO ZUOJIA and ZHONGGUO QINGNIANBAO. On 18 October these two publications simultaneously published the written conversations with nine writers, namely Ba Jin [1572 6855], Bing Xin [0393 1800], Xia Yan [1115 5880], Zhang Guangnian [1728 0342 1628], Chen Huangmei [7115 5435 3561], Wang Meng [3769 5536], Feng Mu [7458 3668], Yuan Ying [5913 7751], and Chen Rong [6186 1369], thus declaring war on the persistent problem of left deviation.

The above-mentioned intellectuals and writers are not the only people in the world of letters on the mainland who are opposed to the Left. To enable more voices to be heard, this publication has invited 16 leading mainland writers to write an article unburdening themselves of thoughts that had weighed heavy on their minds. This special report consists of three parts. Part 1 criticizes the disruptions and damage inflicted by the left on the artistic and literary community on the mainland since the founding of the PRC to the present day. Part 2 zeroes in on the ultra-Leftist leanings of the Chinese literary and artistic establishment, particularly the Chinese Writers' Association. Part 3 consists of introspections by a number of writers currently living overseas.

The Bloody History of the Left Wu Zuguang

When one recalls China's history after the founding of the PRC, a question immediately comes to mind: Had there been no Leftist disruptions and destruction in the last half century, what would our fatherland be like now? Should we not think long and hard about this?

To keep their own misdeeds a secret, evil-doers invariably act hypocritically and go to great lengths and think of every ingenious way to cover up their wrongdoing. This applies to an entire nation as well as an individual.

In Danger of Being Arrested During KMT Era

On the eve of its escape to Taiwan in the mid-1940's, the KMT, having reached the nadir of moral degeneration, tightened its strangle-hold on the media. It started out by intensifying press censorship and then slapped new controls on literature and drama. Even historical works portraying bureaucratic corruption and degeneration were condemned for alluding to reality. Whenever they came across any description of evil deeds in a book or play, the KMT thought it was being ridiculed. On the other hand, any favorable description of a character in a

story or play was regarded as an attempt to flatter the CCP. The KMT was in the grip of a paranoia, born of the knowledge that its days were numbered.

It was against this backdrop that I wrote two plays satirizing the KMT and Chiang Kai-shek in Shanghai in 1946-47 and was then warned by kind-hearted people that I was in imminent danger of being arrested. I left Shanghai for Hong Kong in a hurry. After staying in Hong Kong for two years, new China was founded. In response to the call of the CCP, I instantly put an end to my photographic work in film-making and, elated that both the fatherland and myself were reborn, returned to Beijing, the people's capital, a place where I had grown up, gone to school, and lived.

Families Broken Up During Anti-Rightist Campaign

I wholeheartedly supported and fervently loved the magnificently triumphant CCP. I was overjoyed that after two centuries of being pushed around, humiliated, abused, and massacred, the Chinese people were freed and liberated. If only I could give everything I had to the party and devote myself to the cause of the party, that is, the cause of the people passionately. The future was full of brightness. In 1957 Mao Zedong called for a rectification movement open-mindedly and in all sincerity appealed to the people to come forward with suggestions for the party. Equally sincerely he made a solemn pledge to the nation: "Blame not the speaker but be warned by his words." Moved by this pledge, tens of thousands of intellectuals bursting with hope for the nation's future came forward one after another to voice their opinions regarding the party's errors in its work. Yet soon a relentless "anti-Rightist" movement was under way. Scarcely anybody who had spoken his mind survived. Amid the criticisms, exposures, demotions, and expulsions, countless people became separated from their wives and children. Families were broken up and some family members died. Many years later knowledgeable people put the number of people denounced as rightists at more than 1 million, with untold numbers of friends and relatives implicated. No attempt has been made to figure out the losses to the nation caused by this unmitigated disaster, which targeted the intellectuals. All Mao Zedong did was to say with a wry smile, "We lured the snake out of its hole." What a cruel and cunning prank!

Horses Were Silenced Everywhere

One can imagine the tragic consequences of this anti-Rightist disaster. Still reeling from the shock, the intellectuals who survived and others learned the truth about how to behave and conduct oneself in society: Never ever say anything about politics. In dealing with other people, including one's relatives, hold one's tongue. If you really want to open your mouth, you can only heap praises upon somebody's virtues and achievements and chant "long live so and so." Thus all over the country people were silenced. How tragic! How similar this was to the KMT era in the 1940's?

Another disastrous result of the anti-Rightist movement was that it nurtured a bunch of Leftists who were professional purgers and who enjoyed purging others. Whatever the campaign, they were always on the right side of the issue. They climbed the bureaucratic ladder using people who had lost power as the rungs. After they took up high positions, they came to wield enormous power, including the power to hire and fire people. Their criterion in hiring people was to "hire only relatives and bad people." The most typical examples can be found among China's literary and artistic establishment at the central level. They have done every bad thing imaginable. They are notorious and are the object of seething public discontent. They are still protected to the present day, however. Even when they have to step down, they are allowed to do so with dignity and given every preferential treatment, in sharp contrast to the untold humiliation suffered by those who were denounced as rightists. This is living proof of what they say: "Better left than right."

All Leftist Mistakes

Certainly there was the Cultural Revolution, tragic beyond compare in the human world, which was engineered and led by Mao Zedong and the Gang of Four, nurtured and groomed by Mao Zedong himself. During the Cultural Revolution, people were killed like flies. Fields were littered with corpses. The Chinese race, 1 billion strong, was almost destroyed. Among the victims were members of the older generation of revolutionaries who had occupied positions of leadership, including veteran leftists well experienced in purging. One decade later, apart from those who had died, old Leftists continue their Leftist ways as before. "Better left than right" was still as valid as ever.

The "anti-Rightist" campaign and the Cultural Revolution may be the two biggest leftist disasters since New China was founded, but they had been preceded by a string of campaigns and movements, which were highly influential despite their much smaller scale, such as the campaigns against the movie "The Story of Wu Xun" and research on "The Dream of the Red Chamber," the movement against the "Hu Feng anti-party group," and, after the anti-Rightist campaign, the Great Leap Forward, the organization of people's communes that were large firstly large in size and, secondly, collective in nature, and all the wild talk about China having accomplished socialism and ushered in communism. With the benefit of hindsight, we can see that all these leftist actions were mistakes. Not a single one of them was correct. Had China not been richly endowed by nature with a vast land, abundant materials, and a huge population, it would have been destroyed 10 times over.

All these errors are Leftist errors. Even I cannot figure out why the word "Left" is always put in quotation marks. Probably this is what Mao Zedong had in mind when he said that something might seem Leftist but was actually Rightist. The word left is said to have its origins in the English and French legislatures of the 17th and

18th centuries. Left originally referred to those legislators who advocated reform and openness. I recall that during the KMT dictatorship, I myself was regarded as a Leftist. How things have changed. Today I am on the opposite side. I am really mystified. Back in 1985, I discussed this matter in my article "In Defense of the Right." I would not go into detail here.

Having said all that, I remain eternally grateful to the CCP for roundly defeating the utterly corrupt and degenerate KMT regime and putting an end to almost a century of imperialist slavery, humiliation, and killings, a history that saw China totter on the brink of extinction. Even a thousand years later, the Chinese people will still remember this unparalleled achievement by the CCP.

What is disappointing and heart-breaking is that despite this glorious history, the CCP became increasingly arrogant, overbearing, and complacent since founding the PRC. It was receptive only to flattery and praises and turned a deaf ear to honest criticisms and sincere advice. It allowed veteran leftists to run amok without fear and cruelly persecuted intellectuals. It bragged about its greatness, glory, and correctness year in year out, yet its conduct let us down time and time again. Rampant bureaucratism, the feudal mentality, and corruption have become chronic ills of the party. It is painful just talking about this.

After the decade-long Cultural Revolution came to an end, I recall, the CCP Central Committee firmly resolved to oppose the Left and thoroughly repudiate the Cultural Revolution. But the Leftists have continued to do more and more harm in the last three years. One wonders anxiously when the long-suffering CCP, which has been through so many ups and downs, will listen to honest criticisms and sincere advice and start abhorring flattery. When will the CCP stop bragging about its towering achievements and be more humble and down-to-earth, becoming once again a party that is truly close to the people and loves the people, which it did in the 1940's and early 1950's?

What prompts me to say these words without hesitancy is the fact that the 14th National Congress of the CCP did something the party has rarely done over the years by repeating, "The main thing is to guard against the Left." The party has spoken in no uncertain terms, "Leftist thinking is deeply embedded in our party history. The Leftists often are revolutionary in nature and like intimidating people by pinning political labels on them. They would have you believe that the more Leftist one is, the more revolutionary he must be. Most of the mistakes made in the course of building socialism in the 20 years beginning in 1957 were mistakes of the Left. It must be the goal of the reform and open policy to open up new paths and rise above ideas and institutions that hamper the development of productive forces. Most resistance comes from the Left. It must now be made clear that we must be on guard against the Right but, even more important, against the Left."

Rarely in history has the call been made for vigilance against the Left, not to mention referring explicitly to its actions and their timing. Although I believe that more examples could have been cited and the period lengthened, the fact that the party came out criticizing the left outright is commendable. When one recalls China's history after the founding of the PRC, a question immediately comes to mind: Had there simply been no leftist disruptions and destruction in the last half century, what would the fatherland be like today? Should we not think about this long and hard?

Certainly I have not overlooked the word "but" that precedes the phrase "even more important, the Left." Nor have I overlooked the sentence, "...we must be on guard against the Right...." Not having studied party history closely, I have only a sketchy knowledge of the harm done to the party by the rightists in history. All I could remember was a Wang Ming [3769 2494] committing some Rightist errors, But I never know the full story. It was also said that Liu Shaoqi [0491 1421 1142] too had made some rightist mistakes but he later died a most tragic death and was subsequently rehabilitated. I do know that all of our Leftist stuff we copied from our big brother, the Soviet Union. The Soviet Union has disintegrated along with all its brother nations in Eastern Europe.

For years the leftists have been wreaking havoc in the literary and artistic circles, severely impeding the development of literature and art in China, resulting in demoralization and inertia. More recently, following the lead of the older generation of writers including Xia Yan, Bing Xin, and Ba Jin, people in the literary and artistic community have bestirred themselves and started writing articles sharply critical of the old leftists. This is a rare phenomenon and bodes well for the rejuvenation of the world of letters. Having written in haste thus far, I am now overwhelmed with emotion.

The wee small hours on 12 November 1992

(The original title was "Be Vigilant Against the Right But, More Important, Against the Left.")

Wang Meng on Revitalizing Literature, Art

93CM0118B Hong Kong MING PAO YUE-KAN
[MING PAO MONTHLY] in Chinese No 12, Dec 92
pp 20-22

[Article by Wang Meng (3769 5536): "Awaken the Spirit of a Nation"]

[Text] We hope that the varied functions of literature and art will be taken more seriously and that literary and artistic life will be enriched and diversified to satisfy the people's ever-growing cultural needs, making them content and inspiring them to better themselves. Literature and art should not be a monolithic thing or act like a stern schoolmistress. They should not be something from which the people stay a respectful distance or something on which they turn their backs in disgust.

The party's 14th National Congress was held just at a time when the nation was swept up in a wave of accelerated economic development, reform, and openness.

This situation is also enormously significant for the enterprise of literature and art. Leading comrades on the CCP Central Committee have time and again demanded that literature and art reinvigorate themselves. When the nation prospers, literature and art flourish, too. For the past century, the fortunes of our writers and artists have always been linked to those of our nation and people.

Literature and art are an expression of the spiritual energy of a nation. Literature and art are the nerve cells of a nation, the cultural embodiment that is most creative, imaginative, curious, intelligent, and passionate. Literature and art are most incompatible with a set ideology, with submission to the written word, with authority. A vibrant literature and art indicates that people are spiritually liberated, free thinkers who are ideologically active and have found outlets for their creativity and initiative. In contrast, a literature and art characterized by apathy, inactivity, monotony, and superficiality is one of the signs that human vitality is being stifled, that people are spiritually deprived, and that the initiative of the masses is being suffocated. Even among intellectuals, writers and artists are the most sensitive people who are being watched most closely. If they do a good job in literature and art, it provides a clue to the spiritual vitality of a nation and sheds light on the way intellectuals are putting their initiative to work. The state and mood of literary and artistic works are the most obvious and visible barometer of the state and mood of all intellectuals. Since the founding of the PRC, in periods when the government was honest and both the economy and society were making progress relatively normally, literature and art also came to life. On the contrary, careerists like Lin Biao [2651 1753] and Jiang Qing [3068 3237], driven by their evil ambition to usurp power from the party, always began their reign of terror by destroying literary and artistic undertakings and persecuting vast numbers of literary and artistic workers in a frenzy. The result was that 10,000 horses were muted, the overlord was separated from his concubine, a hundred flowers withered, and there was widespread indignation and discontent. The 3d Plenum of the 11th CCP Central Committee was followed by the best period in China's literary and artistic history. Only the worst egomaniacs who claim credit for other people's achievements would invent the myth that a golden era dawns when they take the helm at a certain department.

In his address to the 14th National Congress of the CCP, Comrade Jiang Zemin [3068 3419 3046] solemnly announced, "The Third Plenum of the CCP Central Committee rejected the erroneous leftist principle of 'taking class struggle as the key link,' which is unsuited for the socialist society, and shifted the focus of party and national work to economic construction, thereby replacing an incorrect political line with a correct one." Jiang Zemin further said in his political report, "The key

to adhering to the party's basic line is to concentrate on economic construction steadfastly." This is so important; it could make the difference between life and death. Literary and artistic construction must revolve around economic construction, not class struggle, covert or overt. We must not use all sorts and excuses and go back to the "basic line" put forward at 10th plenum of the 8th National Congress of the CCP, which was to take the struggle between the two roads, two classes, and two lines as the key link, not to mention reverting to the slogans and ideas of the Cultural Revolution, such as "ferret out capitalist roaders" and "persevere in continuing the revolution under the dictatorship of the proletariat." Do we really have any doubt as to what the consequences of returning to the Cultural Revolution will be?

"The focus of spiritual civilization is on construction" is another theme that has emerged from the party's 14th National Congress. Ba Jin wrote in a recent article, "The creative labor of writers should be encouraged, respected, and protected." His words expressed the innermost feelings of all of us. Yet there are some comrades whose only reason for living is to create a tense atmosphere and who love to see the world plunged into chaos. The time has come to wake up to the truth.

The strength of Marxism lies in its truthfulness and its ability to seek truth from facts, not in intimidating others or isolating oneself. Therefore we would like to see literary and artistic criticism that is based on facts, that is analytical in a concrete way, that is lively and interesting, fresh and innovative, and that embodies the spirit of Marxism. We do not want cliches and subjective assertions. We do not want intimidation and blackmail that purports to defend Marxism-Leninism but actually cudgels people, hurls epithets at people, and discredits Marxism-Leninism.

Distinguish between the two kinds of essentially different contradictions and handle them accordingly. Do not expend a lot of energies trying to come up with some awkward specious arguments, such as the idea that even though a person has not been involved in bourgeois liberalization, he may be heavily influenced by bourgeois liberalization ideologically, in order to attack many more people. Why are we so fearful of uniting everybody? Why are we so interested in forming small coteries, in dividing, and in demoralizing everywhere, not only at the bottom but all the way to the CCP Central Committee?

We hope that the varied functions of literature and art will be taken more seriously and that literary and artistic life will be enriched and diversified to satisfy people's ever-growing cultural needs, making them content and inspiring them to better themselves. Literature and art should not be a monolithic thing or act like a stern schoolmistress. Literature and art should not be something from which the people stay a respectful distance or something on which they turn their backs in disgust.

Bases must be built in people's hearts. Isolate yourself from the readers and from writers' bases and you will end up deceiving yourself as well as others or practicing self-justification.

Unite all the people, not just "a dozen people with seven or eight guns." We want unity on a grand scale, not the kind of small unity that encourages the formation of groups and frowns upon the outflow of interests. China is a huge country, It would be terrible as well as ludicrous, pathetic, and regrettable if people in literature and art hide the truth from the masses instead of seeking to unite people in all corners of the land. After half a day of brouhaha, all they can come up with is a little one-act farce.

Cherish the hard-won stability and unity we now have for which we have paid a hefty price. Do not be deliberately provocative and give the CCP Central Committee extra trouble. Do not keep running to the CCP Central Committee for help at the drop of a hat when one's own arrogance and incompetence results in unwise moves and setbacks. Do not ask the CCP Central Committee to do one's bidding and respond to one's plea every time. Do not start blaming the party and the people and complain no end as soon as one's request is not granted.

Do not keep disrupting and interfering with the central goal of economic construction even if you do not contribute to it, let alone openly oppose the party's basic line and criticize the "theory of the unique importance of productive forces" the way they did in the Cultural Revolution.

After the 14th National Congress of the CCP, the people are full of confidence about speeding up modernization, accelerating reform and the open policy, and building socialism with Chinese characteristics. We hope that those people who want the CCP Central Committee to toe their line would stop spreading nonsense including assertions that Marxist-Leninists are isolated and cut off from help and that Marxist-Leninists should go underground. They should stop blackmailing and scaring others at every turn by threatening to hang themselves on the wire pole, thus destroying the public's faith in socialism.

Rise above all the one-sided, exaggerated, and abstract arguments about what is capitalism and what is socialism. Revitalize literature and art. Proceed from the liberation and development of literary and artistic productive forces of a socialist society, the improvement and enrichment of the cultural life of the people of a socialist nation, the enhancement of the spiritual life and spiritual caliber of our nation and our people. Make stability, reform, and development our goals.

We hope even more fervently that those dear people who used to make it their responsibility to teach others all the way up to the CCP Central Committee to take class struggle as the key link would study the speech made by Deng Xiaoping while he inspected the south. We hope that they would overhaul their thinking and no longer

shy away from talking about the danger posed by the left to reform and the open policy, about economic construction as the central goal, about unity, stability, and prosperity. We hope they would not continue to turn a deaf ear to Deng Xiaoping's speech or the instructions of leading comrades on the CCP Central Committee, particularly documents pertaining to the party's 14th National Congress.

In the new situation of reform and openness, literary and artistic workers must make new contributions, something that is independent of man's will.

(Speech delivered by the writer at a seminar on contemporary literature on 27 December 1992)

Dai Houying on Literary Freedom

93CM0118C Hong Kong MING PAO YUE-KAN
[MING PAO MONTHLY] in Chinese No 12, Dec 92
p 23

[Article by Dai Houying (2071 0624 5391): "Era of Literary Freedom Should Be Here"]

[Text] I would like to see an era of literary freedom in China. After looking through all the documents pertaining to the 14th National Congress of the CCP, I have yet to find the freedom I want. Still it would be hard for me to give up longing for freedom of the press and freedom of speech.

It is up to others to tighten or loosen controls, but I have freedom; what to write and what not to write—that should be decided by myself, not other people. This is the principle of creation that I have subscribed to over the years. So I do not think the 14th National Congress of the CCP would have much of an impact on my own creative work.

But I hope to see an era of literary freedom in China. As a product of the spirit, literature should be a free activity. For decades, though, it was literature which had the least freedom in China and even all socialist countries. Under political coercion, literature became thoroughly ideological. The writer was treated worse than the bird in the cage. Reform and openness has given literature a glimmer of hope and the development of literature in the new era is obvious to all. Compared to the economy, however, literary freedom remains highly limited.

There has been no interruption in the interference in creation. Spiritually liberated as they are, writers must remain vigilant against the "wolves." The rascals still swagger around whenever opportunity presents itself, as ruthless and mean-spirited as they were 20 years ago. Only a heightened tolerance on the part of readers and writers has eroded the rascals' ability to inflict casualties. I have yet to see the rascals conduct any self-criticism. Some in fact have been rising in the bureaucracy rapidly, not at all hindered by their bad reputation. In their hearts they understand that some superiors still believe Left is better than Right. Do the people who have been

attacked have the power to fight back in self-defense? Perhaps armed with a feather duster?

Here is where freedom of the press and freedom of speech come in. If you do not publish a book, I can do so myself. If you criticize a work, I have a forum where I can defend it. If you refuse to distribute a book, I can sell it on my own. Leave everything to the readers, to the market. Let time and history be the judge. This is the only way to have fair competition, the mass viewpoint, and historical materialism.

After going through every document relating to the 14th National Congress of the CCP, I have yet to discover the freedom I want. Yet it would be hard for me to stop longing for such freedom. Maybe I should believe something Lu Xun [7627 6598] said: It is man who carves out a path. However, are we now free to stride forward? Such as putting together a publishing house?

30 October 1992

Shao Yanxiang: 'Birdcage Culture'

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[MING PAO MONTHLY] in Chinese No 12, Dec 92
pp 26-30

[Article by Shao Yanxiang (6730 3601 4382): "Open Up the 'Birdcage Culture'"]

[Text] If policy-makers do not trust artists and writers and give them a free hand in liberating ideas, creating boldly, and striving for the development of art and literature, but instead regard writers and artists as a harmful and dangerous social force and believe that they can only make art and literature serve their purposes by putting them under the control of a handful of trusted officials, they would end up building a heavily fortified "birdcage culture." How then can we expect to create artistic products bursting with vitality?

I suddenly recalled the words of a writer who was on shift duty at the Federation of Writers Associations in Yugoslavia in 1981: "American writers have freedom but no money. Soviet writers have money but no freedom. Our writers have neither freedom nor money."

You can call that a joke.

I also remember a Hubei writer by the name of Zhang Shijie [1728 1102 0267]. He collected many stories about Yihetuan from the streets in his hometown and compiled them into a number of works with such titles as "Stories About Yihetuan" and "Litianhuang" for publication in Beijing and Shanghai. At the time he was earning enough in royalties to meet his living expenses, so he resigned from his government job and left the provincial capital to return to his village to concentrate on collecting folk songs. During the flooding of 1963, he donated almost his entire savings to the disaster relief effort, assuming that he would receive some income from the forthcoming publication of his books. Then the literary and artistic rectification movement broke out, followed by

the Cultural Revolution. The publication of his books was suspended, he received no payment for his works, and his wages were also cut off. He had to fall back on the pitifully meager money he made working in the field. Toward the end of the Cultural Revolution, he went to Beijing to look up old friends in search of food coupons, clad in a cotton-padded jacket and with a belt tied around his waist. He looked so down and out, so painfully thin and pale. After the Gang of Four fell from power, he was invited to attend a meeting by the provincial government but could not afford the train ticket. With no access to free medical care, he put off seeing a doctor even though he had been ill a long time. By the time arrangements were made for his hospitalization, it was too late. Sadly he died in 1978.

The tragedy of a writer without freedom or money.

Let us not discuss for the time being whether or not American writers have freedom but no money. It is a premise of Lenin's works that writers in the capitalist world have only the freedom to attach themselves to the wallets of capitalists.

Nor are we going to discuss for the moment whether or not Soviet writers had money but no freedom. A theoretician who used to occupy a high position before the Cultural Revolution has already summed up what we can learn from the Communist Party of the Soviet Union, namely that the party treated the intellectuals too generously, what with "three famous and three highs." The result was revisionism.

Nor should we talk about whether the writers in Yugoslavia had neither freedom nor money. Nothing is certain in that war-torn nation today.

What we must discuss now is the situation of Chinese writers.

"What do you really want?" This is the title of a Soviet novel. If we pose the same question to Chinese writers, what response will we get?

In tabulating the votes, we should throw out both the highest score and the lowest score. The highest score has nothing to do with reality. After all, China is still in the initial stage of socialism and the market economy has just been born. Democracy and the rule of law have yet to be improved. The "lowest score" indicates too much complacency with the status quo, too little drive to improve, reform, and forge ahead. It is too far removed from the trends of history and the spirit of the times. It is an affront to the dignity of Chinese writers and intellectuals.

Policy, Mentality, Thinking

Mao Zedong said, "Policy and strategy are the life of the party." This is a true and pertinent theory aimed at protecting party interests. Only a correct policy can appeal to unite the masses, something around which the people can rally.

The people have a close interest in the ruling party's policies and hope that the policies formulated and carried out by the party are both consistent with reality and in line with the interests of the people, including themselves. Whether it is a general policy or a detailed policy that errs, it is the people that will bear the brunt of the burden.

The ruling party's artistic and literary policy is closely related to its policy on intellectuals. If the party errs in its artistic and literary policy, not only will the interests of literary and artistic workers be directly affected, but the chain of reactions will reach the entire intelligentsia, disrupting ideological and cultural construction, endangering society's moral outlook, and undermining the very foundation of the nation.

The several political movements of a mass nature since the 1950's all started out as cultural criticisms. In other words, they began as attempts to find targets in the literary and artistic circles and open up a breach in the literary and artistic ranks. Ever since then, the sense of alienation in the world of letters and even among the entire intelligentsia has found its way into political life, into all policies, dividing society in the process.

Since the anti-Rightist movement in 1957, people branded as Rightists have been demoted, dismissed, and sent to labor camps for "re-education." Even intellectuals not thus labelled were sent to work in the countryside in batches to remold their thinking. After 1958, as Zhang Chunqiao's [1728 2504 2890] attack on "bourgeois legality" was given the official nod, the cultural publishing houses at once lowered the schedule of payments for writers. More than 20 years later, a new historical era has dawned and the focus of party work has shifted to economic construction. The public now appreciates the role of economic interests, yet the comments, suggestions, and appeals made by writers and scholars regarding the irrationalities in the writers' remuneration system, the royalty system, and the way government collects income tax on a payment for a book or article have all been ignored, unheeded by the appropriate authorities.

Does this not reflect a disdain for mental labor, a kind of discrimination against intellectuals?

Compared to the political persecution of writers, artists, and assorted intellectuals before and during the Cultural Revolution, this may be explained away as an instance of insufficient understanding or an error in work, a trivial thing unrelated to high principles. But just think: If this is what happens to minor things, how can there be trust when it comes to major things that affect the overall picture?

In other words, how can a sense of trust replace a sense of alienation?

No doubt sound policies are essential. But even more essential is the mentality behind a policy.

In formulating a policy, if policy-makers do not trust writers and artists and give them a free hand in liberating ideas, creating boldly, and striving for the development of art and literature but instead regard writers and artists as a harmful and dangerous social force and believe they can only make art and literature serve their purpose by putting them under the control of a handful of trusted officials, they would end up building a heavily fortified "birdcage culture." How then can we expect to create artistic products bursting with vitality?

Even in the case of a basically correct and feasible policy, if the policy implementor is motivated by a desire to ferret out information about enemy activities and prevent sabotage, the policy may be distorted through his interpretation and would not have the results a correct policy would.

Once the motives are right, we will be able to think straight. First, we must revitalize art and literature and satisfy the people's needs. Second, this is something that can be done right only by allowing writers and artists and the rank-and-file artistic and literary workers to exercise their own initiative and creativity. Toward that end, we must create the conditions for liberating and developing spiritual productive forces and artistic productive forces so as to put together a political and cultural environment conducive to free creation.

If we formulate and execute policies in accordance with this philosophy, they would be more in line with reality and in tune with workers in the world of letters.

More than a dozen years ago, the leaders of the ruling party pledged that in the future nobody would be labelled a counterrevolutionary for something he has written. The literary and artistic community, then newly liberated from the shackles of the Gang of Four, was deeply moved.

The pledge has not been heard for a long time. But history will always remember this good saying even though it still falls far short of what is needed.

Listen carefully to the leaders' speeches. Keep a close eye on the policies of the ruling party.

We need to do both.

Working side by side with the ruling party, we must strive to expedite the construction of democracy and the rule of law.

Needless to say, the literary and artistic community supports Article 47 of the constitution, which says, "Citizens of the PRC shall have the freedom to conduct scientific research, literary and artistic creation, and other cultural activities." No doubt the policies of the ruling party should also be formulated and executed within the limits laid down by the constitution and other laws. Every citizen has the right to supervise and criticize all unconstitutional and illegal conduct. In China, this is novel not only to the masses but also cadres in responsible positions. Still we must make it a habit in time.

Adjust and Improve Relations Between Party and Literary and Cultural Community

There are many positive and negative lessons in CCP leadership over literature and art in the past half century and more since the 1920's, particularly after the establishment of such organizations as the Left-Wing Writers' Alliance.

After 1949, the CCP as the ruling party exercised full leadership over all the activities of all quarters at all levels in society as well as national work. Documents now attribute all the mistakes made since 1957 to the Leftist deviation. In my opinion, even before 1957 the literary and artistic community had repeatedly hurt the rank-and-file literary and artistic workers and impaired the relations between the party and these workers under the ideological guidance of the leftists.

The entire country is now experiencing the second wave of reform and openness, having entered the new stage of building a socialist market economy.

Under the current set of highly challenging conditions, reform in literature and art is absolutely not limited to the organizational setup, affiliations, and even functional changes of the China Writers Association and the All-China Federation of Literature and Art Circles, not to mention the question of whether or not we should support professional writers. Instead, the reform of literature and art should mean first and foremost the reform of the way the ruling party now exercises leadership over the world of literature and art. To be consistent with the shift from the planned economy to the market economy, the superstructure, including party leadership, also must be changed as necessary.

As far as the world of letters is concerned, the need for reform is most striking and basic in the relations between the party and the vast number of literary and artistic workers.

For some time before the convening of the 14th National Congress of the CCP, complaints were heard everywhere in the literary and artistic community. With practically the entire literary and artistic community as their imaginary enemy, some individuals who exercise real power in the literary and artistic circles try desperately to recreate an atmosphere and setup similar to those prevailing during the Cultural Revolution. This factional leading body is referred to contemptuously by artistic and literary friends as "a dozen people, seven or eight guns."

The question is this: Despite their unpopularity among the people and in the party as well because they have changed the party's basic line at will (reportedly by misinterpreting "one center, two basic points" as "two centers, one basic point" or some such thing), why have the "dozen people and seven or eight guns" been able to do as they please and caused so much damage?

Waving the banner of the CCP and using their powerful positions, they bully others and swagger through the

streets. From the perspective of the party, this is a case of "entrusting responsibility to the wrong people," in the words of some old party members. Basically what we have in China is still the rule of man. There are no mechanisms to achieve the necessary legal supervision, administrative supervision, supervision by the media, and supervision by the masses. This being the case, if good or fairly good cadres are put in positions of responsibility, they would cherish political influence and take pains to protect the relations between the party and the masses. Otherwise they would oppress those underneath them and deceive those above them. When they get out of hand, they become both anti-public and anti-party. This way institutional weaknesses are magnified by human qualities.

The CCP had its start in the revolutionary and mass movements. After it came into power, however, some party-led people's organizations or so-called mass organizations often isolated themselves from that part of the public to whom they should serve as a bridge. Owing to bureaucratization, their mass base was increasingly eroded and they became just a part of officialdom.

The first national cultural meeting held in 1949 united two armies of literary and artistic workers, one from the liberated areas and one from KMT-ruled areas. The All-China Federation of Literature and Art Circles set up subsequently awarded honorary titles and positions to accomplished and influential artists and writers. It came to symbolize the united front.

But then times changed. As round after round of cultural criticism and political movement after political movement went under way, the All-China Federation of Literature and Art Circles became a battleground. The atmosphere of peace and harmony was overwhelmed by the smell of gunfire. Only after the fall of the Gang of Four was an effort made to rebuild the world of letters on the ruins, as symbolized by the fourth cultural representative assembly. But disruption by the dozen people and seven or eight guns continued apace. After occupying all the "positions," they set out to defend those who belonged to their own faction and attack others who did not in the name of rectifying and reorganizing the ranks, operating in ways that were surprisingly similar to those of Jiang Qing and Yao Wenyuan [1202 2429 0337].

During all the various periods the China Writers' Association and All-China Federation of Literature and Art Circles in effect operated as the agencies of the party's propaganda department. Ordinarily they exercised control over writers and artists. In times of trouble, they spent most of their time attacking and criticizing them.

Most of the power in these organizations rests in the hands of the leading party groups, which comprises people appointed by the party committee at the higher level. Before the Cultural Revolution, party group members participated in the activities of the organizations in their capacity as administrative officials. After the Cultural Revolution, they no longer shy away from any

suggestion that the party groups are running the show. Propaganda reports invariably list the names of party group secretary and members before those of people who have merely administrative responsibilities. In these places the foremost objective of power distribution and officials in the habit of asking the government for help is to "join the leading party group."

In their naivety, association members still hope that the "leaders" would put themselves at the service of all members. The leaders are too busy jockeying for power and position to think about serving the people.

The leaders of people's organizations or mass organizations are also officials. Leading cadres at the China Writers' Association and All-China Federation of Literature and Art Circles are cultural officials. Although organs of the association at all levels also are divided into different grades, such as bureau, office, and department, they are not departments in charge of cultural and propaganda affairs after all. Just by telephoning an association to say that the orientation of a certain publication is problematic, the leading cadre at the department in charge (say a bureau chief) can instantly send a chill down the spine of the association.

In the past we often said that some people were "intent on stirring up trouble" and were on guard against grassroots unrest. Actually these people were the real troublemakers. Then they made up stories about enemy activities and reported them to the higher authorities, creating even more trouble for the CCP Central Committee.

Even though many people in the literary and artistic community have said that organizations like the China Writers' Association and All-China Federation of Literature and Art Circles should be disbanded for a variety of reasons, the CCP as a ruling party needs those organizations to serve as a bridge to the literary and artistic community if it is to realize its leadership over that community.

After all the old ways do not work anymore.

Freedom of the Press and Freedom of Association

In 1949, as the old regime gave way to the new across the country, a decision was made to continue the existing policies in the interest of social stability. In 1956, private-run industry and commerce and the agricultural handicraft industry were transformed across the board. Subsequently everybody started wearing a uniform and was put on the public payroll.

Workers in literature and art and related fields were no exception. Whether they were in creation, editing, acting, musical performance, publication, distribution, or management, they came under full-fledged ideological, political, and professional control by the party and government. Economically and in their daily life, they were also under party and government control, from the wage scale to residence registration, job title, housing, and health care.

Having evolved from military communism, this model ensured that everybody become a clog in the revolutionary machine with no room for maneuvering and no other way out.

In the economic arena this model severely hampered the development of productive forces. In the ideological and cultural realm, it also shackled spiritual productive forces, stifling independent personality, the sense of autonomy, human dignity, and the creative spirit.

The model reached its peak of perfection during the Cultural Revolution because of the need to impose dictatorship on the cultural realm in a most visible manner.

Each province and municipality had its own newspaper, but it was nothing more than a reprint of the "two newspapers and one magazine." All literary publications were suspended. The eight sample plays and one novel came to monopolize all "positions" in the nation.

According to the constitution, PRC citizens enjoy freedom of speech, freedom of the press, freedom of association, and freedom of assembly. But it is a mere scrap of paper filled with empty talk.

While all of this was pushed to the extreme during the Cultural Revolution, there were early signs of things to come in the late 1950's.

During the anti-Rightist campaign, people were found guilty on account of their words, thinking, even motivation. For instance, several young writers in Nanjing, Jiangsu Province, wanted to put together a publication titled "Tanjiuzhe." But even before the proposal was put into effect, they were labelled the "Tanjiuzhe clique" and denounced as anti-party and anti-socialist. Where was a citizen's freedom of speech, freedom of the press, freedom of assembly, and freedom of association?

As some people see it, to orient literary and artistic workers toward the market, the only thing we have to do is to smash the "big rice pot" so that they will "no longer ask the organization for help."

Some short-sighted officials believe that the government can now spend less money on culture, that it "no longer has to carry the burden."

Some even believe this is an excellent opportunity to shake up the lawless literary and artistic community.

Things are not so simple.

If the authorities fail to take a careful, responsible, and cautious attitude, the ordinary cadres and people in the artistic and literary community will take the brunt of the burden but there will also be serious aftermath for the party and government.

Guangdong is a pacesetter in reform and openness. Yet it is a Guangdong writer named Liu Jia [2692 0857] who wrote in a recent article, "Right now unfortunately both

publishing and newspapers are under centralized state control. Mass organizations cannot make any move. Several newspapers and publishing houses have folded in recent years. It seems that it is impossible for new ones to get started."

As a scholar-businessman, he noted that putting out a newspaper is impossible under the present conditions.

At present literary newspapers and periodicals are ranked in accordance with the grade of the unit they are affiliated with and are treated accordingly. The result is that we find works of a poor quality in bureau-level publications while fine pieces of writing are common in publications at the office level or even lower, in the same way that we occasionally come across poor works written by first-class writers and four-line poems unfinished by ministerial-level poets.

If we really want to revitalize literature and art by introducing into them the competitive mechanism, we must meet one precondition, namely that practical steps must be taken to ensure the freedom of speech, freedom of the press, freedom of association, and freedom of assembly, all constitutionally mandated, of all citizens engaged in literary activities.

If this is achieved (not verbally, but in action, not briefly, but on a long-term basis,) we will create a healthy maturing socialist cultural market (or quasi-cultural market). This is the only way to revitalize literature and art and usher in an era of sustained development in literary creation and publishing as part of cultural construction.

Am I talking to the wrong audience? Am I daydreaming?

A little passion, a dose of clear-headedness, a realistic spirit, and an I-know-it-won't-work-but-I-still-would-go-ahead drive. That is where we pin our hopes on.

1 November 1992

(Title supplied by editor. The original title: *Fireside Chat*)

Liu Xinwu on Writers' Association

93CM0118E Hong Kong MING PAO YUE-KAN
[MING PAO MONTHLY] in Chinese No 12, Dec 92
pp 31-32

[Article by Liu Xinwu (0491 1800 2976): "New Functions for China Writers' Association"]

[Text] In the future the Chinese Writers' Association should become an organization for protecting writers' rights and interests, assisting writers in writing and getting their works published, and organizing the appropriate professional academic activities.

Deng Xiaoping inspected the south and made a speech. That is good. The 14th National Congress of the CCP adopted the spirit of the speech as a party resolution.

That is even better. But people differ radically in their reactions to the various resolutions.

A leading cadre at the China Writers' Association, for instance, said with a touch of sternness in his voice and countenance, hitting the newspaper, "The political report says we should be on guard against the Left, not that we should oppose the Left. This shows Leftist deviation has not been a problem in the last couple of years."

I have always been interested in politics but have never quite figured it out. So when it comes to the essential difference among "Left," "being on guard against the Left," and "opposing the Left," further study is needed. But I was quite shocked by the response of this leader, who has long lobbied the CCP Central Committee, so far unsuccessfully, to give him vice ministerial treatment.

The China Writers' Association has never tried to solicit opinions from writers on how implement the spirit of the 14th National Congress of the CCP either by holding writers' seminars or through other means. Even before people came forward to say there is Leftist deviation in the China Writers' Association, this leader acted preemptively by declaring there is no leftist deviation. Somehow this reminded me of the "Beware pickpockets" sign frequently seen at railroad stations. Imagine someone sees the signs and then gets all excited, beating his chest and saying, "The sign only says beware of pickpockets. It does not say they are opposed to pickpockets. That shows I have not stolen anything." Should we fill with veneration or should we burst out laughing?

A friend not related to the China Writers' Association said, "You people in the China Writers' Association have done two things in the past three years that impressed me most. One was the highly successful 'investigation.' Never have more leaders been transferred. Never have more cadres been sent to Beijing from out of town. So many people are referred to as 'famous writers' in news reports in WENYI BAO, names that we had never heard before. Second, WENYI BAO stirred up the 'thin gruel incident,' an earth-shaking event. Then there are those articles in which writers were politically criticized by name. They too are noteworthy...."

This friend said, "The China Writers' Association is Left indeed."

Naturally his slanderous remarks should be rebutted by the people in charge of the China Writers' Association.

Maybe. The disturbances have subsided for three and a half years now. There is no word that the "investigation group" has been disbanded. The investigation of Zhao Ziyang [6392 4793 7122] has ended. The China Writers' Association has several still going on. Since they are all correct, the "investigation group" should keep them and clarify their administrative ranks without delay. Reportedly the group leader has been lobbying the CCP Central

Committee hard and persistently to give it vice ministerial treatment. The 14th National Congress of the CCP has come and gone. But the treatment is still denied. What is going on?

If it is not leftist to publish shenping [1957 1627] articles, then it should be done again and again. Why not start a "shenping" column? In addition, all articles should routinely promote the viewpoint in the original Taiwan magazine FEIDING YANJIU as ammunition so as to fight side by side with it.

The China Writers' Association started out as a mass organization, with a president, vice presidents, a presidium, and a council. Yet the presidium and the council have not met at all during the past three years. In all its activities, it has either ignored the above-mentioned office-holders and organs, or forced its views on them, or even politically attacked its standing vice presidents in its official newspaper. It also has set about putting together a "collective membership system" and pushing for the abolition of secret ballot and the adoption of election by acclamation. If all these actions cannot be considered "leftist," that they are all correct, then the leaders of the China Writers' Association may as well continue such practices. On the other hand, they can also take a look at the new party constitution, where Article 11 has not been amended. Moreover, when the National Party Congress elected members of the Central Committee, there was more than one candidate for each seat and voting was by secret ballot. Is the China Writers' Association superior to the CCP and its election method more "correct"?

Never mind. Talking about this does not do any good. There is no leftist deviation, so there is no need to oppose leftist deviation. All we need to do is to be on guard against it. OK, let us be on guard against it. It is a good thing to be on guard.

My idea is a simple one. The China Writers' Association should be a mass organization pure and simple. To begin with, it should transform itself from a government administrative body into a private organization as soon as possible. Inside a government agency you have different grades, vice ministerial level, bureau level, and so on. These are civil service ranks that the China Writers' Association can do without. Nor should it continue to survive on government hand-outs. Writers who cannot keep on writing because of old age and poor health should not worry. Nor should former government administrative workers and other personnel who are not into writing. When the China Writers' Association is able to raise its own funds and becomes a true home to writers, their welfare, benefits, and wages may well be even better than those of the prodigals who are now scrambling for promotion to the ministerial or bureau level. In the future the China Writers' Association should become an organization for protecting writers' rights and interests, assisting them in writing and getting their works published, and organizing the appropriate professional and academic activities. When a writer gets into

political or legal trouble, the case should be handled by the competent government agency in accordance with the law. The China Writers' Association should not be a vehicle for waging class struggle. In particular, its leaders should stop plotting, scheming, maneuvering, and leading writers to wage some imaginary "intra-party two-line struggle," thus turning things upside down. What is the point of having a China Writers' Association which always makes trouble out of nothing, which is clamorous and crude, and which disrupts the nation's drive for economic construction while failing to provide positive assistance to the ordinary writer in his creative labor? We may as well disband it.

31 October 1992

Noted Writers Express Anti-Left Views

93CM0136A Beijing ZHONGGUO ZUOJIA [CHINA'S AUTHORS] in Chinese No 12, 10 Nov 92 pp 4-9

[Article: "Hail the Triumphant Convening of the 14th Party Congress; Thoroughly Study Comrade Xiaoping's Remarks During His Travels in the South"]

[Text] New Hope by Ba Jin [1572 6855]

I believe that very great achievements have been made in literary endeavors during the new era since the Third Plenary Session of the 11th Party Central Committee. The creative work of authors should be encouraged, respected, and protected.

The new impetus of reform and opening to the outside world today has brought new hope to people. I believe that our literary work can certainly demolish the confinement of "leftism" to become more dynamic and more flourishing.

Ba Jin

13 September 1992

In Step With Our Motherland by Bing Xin [0393 1800]

Since reform and opening to the outside world, literary and artistic works have shown more of "let a hundred flowers blossom" than during the two years preceding the Third Plenary Session of the 11th Party Central Committee. Male and female, young and old authors have become encouraged to break out the confines of "leftism" to write about their true sentiments and real feelings of love for the motherland, love for the people, love for mankind, and love for peace. I hope that our writers and artists will move in step with the motherland to advance toward a prosperous, rich, and strong future.

Bing Xin

16 September 1992.

Emancipate Thinking To Make Literature and Art Flourish by Xia Yan [1115 5888]

Comrade Xiaoping's remarks during his travels in south China about the emancipation of thinking—particularly his noting that China must be vigilant about the right, but must mostly guard against "leftism"—are also extremely important and timely for the world of literature and art.

Not long ago in a speech in Inner Mongolia, Li Ruihuan [2621 3843 3883] also observed that so long as they do not violate current laws, literary and artistic works must not be wilfully interfered with. This states explicitly that "leftist" problems continue to exist in the literature and art arena. Some people readily label works about which they personally feel uncomfortable as "bourgeoisie liberal" and "peaceful evolutionist." This is extremely detrimental to the flourishing and development of literature and art.

Most recently, China's economic development has moved along very well. Although achievements in the world of literature and art have been enormous, by no means do they match those in the economic realm. During the fourth anniversary of the Writers Congress, Comrade Xiaoping proposed plans and tasks for literature and art, and said explicitly: "Literary and artistic themes and means of expression must be increasingly rich and varied, and dare to be innovative." Some time earlier he also said that "changing one's brains" means continuing to emancipate thinking, completely getting rid of "leftist" shackles and things that impede the development of literary and artistic productivity. Let the world of literature and art fully arouse its enthusiasm and creative spirit to write rich and varied works.

I look forward to the arrival of that day.

Xia Yan

14 September 1992

The Common Fate of Writers and Reform by Zhang Guangnian [1728 0342 1628]

Spring arrived early this year. The remarks of Comrade Xiaoping during his travels in south China, and the resolutions of the Central Committee Politburo on the acceleration of reform and opening to the outside world were like warm southerly breezes gusting across the good earth of the motherland. Within the short space of several months, one constantly heard good sounds from all parts of the land. In the new China of the 1990's, new hope surged anew.

Now the Fourteenth Party Congress is about to convene. This provides extremely great encouragement for builders and reformers on all fronts. Writers too are hailing the new stage of China's reform and opening to the outside world with hard work and ardent expectations.

A few days ago, I attended a study session in which we studied and discussed one by one the important remarks of Comrade Deng Xiaoping. The more we talked, the more excited everyone became. They could not sit still. Everyone wanted to see things for themselves. In May, I had the good fortune to experience the marvelous and noble plan for the development of the magnificent area

in Pudong in the building of a greater Shanghai, and I was also brought up to date on the thriving, large scale development of Suzhou. It was a real eye-opener that increased my knowledge and confidence. Once they dispelled the miasma of leftism, the bright and capable people of Shanghai emancipated their boundless wisdom and courage at once to demonstrate their superb capabilities. They are now moving into the front ranks of socialist reform and opening to the outside world right behind the southeast coastal areas. They are also serving as a turnkey for stimulating development of the Chang Jiang Delta and a string of historically famous cities and large and small townships and towns, which will glow with new splendor during the 1990's. Clearly, once interference with the party's line and policies has been eradicated, the masses truly take over and boundless energy can be generated.

China's upright authors are patriotic and enthusiastic supporters of the socialist cause. They delight in experiencing and observing the aspirations of the people of this age. The common aspiration of the party and the people is to take a firm grip on the central task of building the economy, adhering to the four basic principles and the grand design for reform and opening to the outside world, and eradicating the interference that comes from both leftism and from the right. The peril from the right—opposition to the party and to socialism as well as creating social disorder—has absolutely no appeal for the people; it must be resolutely opposed. Both the party and the people understand thoroughly that the peril from leftism is even greater; it is a main tendency that has to be guarded against. The leftist miasma that has become increasingly intense during the past several years directly impedes the normal conduct of reform and opening to the outside world, thereby plunging economic construction into a difficult situation. Through leftism, the actions of some self-anointed "true Marxists" actually distort Marxism, damage the party's socialist reputation, and violate the four basic principles. People talk in the streets and fume, greatly fearful that fine socialist endeavors may be ruined by deep-rooted leftism. It is for this reason that members of the public in all walks of life listen attentively and read widely with a feeling of excitement the remarks of Comrade Xiaoping during his travels in the south, and nurture extremely earnest hopes for the 14th Party Congress.

I fully believe that the depressed atmosphere and abnormal state of affairs within literary circles in China is temporary. All matters that run counter to the desires of the people cannot endure for long. I do not know how future literary historians will record and assess the astonishing situation that has occurred during this new period of reform and opening to the outside world. I think that authors might be more broad minded, paying more attention to what is great in the movement of history. I know that the authors of high aspirations are at one with the masses in learning through experience the intense feelings of worry, anger, amazement, and happiness that occurs as China's great wheel of socialism

drives through the miasma of leftist tendencies and surges forward, that by thoroughly studying the expression and the mentality of various kinds of people under different circumstances, they have much to write that helps the masses rally their spirits and move forward. With a feeling of cherishing their youth, comrades look back with nostalgia to the early 1980's when literary works flowered in a riot of color and they won the approbation of their readership. Whether you call the literature of that period "scar literature," or call it "reform literature," it expressed the heartfelt wishes of the time, and it expressed the conflicts in people's minds. It was not superficial literature; it struck a response deep within people's psyche. Authors spoke for the masses. Literature and people's minds called out together helping to channel the pent-up feelings in people's hearts. Readers read such works with tears in their eyes. These works were widely read by the masses. The situation today is different; one cannot make any simple comparisons. Nevertheless, literature must reflect the great changes in history; it must express for the people the innermost thoughts and feelings of the masses; and it must overcome together with the masses the difficulties and dangers that lie along the road ahead. It can and should do this. The kinds of things that can be written about today are very numerous indeed. If most of the works of the early 1980's expressed tragic sentiments that touched people to the depths of their soul, then the material about comic events and comic characters that today's complex and ever changing life provides authors is truly very plentiful. For China's literature to provide a joyous atmosphere for reform and opening to the outside world is very good, is it not? The situation today is that authors and reform have a common fate. There is no turning back from reform, nor have authors turned back. Writers who otherwise have only the barest necessities of life do have their pen. This pen has been given them by the people for use in safeguarding the people's rights and interests, and in safeguarding the party's rights and interests and the rights and interests of socialism at crucial times. I believe that this is the feeling that the broad masses of writers share in hailing the 14th Party Congress and in congratulating the 14th Party Congress.

Zhang Guangnian

15 September 1992, Beijing

Need To Observe Literature's Objective Laws by Huang Mei [5435 3562]

In studying the important remarks of Comrade Xiaoping during his travels in south China, I feel that the world of literature and art should mostly oppose leftist ideology. They should seek truth in facts, observing the objective law that literature is the study of man. No matter what authors write or how they write it, there should be no arbitrary interference.

Literature and art is ultimately about people—people living in societies of different kinds, living different kinds of lives, and belonging to different classes under

various historical conditions. They are the stories of their various thoughts, feelings, dispositions, fates, and interpersonal relations that depict various ways of life truly and profoundly.

For a long time, we have been in the habit of frequently adding a question mark about the thoughts, feelings, outlook, actions, bearing, and even the words of the characters in literary works. Are they socialist or capitalist?

You may say that literary works should use emotion to move people. But as soon as human feeling, human nature, and humanitarianism are mentioned, without exception they are dubbed capitalist. You say that realism is the life blood of literature. But one has to ask whether it is capitalist realism or socialist realism.

In short, in everything, it is necessary to take class struggle as the key link; in everything it is necessary to make clear whether it is capitalist or socialist. During the Great Cultural Revolution, authors were capitalist intellectuals, of course. Everything they wrote could only be capitalist, and everything they advocated was feudalist, capitalist, or revisionist. Finally, all that a population of 800 million had to read was eight "model plot plays." Development and change of people's endlessly rich and complex inner worlds, personalities, experiences, fate, interpersonal relationships, and ideological feelings were required to bear a clear-cut indicator of class; they were either capitalist or socialist. Writers were hemmed in at every turn; how could they write? What could they write about? Did literature have any distinctive objective laws?

Critics in the world of literature and art, creators in literature and art, and comrades in leading organs and all levels in the field of literature and art should diligently summarize historical experiences. We should emancipate our thinking further, be more courageous, and hasten the pace of reform somewhat. We must seek truth in facts, truly respect the special objective law that literature is the study of man that is verified by Marxist science. Only in this way can we genuinely overcome and guard against leftist ideology to make literature truly become the study of man.

I sincerely hope that in hailing the convening of the 14th Party Congress, and in facing the magnificent new circumstance of reform and opening to the outside world that the world of literature and art will advance literary and artistic creation to a new zenith!

Huang Mei

14 September 1992

For the Sake of the Vitality of the Race by Wang Meng [3769 5536]

Since the spring of 1992, an acceleration of economic construction, reform, and opening to the outside world has been occurring in all trades and industries throughout the land.

Such a situation also holds extremely great significance for the cause of literature. Central Committee leading comrades have repeatedly called for an enlivening of literature and art.

In a certain sense, liveliness in literature and art symbolizes a people's vitality. Literature and art are a people's sensitive nerves; they are the richest cultural carriers of creativity, imagination, a spirit of exploration, talent and intelligence, and the inherent passion of a people. They are the natural enemies of dogmatism that will not abide fixed ideas or living by the book. The liveliness of literature and art is an expression of the liveliness of people's thinking, spiritual emancipation, creativity, and positiveness. By contrast, an oppressive, dreary, monotonous, and shallow literature smothers the vitality of a people, impoverishes the spirit of a people, and is one of the symptoms of the stifling of the enthusiasm of the broad masses of the people. Clearly, without liveliness in the spirit of a people, there is no positiveness, creativeness and imagination, and expression of a matter-of-fact attitude in the people, and thus there is no reform, opening to the outside world and modernization.

Since the Third Plenary Session of the 11th Party Central Committee, the liveliness of literature and art has been an important mark of the vitality of all social life, particularly economic life; it is one of the marks of the true effectiveness of reform and opening to the outside world. The achievements made in literature and art since the Third Plenary Session of the 11th Party Central Committee must be fully affirmed and warmly cherished; moreover, realistic analysis of shortcomings and summarization of the lessons of experience is for the purpose of improvement, not to sweep away everything and attack across a wide front. Much less should one gnash his teeth.

In looking at the plans and policies toward art and literature that the party has formulated since the Third Plenary Session of the 11th Party Central Committee, attention must be given the maintenance of continuity and stability rather than wilfully make additions or deletions, become divorced from the line and the self-defined system on which the party is founded, and ruin the present by longing for the past, insisting that literature and art be returned to what it was before the Third Plenary Session, or before the Great Cultural Revolution, or before the founding of the People's Republic.

So long as building of the economy can be used as the centerpiece in building literature and art, there can be no open or secret practice of taking class struggle as the key link, or things such as criticizing the "theory of productive forces," or "putting destruction first." There can be no returning to the formulations and slogans of the Great Cultural Revolution period.

It is to be hoped that there can be a fresh creative literary style of seeking of truth in facts, concrete analysis, and vividness and liveliness rather than staying in the same old rut, quoting subjective assertions, pretending great

attainments because of official position, and turning commentary on art and literature into threats and intimidations that throw everything into an uproar.

It is to be hoped that serious attention will be given the function of literature and art in many regards, literary and artistic life thereby becoming rich and varied, harmonious and gracious to satisfy the increasingly varied cultural needs of the people so that the people will be happy, uplifted, and forward looking rather than flustered and exasperated, isolated, and carrying grouchy expression wherever they go.

Battle positions must be built in people's minds. Battle positions unrelated to the readership or to the author can only be formalistic self-deceptions and deceptions of others.

It is to be hoped that great unity will be practiced rather than small unity in which 10-odd people having seven or eight rifles set up their own faction, allowing nothing of value to slip away to others.

It is to be hoped that the one-sided, excessive, abstract controversy about what is socialist and what is capitalist can be surmounted to allow the vitality of literature and art shine forth, and be based on the emancipation and development of socialist literary and artistic productivity, based on the improvement and enrichment of the cultural life of the people in socialist countries, based on the spiritual vigor of the Chinese as a people and as a nation, and based on stability, reform, and development.

It is even more to be hoped that the dear comrades who formerly religiously practiced taking class struggle as the key link as their duty and obligation will diligently study by themselves and with everyone the remarks of Comrade Xiaoping during his travels in south China to change their notions so as to no longer deny the threat of leftism to reform and opening to the outside world, no longer appeal against taking economic construction as the centerpiece, no longer appeal against unity, stability, and prosperity, and no longer adopt an attitude of turning a blind eye toward Comrade Deng Xiaoping's remarks and the instructions of leading comrades on the Central Committee.

Some remarks Comrade Li Ruihuan made about literature and art in Inner Mongolia gave impetus to, and will continue to give impetus to, the lively prospering of literature and art. Given the new momentum of reform and opening to the outside world, workers in the fields of literature and art must make their own new contribution. This is something that cannot be changed by the subjective will of anyone.

Wang Meng

Let the Spring Breeze Dispel the Gloom by Yuan Ying
[5913 7751]

The spring of 1992 was another unusual spring filled with vitality. The remarks of Comrade Deng Xiaoping during his travels in south China were like a strong east

wind propelling the ship of reform, and vastly and mightily blowing into the hearts of hundreds of millions of people. The shadow of several fruitless efforts can never blot out the brilliance of the sun. It takes only half a year to go from spring flowers to autumn fruits. We have gone from the rapid strides forward on the good earth of China to deliver a shock and a stimulus for its incomparable might.

"China must be vigilant against the right, but guarding against leftism remains most important." This single note resounds throughout the land. The intellectual world and the cultural world that was so harassed and maimed by leftist poison for several decades senses this most profoundly and wholeheartedly endorses it.

On many occasions, Comrade Deng Xiaoping has pointed out the harm that leftism can cause: Today, rightist things are impairing us, and leftist things are also impairing us, but the most deep-seated and obstinate are still leftist things. Leftism bears a revolutionary cachet; it is as though the more leftist the more revolutionary. Leftist things have been frightful in the history of our party! All of a sudden, something fine is suddenly done to death by it. The right can be the ruin of socialism, but leftism can also be the ruin of socialism.

How has it been possible for China's leftist line and leftist trend of thought to continue and proliferate for so long? Is its "revolutionary cachet" true or false after all? Does it have the enormous power to do to death "a fine thing" all of a sudden? Were theoreticians and party historians to examine this matter conscientiously and summarize it scientifically, they would certainly be able to write a monumental and scintillating work that would make a special contribution to mankind. Those who have suffered from it and drawn lessons from bitter experience with it can also only seek out cause and effect in the various ways in which it is expressed such as despotism, dictatorship, privileges, ruthlessness, and cupidity, which are all part of more than 2,000 years of feudal ideas, and the backward mentality of a conservative and obstinate small agricultural economy, as well as the grim class antagonisms of the period of the revolutionary war, and the narrow concepts spawned by separation on different mountaintops. Leftist things accompanied virtually the entire process of China's revolution.

As a result of unrelenting political campaigns and large scale criticism, leftist actions injured millions upon millions of people, and also corroded and distorted to a certain extent the ideology and souls of many people. The unremitting hollowing out, and the internecine strife creates a loss of human talent, a loss of leadership that is difficult to calculate and difficult to make up for. So many people of outstanding ability and refinement have been wrongly subjected to slanders, attacks, rejection, and deprecation. They have been thrown into prison, banished, cast adrift to cope as best they can, and even subjected to injustice and malice, and oppressed to death. The 10 years of turmoil were the acme of wanton persecution and display of power. One need not look

back far for a grievous lesson. The memory of those days is still fresh in people's minds, and they still hold lingering fears.

After the conclusion of the great turmoil marked mostly by the leftist line, the Third Plenary Session of the 11th Party Central Committee set to rights the course of history, and our socialist motherland entered a new historical period of brightness. Workers in literature and art welcomed the second liberation and the second springtime. They truly sang its praises from the bottoms of their hearts.

However, deeply rooted forces are not so easily eliminated after all, much less do they blithely depart from the stage of history. Despite numerous loud calls and stern condemnation by leaders, despite numerous denunciations in speech and the trenchant accusations of ideologues and theoreticians, and despite the calls with one voice of the common people and assaults from everyone, the specter of leftism continues to linger everywhere, disappearing for a time only to emerge again. At times, it seems to remain silent and lie low only to appear not long afterward in new garb to surge through the streets, sacred banners in hand, to continue to sell the fake remedies and to poison and confuse people's minds as before, creating havoc. Leftism can be profitable. Through leftism one can rise to officialdom, one can hold power, one can attack others, and one can elevate oneself. One can be secure against criticism, and one can be free of the danger of dismissal. Others might be reviled and spit upon, but leftists are in a class by themselves. Who has ever seen those who openly opposed the party line, spread strange tales and absurd arguments, confused people's thinking, impeded the pace of reform, or caused serious harm to the two civilizations be subjected to party discipline or punishment according to the laws of the land? Even greater offenses can seemingly be covered up easily as "perceptual problems" or "methodology problems." They wait until they judge the time to be propitious, then the gloom closes in again, and trouble starts. Have we seen the end of this repetition?

Until the leftist poison has been eradicated, the nation will not experience peace. What guarantee is there that "one center and two basic points" will remain unchanged for 100 years? Or what guarantee is there for intensification of reform, widening of the opening to the outside world, and moving up a new step every few years? As for carrying out a policy of letting a hundred flowers blossom and a hundred schools of thought contend to advance the flourishing of literature and art, is this not even this wishful thinking?

The powerful east wind cannot be stopped. The 14th Party Congress will make it blow more intensely and permeate peoples minds more deeply. Let the spring breeze drive away the gloom to bring back a clear and cloudless sky!

Yuan Ying

Autumn 1992

Literature Calls Out to the Spring Wind by Chen Rong
[6186 1369]

The year 1992 seems to have been a golden year for going into business.

Quite a few people left government organs, put down their iron rice bowls, and tried their hand at running companies, merchandising, playing the stock market, or speculating in real estate. Both those who knew how to run companies and those who did not, those who knew how to merchandise and those who did not, and those who knew how to speculate and those who did not plunged into the great incoming tide of the commodity economy.

Some writers went into business too.

Nevertheless, even though the people in my own profession whom I know well felt individually that they were quite able to do business, kept their eyes peeled and their ears cocked for opportunities, talked clearly and logically about going into business, seemed to think that the road was wide open and that even bringing in foreign capital was no trick at all, actually, I realized that most of them were full of hot air. They were filled with fervor, but when the fervor passed, they conscientiously returned to their own small rooms to write a novel or something else, unable to stop writing.

Nevertheless, even though they sit there with their heads buried in writing, they cannot avoid flights of fancy from time to time.

"The outside world is so very exciting!"

Comrade Xiaoping's remarks during his travels in south China are compared to a spring breeze that is blowing across the good earth of China bringing much warmth to the economic field!

This truly makes people feel extremely envious.

One shackle after another has been struck off, and one forbidden zone after another has been opened up.

No wonder each and every businessman is so enthusiastic.

The Chinese make sure to check the weather before going outdoors!

I do not know why, but the literary sky always seems so gloomy and depressing. It is always unsettled with rain appearing likely. It always makes people feel uncomfortable.

What if the spring breeze does not reach literature?

Can it be that remarks during travels in the south are also needed about literature...

Chen Rong

**Let Literature Move Ahead With the Tide of Reform by
Feng Mu [7458 3668]**

I believe that every author who fervently loves the motherland and fervently loves socialism welcomes the triumphant convening of the 14th Party Congress with unbounded enthusiasm and heart-filled expectation. We have been studying since spring the remarks of Comrade Deng Xiaoping during his travels in south China from which we have gained enormous spiritual strength. We believe that, under guidance of such a glorious strategic idea, the world of literature and art is bound to summarize experiences further, continue to emancipate thinking, and accelerate advance as has been done on other fronts to make the emancipation of productivity and the development of productivity the first task on the front line of literature and art, thereby bringing about the early arrival of a new period in which creativity flourishes.

I heartily approve of making the "flourishing of creativity, the emancipation of thinking, and efforts to produce more and better works to satisfy the daily increasing cultural needs of the masses" the fundamental task on the front of literature and art. I believe this to be the expression in the field of literature and art of the party's policy of "a single center and two basic points," and that it is also consistent with the laws of development of literature and art itself. The main marks of the rise and fall of a country and the literature and art of an age are its production of works and its production of talented persons. Any assessment that omits those things becomes empty talk, and the most urgent and most important thing in achieving it is the creation of a settled, unified, harmonious, and relaxed environment and atmosphere in which every effort is made and no effort is spared to arouse and bring into play the enthusiasm and creativity of people in the literature and art field. Unity of the whole must be maintained; unity of cliques must be opposed. I have always felt that our literature and art corps is very fine corps. During the past dozen or more years, this corp has constantly endeavored to make the guiding thought of the Third Plenary Session of the 11th Party Central Committee the guiding principle for its own work and creations, and it has scored world-acknowledged achievements. We have never denied that during an age of constant changes that on the literary front, as on other fronts, the occurrence of this or that kind of shortcoming and mistake is unavoidable; however, overall, our corps and its creative achievements should not only be fully evaluated realistically, but should also be recognized. In many ways (such as the breadth of subject matter, the widening of ideas, and artistic creativity), the literature of the new era has made a valuable and even an unprecedented contribution to the cause of new literature.

Impetus for the further flourishing of creations requires that literature and art move along hand in hand with the rapid development of China's reform and opening to the outside world, and this requires unswerving implementation of the "two for" orientation [for the masses and for the basic level] and the "two hundreds" policy [the

policy of letting a hundred flowers blossom and a hundred schools of thought contend]. History demonstrates that ability to carry out such a direction and policy sincerely and accurately has always been related to the flourishing and the degeneration, the progress and stagnation of the nation's art. Consequently, there is no need to propose any other slogans to supplement or replace this policy. For a time, some commentators were very much taken with whether the "main theme" had been used in judging the success or failure, the strength or weakness of a work. They very much wanted to use this in place of the "two hundreds" policy. By so doing, no matter the commentators subjective desires, this frequently had an adverse effect and consequences in the form of adding fuel to the fire for abstract generalizations as well as for creating additional impetus for "determinism about subject matter." I very much agree with something that Comrade Li Ruihuan made not long ago as follows: "Practice shows that the simplistic, one-sided, excessive emphasis on literary and artistic works as being socialist or capitalist, stressing the role of ideological and political education makes it impossible to adhere well to the 'two for' orientation and the 'two hundreds' policy. This makes it difficult in turn to 'make use of the past for the present,' and to 'apply foreign things for China's use.' This hurts the formation of a fine situation that is vivid and vigorous and in which a hundred flowers blossom in profusion."

I completely support Comrade Xiaoping's correct thesis about the "need to be vigilant against the right, but mostly to guard against 'leftism.'" The world of literature and art has long suffered from the havoc that the leftist trend of thought has wreaked. The development of literature since founding of the People's Republic attests that every time the leftist trend of thought gained the upper hand in the ideological field, China's literature was stifled and degenerated, or was even struck mute. However, now that the people throughout the country are joyously studying the remarks of Comrade Xiaoping during his travels in south China and translating them into positive action, some people in the field of literature admonish us that this brilliant thesis of Comrade Xiaoping applies only to the economic field and the building of material civilization; it does not apply to the theoretical field and the field of literature and art. In the field of literature and art, one must continue to struggle against the right to the end. "There is still no end to the struggle!" Of course, not many people can suppose that such strange tales and absurd arguments are serious and conscientious interpretations of the spirit of Comrade Xiaoping's instructions. Such sentiments have already had a deleterious effect in the ranks of writers, and cannot but arouse serious concern.

It is for this reason that we must even more thoroughly study the full and true meaning of Comrade Xiaoping's remarks, use them in better arming our own thinking, rally our spirits, and enthusiastically devote ourselves to the life of magnificent reform and opening to the outside world, allowing the mighty spring wind of reform carry our literary endeavors to new heights!

Feng Mu

FINANCE, BANKING

GATT Membership To Present New Challenges for Banks

93CE0219A Beijing JINRONG SHIBAO in Chinese
8 Dec 92 p 3

[Article by Chen Caihong (7115 1752 5725), representative, People's Construction Bank of China's Representative Office in Seoul: "Membership in General Agreement on Tariffs and Trade [GATT]—China's Banks Face New Opportunities and Challenges"]

[Text] China is poised to become a GATT member and will soon be swept up in the torrent of world trade. China's trade departments and production and management departments already feel the sense of urgency and the pressure from GATT, but they are also busy preparing themselves for the opportunities and challenges posed by GATT. Banks, the most important institutions in the socialist market economy, are bracing themselves at this critical junction. What kind of opportunities and challenges are they facing?

China was one of the original founders of GATT. For historical reasons, after the founding of the PRC in 1949, it ceased to be a GATT member. As a result of global economic development and the formation of the new world economic pattern, nations have become increasingly dependent on one another economically, and foreign trade has become the most important way for a nation to develop its economy. Meanwhile, GATT basically eliminates the trade barriers among member nations, which greatly facilitates the development of international trade, increases a country's production, and allows its business enterprises to compete more effectively; it improves product and service quality and in turn improves the country's quality of life and the living standard. It is for this reason that since China embarked on the economic reform road it has made admission to GATT an important part of its opening up to the outside world. Since the in-depth development of the restructuring of its economic system, China has made substantive progress on the road to developing the market economy, and its success in opening up and reform has put China's world trade in a new, more favorable light. The time has come for China to become a GATT member. As the time to sign on the dotted line draws close, a new age of development is at hand. This will be an era of economic development characterized mainly by liberalized trade and a even greater degree of freedom. Reality will make new demands on China's financial industry.

One, trade will be even more liberalized, and this will demand more of our financial services. Although GATT mainly has to do with the import and export of goods and services, in a monetized commodity economy, its impact will be most direct and profound on the financial

sector. First, liberalized trade will demand that banks provide all-encompassing and multi-purpose services. Only in this way will enterprises that engage in production and trade have the power to freely choose the bank of their choice. Second, as a result of even faster trade development, especially the massive import of foreign goods and services, China's existing banking system will face a round of radical revamping. New types of banks will come into being, and amid the rapid trade development, foreign-owned banks will vigorously demand that they be allowed to do business in China. Furthermore, as Chinese enterprises and goods and services enter international markets, Chinese banks must change their old operating strategy of staying put and confining themselves to domestic business only; instead, they must step out and open up overseas business territories. China's financial management departments should release the banks from their bondages and allow every Chinese bank to step out into the world. They not only should support enterprises' effort to develop business and market abroad but they themselves should get into the international financial markets and expand their own markets.

Two, liberalized trade demands an even more prosperous and better-developed financial market and demands new developments in the banking and financial industries. In a modern market economy, all production and business activities must be conducted through the use of money. As China's markets open up, its trade territory expands, and the number of trading partners increases, naturally we will need financial institutions who are in the money and capital business, and we must set up even freer and more lively financial markets to satisfy the increasing demand in the money and financial markets as production becomes even more vigorous. Meanwhile, in order to meet the needs of increased trade, banks should develop even more new types of businesses and create new business categories to satisfy the demands of GATT.

Three, liberalized trade demands that when the time is right, RMB should become a freely convertible currency. With liberalized trade and integration of domestic and international markets, it is unimaginable how a nation's currency which is not convertible can possibly satisfy the needs of trade development. After several rounds of revaluations, China's RMB is almost at its market value, and China also has opened foreign exchange regulation markets. The rates of exchange between RMB and foreign currencies in these markets can serve as the official price, and on that basis it need not be long before we can set up a mechanism to freely convert between RMB and foreign exchanges. China needs to perfect the foreign exchange regulation markets and further pull the value of the RMB closer to the true price parity with other foreign currencies, so that currency exchange can be more conducive to foreign trade.

Four, liberalized trade requires the central bank to quickly change its administrative management methods and use economic means extensively and in an orderly fashion to regulate and control the way the economy functions. Today the central bank's macroeconomic regulation and control measures should be replaced by open

market operations, deposit reserve, relending limits, interest rates, and relatively free foreign exchange management policies and other measures.

Faced with this realistic situation and these objective demands, just like China's production and business enterprises, China's banks are burdened with tremendous pressure, but this is also an historic opportunity for new bank development which we must not pass up.

First, with liberalized trade, there will be no more obstacle to financial institutions' overlapping and duplicate business operations, and China's many specialized banks will only have business advantages which they have built up over a period time, and there will be no division of labor among them. The transformation of specialized banks into commercial banks which made little progress in the past will, forced by GATT, make bigger strides. But at the same time, competition among banks will become even more intense, and not only will domestic financial institutions have to compete among themselves but many foreign financial institutions will compete with Chinese financial institutions, and banking business will become more risky too. As the central bank gradually adopt completely identical policies toward Chinese and foreign banks, the financial institutions' development will be determined entirely by their own ability to compete.

Second, with liberalized trade, the change in the central bank's regulation and control methods will make banks' and financial institutions' profit-oriented operations clearly more standardized. The central bank and other macroeconomic control and regulation entities' economic regulation and control will give banks much more room to carry out their economic activities so that they will have more opportunities to make a profit.

Furthermore, with liberalized trade, RMB will quickly become a freely convertible currency. Bank operations will no longer be hampered by currency restrictions. This no doubt will give banks a great opportunity to develop. Banks' foreign exchange credit management today often pays too much attention to one's ability to repay foreign exchange loans and not enough attention to the projects' economic efficiency. Only enterprises that export and earn foreign exchange are eligible for foreign exchange bank loans. This approach will not make any sense once RMB gradually becomes a freely convertible currency; there will be no essential difference which currency is involved in a credit loan, and it will make no difference whether the borrower is earning foreign exchange or RMB. This will provide even more room for banks to expand their foreign exchange credit business. But at the same time, exchange rate will become every bank's major and constant concern. The new opportunity comes with new risks.

Lastly, with liberalized trade, the central bank will have a new lease on life. This is manifested mainly in the central bank's move to utilize rules and regulations recognized in international economic development to

implement economic regulation and control at home to meet the needs of the socialist market economy. Practices of central banks in nations with a well-developed market economy tell us that this kind of economic regulation and control is not always trouble-free; it is often accompanied by great risks. Compared to the risks faced by a single commercial bank, such risks are much more serious and far-reaching. A failed economic policy often can result in the whole society paying a very steep price in terms of economic development.

The opportunities and challenges we face after joining GATT are the objective reality of the new era of the market economy. What we need is a combination of courage and steadfastness. What we must do now is: (a) Change our old concepts and develop a new concept of international great market and merge China's market with the world's big market and organize and conduct all bank business activities to meet the requirements of the international great market. (b) Restructure our system to form a banking and financial system that meets the needs of the development of the market economy and learn from the mature macroeconomic regulation and control policies and experiences of central banks of other nations when we formulate and conduct China's macroeconomic monetary policies and follow internationally accepted standards and norms in operating and managing the commercial banks. (c) Pay more attention to recruiting talents and create an environment that produces and stimulates financial talents. Other nations have always made investing in human capital one of their most important investments during their economic development. Competition under the new condition of the market economy is in essence a competition of talents. If we fail to pay attention to this point, we will lose our market share.

Channeling Personal Savings Into Securities Urged

93CE0219B Beijing JINRONG SHIBAO in Chinese
8 Dec 92 p 3

[Article by Tian Ming (3944 7686): "Steadily Increase Personal Savings and Actively Develop the Securities Markets"]

[Text] Today indirect fund gathering is accounting for an increasingly greater share of the funds gathered and allocated, and it has become the main channel for raising and supplying the funds needed for economic construction. But as reform becomes more thorough, direct fund gathering will also become an important way to gather funds. If we want to seize the initiative in gathering the funds needed for economic construction, we must steadily encourage the increase in personal savings and actively open up the securities market.

To steadily increase personal savings, we must first understand and treat savings correctly. In the 1980's and since entering the 1990's, China maintained a fairly high

rate of economic growth which was at least partly attributable to savings. Today, personal savings has become the main source of credit funds in China. Looking at the state's credit makeup at the end of 1991, personal savings in the cities and towns accounted for 45.7 percent of the balance of all deposits and 38 percent of the loan balance. For the nation as a whole, although the total amount of savings is substantial, per capita savings is limited. In 1990, the nation's per capita personal savings was less than 615.40 yuan; it rose to 786.20 yuan in 1991, which is still less than \$150. We must be realistic about the term "huge amount" and should not over-estimate China's personal savings.

To sustain the steady increase in urban and rural personal savings, we must maintain a sense of stability and continuity in our savings policy, and interest rate on savings too must also be relatively stable in order to facilitate the healthy development of the savings business. But as an indirect means to gather funds, savings has its limitations. For example, there is the question of how to turn savings into investments and how to raise long-term capital to meet the needs of economic construction, and there is the problem with over-concentration of fund risks and the problem with increased bank credit fund risks. These problems are related to the fact that there is only one fund gathering channel. So, actively opening up the securities markets while steadily increasing savings is an important part of the thorough reform of the financial system.

Actively opening up the securities markets can remedy savings' inadequate ability to raise capital, give the investors and fund raisers a two-way choice, and open up a new channel for enterprises to directly raise capital in society. If enterprises can raise capital via the securities market, it will ease banks' and the financial ministry's fund burden, help satisfy the people's diverse demands for financial assets, help guide and divert society's purchasing power, and reduce market pressure. The combination of securities and savings lets us gather and distribute construction funds on a even broader and more effective basis.

Both savings and securities are means of raising capital. They compete for a share of society's idle funds, but so long as we handle the relationship between savings and securities properly, we will be able to promote the healthy development of the savings and securities industries.

First, the steady increase in savings is the basis and the precondition for the development of the securities market. Stable savings is the basis for financial, economic, and even social stability. Without stable savings, the securities business cannot develop, and there will be no securities market.

Second, developing the securities market will not put the squeeze on savings. Some comrades are worried that developing securities market will affect savings. But such concern is unnecessary. Urban and rural residents have

many choices with what they do with the money they have. Stocks and bonds are but another choice of investment. The reality of steady development of both savings and securities in the 1980's proved that so long as we handle the relationship between the two properly, neither need to suffer any loss.

Third, we need not sacrifice savings in order to develop the securities market; rather, developing the latter will allow us to gather funds even more effectively and promote the change in enterprise management mechanisms. We must make a scientific analysis of the channeling of savings. Channeling savings will not increase society's total disposable funds; it will only redistribute funds among banks, enterprises, and product sales which withdraws money from circulation. Based on a survey by questionnaire of People's Bank organizations in 20 provinces and municipalities, 15 percent of the money withdrawn from savings is spent on bond purchases. This figure warrants some attention. There is a matter of degree in the channeling of savings. Without proper guidance, it can have an adverse effect on the further development of the savings business or even cause people to have doubts, to hesitate, and waver about putting their money in savings. Some comrades believe that channeling savings to securities means a decrease in savings deposits and an increase in deposits by enterprises. This is not true. When enterprises issue stocks, it is for investment and not to increase bank deposits, and ultimately it will affect banks' operating funds. Therefore, when we develop the securities market, we should not focus only on personal savings; instead, we should plant our foothold on amassing society's idle funds. We should not even talk about "channeling savings"; instead, we should talk about "guiding and channeling society's purchasing power." This is more appropriate. Otherwise, we will give people the wrong impression that our policy to encourage savings has changed. Developing personal savings is China's basic national policy; it must not falter.

Savings and securities are the two wheels that move together to gather and distribute China's construction funds. Relying on savings alone or issuing securities alone cannot fulfill the arduous fund-gathering tasks. The development path that emphasizes indirect fund gathering and direct fund gathering and stresses savings and securities suits China's national situation and is a uniquely Chinese fund gathering system.

Editorial on HUNAN RIBAO Expanded Edition

More Reform Reportage

93CE0218A Changsha HUNAN RIBAO in Chinese
24 Nov 92 p.1

[First in a series of editorials on the expanded edition of HUNAN RIBAO in 1993: "HUNAN RIBAO Will Publish an Expanded Edition Three Days a Week To Make Room for More Reform Coverage"]

[Text]As some have predicted that 1993 will be a year of "expanded editions" for the Chinese press, HUNAN RIBAO is expanding its space and increasing its capacity to keep close pace with the times. This is in line with the trend of the times, as well as with the common wishes of our readers.

In fact, HUNAN RIBAO has been considering an expanded edition for some time. The spirit of the 14th CPC Congress has raised our readers' expectations and spurred us to begin our new expanded coverage along with the crowing that heralds the beginning of the Year of the Rooster.

With the approval of the Provincial Party Committee, HUNAN RIBAO will expand in 1993 its daily four-page edition to an eight-page one on Tuesdays, Thursdays, and Saturdays. While putting out an expanded edition three days a week will undoubtedly involve many difficulties under current conditions, we fellow workers at HUNAN RIBAO are going to do our all to make it distinctive, so that it will not disappoint our public.

Dear readers, when you open the Tuesday edition of HUNAN RIBAO at the beginning of the new year, you will see a special "Markets" column on page 5, a special "Theory" column on page 6, and special photography works from a Long Island art gallery once a month on page 7, which will expand your horizons, enlighten your thinking, guide your work, and give you something beautiful to enjoy. On Thursdays, you will see "The World of Science and Technology" on page 5, the "Xiangjiang River" literature and arts supplement on page 6, and letters from readers on page 7, which will provide a combination of society, the arts, and knowledge. And we will present a brand new look for a pleasant weekend on Saturdays, with the popular special "Consumption Economy" column on page 5, the well-received special "Social Life" column on page 6, and a new "Dongting Lake" supplement on page 7. Page 8 of the expanded edition will meet the needs of changing circumstances, being designated as an economic information and advertisement page. The extra pages 5 through 8 will have special columns. While we hope that they will provide everyone with many levels and aspects of various fields of reading, we are deeply aware of our current inadequacies, so are sincerely asking our gentle readers to make suggestions and criticisms, in order to help make our new expanded edition more rich and varied.

HUNAN RIBAO has a history of more than four decades, during which we have endured the trials and hardships and covered the changes of the times. As the expanded edition is a sign of our new vigorous development, as well as a major step in adapting to reform and opening circumstances, we see it as an opportunity to strive to take a new step in reform reportings. In the expanded edition, we will continue to adhere to party principles, while pursuing a policy of "one combination, two expansions, and three increases," i.e., combining our

major function with multiple ones, expanding our information volume and our reporting fields, and increasing our economic and S&T news, our coverage of "hot spots" in pressing real work needs that are of common public concern, and our reports on topics of real interest to our readers. In light of this aim, in addition to the extra pages 5 through 8, we will also make major improvements in our original pages 1 through 4. Page 1 will become a major news page oriented to the whole nation and fully reporting Hunan's realities with strong guidance, with the right addition of key domestic and international news, as well as additional daily news. Page 2 will be an economics and S&T information page, emphasizing reports with broad perspectives, multiple angles, and deep levels. Page 3 will be a news page of politics and law, education, public health, family planning, and culture. And page 4 will be one of key international and domestic telecommunications. Making pages 1 through 4 news pages will undoubtedly enhance our news reportings greatly, by expanding our news coverage, presenting great sprays of reform and opening waves to tens of thousands of families, and greatly satisfying our large numbers of readers. This is HUNAN RIBAO's share in our development as a tribute to Hunan's elders.

Dear readers, we sincerely hope that HUNAN RIBAO in 1993 will give you a fresh new feeling, making you understand that we are welcoming the new age with a brand new approach!

New 'Markets' Page

93CE0218B Changsha HUNAN RIBAO in Chinese
25 Nov 92 p 1

[Second in a series of editorials on the expanded edition of HUNAN RIBAO in 1993: "Great Markets' Will Go Hand in Hand With You"]

[Text] The development of a socialist market economy as set forth by the 14th CPC Congress is a great pioneering and historical leap forward. The change from a planned to a market economy could be said to be pushing us all from a placid lake into a great sea of surging waves. This unfathomable sea of market changes will be a constant matter of concern to people. In order to help them understand markets and become market-oriented and market-driven, HUNAN RIBAO's expanded edition will carry a new special column entitled "Great Markets."

Markets are an "enigma," in that they can either make you rich or bring you worries and even disaster. We who have just left a planned economy have a conflicting mindset about markets, wanting them but fearing that we will get burnt. Some factory directors and plant managers in particular fear that even a slight mishap on the great sea of markets will sink their ships. Thus, "Great Markets" will aspire to provide those interested in markets a piece of the action with columns, such as "Secrets of Hotsellers," "Business Outlook," "Friend of

Fortune," and "Unique Operations," which will help our readers to begin to analyze markets either from a macroeconomic perspective or typical examples, by introducing ways to control markets, in order to provide enlightenment, broaden horizons, and teach how to swim in the sea of a market economy.

Information is the most sensitive nerve center of a market economy, which producers regard as wealth. "Great Markets" plans to open up the "world of information" to directors and managers, by providing regular or periodic briefings on provincial, domestic, and foreign financial information, real estate news, capital goods information, labor news, technology information, and tourist news. It will also invite experts and businessmen to introduce knowledge and experience in understanding information, so that managers can grasp the necessary information through our column.

"Great Markets" will also be a true friend of the consumer. Its special "Market Oversight" section will report consumers' criticisms and complaints about product quality and reputation, and its editor will track down such reports and analyze certain cases as a warning to slipshod manufacturers. Thus, "Great Markets" will be of interest to both producers and consumers.

"Great Markets" aim will be to build economic bridges, by combining guidance with application and service, in order to dispel the doubts of both producers and consumers.

As becoming market-oriented is a new subject for we newsmen also, "Great Markets" will require a process of practice and improvement. So we are respectfully asking for advice and criticism from our readers and friends and for the concern and support of all. This will ensure that "Great Markets" goes heart to heart and hand in hand with you, so that our development of a market economy will take us from the realm of necessity to one of freedom.

New 'Consumption Economy' Page

93CE0218C Changsha HUNAN RIBAO in Chinese
26 Nov 92 p 1

[Third in a series of editorials on the expanded edition of HUNAN RIBAO in 1993: "Our New Consumer Economy Column Is Going To Be a Bridgebuilder"]

[Text] It is a commonly accepted principle that production determines consumption, which in turn spurs production. Business and consumption impact and promote each other, being inextricably tied together. People have begun to see clearly in their daily lives that producers are forever studying and paying attention to consumers, who are also in turn always choosing and picking among producers. So the new special "Consumer Economy" column in our new expanded edition is going to be a bridgebuilder between producers and consumers.

HUNAN RIBAO has tried in recent years to do some in-depth reporting on a consumer economy, some of which has evoked quite strong responses both within and beyond Hunan, as many of our readers may well remember. A number of our reporters and correspondents have paid particular attention in recent years to exploring a consumer economy, with columns, such as "Watching and Thinking" and "Hotpoint Analysis," which have reported various aspects of popular topics in our economic lives during a particular period, and have been of interest to the leadership, producers, and our readers. As they have also become much proclaimed "hotselling" products of HUNAN RIBAO, our new special "Consumer Economy" column in 1993 is going to make further advances in this area.

"Consumer Economy" will be a special economic news column with close ties to society, daily lives, and the public. It will proceed from a macroeconomic perspective to widely cover people's material, cultural, and production consumption activities, by reporting consumer demands and developing trends, in order to broaden consumer horizons and guide consumption growth, while paying attention to microeconomic and service coverage, by reporting on consumers' calls and demands and providing production and management news, in order to combine guidance with readability and service. HUNAN RIBAO will strive to make "Consumer Economy" an advisor to producers and marketers and a real friend of our vast numbers of readers, in order to guide consumption and spur production.

Our reporters have explored and knocked at many doors to draw up the following tentative list of "Consumer Economy" columns: in-depth reports, such as "Consumption in Depth" and "Economic Hotspots and Problems"; oral criticism, such as "Hotline Conversations," "Humorous News," and "Public Park Sketches"; consumer concepts, such as "Professional Jargon," "Consumer Thoughts," and "Food, Clothing, Lodging, and Travel Away From Home"; and service, such as "Legal Guardian" and "Real Friend." We have planned almost 20 such special columns. As setting up these special columns is involving new problems for we newsmen, we will have to constantly explore and improve through practice. We believe that as long as our vast readership needs and supports them, they will become increasingly better.

Our only desire is for "Consumer Economy" to become a helpful friend of producers, marketers, and consumers.

Analysis of Shanghai's Stock Fad

93CE0128A Hong Kong LIAOWANG [OUTLOOK]
OVERSEAS EDITION in Chinese No 40, 5 Oct 92
pp 19-20

[Article by Yen Li (6056 3810): "The Pros and Cons of Shanghai's Stock Fad"]

[Text] Shanghai's fluctuating stock market trends, which have caused the stock fad of "stocks being discussed and known by all," have both pros and cons.

It is understood that in Shanghai's population of 13 million, about 300,000 are official "stockholders," while up to a million people are unofficial participants. The 16 listed stocks, plus the hot stock subscription certificates,

are the focus of a violent storm that is sweeping away everything in its path like the "eye of a hurricane." While some say that this is just the "initial stage," and others call it a "contemporary myth," the inexorable stock market growth momentum is driving a change from fanaticism to reason. Thus, while what the "stock fad" is bringing to post-opening Shanghaians is no less than a worldly tragicomedy, it is even more so a primary course in public enlightenment.

Cold Versus Hot

For some time, stocks were merely an abstract literary concept for most Shanghaians. So when they finally descended to the real world in legal form a few years ago, they were given the cold-shoulder for a time. Hesitation, a wait-and-see attitude, and even aversion were the "initial responses" of many. So, it could be said that most of the earliest purchasers of stocks or stock subscription certificates on the banks of Shanghai inadvertently became new Shanghai's first stockholders.

One young fellow, who was afraid that he would never be able to afford to get married, burned his bridges by withdrawing one-tenth of his savings to buy 10 subscription certificates, with which he bought stocks after winning the lottery. According to his calculations, he has now become a "10,000-yuan prospective bridegroom." Another young woman's search for a birthday present for her father happened to coincide with a stock sale, which she was caught up in to buy herself 10 stocks. A year later, her stocks are already worth 10,000 times their face value, turning her miraculously into a "rich lady."

Such real and fabricated fortune-making myths have spread like wildfire among tens of thousands of families. For instance, it is said that buyers of blocks of 100 subscription certificates can make tens of thousands of yuan and stock purchasers can become millionaires, and there is even a jingle spreading around that "those who have made 10,000 yuan are nothing, those with 100,000 yuan are still novices, millionaires are small fish, and only those who have made 10 million yuan are considered to be real magnates."

In cars, offices, public transit stations, chats among friends, and telephone exchanges, "stocks" seem to have become the only topic of conversation. But as talk is not as good as action, some have broken into the stock market on their own, others have rallied out in groups of two or three families to make joint stock purchases, while yet others have rushed the gates of the stock exchange in "group armies" of dozens to 100. There have been failures and successes, with heroic cracking of knuckles and high aspirations. Four young workers in one factory resolutely postponed their marriages, with each investing 10,000 yuan of their hard-earned money in the stock market.

Just as industrious scholars never stop studying, securities has become the hottest subject of "independent study," with the few books on the subject in libraries having long since become dog-eared beyond recognition.

Every course of lectures on stocks makes a stir on campuses. While elective lectures on "securities investment" at a certain college used to be attended by only 20-30 business management students, they now attract over 400 students a semester, most of whom are not even business majors. And stocks have become the unwritten law for 1992 business graduate thesis topics. One graduate student used his work-study income to buy 10 stock subscription certificates, and then reinvested the 3,000 yuan he made from selling them in stocks. He felt that there was nothing wrong with this, as he believed that his business knowledge would absolutely keep his "boat from capsizing" in the sea of stocks.

Stock speculation is considered the way to get rich. Securities companies' doors became so crowded for a time that the people in back were using opera glasses to see and hand calculators to add up their precise stock profits and losses. The crowds stayed late into the night, and phone information services become hotlines, with 90 percent of their daily business being responses about stock prices. Then the newspapers began to publish daily stock quotations, so that public newspaper postings became bustling places where the elderly mulled over detailed stock ups and downs through bifocals, and the young debated them fervently. All one had to do was to mention stocks at such places to be inundated by a large group of people eager to give you their views and explain for you terms, such as "market profit rate" and "opening price."

That the hitherto overcautious and calculating working classes dared to take a chance on the unpredictable stock market, must be said to have been the beginning of Shanghai's stock fad. Their motivations were actually very simply as follows: 1) To get rich legally. One departmental cadre says that as stock speculation is now legal, why not get rich through it? 2) To get rich fairly. A female textiles worker says that the only reason why she "jumped into the sea of stock speculation" was because she felt that she could get rich fairly through stock trading. 3) To get rich together. Many stockholders say that even though one does not necessarily earn money through stock speculation, no one is afraid of losing, so why should they be? Their rationale is that everyone will either make or lose money together.

Winning Versus Losing

The stock market is like an invisible magic prescription, in that every time one turns it around and reconstitutes it, it produces a different result. While everyone has an equal chance to get rich through stock speculation, everyone also shares in its risks.

One young stock speculator made some money, and then had a fat son. As these two happy events occurred together, he named his son "stock." He and his family were very happy for a while. But before long, the stocks that he had reinvested his earnings in began to fall, so that he quickly sold them off, resulting in his losing not only the money that he had made, but several thousand

yuan besides. Such is the origin of the saying that "the stock market is a vexing thing, with winning feeling good but losing bad." Another fellow was commissioned by a stock issuing unit to help sell stocks, but was eventually left with stocks with a face value of 2,000 yuan that no one would buy, so was forced to buy and keep them himself. For this he was scolded by his wife, who said that he should have minded his own business, instead of wasting 2,000 yuan to buy worthless scraps of paper. But once his stocks were listed, they quickly doubled in price. After they had quadrupled, he could stand it no longer, and sold them off for a quick profit. But in just a few months, these same stocks rose 17-fold. For this his wife cursed him roundly once again.

Both winners and losers alike are unprepared psychologically for and tend to lose their balance over sharp stock ups and downs. One 50-year-old fellow who had scrimped and saved to accumulate over 15,000 yuan, invested it all in the stock market in 1991 under the urging of others, whereupon it doubled in value in less than two months. Regretably, this old fellow could not believe such an almost mythical reality, became overexcited and, like Fan Chin in *The Informal History of the Literati (The Scholars)*, went mad.

As early as 1991 when symptoms of the "stock fad" were already appearing, it was predicted that as so many people were losing their good sense and investing in the stock market that was so full of risks, tragedies could be expected from its consequences. This has unfortunately come true, with news reports in May and June of 1992 about two who had already taken their own lives due to stock speculation losses.

The impulsive and blind investing that went on for a time undoubtedly provided great opportunities for swindlers. One young worker met a self-styled "professional speculator" who said that he was from Shenzhen, became enamored with his profound stock market knowledge, and gave him his whole 2,500 yuan of savings to speculate with. When the young worker had heard no news for over two months, he wrote a number of letters to the Shenzhen address that the swindler had left him, all of which were returned with the note that "there was no such person." This is how he discovered that he had sacrificed his savings to too easy trust and dreams of getting rich.

Such dreams of getting rich have driven some to recklessness. A cashier at a certain machine plant in Shanghai became very envious when he saw others getting rich through stock speculation, so took advantage of his position to embezzle over 60,000 yuan of public funds in one year, 30,000 yuan of which he entrusted to others as capital for stock speculation.

As stock speculation grows in intensity, people's appetites for it also increase. The chain reactions aroused by such growing appetites have forced legal circles to add new services. According to incomplete statistics from three basic-level courts for the last half of 1991 to May

1992 alone, more than a dozen stock dispute cases were heard. Legal figures warn that it is really necessary to throw some cold water on these "stock fiends," in order to return them to their normal level-headed sobriety.

Thought Versus Action

Faced with this "stock fad," the whole society is watching and thinking, by watching its trends, and thinking about its pros and cons. As it is actually a recent phenomenon, it will take time for people to come to know and understand it. And as it is actually bringing new opportunities to China's reforms, its pros and cons are forcing people to reassess their mindsets about it as follows:

1. As another type of securities, stocks are bringing people a brand new financial awareness and risk mentality. One stockholder says that he is less concerned about his stock gains or losses than about learning the stock market climate.

The rising "stock fad" is bringing an increasing appetite for financial and securities knowledge to the many stockholders. As stockholders have begun to learn that not keeping up with the facts and stock knowledge leaves them like rudderless boats tossed about by stock trends, daily stock quotations in the morning and evening newspapers and securities books on bookstore racks have become hot items. Statistics show that Shanghai now prints more than 10 securities information publications, has up to 200 securities books that have appeared or are about to appear in bookstores, and constantly has to reprint the four securities books that it publishes each year. One was reprinted seven times in one year, with supplies still not meeting demand. And TV broadcasts of special reports on *The Ways of Finance* and *Stock Conditions* also have very high ratings;

2. Even more satisfying is that the stock fad is increasingly maturing large numbers of stockholders. Their focus is evolving from simply concern about their own stocks to more sensible investment based on conditions of listed companies, such as efficiency and finances. At many local-run events, such as "stock teahouses" and "stock salons," tickets costing dozens of yuan each sell out at once. A certain newspaper's Sunday "stock teahouse" is forced to extend its time every session due to endless stockholder questions. Stockholder familiarity with the details of listed stock companies' financial report forms astonishes their chief accountants.

3. The "stock fad" also shows the closer relations between stockholders and enterprises. While stockholders are concerned about their companies' every action, listed stock companies are paying even more attention to enterprise operating efficiency and external images. Some shareholding corporations are holding stockholder conventions to discuss enterprise growth plans and standardize their operations. Such new methods undoubtedly promote the conversion not only of enterprise operating forces, but even more so that of business management concepts.

But the intensity of the "stock fad" actually shows that some stockholders are still in a state of blind investment and "following their feelings." They see stocks as a get-rich-quick opportunity, so unhesitatingly open their purses and pour their all into stocks, with absolutely no consideration of the inevitable consequences. Was not the tragedy of Shanghai's two suicides due to stock speculation losses caused by a lack of stock knowledge?

It should be pointed out that while the quick conversion of concepts to happily accept into new Shanghai the stocks that were a symbol of old Shanghai shows the post-opening self-confidence of the society, the intensity approaching extremism shows from another perspective the childish simplicity and naivete of some people's mindsets. When a society wants to join the world of highly developed economies, it needs a number of bright and intelligent investors. And when prosperity begins to filter down to families, the times will require an even larger number of adapted members of society.

Meeting Challenges of Foreign Banks

93CE0128B Dalian CAIJING WENTI YANJIU
[RESEARCH ON FINANCIAL AND ECONOMIC
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[Article by Jiang Xuejun (1203 1331 6511), edited by Han Shuli (7281 3219 7787): "Steps To Meet the Challenges of Foreign Banks"]

[Text] China began to officially approve the introduction of foreign banks in 1982, and we now have over 40 financial institutions that are overseas Chinese-owned, foreign-owned, or Sino-foreign joint ventures. The introduction of foreign banks as a part of our financial system has been of key significance in accelerating our opening up to the outside world and improving the overall standards of our banking services. While this has also been proved through practice in many financially developed countries, China's social system is different from that of other countries, our foundation is not the same, and our degree of industrial development and our trade markets and banking system are also all different, so that our introduction of foreign banks has been distinctive as follows: 1) We have taken a more cautious approach in introducing foreign banks. This can be seen as follows: (a) All of the foreign banks that we have introduced are large, strong, and well-established ones, such as the Hong Kong and Shanghai Banking Corporation, Hong Kong, the Standard Chartered Bank Ltd, UK, the Tokyo Bank, and the Fuji Bank Ltd, Japan. (b) Our number of foreign banks has grown more steadily instead of all at once. 2) Our opening up has unfolded in a south to north pattern from coastal cities, such as Shenzhen and Guangzhou, starting in most cases with representative offices and then making a gradual transition to branch institutions. 3) We have exercised the necessary control over foreign banks in areas such as start-up qualifications, scope of business, and acceptance of examination. 4) Our objective in introducing foreign banks has been to attract foreign investment, by making it easier to get loans,

instead of merely increasing income and jobs. These distinctions are suited to China's conditions of needing to improve our banking system and lacking international competitiveness. If we had allowed a large number of foreign banks to come in under our domestic backdrop of a series of strict controls over things, such as credit and cash, and very little market freedom, this would have been bound to weaken the intermediary role of Chinese banks with relatively higher costs, even to the point of affecting the independence of our domestic monetary policy. As we learned bitter lessons about this in old pre-liberation China, we will need to keep cool heads in our further introduction of foreign banks, so that we can truly reach our objective of attracting foreign investment while protecting and developing our national banking industry.

On the other hand, foreign banks have only the one establishment objective in China of making profits. As there has never been a case of a bank setting up in a foreign country purely to promote the other country's economic development or to introduce service skills and management methods, they will come only if they can take full advantage of local favorable conditions to make high profits. So while their objective is simply the "sideline products" of making money and speculating, our banking industry still lacks the capability to compete with them. In recent years, foreign banks have been presenting our domestic financial institutions with a series of challenges with their advanced management techniques, efficient services, and proficient business operations. As our number of foreign banks grows, these challenges will become increasingly severe and the focus of attention of more people, because they will directly affect our national interests and our domestic banking development. We are generally going to be faced with the following major foreign bank challenges:

1. Banking management. A key feature of international banking development since the 80s has been liberalization. This so-called liberalization means that a country and its banking authorities grant a high degree of freedom in interest rates, service scope, and the use of new financial instruments, with very little or virtually no control, and banking operations and coordination being standardized mainly through markets and the necessary legal means. Such management flexibility makes not only large, but also certain small- and medium-sized banks, become all-purpose banks in order to compete and survive, with the former specialized division of labor no longer existing, operating styles steadily increasing, and diversification and creativity constantly being developed. While foreign banks as a part of China's financial system must observe China's pertinent laws and accept oversight and coordination by the People's Bank of China (PBOC), so do not have as much complete "freedom" as they do in their own countries. Our control over foreign banks absolutely cannot become increasingly tighter, but will be bound to gradually become looser as we deepen our economic reforms. A most crucial problem is that as China's major foreign

exchange bank, the Bank of China (BOC), is still a specialized bank that implements national policies, while it has reformed to become more businesslike, it still differs in nature from Western commercial banks, in that it must provide policy-loan services, and has macroeconomic regulation functions. And while our other specialized banks and multi-purpose financial institutions also provide international services, they have as little independence in matters, such as credit scope, as does the BOC.

2. Banking might. While China's several large specialized banks are certainly not weak in capital might, with the BOC having become the world's 12th largest bank since its capital was increased by 30 billion yuan, their ability to compete with foreign banks is decentralized in branches in all areas, which leaves them with certain framework limitations. And while they are subject to almost no risk of closure in comparison to foreign banks, they are still not competitive in the following areas: (a) While foreign banks have quick fund transfer, developed domestic money markets, a highly liquid asset structure, and domestic head office backing, China's bank branches are dependent on lending and capital adjustment among branches, with loans accounting for most of their assets, and very little diversified securities as secondary cash reserves. Such a unitary asset structure and market makes it very hard for them to respond quickly and adjust promptly to sudden international money market changes. (b) While foreign banks' overseas branches have developed networks, which allow direct transfers and payments, China's branch banks have very little joint networking with foreign banks, so that most foreign agency accounts are with head offices, meaning too many exchange collection links and too slow transfers. In addition, our electronic operations are less developed than those of other countries, making foreign banks much more competitive in this area.

3. Banking service. The competition between foreign banks and Chinese bank branches is not in foreign- or local-currency loans, but rather mostly in international settlement, securities, and trust investments, particularly international settlement which, in comparison to loans, is low-risk and high-profit, does not involve thorny problems, such as defaults and RMB conversion, and enables transfer of assimilated foreign currency deposits for domestic use. Such competition differs in nature from that in foreign exchange business among domestic specialized banks. This means that China's nontrade income has flowed into foreign banks which, in a certain sense, is also a loss. Foreign bank competitive advantages are (1) rapid document processing and transmission, (2) the use of economic bait, such as the presentation of small gifts, and (3) more flexible management measures than our domestic bank branches to attract customers, such as lower issuing and guaranty funds. These foreign banks also often use preferences, such as higher wages and opportunities to go abroad, to lure away key staff from our specialized banks, which affects the personnel quality of our bank branches, and increases their employee instability.

4. Capital supply. A major reason why all post-war Western countries set up foreign bank branches was to find a way to export their surplus capital. But while introducing foreign banks when capital supplies were abundant undoubtedly made it possible to utilize foreign capital, the situation is not what it was, and there are no longer floods of idle capital on international capital markets. Economic recessions and increased domestic demand in the major capital supplier countries of Japan and Germany have tightened international market capital supplies, which has reduced the foreign investment in China. The Basel Accord has required banks in all countries to raise their ratio of capital to venture capital to 8 percent, which has forced certain banks to cut back on risky loans and increase their capital, and has also reduced capital supplies to international money markets by various financial institutions. In addition, the Basel Accord has set the risk factor in third world loans at 100 percent, which has lowered the amount of foreign bank loans to China. Meanwhile, China's major objective in introducing foreign banks is certainly not competition for the sake of competition, but rather mainly to make more use of foreign capital. On the other hand, while foreign exchange loans by foreign banks are part of China's foreign debt, so that more of such loans means more foreign investment, if foreign banks were allowed to handle RMB business and grant RMB loans, this would clash with our domestic policy-oriented banks.

In order to meet these challenges, we should take the following necessary macroeconomic steps:

1. Our most pressing task is to draw up nationwide foreign bank management regulations. Except for the *PRC Management Regulations for Foreign Banks and Sino-Foreign Joint-Venture Banks in SEZ's* issued by the State Council in 1985, and the *Shanghai Management Regulations for Foreign Financial Institutions and Sino-Foreign Joint-Venture Financial Institutions* issued by Shanghai in 1989, we still have no uniform legal regulations on foreign banks. This task is obviously even more urgent as in addition to those in Shenzhen, Xiamen, Zhuhai, Hainan, and Pudong, Shanghai, the State Council is making preparations for the establishment of foreign banks in the three cities of Tianjin, Dalian, and Guangzhou. In addition to setting start-up qualifications, such as capitalization amounts and presentation of pertinent documentation, these uniform management regulations should also clarify foreign bank business operation limits, and grant local PBOC branches a certain amount of independence in flexibly adjusting their policies in line with actual local conditions. For instance, while the 1985 management regulations for foreign banks in SEZ's permit foreign banks to handle both RMB and foreign currency business, the places in which new foreign banks are to be set up could allow at first only foreign currency business, and then gradually open up RMB business once domestic financial institutions have become adapted. As the financial and market climates in these places are not comparable to those in

SEZs, the state still needs to control their number of foreign banks, instead of introducing them in an all-out way;

2. We need to improve our domestic financial climate, so that we will be competitive with foreign banks. The current competition between domestic financial institutions and foreign banks is not on a level playing field. While countries ordinarily control foreign banks more tightly than domestic banks, our situation is precisely the opposite, with our domestic banks being too "hand-cuffed" and lacking flexibility. As changing this situation, particularly perfecting our domestic banking system and market forces, will certainly not occur overnight, we could begin with money markets, by first making a transition from loans to securities in our financing methods. This would enable our banks, on one hand, to adjust their assets-liability structures, in order to make their capital more liquid and flexible and, on the other, to adjust their interest rates to the capital prices determined by supply and demand relations on financial markets, so that interest rates can finally become essentially deregulated. This would mean that except for setting reloan interest rates, the central bank (PBOC) would no longer interfere in specific specialized bank interest rates. This would solve the specialized bank policy-loan problem, which has been the source of their difficulty in becoming more businesslike. We could either establish a policy bank, to specially handle non-profit financial services aimed at implementing national industrial policy, or we could delimit things, such as policy business scopes and capital sources, as well as clarifying the means of compensation for losses caused by policy loans.

3. Finally, we need to disseminate and utilize computers more fully. While the use of electronic technology in banks began internationally in the 1950's, has already gone through three stages of development, and has evolved into a huge electronic banking network that can instantaneously perform transnational fund transfer and settlement services, the use of computers in Chinese banks can be said to have only just begun. While it has developed very quickly in the last two or three years, it still lacks uniform planning and has a very low utilization rate. This means that we need to disregard the investment cost, regard it as one of the keys to our future bank existence and competition, and step up our staff training, in order to shorten our settlement time.

Then we need to take the following microeconomic steps:

1. We need to arouse a sense of competition among our employees. While our pre-reform-and-opening highly centralized banking system left our bank employees with virtually no sense of competition, the constant reform of our banking system, which has allowed business overlapping among specialized banks, has finally broken us free from our customary job security despite performance. But as we are still strangers to international competition, if we do not take steps to familiarize ourselves with it,

the threats to us of foreign banks may grow, and our work in many areas may become very passive. This means that we need to publicize conditions not only to our employees in places where foreign banks are already operating, but even more so to those in places where they are about to be set up, so that they will be ideologically well-prepared to meet the challenges of foreign banks.

2. We need to improve our coordination within banks. Our current bank income sources remain savings and loan interest differentials, which is quite different from financially developed countries where most bank income comes from diversified service charges. And as our major foreign bank competition is in settlement business instead of in higher-risk loans, this creates an opportunity for us to emphasize loans, while mixing loans with settlement. If enterprises want loans from our banks, they will either have to have our banks settle their accounts or not get the loans. Such an arrangement would have a certain restraining impact on foreign bank "noncapital income."

3. Finally, we need to improve our service quality. As banks are essentially tertiary industries that provide services to the public, high quality and efficient service is of extreme importance to bank development and competition. We need to improve in all areas, such as settlement time, business variety, and service attitude. Shortening our settlement time will require not only the installation of more electronic equipment, but also the establishment of certain foreign agency networks. Increasing our business variety will require thorough study of certain new means of financing that have appeared on international financial markets, full and accurate assessments of their risks, prompt training of our service staffs, and rational use based on need and possibility of certain new instruments, such as futures trading, interest rates exchange, and currency and interest rates futures rights. And we are accustomed to and have a certain foundation in improving our service attitude, because we have established ties with many customers through past business dealings. So as long as we maintain them well and constantly improve our work efficiency, our customers will not generally run off to do business with foreign banks.

Secondary Bond Markets, Problems, Countermeasures

93CE0128C Dalian CAIJING WENTI YANJIU
[RESEARCH ON FINANCIAL AND ECONOMIC
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[Article by Jia Xiaoguang (6328 2556 0342), edited by Chen Yang (7115 2543): "Secondary Bond Markets: Analysis of Current Problems and Control Countermeasures"]

[Text] In line with the spirit of the 10-Year Program for National Economic and Social Development and the Eighth Five-Year Plan, national treasury bond development will be a continuous long-range task, through which

China will raise more economic development funds on credit. How to promote the vigorous development of secondary bond markets, so that they suit the development needs of and better serve our primary bond market reform as quickly as possible, is a new problem facing us that is in urgent need of study and solution. The following is a brief analysis of the status quo of China's secondary bond markets, as well as recommended countermeasures for enhanced future control, presented in joint consultation with my colleagues.

I. Our Secondary Bond Market Basic Status Quo

Since the State Council approved the opening of the first group of secondary bond markets by pilot-project cities in April 1988, it has gone on to approve their opening in all Chinese cities above the prefectural level (including urban districts). This increase in the open zones for secondary bond markets has played a positive promotional role in speeding up our bond issues, enhancing our bond prestige, and making things convenient for the public.

1. Our Secondary Bond Market Intermediate Agency Makeup

Our opening of secondary bond markets has proceeded in stages such as initial testing, exploration, change, and adjustment, is now developing steadily, and has begun to take shape, with intermediate agencies engaged in bond trading also developing rapidly. By the end of 1991, the national or local governments had approved over 1,000 sizeable and well-equipped securities trade agencies, with over 2,700 offices and more than 35,000 personnel. Our system divides bond transfer intermediate agencies roughly into the following two groups: 1) The first is in the treasury system, and is made up of financial securities companies (such as stock exchanges and bond service departments) established by the state revenue sector, and securities departments of nonbank financial institutions under the jurisdiction of local governments. 2) The second is in the banking system, and is made up of mostly securities companies established by the People's Bank of China (PBOC), as well as securities departments (or securities companies) of various specialized bank trust and investment companies.

2. Our Secondary Bond Market Control System

The "three fixed quotas" plan approved at the beginning of 1989 by the State Council for the Ministry of Finance (MOF) and the PBOC, provides for bond circulation and transfer markets to be the responsibility of the PBOC, with the active participation of MOF and a spirit of joint control. In secondary bond market control, as MOF's objectives are to maintain bond prestige, promote bond turnover, and facilitate public realization, instead of profitmaking, MOF's intermediate agencies play the dominant role in stabilizing secondary bond markets and guiding prices. Whereas banks emphasize that secondary bond markets must become completely market-oriented, so that their intermediate agencies strive for

efficiency. This is the difference in the intermediate-agency operating policies of finance and banking. In fact, China's current secondary bond market control system is a multiple-control decentralized one, whose defects are that it does not contribute to effective macroeconomic control of secondary bond markets, and is apt to leave markets out of control and in chaos.

3. Our Secondary Bond Market Development Order

Since our secondary bond markets were opened up, they have gradually developed into regional bond trade markets centered in economically developed zones. In the current stage, our bond trading centers are basically in the first group of pilot-project cities, such as Beijing and Taiyuan in the North, Shanghai in the East, Shenyang and Harbin in the Northeast, and Wuhan in the south-central region. These bond trading centers play the leading role in radiating bond transfer market prices within their regions, as well as controlling to a certain extent securities flow direction. Shanghai's great advantages make it our national bond transfer market center, and give it a great impact on the securities flow-direction and prices of key markets in all regions. In other words, all regions serve key regional markets, while key regional markets are influenced by our key national market. We have developed these key regional bond trade markets for the following reasons: 1) they have had open bond markets longer, so have rich management experience; 2) they have geographic advantages and developed regional economies; 3) they have a stronger public financial awareness, convenient transportation and communications, and quick and accurate news transmission.

4. Our Secondary Bond Market Strengths and Slumps

When our secondary bond markets were first opened up, they were affected by our longstanding closed attitude toward securities and the public lack of understanding of open bond markets, so that everyone sold off bonds, forming a seller's market. But as our market reconciliation and opening has been sustained, people are gradually beginning to come to a new understanding of bond trade markets, and are analyzing and studying market conditions, so that our public financial awareness is generally stronger, the unchecked sell-offs have stopped, and a sizeable number of people have begun to invest in bond markets. As to our current bond market trading conditions, our 1984, 1987, and 1989 national treasury bills and 1989 guaranteed-value government bonds are about to mature, so that the public is no longer selling them off. And as to our remaining 1990 and 1991 treasury bills, bank savings interest rates have been lowered repeatedly and bond trade markets have remained strong, so that holders are selling grudgingly and investors are increasing, which is forming a buyer's market along with a market slump. The following two factors are involved in this: 1) Our public financial awareness is generally stronger, which can be seen mainly in the following two areas: (a) On one hand, individual purchases are soaring, with ever increasing numbers of people beginning to change gradually from

the traditional concept of "saving money in banks" to paying attention to monetary earnings. Even though the current return on second-hand treasury bills is sharply lower now than it was, it is still attractive in comparison to the bank savings interest rate for the same period. Many people are investing their bank savings capital with interest in bond markets, which is making bond markets flourish, while most such investments are large purchases of 1,000 yuan or even more than 10,000 yuan. This means that all bond intermediaries are selling more than they are buying, which is causing a sales surplus phenomenon. (b) On the other hand, certain units are investing temporarily idle funds in bond trade markets, which is bringing large-sum trading. 2) Bank savings interest rates are down, while bond interest rates are stable. As the current returns and interest rates for second-hand 1992 treasury bills on bond transfer markets are 1-1.5 points higher than the interest rates on bank savings for the same period, people's financial investments are naturally being shifted into higher-yield bond transfer markets, which is pushing up trading prices quickly, lowering returns sharply, and causing some securities investors to wait for the right price to sell. This is the key factor in our current bond transfer market slump. Unless trading prices adjust to market demand, our bond trading is bound to become form without substance, with a market slump.

II. Our Secondary Bond Market's Major Problems

As China's opened secondary bond markets are still in a rudimentary stage of development, with a lack of experience, backward management, and certain objective limitations, they still contain many problematic factors that need to be further reformed and improved. Their major glaring problems are as follows:

1. Our control systems are unsuitable. We do not have a centralized control agency with authoritative control means to set bond market policy and guide market development. Continuing our multiple-headed decentralized control will be bound to cause lax regular oversight and control of bond trade markets, to create a chaotic situation of unchecked market development.

2. Our bond market trade is too limited and nonstandardized. Our current national policy on bond transfer markets limits listed trade to individual purchases of treasury bills, is too limited in variety and nonstandardized, and does not allow turnover of treasury bills between units and individuals. Our intermediate agencies cannot effectively use price leverage to reconcile market supply and demand relations in line with bond market laws, in order to invigorate markets. This means that from a long-range perspective, not changing our current situation will eventually result in a market slump, and may even have an impact on our bond issue markets.

3. Our control functions are unsound and our control fluctuates. Our secondary bond market control still lacks established scientific and systematic control policies and

methods, is uncoordinated and incomplete, and has not evolved restraint forces, which leaves our bond trade intermediaries out of control. Our market order instability can be seen mainly as follows: 1) Some units have improper operating ideas, do not enforce national policy conscientiously, and go all out to make profits. Speculative operations that buy at cut-prices in remote districts (villages) have a great impact on bond prestige and create a sense of public insecurity about buying bonds. 2) Our longstanding operating slump, poor service quality, and unsound internal rules and regulations have a negative impact on the stable development of our secondary bond markets.

4. As to our secondary bond market scope of radiation, we have not established a systematic trading network, so cannot meet the liquidity demands of national treasury bondholders on a nationwide scale. While most of our bond trade markets are located in economic-center cities, China's treasury bills are widely dispersed, because the former years of apportioning treasury bills mainly through administrative means allocated them to county towns and even remote villages. Under these conditions, our bond trade markets naturally cannot meet the liquidity demands of either the vast numbers of bondholders or potential investors, and also give profiteers (bond peddlers) opportunities to exploit, which forces bond trade prices lower than they ought to be, and thus affects bond prestige.

5. Our legislation is still not synchronized with our bond trade market development. Our current bond trade market control mechanisms still use administrative means, and we have not introduced or make very little use of legal and economic means of flexible and effective control.

6. Our bond trade market control service is almost totally manually operated, lacking modern office equipment, such as computers, being inefficient, exchanging information slowly, and having unskilled control staffs.

III. Secondary Bond Market Control-Problem Countermeasures

The vitality of bond markets is in their operation. In order to promote the healthy development of our secondary bond markets and, aimed at the real conditions and currently existing problems of China's secondary bond markets, we should take the following steps:

1. We should establish a centralized secondary bond market control agency, in order to enhance our bond market leadership and perfect our control system. MOF should actively strive for the right of independent control over secondary bond markets, as well as setting up the relevant control agency. We need to establish secondary bond market development objectives, through analyzing the current adverse factors that are curbing bond market development, taking forceful countermeasures, and studying and setting national secondary bond market control regulations, in order to correctly guide

markets, strengthen our macroeconomic control, and prevent fluctuation in our secondary bond market development.

2. We need to improve our legislation, by drawing up better secondary bond market control laws and regulations, so that the current "market rule by man" can be turned into "market rule by law." And we need to improve our market trade order, by firmly cracking down on and suppressing illegal black-market trading.

3. We must strengthen our control over bond transfer intermediaries, by conducting follow-up oversight investigations of their operating activities, and through reinforcing our examination and auditing, in order to ensure that bond intermediaries strictly observe national policies.

4. We ought to intensify our bond market publicity, in order to disseminate financial knowledge. Under our current secondary bond market trading conditions, people are limited to single sales or purchases, with funds invested in second-hand bonds becoming completely tied up and essentially no longer in circulation. This means that in order to speed up our market development, we need to intensify effective propaganda to raise public financial awareness and induce more people to participate in bond market investment.

5. We need to do a good job of training bond market controllers and operators. In order to adapt them to secondary bond market control work, we need to train a large group of controllers who have both theoretical knowledge and practical experience, understand policy and management, and can explore through practice a secondary bond market development path that is suited to China's national conditions, so that our secondary bond market control will become more standardized, regulated, information-oriented, and scientific.

AGRICULTURE

Forecast for Agricultural Machinery Sales

93CE0237D Beijing JINGJI CANKAO BAO in Chinese
14 Dec 92 p 2

[Article by Zhang Liang (1728 0081): "Stability: Main Trend in Next Year's Agricultural Machinery Market"]

[Text] The three-day 1993 Agricultural Machinery Ordering Convention came to a close yesterday in Zhengzhou, Henan Province. Preliminary statistics indicate that 6.5 billion yuan worth of orders were made during the convention, 16 percent more than last year. It appears that the national agricultural machinery market next year will be stable. Sales outside the Agricultural Machinery Corporation system will grow slightly, famous and high quality products will continue to sell well, while sales will be somewhat flat for most products.

The Ministry of Machine Building and Electronics and the Ministry of Materials have revealed that from January through October of this year that the total output value of the nation's agricultural machinery industry came to 37.32 billion yuan, a 26.1 percent increase over the same period last year. Sales outside the Agricultural Machinery Corporation system came to 22.8 billion yuan, an increase of 24.8 percent over the same period last year. Production and sales are basically in step with each other. Although sales of some agricultural machinery, such as small four-wheel tractors, have dropped significantly since July, the national market for agricultural machinery will remain stable next year due to the following factors: acceleration of reform and opening up; rapid development of the national economy; expanded development of infrastructure; and increased investment by the state in agriculture. The market will not see great fluctuations. It is expected that sales of products used directly in the fields will remain stable, while products used in construction, transportation, and rural transport will continue to sell very well.

An official at the China National Agricultural Machinery Corporation, analyzing the trends for next year's agricultural machinery market throughout the nation, stated that demand is quite strong for construction machinery, agricultural vehicles, agricultural three-wheel transport vehicles, and related products. Some examples include the 135 series diesel engines, the 490 and 485 diesel engines, and the 135 and 160 diesel generators. There is also a fairly good market for medium-sized diesel generators. There is a lively market for large- and medium-sized tractors and bulldozers, especially for the Dongfanghong 75 and 802 tractors and the model 70 bulldozer (for which demand will outstrip supply), while demand will hold steady for the Tieniu 55, the Shanghai 50, and the Changchun 40 tractors. The market is terrible for small-sized tractors; it appears that the supply of small four-wheel and hand-guided tractors will exceed demand. There is a market for well known and high quality small-sized diesel engines (such as the Changchun 195), while sales for most products of this type will be slow. The market for tractor accessories will continue in a slump, and sales of large- and medium-sized self-propelled plows, self-propelled harrows, and self-propelled seeders will not be good. Production of large-sized combines will exceed sales next year; sales have already flattened out, and no major improvement is expected next year. Sales of plant protection and irrigation machinery are also flat. With the exception of the Wuxi oil pump and oil nozzle as well as the Hangzhou gear box, for which supplies are short, sales of replacement parts are generally going to be stable.

It is reported that according to the analysis of experts, next year's agricultural machinery market looks bad, and we must avoid blind optimism. There are a number of reasons for this analysis: efforts to stamp out "the three chaos" problem have been unsuccessful; and increased prices for agricultural machinery, new securities listings,

and certain restrictions placed upon the sale of tractors have redirected the flow of peasant funds and affected their purchasing power. Inventories are on the increase in some enterprises, in some small tractor factories

reaching three or four months of production, which is far above normal inventory levels. It is absolutely necessary to orient ourselves toward the market and readjust enterprise product mixes.

Educational Reform Measures in Eight Universities

93CM0126B Hong Kong LIAOWANG [OUTLOOK]
OVERSEAS EDITION in Chinese
No 51, 21 Dec 92 pp 12-14

[Article by Chou Ta-ping (0719 1129 1627): "Unfolding of the Educational Reform—Eight University Presidents Discuss Their Universities"]

[Text] Zhang Xiaowen [1728 1321 2429], president of Qinghua University: Main emphasis in the reform of teaching at our university is on deepening the content of instructions, and on reforming the organizational system and the methods of instruction, and also on improving the operational mechanism of administering the teaching processes, so as to arouse enthusiasm for teaching and learning among the large body of our teachers and students. Starting out with efforts to achieve an overall optimization of the curriculum, we are seriously working to reorganize the entire teaching process, to have the students acquire a very broad field of knowledge, and to have them gain creativity and economic concepts. Our principle is "less but concise," with emphasis on effectively providing basic courses and technical basic courses, and also to effect step by step and in a planned way, and with special emphasis on key subjects, the reform of some curricula. We are strengthening the leadership in the instruction in all disciplines, and are setting up in every discipline committees for undergraduate instruction. We are increasing the number of scholarships, and while expanding the range of benefits, we are perfecting a strict and rational selection mechanism. In our policy we are inclined to give preferential support to those teachers who are engaged in major instructional work, so as to ensure stability in the contingent of highly-qualified teachers.

While expanding the sources for doctoral candidates and trying to attract outstanding talents, we are instituting a system of graded screening and of selective elimination by grades. We are stepping up training of middle-aged and young persons showing academic leadership qualities, to have a rational setup for a contingent of doctoral tutors, and we are striving energetically to have 10 major doctorates that will come close to or even attain advanced international standards. We are perfecting the system of having doctoral candidates serve as teaching assistants, and are gradually having teaching assistant work assumed by mutual choice, so as to have the doctoral candidates become an organic component and a reserve force for our contingent of such teachers as will be well-qualified for teaching, scientific research, and administrative work.

We shall continue to maintain our university's present eminent position as regards undertaking the state's key science and technology tasks, as well as the "863" high-tech tasks, while we are also working hard to organize during the period of the Eighth Five-Year Plan

a set of major projects, which will bring our advantageous position fully into play, and will result in a series of major achievements. We shall continue to strengthen basic research, giving it long-term stable support, financially and as regards any required facilities, striving to gradually become distinctly outstanding in some areas and to form a particular school of thought in academia. We shall effectively build up and utilize the state's key laboratories at our university. We shall take in hand the establishment of an engineering research center at our university, and every discipline shall strive to undertake an even larger volume of engineering projects to benefit technological transformations. They shall actively enter the main battlefields of the national economy and intrude into the large enterprise conglomerates. University-run industries are striving to create several key products that will support Qinghua University, and we are encouraging manufacture of a large series of products that are profitable and also of benefit to society, thus creating an overall situation of "hundred flowers bloom and all branches sturdy and beautiful."

Wu Shuqing [0702 2885 7230], president of Beijing University: I shall mainly speak of how Beijing University has shaped its instructional system into one with special characteristics of its own. Our university excels in basic courses. To be able to "weed out the old to enable the new to grow up" in our basic courses, while making the most of our strong points, it had been necessary to emphasize the fact that the academic direction of our basic courses must be developed in such a way as to conform with the changes and advances in the main currents of science. It is therefore our intention to explore the establishment of mechanisms and specific channels that will directly serve the development of the national economy, and to develop a management science that will be an integration of liberal arts and sciences, a materials science that will be interdepartmental and interdisciplinary, etc. We also intend to set up some new types of engineering and technical courses, and to embark on some new types of industrial technologies and production technologies that have been newly born out of the basic sciences, and that will have a major influence on our future national economy.

With regard to the key courses, we are maintaining their academic direction to be always at the very front of developments and consonant with the mainstream of the particular branch of learning in question. In the selection and employment of key members of the academic establishment and leaders in the various branches of learning, we are providing them with assurances as to working conditions and equipment, and favorable consideration is also given to economic policies and foreign exchanges. In the assessment and conferring of professional titles, we are giving preferential consideration to those recommended for or actually having received promotions.

We are intensifying the training of young teachers and are training somewhat over 200 key members of the academic staff and leaders in the various branches of

learning, equivalent to doctoral tutors, thereby maintaining the academic eminence of Beijing University. Our methods of attracting young teachers, and having them take firm and lasting roots is: raising wages and improving their treatment; allocating a particular amount out of the government's special subsidy to be given to the young key members of the academic staff; setting up a science fund available to young teachers; continuing the method of promoting young teachers outside of regular procedure, but without exceeding the authorized establishment of the unit concerned; supporting the young teachers in taking up advanced studies; placing full confidence in the young teachers and making use of their services without hesitation; relaxing financial policies regarding young teachers returning to the university after a stay in a foreign country; raising funds to build dormitories and houses; these to be specially allocated to newly employed young key members of the academic staff.

Mu Guoguang [3018 0948 0342], president of Nankai University: Our university's arrangements for the deepening of the comprehensive reform have mainly the following seven features:

At the head of everything else is the setting up of instructional courses. While bringing the distinctive value of basic courses fully into play, we energetically develop at the same time applied science courses oriented toward economic construction. We especially strengthen development of high-level science and technology courses, so as to have the diversity of courses at Nankai University conform to a much wider extent to the needs of 21st century economic developments.

We accelerate the transfer of scientific research results into production, setting up certain engineering and technology research centers and establishing incentives to promote research in high-level science and technology and have research orient toward economic construction.

We are carrying out educational reform with a "three-faceted" guiding principle, we apply a grading system, a system of dual degrees, we are launching a "work part-time to support studies" movement, we are training to improve work proficiency, we give preferential job recommendations to best students, and we are rewarding good students and eliminate the bad. We are stepping up expansion of the scope of doctoral candidates, intending an annual 25 percent progressive increase over the next five years.

For teachers and cadres, the internal school allowance will be adjusted upward at an average annual rate of from 15 to 20 percent over the next five years. For those with outstanding contributions we shall strive to have them reach a 10,000 yuan per year salary within three years.

We are developing university-run scientific and technological industries and are intensifying remunerated social services. Taking 1991 year earnings as basic figure, the annual income from all university-run enterprises

and remunerated social services shall year by year progressively increase by 30 percent, and energetic efforts will be made to have the total income exceed 40 million yuan by the end of 1995.

We are straightening out the administrative system by establishing administrative systems of different types for the three levels: the university, the colleges, and the departments. The university organs are to improve their efficiency and their managerial quality, and shall also reduce all staff not engaged in teaching or in scientific research.

In an effective execution of the overall plan of campus construction, we shall strive to obtain external assistance, improve the environment, and perfect campus functions.

Weng Shilie [5040 0670 3525], president of Shanghai Jiaotong University: In overcoming certain difficulties, we have truly changed the direction of our operational mechanism, have arrived at some new ideas, and taken some new strides forward.

Transforming the Minxing campus area into a "special campus zone" has meant taking some very large strides in the reform. We have greatly reduced the organizational setup, shrunk the staff establishment, and instituted a policy of high workload and high remuneration. We have instituted the method of teachers concurrently being the "in-charges" of classes and furthermore implemented a policy of high remunerations on the precondition of everyone bearing a full workload. By utilizing the Minxing campus area to operate and build up a scientific industry park, we are attracting high-tech projects from outside, carrying out industrial development, inducing personnel to return from their stays abroad, and we are also providing educational training bases.

To cope with the three great difficulties existing in the development of university-run industries, namely insufficient funds, inappropriate organizational system, and incompetent worker contingent, we have merged several university-run industries and raised capital to organize a new share company, so as to form a mechanism of self-accumulation for the university-run industry, which will provide financial aid toward raising the quality of instructions and of scientific research.

We have established a simple and easily operative assessment and appraisal system, a system to evaluate the way the university is run, causing the internal allowances to truly differ according to actual contributions by the recipients, and, one step further, have had a truly competitive mechanism take shape.

Rational process of housing distribution. Ten percent of the housing resource is being used to bring in highly qualified personnel, 5 percent is used for those having made outstanding contributions at the university, 35 percent is distributed for remunerated purposes, allowing the various units to raise their own capital for

purchases, and 50 percent is distributed to those lined up according to jobs, contributions made, and housing difficulties.

To achieve a better organizational linkage between nurturing talents and the socialist market economy, we shall year after year expand to a large degree the proportion of students studying at own expenses and of students commissioned by outside units. We shall establish a specialized structural mechanism which will automatically adjust to the changes in the state and local industrial structure. We shall develop Sino-foreign cooperation in the running of schools, so as to nurture more external-oriented talents, capable of conducting affairs according to international practices.

Qu Qinyue, president of Nanjing University: Our university's plan for deepening the reform has five basic ideas:

The setup of our courses follows the principles of "raise the excellent, support key items, transform the old, help on the new." It is to readjust the structure and improve the content, and to arrive at an overall situation of close integration and harmonious development of basic courses, courses in high-level science and technology, and courses in applied sciences.

We are perfecting the method of "recruiting students by disciplines, strengthening the base, broadening the range, training in separate currents." We are perfecting the training system for basic-knowledge talents and are gradually building up a training system for talents going in for the applied sciences. We are working hard to form a set of specialized curricula and comparatively advanced applied-science curricula that reflect contemporary developments in science and technology. We are improving the work of training research fellows, and are continuing to expand and perfect the system of having research fellows simultaneously serve as assistant professors and assistant research professors. We are perfecting the system of employing and assessing the proficiency of teachers. We are perfecting the grading system, having the grades for obligatory courses and designated elective courses account for 70 percent of the total grades. We are strengthening the lateral relations with society, and we are nurturing for the benefit of society talents of various standards and levels.

We are promoting a close integration of scientific research, scientific and technological development, and economic construction. We are striving to basically form a high-level scientific research system and highly profitable system of university-run scientific and technological industries, which are attuned to our modernization projects, oriented toward the advanced international standards of the 21st century, and which are rationally located.

We are perfecting the reform of the internal administrative system of the university. The assessment and evaluation of units and individuals is to be standardized and institutionalized. We shall effect structural adjustments,

shift functions, further reduce personnel in the administrative organs, and shall establish an operational mechanism of "dual suitability."

In the buildup of a contingent of well-qualified teachers, main emphasis must be on the training of young teachers. In the overall contingent of teachers, 10 to 20 percent must be reserved as a "floating" establishment, to enable effective control the scope, to achieve optimal composition, and to enhance efficiency.

Lu Yongxiang [6424 3941 4382], president of Zhejiang University: We have started out from the adjustment at the various levels of the administrative structure in school operations and have worked hard to shift from principal emphasis on the training of undergraduate students to a track where equal attention will be given to the education of undergraduate students and research fellows, so as to have Zhejiang become, at an early date, an important base to which high-level talents can turn for advanced training in China. At the same time, the accelerated renovation and transformation of traditional courses and the establishment and distribution of newly arisen courses have resulted in rational arrangements for all the science, management, engineering, and liberal arts courses.

In our efforts to transform the mechanism, we intend to perfect the incentive mechanism of assessments of proficiencies, of rewards and penalties, and of distribution according to work performance, to perfect the competitive mechanism of selecting the best for employment, and the self-restraining mechanism of the "five fixed and one assessment" (fixed are task, authorized establishment, post, expenses, teaching and scientific research rooms, and the one assessment is the assessment of proficiency) to arouse enthusiasm for reform among the teachers, students, staff, and workers throughout the university and to strengthen the vitality and motive forces in the operation of the university.

In our efforts to renovate the organizational system, we are continuing our trials with the "university president responsibility system." We are employing a system of instructions and scientific research in which school operations are conducted by disciplines, and as each discipline establishes its own research institute and laboratory, the discipline truly becomes an instructional and scientific research entity, headed by the leader in the particular branch of science in question. It also becomes the base for both centers, namely for teaching as well as for scientific research. Establishing a scientifically highly efficient operational system of management has the major attention of university organs in their operation truly turn to such matters as the effective management of the teaching program and school policies, the buildup of a key contingent of teachers and cadres, the assessment and evaluation of teaching and scientific research, auditing and supervising, and to other similar tasks. It will also provide at the basic level highly effective logistic services that will benefit living standards as well as teaching and scientific research at the university.

Huang Qichang [7806 0796 2490], president of Northeast Teachers University: The basic line of thought in the reform of our university's administrative system can be summarized as exerting great efforts to enhance benefits from its operations, achieving a rational conversion of its operational mechanism, intensifying the vigor of our guidance, enhancing in various respects the powers of the university, and gradually increasing salaries and wages.

With regard to efforts to straighten out the internal administrative system of the university, management has actually to differ in the different departments and units, depending on the different tasks undertaken by them. For party and government departments and for teaching and scientific research units, we are perfecting a business-like management; for university-run industries, we are urging a management system as for commercial enterprises, with a strong concern for production and business operations; for units that are economically self-sufficient and for the logistics departments, we demand, on the precondition that they serve the development of the university's undertakings, that they gradually institute a commercial enterprise-type management system as for the business units.

With regard to adjustments in the proportions of the various types of personnel and the reduction of administrative personnel, we are carrying out a reform that aims at providing posts only where necessary, selecting the best for employment and having everyone bear a full workload. We are making every effort to reduce, by the year 1995, the proportion of administrative party and government personnel in the total number of the university's teachers, staff, and workers from the present 15 percent to only 9 percent.

While bringing the leverage effect of the distribution system reform fully into play, we shall enhance our guidance in matters of university policies. We shall establish an internal distribution system that conforms to the actual realities at our university and that is also closely linked with actual work performances; salaries and wages for teachers, staff, and workers are to be gradually raised. Allowances for certain key members of our teaching staff have on the average been raised five times higher than allowances paid to ordinary teachers, and special allowances are given to teachers who have made outstanding contributions.

We are making the most of the way our university community is running the university and rendering services. We are firmly based in the Northeast, but orient ourselves toward the entire country. We are wide open for all contacts benefitting our university, and are effectively and productively implementing the state's policies on the operation of universities. We are exerting great efforts on developing the enterprises and industries presently being operated by the university, and we are broadening the channels for scientific and technological

services and for tertiary industries; in our efforts to enhance the capability of our university for self-development.

Ma Yuzhong [7456 3768 1813], president of Liaoning University: Being a local comprehensive university, the direction of our reform is to train for Liaoning Province a limited number of highly proficient talents for scientific research and teaching, and to train a large number of talents for practical employment, geared to the needs of the actual conditions of society, geared to the demand in the market for well-qualified personnel, and geared to the needs of village and township enterprises.

In striving for greater involvement in society, our priority is to impart knowledge, and then, in a further expansion, to render various services to society, directly oriented toward economic construction. We have developed from a one-time, singular school education into a diverse pattern of enterprise education, social education, adult education, and continued education, as exemplified by the fact that the training of students commissioned by outside units and students studying at their own expense have become a major fundamental reason for the economic successes in some areas where village and township enterprises have shown fast development. Involvement in economic construction, gearing university operations to the needs of society, involvement in new high-tech industries and decisions on local economic construction are all factors that link the university with the economy, and that also contribute in an important way to the training of well-qualified personnel.

In the reform of our teaching methods, we are widening the range of specializations and the direction of specializations. We are giving special attention to the training of capabilities, and train qualified personnel according to the pattern of "large area of specialization, limited choice of specific orientation," and "multitude of models, but a small batch chosen for attention." In the reform of our scientific research, we are enlarging the contingent working in scientific research, we are effectively building up an echelon for the various study courses, we are exploring new management patterns, and we are setting up a scientific research development fund.

For a more intensive training of middle-aged and young teachers, our university is now adopting the following new measures: general improvement and more effectual training of new teachers preparatory to their assignment to their posts, on-the-job training of teachers of all ranks, training to attain higher schooling records, and training of a reserve force for leaders in the various sections of the curriculum. Training in key areas, allocation funds for special allowances to middle-aged and young teachers of key importance, in order to promote the development of middle-aged and young teachers. Allocation of special expenditure to establish a youths' science fund to financially support scientific research undertaken by teachers below the age of 40.

SOUTHWEST REGION

Gyaincain Norbu on Tibet's Educational, Other Achievements

OW2401020793 Lhasa Tibet People's Radio Network
in Mandarin 1430 GMT 9 Jan 93

[From the "Tibet News" program]

[Text] Gyaincain Norbu said in his government work report [to the recent regional people's congress]: In the last five years, we have persistently regarded education, science and technology as being of strategic significance to Tibet's economic and social development and attached great importance to them. In the five years, the autonomous region spent 760 million yuan on education, 38.23 percent more than the spending of the five preceding years. By the end of 1992, schools in Tibet had enrolled a total of 197,000 students, 32 percent more than the 1987 enrolment. While 40 percent of school-age children were attending schools in 1987, 54.4 percent were attending schools in 1992. The quality of education has been constantly improved.

With the energetic support of the state Education Commission and some provinces, cities and regions, we have achieved good results in running schools in interior and coastal regions of the country. Those schools enrolled a total of 11,000 students and the first group of graduates from them have taken various jobs.

In the last five years, more and more people have understood the role of science and technology and the entire society has enhanced its awareness of the importance of science and technology. Over 100 scientific and technological achievements which benefit economic construction have been made at the autonomous regional level. While 15 percent of Tibet's economic growth was attributed to scientific and technological application in 1987, the ratio increased to 20 percent in 1992.

In the last five years, the vast number of literary and art workers have kept to the double-for orientation [in the past it meant literature and art for workers, peasants and soldiers; and for socialism] of literature and art, and to the double-hundred policy [the policy of letting a hundred flowers blossom and a hundred schools of thought contend]. They have made positive contributions to enrich the life of both urban and rural people and to promoting the building of spiritual civilization.

At the same time, the physical condition of the people has kept on improving and mass sports activities have been vigorously carried out. Their economic conditions have also improved constantly. We have made fairly rapid development in the work of radio and television broadcasting and film production, and have built 450 satellite ground reception stations in the region. Radio and television broadcasting now covers 40 percent and 37 percent of the region, respectively.

NORTH REGION

Qian Fenyong Addresses County Reform Meeting

SK0401062793 Hohhot NEIMENGGU RIBAO
in Chinese 13 Dec 92 p 1

[By reporters Li Wenli (2621 2429 0448) and Chen Li (7115 0500): "It is Imperative To Carry out Organizational Reform Work in the Whole Region"]

[Text] At the regional banner and county comprehensive reform experience-exchange meeting, Qian Fenyong, deputy secretary of the regional party committee, pointed out: All localities should proceed from the needs of developing the market economy which is a brand-new angle, emancipate minds, make earnest efforts to carry out practical work, and rapidly carry out administrative management system reform and organizational reform in the whole region.

Qian Fenyong pointed out: To meet the objective demands of the socialist market economic development, we must change government functions, weaken or even abolish the government's microeconomic management as well as direct control on the economy, and shift the work emphasis to macroeconomic regulation and control. In face of the fundamental change of the government's economic management functions, all localities should take the guidelines of the 14th CPC congress and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as a guidance, further emancipate minds, change the way of thinking formed under the old systems over a long period of time, break with the traditional concept of paying attention only to one's own organization, and closely combine reform with development; break with the highly-centralized management mode and the pattern of focusing local governments to have organs corresponding to those of the central government, simplify administration and delegate powers, change functions, and set up organs in line with the needs of developing the socialist market economy.

Qian Fenyong said: The realization of the region's economic development strategic objective is closely related to the economic development of each and every banner and county. The development of the banner and county economy must be changed from planned guidance to market guidance. We must enable banners and counties to change from production units responsible for fulfilling tasks from the higher-ups to relatively independent economic units responsible for self-development. To judge the success or failure of banner and county reform, in addition to examining their results in reducing the number of organs and personnel and in creating income and reducing expenditures, we should also set two comprehensive targets. That is to see whether the average per-capita net income of peasants and herdsmen has risen steadily and the financial resources of banners and counties have strengthened noticeably. In this connection, banners, cities, banners and counties must grasp high-yield, good-quality and highly-efficient farming and

animal husbandry with one hand while grasping township enterprises with the other hand. In addition, we should also give a free hand in developing enterprises running exclusively with foreign investment, the three types of foreign-funded enterprises, and individual enterprises.

Qian Fenyong stressed: To fulfill the three immediate fighting objectives set by the regional party committee and the task of "making one district after another become well-off," one of the important tasks is to establish an administrative management system that relatively suits the socialist market economic system as quickly as possible, transfer some surplus personnel of organs and units to the forefront of economic construction to create wealth. Therefore, it is imperative to carry out organizational reform work in the whole region and make it a success. He pointed out: In the next step of organizational reform, first of all, all leagues, cities, banners and counties should further enhance the spirit and accelerate the progress in line with the criterion of "doing things conducive to three aspects." Areas where reform has been carried out should further improve and carry out other supporting work; areas where reform has not been carried out should choose a right way and pay close attention to it. Second, we should seek truth from facts, proceed from reality in doing all things, and work creatively in line with local conditions. Furthermore, leading bodies at all levels must make up their minds. The top leaders should first be determined to organize their work carefully, make earnest efforts to do practical things, and carry out this work in a down-to-earth manner.

Qian Fenyong also stressed in particular: Regional departments concerned, particularly leaders of the financial, industrial, commercial, banking and tax departments should do more investigations and studies and formulate relevant policies and measures in support of organizational reform. It is necessary to encourage administrative personnel to run or take the lead in running entities and encourage them to work more, and make more money through legal operations.

The four-day experience-exchange meeting on banner and county comprehensive reform came to a successful end on 10 December.

Discussion on Second Employment

93CM0122A Beijing ZHIBU SHENGHUO [PARTY BRANCH LIFE] in Chinese No 12, 12 Dec 92 pp 26-27

[Article by staff reporter Ma Jian (7456 1696): "Pros and Cons on 'Moonlighting'"]

[Text] It is already late autumn, but the "moonlighting" fever in the capital city shows no sign of cooling down. "Moonlighters" and "trend-watchers" all have their own opinions. To "let go," or to "restrict?" To block, or to guide? The industrial and commercial departments, labor departments, and large and medium-sized enterprises all have their own considerations. The following

are reports by our reporters who recently visited the departments concerned and talked with some comrades on the question of "moonlighting."

Why should "sparetime business activities" be permitted?
Answer by the Industry and Commerce Bureau: Because they invigorate the market, provide training, make up for omissions and deficiencies, and do more good than harm.

In May 1992, the Beijing Municipal Industry and Commerce Bureau issued a "Circular on Certain Policies To Encourage the Development of Individual and Private Economic Undertakings," which stipulated: "Employees of enterprises, establishments, and government organizations, with the approval of their units, may use their own unoccupied houses or other approved places to engage in such business activities as catering, services, repairs, retail of daily necessities, and so forth for the convenience of the people. Temporary business permits will be issued by the industrial and commercial administrative organizations."

"Current employees of administrative units," the Industry and Commerce Bureau explained, "refer to employees of departments in charge of enterprises, administrative bodies which used to function both as government and as enterprises, but, with the reform of government organizations, are in the process of turning gradually into economic entities with no more administrative functions."

Since then, the "forbidden zone" has been opened up, and "moonlighting" in the capital city has come out from the "underground" into the open, quickly become a hot current, and developed into "flea markets," "Sunday workers markets," and other forms, causing all kinds of repercussions.

We paid a visit to the Industry and Commerce Bureau's Laws and Regulations Department. First of all, they made a correction to the concept of "moonlighting": In most cases, the people are "engaged in business activities during their spare time," which does not equate to "moonlighting."

What kind of effect has been produced by the "lifting of the ban" in the past few months? They said: Indeed more good has been done than harm. By engaging in business activities during their spare time, the workers and staff members have increased their income, invigorated the market, and played a role in making up for omissions and deficiencies. More important, these activities also serve a "training" purpose. The 14th party congress has clearly called for establishing a socialist market economy, and we will also join the great international circle. This will have an unavoidable impact on the enterprises and the workers and staff members. Allowing more people into the market, it should be said, is absolutely necessary to increase their ability to resist the impact and broaden the channels for them to find new jobs on their own.

The leaders of some enterprises feel that the sparetime business activities will make it difficult for the enterprises to maintain the stability of their work force. They hold that problems should be solved within the enterprises, and not elsewhere. To maintain the stability of their work force, the key lies in strengthening the cohesiveness of the enterprises. The "circular" stipulated that employees engaging in sparetime business activities must have the "approval of their units," which means the return of the power to the enterprises. The sparetime business activities have also brought many market, city-appearance, and traffic-control problems, which require guidance through practice and improvement of the system, and cannot be solved by indiscriminate "bans" or "obstructions."

Why have no provisions been made so far by the labor department? The Labor Bureau said: It is difficult because there are calls and pressures from two sides and we are in the middle.

Gong Shuji [7895 2885 1015], director of the Baijing Municipal Labor Bureau, stated publicly: "It is imperative to give the 'green light' to 'moonlighting.'" We have learned that so far the "circular" of the Municipal Industry and Commerce Bureau and the "Interim Procedures Concerning Part-Time Employment of Scientific and Technological Personnel" issued by the State Council Scientific Cadres Bureau are the only provisions on "moonlighting."

"Moonlighting" has already become a popular trend. Why have we not seen anything in writing from the Labor bureau?" asked the reporters at the research office of the Municipal Labor Bureau.

Answer: The "moonlighting" trend has its objective inevitability. It is needed by society on the one hand and by individual workers and staff members on the other. Many workers and staff members are interested in "moonlighting," and they hope anxiously for the labor department to make provisions to turn "moonlighting" from "illegal" to "legal." Some enterprises and establishments, particularly state-owned large and medium-sized enterprises, are faced with very great difficulties and do not like workers and staff members openly encouraged to engage in "moonlighting." As a labor management department, we can neither fail to consider the calls of the workers and staff members, nor ignore the interests of the enterprises. Therefore, although we maintain that workers and staff members of enterprises, which have achieved optimum organization of labor and implemented a labor contract system with all employees, to use their spare time to engage in "moonlighting," provided they do a good job as employees of the enterprises, we, in the "middle" between pressures from both sides, feel that the time is not yet ripe to issue unified guidelines. We believe that by constantly adopting new ideas and boldly exploring new ways, all the units will find a better way to manage the situation. Then, when conditions are ripe, we will make appropriate provisions as are necessary.

The leadership of some enterprises is hard pressed by excessive "external interference," and responsible comrades of the industrial system hope that the units in charge and the media will think about the plight of the large and medium-sized state enterprises.

As the "moonlighting" trend gains momentum, the media are eagerly pushing it on. In the past several months, responsible departments of the city's industrial system have heard repeatedly from the leadership of enterprises: "with increasing interferences, how can the state enterprises go on?"

Learning that we too are going to report on "moonlighting," several responsible comrades of the industrial system said: "The media should not 'lean to one side.'" They said: "Policy-making units and the media should all think about the large- and medium-sized state enterprises. The state enterprises are beset with difficulties, but still have to fulfill very high profit and tax targets, and they cannot be without a stable work force. Now the state enterprises are already very hard pressed, and open encouragement of 'moonlighting' is bound to scatter the energies of the workers and staff members and adversely affect their job performance, which is not in the interests of either the state or the enterprises." It is said that the Shoudu Iron and Steel Corporation, the Yanshan Chemical Works, the Railway Bureau, and other enterprises have already decided one after another not to allow their workers and staff members to "moonlight."

Is it not contrary to the call for "emancipating the mind" to officially prohibit workers and staff members from "moonlighting"? The Railway Subbureau said: The decision was based on the nature of the work. When people's lives are at stake, there is no room for error.

The "moonlighting" fever has arrived almost at the same time as the railway system's summer transportation peaked. In view of the highly concentrated, interlinked moving machinery, and semimilitary characteristics of the railway transport enterprises, and the need for workers and staff members to be full of vigor and enthusiasm, the Beijing Railway Subbureau issued a telegram to all its personnel in mid-July: Before a clear-cut decision is made by higher authorities, no worker and staff member is allowed to "moonlight." Those, who continue to "moonlight," though advised not to, and refuse to correct their mistakes despite education, will be severely dealt with. Recently the Railway Subbureau has handled in different ways dozens of workers and staff members who have "moonlighted" at the expense of their railway work. At inner-party democratic discussions, party members who have made this kind of mistakes were also criticized and disciplined.

Is this rather not "going against the tide" and "failing to emancipate the mind"? The reporters held a discussion with comrades of the Railway Subbureau's labor wage department, organization department, and party general office. They said: Our decision is based completely on the nature of the work of the railway system. Locomotive

engineers, signalmen, dispatchers, switchmen, and many others can never be too careful. If by any chance they fail to concentrate and make a mistake, the consequence would be too horrible to think about. When people's lives are at stake, there is no room for error.

They said: The direct purpose of workers and staff members in "moonlighting" is to increase their income. In order to solve the income problem for our workers and staff members, we are now trying in every possible way to diversify our operations. At present, several thousand of our workers and staff members have already been given work in the "tertiary industry." At the same time, we are also aware that the development of the market economy has indeed set higher demands on our business management.

As opinions vary, there are both praises and condemnations. Is it all right for party members to "moonlight"? Comrade Yi Shi's [2496 4258] viewpoint: It is the general trend, and party members should not be blamed for "moonlighting."

Among the units we visited, none tried to evade a reality: There is no lack of party members among the many "moonlighters." It is said that some party members, afraid of getting into "trouble," are still keeping their activities "secret." On this question, a party member and cadre of an organization under the municipal CPC committee, who called himself Yi Shi, said: "Moonlighting" is a general trend, and party members should be encouraged and allowed to do so within specific limits." He said: "In social life, party members enjoy equal rights as workers and staff members who are not party members. If employees of enterprises and establishments are allowed to engage in sparetime business activities, it certainly should include the party members among the employees. Party members are different from ordinary people after all, however. In addition to following the law and implementing policies in an exemplary way, party members must also observe the party's rules and regulations and take the lead in implementing factory rules and regulations. Party members, 'moonlighting' with the approval of their units, must first of all work conscientiously on their regular jobs, conscientiously carry out the tasks assigned by the party, do good mass work as required by the party organization, and actively participating in various social activities. If party members, after doing all the above, can still do something beneficial to both the country and the people, I do not think it is wrong."

How should the "moonlighting" craze be appraised? There are different angles, arguments, concepts, and views. A teacher by the name of Cui, who had sold meat pies during the summer vacation, said from his personal experience: It is necessary to emancipate the mind, change to new ideas, and not "demand uniformity in everything."

"It is necessary to accept new ideas, learn to do business, observe and learn from real life, and serve the people...." This is the "inspiration from learning to sell meat pies"

experienced by Cui Wanzeng [1508 5502 1073], secretary of the general party branch and assistant researcher of the Beijing Forestry University Foreign Language Department, during the summer vacation. The school has opened for more than a month now, and Cui has also wound up the meat pie business and returned to his post as secretary of the general party branch. With rather deep feeling, Cui talked about his more than 20 days of "moonlighting" experience.

He said: "After Comrade Deng Xiaoping's talk during his trip to the south was made public, I felt a growing sense of urgency as I studied it. The pace of reform and opening to the outside world should be accelerated. We college teachers should also emancipate our minds, accept new ideas, experience real life, and walk into society. As an old party member, I should take the lead. During the summer vacation, I gave up the school-organized tours and went to sell meat pies. What I gained in the 20 odd days was far greater than just the income from selling meat pies.

Cui told the reporters: "In the past, I did not have any sense of the commodity economy. I would not buy something from individual peddlers, if I could find it in state-operated stores. When I bought things, I never asked about the prices. Now I have learned quite a lot from personal experience about the market. By obtaining one more piece of information, one could save 20 cents for each catty of vegetable. I have really come to understand why it is said that information is a resource and that information is money. Thinking about my own work, without information it would be very difficult to communicate with the college students. My most profound experience is that my relationship with people of all strata has become even more harmonious, however. Some people wonder: Has the college professor gained or lost social status by selling meat pies? I say: There is neither gain nor loss. The professor is still a professor, except that he is now closer to society and the common people."

Cui said: "The personal experience has indeed made me change my thinking. Since graduation from college in 1962, I have remained in the school to do political work, and there are a lot of stereotypes in my head. As long as the stereotypes remain, it is impossible to do good ideological and political work. Only by understanding society, will it be possible to analyze and handle problems in a realistic way. For example, some teachers are not content to work in the school, because the income is low. Empty talk about principles will not solve the problem. But proceeding from realities and opening channels for them to work in addition to teaching classes have persuaded them to stay and helped them make more money."

He said: "I do not think all highly educated intellectuals should learn to be 'peddlers.' In optimizing organization, reducing personnel, and developing 'second jobs,' we must not demand uniformity in every case, but should make concrete analysis of specific problems and help

people do what they can. Some teachers have found outside teaching jobs. Some have put their specialty to use and engaged in television repair services. I think they can do anything so long as it is useful to society. Of course, we still must put the emphasis on discipline and organizational principle. The school party committee recently stressed that party and political cadres should not 'moonlight.' All right, despite what I think, I will follow the school party committee's decision."

Postscript:

"Moonlighting" is a reality and developing very fast. In contrast, our coverage appears to be hasty and superficial. There is indeed much more to be understood and studied, and we can hardly call this a conclusive report. Through this rather extensive and many-sided coverage,

we still have learned a great deal, however. At least we can stress one viewpoint: Regarding a new trend, we should not take an "either this or that" approach and jump to conclusions. Simplistically saying it is "good" or "no good" and simplistically saying which view is "correct" or "incorrect" may all be one-sidedness. Blindly "checking" and "blocking" the current or "opening the floodgate" and "letting the water out" regardless of consequences may all produce harmful results. Therefore, when a unit formulates regulations and policies, and when a person chooses what to do, the principle of seeking truth from facts and proceeding from the actual conditions in doing everything must be followed. In the face of all kinds of new situations in reform and opening to the outside world, we must remember the past lessons, must not "cause a riot" or "stir up a wind," and must not demand "uniformity in everything."

Admission to GATT Top Priority for Economics Ministry

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7 Jan 93*

[Text] Taipei, Jan. 7 (CNA)—Economics Minister Hsiao Wan-chung said Wednesday that his ministry is set to achieve the goal of admission into the General Agreement on Tariffs and Trade by the end of this year.

Hsiao made the remark while outlining his ministry's 1993 priorities in an internal meeting.

He said that GATT authorities will begin negotiations on Taiwan's admission to the world trade organization in March and he hopes the nation will become a full member by the end of this year.

He instructed the ministry's Board of Foreign Trade (BOFT) to coordinate with related agencies in working out necessary programs to help accelerate the nation's admission into GATT.

Besides the GATT issue, the enactment of the Trade Law and regulations for upgrading industrial levels should be among the priority tasks for the MOEA [Ministry of Economic Affairs] this year, he said.

He further asked the BOFT to pay close attention to the future trade policy of the United States under President Bill Clinton and to better prepare for future trade negotiations with the U.S.

Hsiao also instructed the BOFT and the Industrial Development Bureau to try their best to promote both investment confidence and foreign trade.

Open, Closed Political Cultures Compared

93CM0083A Hong Kong PAI HSING [THE PEOPLE]
in Chinese No 276, 16 Nov 92 p 1

[Article: "Hu Ch'u-jeu Special Column—Comparison Between an Open and a Closed Political Culture"]

[Text] It has been over a month since the issuance of the administrative report and the dispute over political reform has escalated with neither side's being declared the winner. This dispute is generally portrayed as a "Chinese-British" battle. Actually, it is far from limited to that. It involves people at every level in all of Hong Kong and even extends to international notoriety, fully revealing the importance of this issue.

The so-called "pro-Chinese" and "pro-British" are not completely accurate labels for distinguishing this dispute. "Pro-Chinese," of course, is rather clear because their opinions are uniform and the tone is totally set by Beijing. The keynote is pressuring P'eng Ting-k'ang to back down, that is, rescind his proposal. If he does not submit, they will force him to step down. If he will not step down, when the time comes, they will overthrow him completely and make a fresh start. Despite the fact that there are mistakes or irrationalities in the Beijing tune, as in Lu Ping's airport territorial airspace argument, it is by no means further criticized to keep from disturbing their own plans and to concentrate their strength and totally direct their point of attack on P'eng Ting-k'ang. From this perspective, the "pro-Chinese party" is rather accurate.

But the "pro-British party" is rather vague and we could even say that there is no "pro-British party" and it can only be called "a party in support of political reform." But in supporting political reform one can also attack England and P'eng Ting-k'ang, for example, that there is not enough democracy, and demand increased direct election of legislators and total direct elections, even to the leader of the special region. England should not reject the "common understanding" that there should be thirty directly elected legislators and should not make secret compromises with China. Essentially, their stand is that we should see if reform proposals conform to democratic demands and are fair and reasonable. It is by no means "one-sided" support of England and P'eng Ting-k'ang. It does not have set patterns like the "pro-Chinese party's" "national cardinal principles of righteousness" and "highest directives."

P'eng Ting-k'ang has decided that he wants to initiate an "open" political culture in Hong Kong and the Chinese Communists are countering that with inertial "closed" tactics. "Openness" is objective and "closedness" is subjective. Openness must rely on a great many objective factors and there can be variables among them. Closedness can totally ignore objective factors. So, it does not have to be concerned about any variables. Whether there are changes or not, they need only look to highest directives from above and can take a subjective attitude of let the wind blow and the rain beat down, I will

steadfastly stand my ground. These are the battle tactics and extremely strong [political] consciousness of the revolutionary period. So, within the "pro-Chinese party" there are those who say that "P'eng Ting-k'ang" certainly will lose.

In carrying out openness tactics we are hamstringing ourselves. Everything has to follow procedures and deliberation and we have to look even more to popular trends, and we have to appear natural and graceful and maintain an air of democracy. After seven foreign affairs correspondences were published, T'an Yao-tzung in the Legislative Council raised the question whether the Hong Kong governor had "broken faith" with England. Calmly pondering that these four words were a very serious reprimand close to "insulting," P'eng Ting-k'ang answered with one word, "No!" not to be considered ludicrous. But, after the fact, he also wrote a letter to T'an expressing regret and posing the question if Chinese officials controlled the legislature and anyone dared raise this question, would it not be strange if you were not kicked out of the place to truly save trouble. The Industrial and Commercial Association publicly opposes P'eng Ting-k'ang's proposal and wants to make the transition in peace and stability joined to the Basic Law. Actually, the Chinese have forced P'eng to cancel the republication of the proposal, but P'eng Ting-k'ang still wants to set up a meeting to talk with the Industrial and Commercial Association. This is a so-called "gentlemanly manner" and "democratic style," a lot of trouble for nothing. If the Chinese side in their closedness look upon you as an evildoing enemy who does not know what is good, they will fight you to the death like they treat the "Hong Kong Alliance" and resolutely throw you out.

P'eng Ting-k'ang wants to consider the variable of the members of the Legislative Council. If per chance he cannot pass it, what can be done? It is now no longer the period of the appointment system in which things could be passed in accordance with the charter. Let alone that the Ch'i-lien have indicated that if it does not receive the Chinese side's approval, they will vote against it. This also is a way of coercing P'eng Ting-k'ang. But the Chinese side's closed style does not need to be concerned about the Legislative Council. If the Legislative Council does not pass it, of course they can declare victory early on, but even if it is passed, they will not grant recognition and begin afresh. If you agree with me, I will recognize it. If you do not agree with me, I will not recognize it. I am ultimately sure of winning. How can P'eng Ting-k'ang take comfort in this?

The open style must rely on the will of the people. But there are multiple variables in the will of the people. You must look to the direction of the wind and time and circumstances. Right after the administrative report was issued, support was very strong. If all the people had voted, it certainly would have had a complete victory. But now or in a few months, it would be very hard to say, because the Chinese side also is creating public opinion and fiercely attacking. The Chinese side all the same

ignores trends in public opinion. Even if 100 percent of the citizens voted for it, they still would not recognize it.

P'eng Ting-k'ang has all along said that he wants to debate "reasonably." He does not quite understand that this type of closed tactics is an attack and will not necessarily be convinced. Clearly distinguishing not having violated the articles of the Basic Law and speaking against it, how can broadening the scope of direct elections be said to make Hong Kong "independent" or "semi-independent?" Is all the people voting the equivalent of an independent country? Why is bringing up a proposal "challenging" and "resisting?" What makes these former chiefs of the conservative

parties extremely puzzled and confused is that they do not understand that a battle attack is not after all sitting down and debating.

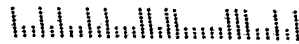
In comparing the open style and the closed style political cultures, the former emphasizes reason and the latter emphasizes force. There are some rather unfavorable aspects for the open style in Hong Kong on the verge of returning to a grim situation. Whether Hong Kong can maintain an open, reasonable political culture still awaits everyone's efforts. This, of course, is a great test for P'eng Ting-k'ang and it also is a great test for the citizens of the city.

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