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Interview With Fang Lizhi on Modernization Problems, Outlook

40050417a Hong Kong MING PAO YUEH KAN
[MING PAO MONTHLY] in Chinese
No 271, Jul 88 pp 15-24

[Interview with Fang Lizhi on 1 Jun 88 in Beijing by Liang Shuo-hua [2455 0536 0037]: "China's Road—Fang Lizhi Discusses Problems and Outlook on China's Modernization"]

[Text] Editor's note: Liang Shuo-hua has for a long time pursued research on Mainland China's political and economic questions. On 1 June this year he exchanged views with Professor Fang Lizhi in Beijing on a wide range of questions. This dialog is very helpful for our better understanding of developments in China.

Professor Fang is well known at home and abroad as an astrophysicist, and for speaking out courageously in advocating democracy, which earned him the name of Chinese Sakharov. He lives on a high floor of the newly built skyscraper of the Chinese Academy of Sciences. That place rises high into the sky and commands a view of everything around it. Located so high and affording a wide view, it is an exquisite place, like the fairy's abode "Yu ta lin gong" [in Wu Chun's poem "You hsien shih"], most suitable to freely airing one's views on things new and old. The subjects of the Fang-Liang dialog comprised:

1) New aspects and problems in the 10th year of Mainland China's reform. 2) Where were Marx and Lenin wrong? 3) Why should Mainland China emulate such regions as Taiwan and northern Europe? 4) The sprouts of democracy in Mainland China. 5) Prospects of reform and the road to unification.

The present dialog started like this;

Exploitation and Privileges

Liang: Today, 1 June, is children's day, so why not behave in childlike natural frankness and innocence, unrestrained by common customs. Let our eyes sweep beyond the skies, and leisurely and freely express what is on our minds.

Fang: Ha-ha, let it then be "no offense if a child frankly says what he thinks," let us freely talk.

Liang: I have a question: in the transition from one social system to the other has there to be a period of confusion, is the ghost of something dead still haunting the present? In more specific terms: in the early years of capitalism, the capitalist class stood in hostile opposition to the working class. That situation gave rise to the emergence of wage labor and capital, and the exploitation of surplus value. The cruel exploitation of child labor during the period of capitalist primitive accumulation described by Engels in his book "On the Condition of the English Workers" is

now widely reemerging in a different form in many town and township industries. Also, in the case of enterprises now practicing the contract system, the character of the ownership right does not change, it is still ownership by the whole people, but the plant manager has the right to hire and fire workers, the right to determine the development of production and the production and marketing plan according to the law of value. This makes him practically owner of the factory. Is his relation with the workers one of employment, and does this amount to exploitation? The system of public ownership had already abolished exploitation, why is exploitation now again being permitted?

Fang: (Loud and clear laughter) Very interesting questions.

Liang: In the past, emphasis had always been on the question of the ownership system, while distribution and exchange were neglected. Distribution, that is, the question of control, in that the recipient of the distribution will gain the use right according to the amount distributed to him in the distribution. The purpose of possession is use, otherwise being owner only in name without use right, that kind of ownership is a hollow ownership. That is easy to understand and very obvious. For instance, if I have a house and others occupy it and refuse to move out, would that not be a case where the house is mine in name only, but that I would have no right to make any dispositions about it. The northern warlords and bureaucrats of the past built many country villas at Xiangshan and Badachu, Sung Tzu-wen also built himself a luxury mansion below the Beijige at Nanjing. Regardless of the fact that their money was derived through improper channels, it was after all money spent from their own pockets. The big shots of the Soviet Union can all spend their holidays at the public villas on the Black Sea. Although they don't own the villas, the villas are at their disposal for certain periods of time, and even exclusively for their use. What is there the difference to their being owners? Conditions at Beidaihe, Lushan, Qingdao... are very similar. The question of ownership is here quite irrelevant.

Fang: In the capitalist society, working as child laborers is also voluntary. Nobody forces them. The plant owner uses economic inducements to recruit child labor.

Liang: As the "Communist Manifesto" describes it: "The bourgeoisie, wherever it has got the upper hand,... has left remaining no other nexus between man and man than naked self-interest, than callous 'cash payment.' It has drowned the most heavenly ecstasies of religious fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation." By now we have already advanced into socialism, why should some of the above phenomena still at times appear?

Fang: (Loud laughter)

Liang: Of course, these are only observations of outer appearances. The nature of things is possibly today different from what Marx and Engels described as capitalism of their time 100 years ago. The "Communist Manifesto" is a historical document; it does not explain today's problems. To read the "Manifesto" again, isn't it to reacquaint oneself with it? What the "Manifesto" describes is middle 19th century Europe, and not 20th century China of the 1980's. Moreover, it stated that capitalism is producing its own "gravediggers," namely the working class. Can we still say this today? In the Western society, i.e., in the capitalist countries, a large proportion of workers have moved up into the middle class and are no more proletariat, thus depriving the communist movements in these countries of their social foundation. Can we then still call them the "gravediggers" of capitalism?

Fang: (Laughter)

Marx and Lenin Were Wrong

Liang: There is now this bad habit of "everything for money," which has led to a decline in social functions and changes in man-to-man relations. It is said that the law of value is being used to effect the economic reform and to guide production, but frequently it is actually a state of being blindly led by the nose by the law of value, especially the town and township industries will do anything to make money, being intent on nothing but profit. I heard that, with the exception of the discipline inspection and judicial organs not being permitted to engage in business, there are the military running trading companies and hotels, the Xinhua News Agency doing foreign trade in Hong Kong, science and engineering departments of universities and scientific research institutes doing technical consulting, middle and primary schools may under suitable conditions running factories, and in addition operating hotels during summer and winter vacations, when teachers work as waiters. At some primary schools in Shanghai teachers have set up stalls in front of the school selling cooked eggs soaked in tea. The whole nation seems to have been converted into merchants. If that is permitted to go on, it is very dangerous. There is only so little material, it will not do to have it sold through too many hands, the more middlemen there are in the business, the less favorable for the consumer. It is also bad for production. Speaking of the decline of social functions, facts show clearly that there is a very bad service attitude, and no vocational ethics to speak of. Whether buying something at street shops or using the bus, you always meet up with some unpleasantness.

Some say if you want to get something done you have to go "the backdoor way;" you have to ask some person with influence to help, you have to offer some benefit, otherwise you will get nowhere. Why has it come to this in public morale? Even past personal relations of "tender feelings behind silk curtains" have become mere money relations. How do you explain this?

Fang: Your question covers many aspects. That is also what people are concerned about. Some questions have already become clear and can be answered. The prediction that the working class will become the gravediggers of capitalism has been proven wrong by history. Especially what Lenin had pointed out, namely that imperialism is the stage of decay of capitalism has not been verified by facts. Up to now capitalism has not moved into a stage of decay. The question is that capitalism is also undergoing changes. Today's capitalism is different from the one described by Marx in his days. It has realized the defects in its very system and has by itself effected adjustments. Since the great economic crash and depression, Europe has quickly changed. At least in this argument I feel Marxism is outdated. Marx's theories cannot describe the so-called capitalism of today. Some of his fundamental economic concepts, as far as theory is concerned, are inaccurate in many places.

Capitalism Is Progress From Feudalism

Liang: Were they possibly correct in his times?

Fang: In his time, some of his arguments were possibly correct in certain respects. Especially his fundamental concepts in economics, such as his doctrine on the value, are considered by many as erroneous. This can be easily explained in terms of physics. There is no way to measure value. (Laughing) Marx's concept conforms to Newton's mechanics. Many physicists now find lots of questionable points in Newton's mechanics. Newton's fundamental concepts were absolute time and absolute space, and both cannot be measured. That is why Einstein later said that things that cannot be measured are meaningless, are sham concepts. Now economists also criticize that the value concept does not exist, and that conclusions should only be drawn after prices can be determined. It is also hardly possible to say that consumption of working time indicates value. Newton used a water bucket to measure, but the absolute state of rest does not exist and is therefore also not true. The value concept is part of Adam Smith's obsolete doctrines; the things that economics should concern itself with must be things that can be measured and tested. If the doctrine of value is not conclusive, one must also doubt the doctrine of surplus value.

As to exploitation, this touches on the political, and that is another question. Speaking of the present conditions in China, hired labor and capitalism are not much different. Hiring child labor is also not regarded as justifiable in the capitalist society. Governments constantly intervene in economic affairs, exercise control, and the laws forbid child labor. British law prescribes that children under 15 years of age must go to school; for a child to not go to school and work is a criminal offense, so that factories cannot employ child labor. We should pass a law that children must get school education. If the

children are not educated, the quality of the next generation will sharply decline, which is very dangerous. The town and township industries hire cheap labor so as to make money; the government should intervene.

As to the bad service attitude, low efficiency... this is certainly not a special characteristic of capitalism. Capitalist society particularly stresses politeness, the market economy particularly emphasizes gaining trustworthiness, that is most fundamental. An enterprise, or a service company, cannot exist without trustworthiness, merely by cheating and deceiving people.

Our unhealthy tendencies of today are not at all due to bad capitalist practices blowing in due to our opening up to the outside world, but are, on the contrary, the evil legacy of feudalism, filth that is spreading. In Max Weber's book "The Protestant Ethic and the Spirit of Capitalism" there are some brilliant arguments. He states that in the beginning, capitalist economic development in Europe had first developed in the Protestant countries. Protestantism had opposed unhealthy religious tendencies and had advocated discipline and trustworthiness. Discipline and trust are complements to capitalist development. It is not as some people have said: developing a market economy is bound to bring about unhealthy tendencies. That is a "frame-up," to provide an excuse for those who want to practice the monopolistic and conservative closed-door policy. To be bent solely on profit is not only capitalistic, as long as there is exchange of commodities, even slaveholders act in this manner. One cannot say that only capitalism emphasizes monetary relationships. If Marx says that the so-called ethics, the so-called religious devotion, the so-called chivalrous courage, etc., are nothing but a veil, he is correct. However, how can you say that the so-called "spirit of Lei Feng" is not also a veil? (Laughter) The veils that we are now putting on are a worse social phenomenon than those of capitalism. Once the veil is lifted, everything bad is blamed on capitalism. Capitalism, of course, has many defects, but if we compare it with feudalism it is progress. It is true, capitalism emphasizes making money, but seeking exorbitant profits will not last long, because there is competition as a restrictive factor. Money that landlords and nobility extorted went into private pockets, but the capitalist must reinvest most of his profits into the expansion of reproduction, to gain larger profits. Thus, viewed objectively, he will raise the productive forces of society. They inevitably have to do that. Outwardly their property appears to be privately owned, but its functions have become socialized. That is progress. The capitalist cannot do as he pleases and follow his every whim, there is the restrictive power of society that restrains him.

I doubt whether there is true socialism. In my opinion, Marx's socialism is very much utopian. What the Soviet Union is now doing is also not any form of socialism. The so-called socialist countries are more often than not backward countries with ill-developed productive forces, practicing highly centralized totalitarianism in politics and economics.

Liang: Isn't that altogether contrary to Marx's anticipations?

Fang: That is completely the case. Marx had a great many expectations, but very few materialized. His exposure of the shady sides of capitalism, of the exploitation of the working class and their hardships was in conformity with the conditions of those days. But his conclusions are not necessarily correct, and his theories are also very coarse.

No So-Called Chinese Characteristics in the Objectives of Modernization

Liang: It is said that you recently in the "grassy salon" of Beijing University commented on the term "initial stage of socialism," is that true?

Fang: (Loud laughter) The term "grassy salon" is wonderful; it was actually an informal open-air symposium. At the symposium I set forth that "initial stage of socialism" is not a theory, because a theory must have certain principles and certain evidence, to deduce a certain view for the present or future structure of society. But "initial stage of socialism" is merely a line-up of words, without any other meaning. If we would call it a "theory," the progress achieved thereby could possibly be that we finally acknowledge that China is a backward society, which has made little progress and has achieved little in the last 30-odd years.

Liang: In the early years of the 1950's, with Soviet help we completed scores of heavy industry projects and also on our own accomplished many developmental works, including the 10 large constructions to greet the PRC's 10th birthday. Compared with the old China, we must not deny that this was amazing progress.

Fang: You are right, we saw some at that time, but that was followed by stagnation. We did not develop productive forces, but engaged in "class struggle." Speaking of comparable societies, there is East and West Germany, North and South Korea, Shanghai and Taiwan, the former are all failures, not only economically, or we may say, also not 100 percent satisfactory with respect to their social systems. Now we admit our failure, admit that we are at an "initial stage," while in the past we would bluster about "catching up with America and overtaking England." Compared with the past, our present attitude is progress. If we say we are now in the "initial stage," when shall we reach the peak? We made no clear statement about that. At the same time, we also have had no example to go by. As I said on the lawn of Beijing University, we always had a pet phrase: "Groping for stones to cross the river." How difficult China's problems seems to be, but they are actually not difficult to solve. Our objective is modernization. Modernization is indeed modernizing. By now many countries and territories have modernized. For the first country it was probably very difficult to modernize, for the second it would have been less difficult, and the third

has had "helpful advice from others" and examples to follow. Just as in the case of making the atomic bomb, the first scientist to make one got the Nobel Prize, but now any student of high-energy physics understands the principles of manufacturing an atomic bomb. If the principle is understood, and as long as it is a common matter, it is not too difficult to repeat what someone else has done. It is the same with the question of modernization. If one will only refer to or repeat what others have done, it will come out alright. Japan has made the grade, Thailand is slowly on its way, Singapore has just reached the top, even Taiwan has succeeded. We can learn from the experiences of all these countries and territories.

Liang: What we intend to build up is not an ordinary modernized country but a modernized socialist country with Chinese characteristics.

Fang: I am against this terminology. Of course, what China does will be in a Chinese style, but there is no question of Chinese characteristics in the objectives of modernization. The criteria for modernization are the same all over the world. All countries that are called developed have certain common characteristics, but also their individualities, there is no need to mention that. The American modernization and Japan's modernization have that in common, that the GNP per person is above \$5,000, that over 30 percent of their people have had a higher education, also that they have democratic politics and practice a multi-party system.

Learning From the Experiences of Northern Europe and Taiwan

Liang: Are we separating economics and politics, economically opening up to the outside world, but politically...

Fang: That is right. With the political reform we also have to go ahead. Modern capitalism itself is in the process of change, continuously improving on itself, adopting many elements of a social democracy, especially the "welfare states" of Northern Europe with socialist governments in power. There is no need for us to call China an orthodox socialist country, since we admit that we are only in the initial stage, why not do some high quality studies of others. What would there be degrading about it?

Liang: Under no circumstances can we lower the banner of socialism.

Fang: What is there that cannot be lowered? We have lowered enough already of our shop signs. At the Beijing University we have pulled down the ... (not heard clearly. Editor's note).

Liang: About the questions I have just brought up, isn't it that at a time of social restructuring society has to pass through a stage of painful difficulties? Relating to what Comrade Deng Xiaoping recently said, we now have to break through some dangerous barriers, isn't he also pointing to the same thing?

Fang: Some have indeed put it that way, that passing from the state of developing country to that of a developed country, there is a stage when currency inflation is hard to avoid. There are indeed many examples of that. In Brazil there is an almost 100 percent inflation of the currency. Greece and Turkey also have serious inflations, also the province of Taiwan. However, there are certain limits to the period of suffering. If the suffering is such that people starve and can't go on any longer, that is not a period of hardship, but rather a period of near death and perdition. The degree of our inflation is not disclosed. Foreigners ask me, what is the ultimate limit of endurance of Chinese with regard to inflation until a crisis stage is reached? I answer, we are already facing the crisis, it is only that no trouble has erupted. If we estimate the rate of inflation to be 20 percent per year, that is rare in the world. Once when I attended a meeting in Chicago, I came to understand that all countries in the process of restructuring suffered to certain degrees from inflation, but there were also some which had solved their difficulties well. Taiwan was best in handling its currency inflation problem without the people being aware of it.

The Sprouts of Democracy Appear Everywhere

Liang: There is now one good phenomenon, namely a gradually growing democratic atmosphere; people dare to speak out. When I came to Shanghai this time, I had to wait for over half an hour for a streetcar on Jingansi Street. There were two men, who looked like retired workers, starting to chat, and one said (in Shanghai dialect): "Things are really in a mess. Prices for everything have shot up, and the streetcar workers only get a few pennies, that doesn't help things. If they feel like it, they drive and if they don't feel like it, they don't drive." I speak Shanghai dialect, do you understand?

Fang: I understand, go on.

Liang: Talking about myself, I am still "in the initial stage." (Fang laughs) Almost 40 years and still in the initial stage, how much longer to get to the intermediate stage, and how much longer to get to a high level? (What level would you say the United States is at?)

Fang: The United States must perhaps be taken as "super level"? (Loud laughter)

Liang: These two workers, to my surprise, were talking like this in the open without any scruples; even being stared at by people, they still continued talking in the same vein. Nothing like that could have happened in the

past, which shows that there is now a certain freedom of speech. The question that these two workers asked, even we economists have no way to answer.

Fang: There is really no answer to it.

Liang: Last year someone told me a story: In a "soft-class" compartment there were two officers who loudly abused the students for starting disturbances; the state is supporting them and they still don't just quietly study. A young man in the same compartment asked the officers: "Senior officers, have you finished?" One of the old officers said: "Have you anything to say?" The young man said: "I will speak when you have finished." The other officer said: "We have finished, you may now talk." The young man said: "Since you have finished, let it be my turn to talk. The constitution provides that people have freedom of demonstration. Should that then amount to a disturbance; everybody has of course his own way of looking at it, so don't let us argue. May I only ask: The revolution has been going on for several decades, and the country has come to this state of affairs, are you old comrades not responsible, and how large the responsibility that you must bear?" (Fang interrupted: Good question!) With this one question he had the old comrades speechless. Would anyone have dared to speak like this at the time of the "gang of four"?

Fang: I feel that an indication for the growing democratic atmosphere is an awareness of everybody of one's own democratic rights. The NPC and the Political Consultative Conference that were recently held were much more animated than in the past, because several of the delegates and representatives were aware of their right to speak the truth and dared to make known their positions.

The Steep Rise in Commodity Prices and the Squandering by Officials

Liang: I would like you to talk about what millions of people are now concerned about and which affects thousands of households, namely the question of commodity prices. The commodity price system had been working reasonably well in the past, some commodities depended on subsidies from the state, which actually increased the burden of the people, but that was something people could understand. The leaders in party and government felt that although the reform of commodity prices was a very difficult problem, it could not be avoided. Recently the prices for four non-staple foodstuffs were raised, which of course stimulated the production enthusiasm of the peasants, but the livelihood of wage earners went down to varying degrees. Cadres and the common people loudly complained and fomented social unrest. While one contradiction was resolved, another one was created, much like "supporting east, while the west falls," but it was not a radical solution of the problem.

Fang: The rise in commodity prices was not a result of the opening-up policy, as I said before. For instance, the social unrest in Poland is partly due to the rising commodity prices and partly due to the shortage of commodities, and we cannot say that it was due to a reform of the social system. What is after all the reason for the rise of commodity prices in China? It is partly due to the adjustments in the prices of agricultural and agricultural sideline products, and in the prices of industrial raw and semifinished materials and fuel, but in certain other countries with monopolistic industries prices rose equally time and again, this is certainly not good for the national economy. Financial deficits have a direct effect on the increase of currency circulation. I have recently returned from Sichuan, where people in the money printing plant told me that they are working under the greatest pressure. The printing presses are turning day and night for 24 hours, even the administrative staff has to help out "at the front." They have a notion that commodity prices will skyrocket. Some factors causing the deficit, such as, in part, the consumption item of highrise buildings and offices, are investments without value.

There is another sensitive issue: What is the amount of military expenditures? The arms race is the largest expenditure item that drains the nation's strength. The United States and the Soviet Union find these expenditures unbearable. China is a poor country and would be even less in a position to fight a war with another country. Some fights are senseless, and why are they fought? Some possibly for reasons of face. The deficits caused by war are completely senseless. We should investigate the true reasons for the increases in commodity prices. A few days ago the prices of four agricultural and agricultural sideline products were adjusted, everybody was agreed. If the procurement price for pork was not raised, there would be no pork on the market, but once the agricultural and agricultural sideline products go up, all other prices are bound to go up too.

Liang: One report has it that after the adjustment of the four agricultural and agricultural sideline products, the average commodity prices went up 60 percent. That is not necessarily accurate, some have not increased at that rate, some have far surpassed it.

Fang: There is no good reason why all commodity prices should fly up together like a swarm of bees. This requires a thorough investigation and study by economists. Wastage of alarming proportions can also cause commodity prices to go up. To point to an extreme case: In the Philippines the rise of commodity prices is due to the Marcos's, husband and wife, and their clan's unbridled squandering of the state's assets, the graft and embezzlement of their trusted followers, in disregard of the lives of their people. They have lined their own pockets, while the state finances were year by year troubled by deficits. Do we have similar people in China? I don't know how much money may be wasted by people in high positions? There is one leading cadre, who himself with family has

six cars; one brings the old man to the office, one is reserved for the lady of the house, one sends the children to school, and one is for the amah to go to market. That is what one of their chauffeurs told me. The chauffeurs always know what is going on inside the households and talk about it to each other. Say, with the state in such poverty, how can we put up with this?

Liang: What rank is that cadre?

Fang: That I don't know, I did not ask, but what they said sounded true to tune.

Liang: For their "rush-around" cars they also demand certain models, the model 200 is not stylish enough, they rather want a model 600. Some even order that it must be a specially luxurious "Lincoln."

Fang: Is there a chapter in Marx that leading cadres must rush around in model 600 cars? (Laughter) And not to mention the leading cadres from central down to local authorities who arrange large banquets and invite guests at public expense. A luxury dinner of the "bird's nest soup and shark's fin" style at the "Jiaoyutai" is bound to cost several thousand yuan, enough to pay for a common person's food for several years. It is now suggested to eat only "four dishes and a soup," but one dish called "Fo qiao qiang" (sold locally in Fujian for over 250 yuan) may also count as one soup, and a 10-inch dish of sea cucumber costs the same, so also a dish of fried prawns. Isn't that formalism! I heard a man from the Xinhua News Agency say that 200,000 yuan was spent for a certain senior official's trip to Jiamusi, which lasted only one week. If others go on trips they also spend a lot. For all the food and everything else it is the common people's money that is being spent. The U.S. Congress criticized that the excessive expenses for Reagan's activities are one reason for the fiscal deficit. How much is spent in China for the activities of its leaders and the consumption of improper activities are accounts which, I am afraid, will never be clearly spelled out.

Liang: Are the expenses of the American Republican Party paid by the treasury?

Fang: Party expenses must be paid from the party's own funds, they will not be paid by the treasury, otherwise the Democratic Party and other small parties would also hold out their hands to the treasury.

Liang: Some have pointed out that since the party's activities are government activities in China, the situation here is completely different from the situation in other countries.

Fang: This is hard to say. Party and government should be separate. Whenever there is now talk of cutting down expenses, the first to be cut are educational expenditures, because educational expenses are spent on the largest

number of people. The Ministry of Finance recognizes that cutting educational expenditure is most effective; a small reduction there will yield a heap of money.

Liang: The waste through graft is now indeed serious, furthermore also widespread, a fact that is also admitted by the leadership of the central authorities.

Fang: We used to speak of the four large families of the Kuomintang who made a mess of the national economy. Today, it is not four families, but possible 400 families. I don't know how much money might be deposited abroad by some people?

Liang: Meaning private accounts?

Fang: Of course. Some are privately earned commissions, which means graft and bribes. If that would bring about a deficit, the calamity of a future currency inflation will then be shifted onto the people. That is really criminal.

Liang: China has no provisions for legitimate commissions. Commissions must be turned in, even presents from foreign businessmen (above a certain amount) must all be turned over to the state.

Fang: They should be.

Today's Kuomintang Cannot Be Compared With What It Used To Be

Liang: You just said that capitalism must emphasize trustworthiness; when a certain new trademark is being used, product quality must be ensured. You can't substitute inferior products for good products, or give short weight, and even less cheat the customer by selling fake goods. It seems to me that in the old China of the feudal society, the semi-feudal and semi-colonial society, businessmen also emphasized trustworthiness. The tiger bone elixir of the Tongren Pharmacy would certainly not have an admixture of dog bones. (Fang laughs) In the famous expensive medicines that had to contain antelope horn and rhinoceros horn, these ingredients were not fraudulently replaced by the horns of goats and buffalos. Then, say, the present confusion, the lack of business ethics, the fishing in troubled waters, taking advantage of other's misfortune to exploit them, all that is hard to explain. I asked one leading cadre in charge of economic affairs, whether no measures are planned in view of what the economy has now come to. He said: "You can't please both sides, frequently you take care of one side and lose the other. We know the illness, but it is hard to prescribe a medicine that will cure a hundred sicknesses. It is really difficult to get rid of the cold and at the same time dispel the fever. We know well what Qian Jiaju [0578 1367 7467] said. He saw where the trouble was, but his prescription is not necessarily feasible."

Fang: That man's words are full of implied meaning, but it discloses that part of the obstacles is the political mentality, somewhat like that we can't bring ourselves to drop the old shop sign. That there are many problems is a fact, but they are not insoluble. There is a way, the crucial point is to put aside any haughty manners and try to learn, conscientiously learn. This morning I was still telling people that today the criteria for truth have become even further developed, they have developed into the criteria of productive forces. That is right, only give us a principle, then we physicists can infer deductions. The productive forces of Taiwan are still higher than here, that is a clear fact. Why then not emulate Taiwan? If you say, according to the criterion of productive forces, productive forces are just that. If you say, emulating America and Europe might be "complete Westernization," Taiwan after all is territory belonging to the Chinese people, why can't we learn from Taiwan. Of course, Taiwan is not altogether ideal, but in the way they run their economy they are better than we are. Since we are bold and resolute enough to designate Hainan Island to become a region more "opened-up" than the special economic zones, why not be bolder yet and designate a region as a testing ground for the Taiwan model? The United States is a friendly country, how could Taiwan, populated by the same race as we are, be "hostile country"? Some people would rather praise the United States than Taiwan. Since we have revised our opinion of America and revised our opinion of the Soviet Union, why not revise our understanding of the Kuomintang? This is completely due to a mental block in political thinking. To learn from foreigners is not considered disgraceful, but to learn from our fellow-Chinese is disgraceful? There is no sense in that. The main thing is effectiveness; effectiveness is the test of truth! Taiwan has also changed in the last few decades. The days of the Kuomintang's worst corruption and evil-doing was the time when they issued the gold yuan certificates. They were really bad at that time, but the Kuomintang has also undergone transmutations and changed into a different state. In certain respects they were compelled to change and improve themselves somewhat, as they would otherwise have been unable to exist on that small island. We must now revise our understanding of the Kuomintang. Why should we not put it that way?

Inconsistencies Lead to Loss of Popular Confidence

Liang: I have heard similar views. A comrade from the old liberated area told me: "It looks to me that today's Kuomintang is no more the Kuomintang of former years." (Fang laughs) Recently, a man from Taiwan who had come to the mainland to visit his family and friends said: "Taiwan has a foreign exchange reserve of \$76 billion, but suffered a great loss due to the devaluation of the U.S. dollar. Taiwan is very keen to put its foreign exchange to use, Taiwan is also interested in investments on the mainland, but is afraid that promises made by the communist party cannot be trusted."

Fang: They don't trust us and are afraid their money will be gobbled up and lost.

Liang: The thing is this way. He said: "Taiwan is afraid there will come a day that you will change the constitution, make Taiwan also adopt socialism, and nationalize all enterprises, so that businessmen would lose all their capital." In short, they are afraid of getting the worst of it and be taken in.

Fang: Some Hong Kong residents also are immigrating to other countries for fear that promises cannot be trusted. Indeed cases where our promises were not kept are too numerous to count. At first I also trusted the promises of the communist party, but in the many political movements they proved that they cannot be trusted once. When they just said no more beatings, and the words are still in one's ear, out comes the cudgel for more beatings...

Liang: Now there are no more "movements," that is great.

Fang: Yes, in the past they did not keep their word. Once party and government lose the confidence of the people, who wants to be duped again!

Liang: A friend in Beijing told me that whenever he had to attend to things at localities away from the central administration, the lower ranking officials waited on him as if he were an "imperial commissioner," with a fervor that was hard to take. On one occasion they surprised him with firecrackers and let loose with gongs and drums. All the evil customs of officialdom of the old society! I am thinking, there must be many old comrades who are unwilling to get out of the old-style official's armchair, afraid that if they would step down and become common people, they would have no more power, and to them it would mean losing everything. No more official, no more perception of the power and prestige of an official! Those stricken with the craving to be officials will not willingly leave officialdom.

Fang: Apart from spiritually satisfying one's vanity, being an official also has its material enticements. Once in possession of great power, it is easy to use the powers for personal enrichment. Even if you yourself will not take an active part, your subordinates will figure out your intentions and do the necessary. Being an official is having the least pressures to bear. They are given prestige and money, the problem is that they should be made to feel pressure, and they should have certain particular well-prescribed responsibilities. This is the case with company managers in the West. Their responsibility is heavy; if the company loses money, out they go. The Chinese cadres, on the other hand, enjoy "iron rice bowls." If they commit malfeasance in office or commit mistakes, at most a written self-criticism will settle the matter, or a transfer to another enterprise as chief.

Inflation and Salary Increases

Liang: A leading cadre told me recently that one need not fear price increases as long as salaries rise a little faster than prices. Actually, there had been only an increase of 10 yuan in the allowance for non-staple foods.

Fang: The 10 yuan might be sufficient if you only use them to buy the four items, but the problem is that as soon as the four items rose in price, everything else followed. The commodity price index published by the state follows certain rules in the composition of items and method of its computation. This method is not altogether rational, it includes steel, cement, bricks, fuel..., and these materials are not included at free market prices, but at plan allocation prices. May I ask, how much money do people daily spend on meat, eggs, cloth, i.e. on food and clothing, and then how much money they spend to buy steel?

Liang: A few days ago, a document was issued that said that the aforementioned 10 yuan will not be issued directly by the treasury but that payment is an obligation of the various units. Isn't that one and the same thing, that is just beating about the bush.

Fang: In foreign countries, an inflation rate of below 5 percent per year is normal, generally it is between 2 and 3 percent. Salaries and wages are also increased at the rate of 5 percent per year, so that the living standard will not go down.

Liang: The wages of British workers are increased at a rate that is higher than the inflation rate. Yao Yilin [1202 0181 2651] estimates that commodity prices this year will go up at the rate of 10 percent.

Fang: Everybody has different standards of computation. Graduate students feel differently from us. Their 10 yuan living allowance will be completely spent on food. As they experience it, the rate of price increases is 60 percent, and not 10 percent. Some of our commodity prices are even higher than in the United States. In the United States the cost of installing a telephone is somewhat over \$60, while in China installing a programmable telephone by a public agency costs RMB 4,000 yuan, which is a little over \$1,000, or over 50 times more.

Liang: In Shanghai the installation of a private telephone costs somewhat over 500 yuan, but you have to take your turn, and it is uncertain when it will be installed, possibly after 1 or 2 years. If you give the man in charge at the telephone bureau a "beneficial fee," the telephone is installed immediately.

Fang: In Beijing it is generally 2,000 yuan, but 4,000 yuan for the programmable-type of telephone. This is a monopolistic increase in price, because you have to go through the telephone bureau to have it installed. It makes no sense that it should be more expensive than in the United States.

The Dangerously Low Foreign Exchange Reserve

Liang: Comrade Zhao Ziyang said: "We now have the favorable conditions for a reform of commodity prices, because we are in a good economic condition." In your opinion, is this conclusion justified?

Fang: I don't know how Zhao understands it. The agricultural production figures for the first and second quarter of this year have not yet been published, so we have to disregard them. At the meeting this morning, someone said: "As to the alleged improvement in our foreign exchange reserve, I do not have this perception at all." People with inside knowledge told me that China's exchange reserve last year was only \$...billion, far below the minimum safely permissible. As soon as there is some uneasiness in the market, everything is completely used up by consumption. The published figures are only book figures.

Liang: China is now practicing a "planned commodity economy," using the law of value as guide for production. Do you see any essential difference of it to a capitalist economy?

Fang: The difference is in the ownership system. The ownership system is the most fundamental, as it determines many things. What we practice is a so-called planned economy, i.e., a system of public ownership. But that does not mean ownership by the common people, at least the people don't feel any of it, but ownership by a small group of people, which in essence is even more privately owned, and also free of any competition. As to the so-called market management in China, there is basically no free market, only for the sale of vegetables are there free prices, anything else, wherever a profit can be made, is all controlled by the state. We don't compete by means of product quality or technology, but depend on other factors, even having to use social connections to get supplies. This is essentially no free market at all.

Avoid Slogans That Fail To Relate to Reality

Liang: It is now proposed to develop the economy in the coastal regions. Will that not further aggravate the contradiction of unequal economic development between the coastal and the inland regions?

Fang: The crucial point here is what the policy will be. It is actually not a question of theory. If you want to enter the international economy, there can naturally be much import and export. Nowadays, it is proposed to do "large imports and large exports." If it is again a slogan without specific substance, that would be dangerous. Slogans cannot clear up problems, and cannot convince the people. In the past, party leaders were so often fond of pronouncing slogans. One moment it was "agriculture, light and heavy industry," then it was "take grain as the key link" and "take steel as the key link." All used such one-sided terminology, some were even quite wrong. The economy is something comprehensive; it is out of the question that one slogan can cover everything. What is now proposed is "the great international circle," again a slogan. It is only a slogan; it is extremely dangerous. Even the United States would not dare to sweepingly advocate a "great international circle." The American textile industry certainly will not have a "great international circle." If we go in for the "great circle," how are

we to handle relations with the inland? Of course, the inland has abundant resources. For instance, the abundant coal resources of Anhui Province supply most of Shanghai's requirements, but the more Anhui produces the more money they lose, because the fixed price for the coal they ship out is too low, but industrial products brought in from Shanghai are priced very high. How can we in this way have the prosperous development of the coastal areas spur on economic development in the inland?

Liang: There is still another situation: the price of raw and semifinished materials is going up, and prices for industrial products are not raised. This causes loud complaints in Shanghai.

Fang: Such situations exist, both cases exist. Now, everybody swears at everybody, everybody thinks he is being shortchanged. Not to speak of the intellectuals, they of course can't be financially comfortable. The workers are swearing publicly, and the peasants say, it does not pay to raise pigs. Since fundamentally prices are too rigidly fixed in the plan, every group feels that they have no normal circulation channels and no opportunity for free competition. You have to do as the state plan orders you to do, and then you get your money, and that settles it. As I once said at Zhejiang University, there is really insufficient coordination between the two systems, between our plan economy and the market economy.

The Decisive Point for Success or Failure of the Reform

Liang: Spurring on the inland economy by developing the coastal region must not be dealt with summarily. Areas with abundant resources can well serve as auxiliary factories for the coastal regions by manufacturing primary products, so both sides can cooperate. Some areas are poor in resources, especially the old liberated areas. Their economy has essentially not improved since liberation, and the people there have seen no improvement in their standard of living, it would of course, obviously, be difficult to arrange for cooperation with them.

Fang: This is a general rule: in whatever is old liberated area, there is no economic improvement.

Liang: There are some remote mountainous areas where even handicrafts have not been developed, and they have unimaginable difficulties. In northern Yunnan they produce "mao bamboo," but the people there still have to import chopsticks from other places. That is truly ridiculous! In some areas resources are plentiful, but not yet opened up, because of a lack of capital. The capital-rich coastal regions see that if they would invest they could not count on quick returns and therefore hesitate to invest. The situation is therefore complex and cannot be dealt with in one short sentence.

Fang: It is, therefore, not possible to resolve the problem by the pronouncement of one slogan. The people of the Mao Zedong era also wanted to develop the economy, but their slogans were divorced from reality, as there were at that time the people's communes, the great leap forward, etc., all were slogans.

Liang: We are now engaged in economic reform. Whenever we come up against the old conventions of 40 years ago, there is no way of mutual coordination and obstructions bar the way. There is, as you pointed out, a lack of coordination between the two systems. If our enterprises want to do something, they have to go through various administrative levels for approval, and after all the official seals are affixed, the opportunity has been missed at the basic level. Foreign enterprises rely on one word by their foreign manager, and with a "yes" or "no" the question is solved. How can we then compete with the foreigners?

Fang: Under present conditions, we are clearly losing out in our competition with the foreign enterprises.

Liang: Is economic reform possible without touching on politics?

Fang: Every aspect in the end will touch on this question. In the 10 years since China instituted economic reform, the first 5 years were successful, this mainly refers to the agricultural sector, the less it was controlled the more successful it became. The production enthusiasm of the peasants was stimulated. During the last 5 years, results were not satisfactory. Whether it was reform in the cities or reform of industry and trade, all were unsuccessful. These reforms inevitably involved politics, namely the ideology of the highest order. I feel our highest leader has every intention to reform the economy, but will not relent in political matters. As far as he himself is concerned, he is for half and half. His expressions are quite clear: in economic affairs, reform and opening up, and practicing contract systems would be in order, but in political matters, he would not let go right from the start. From Wei Jingsheng [7614 0079 3932], Wang Xizhe [3769 1585 0772], Bai Hua [4101 2901], Liu Binyan [0491 6333 7159], down to the "movement against spiritual pollution," that is a very clear line. Now it has reached a juncture where contradiction can no longer be avoided.

Liang: Some view the situation this way: the men of the old generation are already set in their ways of thinking, and it is hardly possible to make them take longer steps. But the next generation, or the one thereafter, after getting their "brain washed" when studying abroad, when they get into politics, will they not change the course and strike out on a new path?

Fang: There is a certain possibility.

People Power and Obstacles to Unification

Liang: Would that not be fulfilling Dulles's predictions?

Fang: Let us not go into the details about that man Dulles. If our third generation goes the way of progress, what would be bad about it? Change of color will make for social development, what would be wrong about it? I am fairly optimistic about China's future, because we have already opened up, and it would be impossible to go back. Even short-term returns would never be able to persist long. As we just mentioned, the old workers speak up, the intellectuals speak up, "rectifying" people is not so easy anymore. We can see it from the "movement to oppose bourgeois liberalization." Though people were called upon to write articles, nobody wrote. This movement deserves to be scraped and be done with it, nobody wants to be controlled. The reform carried out by the government in the last 2 years is in a state of passivity, it had to be so. Whenever the Central Committee issued Document No 1 in former years, everybody took a step forward, there was no other way. Every time after an act of "opposition to liberalization," liberalization, on the contrary, took another step forward. The university students now criticize leaders by name. Nobody would have dared do that in the past. That shows the greater latitude of freedom. At the recent NPC, 600 dissenting votes and abstentions were balloted against a certain provincial party secretary. He had no achievements to his credit in the province. At the time when we had the problem of how to handle the students, he praised us for doing a good job. We had referred to him everything we did. Later, when he discovered that the wind was blowing in a different direction, and the Central Committee had made its stand clear, he changed with a bang and became hostile. (Laughter)

Liang: Finally, returning to the earlier question of the unification of Taiwan with the mainland. We all hope for unification of our motherland, but where is the main obstacle?

Fang: It is possibly the "four insistences."

Liang: We declare again that Taiwan will not adopt socialism.

Fang: The "four insistences" are principles of a general nature. Even though we have stated that they will not be applied to Taiwan, Taiwan does not believe it. If the way of thinking on Taiwan is: "You are now temporarily willing to let us exist, but will not treat us as equal," there would be nothing strange about it. It is quite natural for them to think in this way. If and when both sides will treat each other with sincerity, it will in the end be possible to achieve unification.

Liang: We have had a good talk today, thank you!

Fang: Good bye!

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Wang Ruoshui's Defense of Humanism

40050371 Beijing WEI RENDAO ZHUYI BIANHU [IN DEFENSE OF HUMANISM] in Chinese
1986 pp 217-233

[Chapter from book "In Defense of Humanism" by Wang Ruoshui 3769 5387 3055; Sanlian Shudian, 279 pages; manuscript dated January 1983]

[Text] In Defense of Humanism

There is a strange image fluttering about among China's intellectuals: the strange image of humanism.

In the last 3 years, over 400 articles have been written debating the problem of "man," and quite a few of them explore the humanism of Marxism. There has also been an increasing number among literary works that concern themselves with the fate of man, full of human touch and with much humanist coloring. The fact that the problem of man has evoked this strong interest is not only a reaction to the 10 years of turmoil, but also of the need in our new era to build a socialist society with a high degree of culture and high degree of democracy. Deviations that have occurred in the course of this development must, of course, be rectified through debate and criticism. However, some well-intentioned comrades will basically reject any humanist slogans, as they regard humanism as a kind of heterodoxy.

The main reasons they put forward are:

Humanism is an ideology of the bourgeoisie;

Humanism discusses man as an abstract being;

Humanism was quite early already denounced and abandoned by Marx.

Based on these reasons they use Marxism as a means to oppose humanism, instead of using Marxist humanism to oppose capitalist humanism. They do not disavow certain forms of humanism, but negate it as a fundamental principle.

It is, therefore, my intention here to defend the general concept of humanism and in particular Marxist humanism.

What Is Humanism

"Humanism is an ideology of the bourgeoisie." If this phrase is taken to mean that humanism was the ideology of the bourgeoisie, then it is stating an objectively true fact of history, and nothing about it is open to debate. If this phrase is taken to mean that humanism can only be an ideology of the bourgeoisie, then it deserves a question mark. We must never confound the two meanings; the second meaning cannot be deduced from the first meaning.

Materialism too was an ideology of the capitalist class (even of the slaveholder class and feudal class), but that did not hinder acceptance of materialism as the world outlook of the proletariat. To be sure, Marxist materialism is worlds apart from the old materialism, but that is the disparity between one materialism and another materialism, and not the difference between materialism and idealism.

Can we say the same of humanism?

That requires a look at the inner meaning of the concept of "humanism." If the concept of humanism is essentially and inexorably linked with the nature of the capitalist class (for instance "individualism" is one such concept), then humanism can be nothing else but an ideology of the capitalist class; while otherwise it will not be thus restricted.

What is humanism? "Humanism" is originally a word of foreign origin, and many Chinese have only a vague and inaccurate idea of its meaning, but they nevertheless determine their attitude toward humanism on the basis of their concept of it. Of course, there are many schools of humanism, each with a different interpretation, however, there is one that is generally recognized. Let me copy a few definitions from some authoritative reference books:

The New Encyclopaedia Britannica (15th edition of 1974) says: Humanism is "the attitude of mind which attaches primary importance to man and to his value, often regarded as the principal concept of the Renaissance."

The "Encyclopedia of Philosophy," editor-in-chief Paul Edwards, (U.S. edition of 1972) says: "Humanism is the philosophical and literary movement which originated in Italy in the second half of the 14th century and diffused into the other countries of Europe, coming to constitute one of the factors of modern culture. Humanism is also any philosophy which recognizes the value or dignity of man and makes him the measure of all things or somehow takes human nature, its limits, or its interests as its theme."

The Great Soviet Encyclopedia (edition of 1972) says: Humanism is "a system of historically changing views that recognize the value of the human being as an individual and his right to liberty, happiness, and the opportunity to develop and express his capabilities."

All these definitions are more or less the same. In summary, the word "humanism" originally referred to the main ideological theme of the Renaissance (humanism in a narrow sense, generally also called "humanitarianism"), but the meaning was later broadened to comprise the concepts or philosophical ideology that had man as its main purport, i.e. man's value, man's

dignity, man's interests or happiness, man's development or freedom (this is the broader meaning of humanism which is being discussed in this article).

In discussing problems, one should not start out with a concept, but we are not starting out from the concept, as we merely clarify the subject of our discussion; its evaluation is another matter. In my opinion, those comrades who in principle negate humanism, may actually be starting out from an erroneous concept of humanism. Humanism is a long-standing and well-established trend of thought, which in the Western world has existed for at least 600 years. After the Renaissance, there has been the humanism of the Enlightenment, of utopian socialism, the Feuerbach humanism, and also various shades of modern humanism; these are historical facts. The concept of "humanism" is derived from these objective facts; it is not the willful concoction of any single man. The reason why so many schools of thought have called themselves "humanist," is that they all acknowledge a common principle, and this common principle is, simply expressed, the value of man. The reason why these and many other philosophical schools are called "materialist" is that they all acknowledge the common principle of "the primacy of the material." The various types of humanism may have greatly varying definitions of the value of man, but as long as they all attach importance to the value of man, these differences are between one type and another type of humanism and not differences of humanism and non-humanism or anti-humanism.

Can Humanism Be Ideology of Only the Capitalist Class?

After having clarified the meaning of humanism, the above question can be summed up as follows: Is it only the capitalist class that attaches importance to the value of man? Or, in other words, is Marxism not attaching importance to the value of man?

Many comrades are perhaps not accustomed to use the term "value of man," but everybody will be familiar with the quotation from Comrade Mao Zedong: "Of all things of the world, people are the most precious." Is that not an affirmation of the value of man, besides evaluating man as of the highest value? True, Comrade Mao Zedong did not use the term "value of man," but that is only a difference in the terminology. We shall demonstrate in the following that Marx already used the phrase "value of man" in a positive sense. It is, therefore, not at all a technical term specifically used by the capitalist class.

The reason why many comrades regard the term "value of man" with suspicion is because they feel that it smacks a bit of individualism. They feel that affirming the "value of man," means affirming "the value of the individual," and once there is mention of "value of the individual" it brings individualism to their minds.

Affirming the "value of man" does not amount to affirming individualism, just as affirming that "people are the most precious," also does not affirm individualism. In the developmental history of humanism, there have indeed been some forms of humanism that had the stamp of individualism, but humanism of the past had also appeared with connotations of universal love and altruism. Feuerbach propounded the universal love between human beings; his humanism opposed altruism. On the other hand, Feuerbach's contemporary, the originator of anarchist individualism, Max Stirner, was firmly opposed to humanism. This shows that there is no inevitable link between humanism and individualism, and "the value of man" too does not amount to individualism. We are advocating collectivism; collectivism is the opposite to individualism, but it is not opposed to the value of man, if correctly interpreted. A collective is composed of individuals. If one individual or a group of individuals in the collective are without value, a collective of this kind is only what Marx criticized as an illusory and alienated collective (capitalist countries are such kinds of collectives). Of course, on the other hand, the value of the individual can only be realized within a collective.

Comrades who think little of "humanism" because it is merely "capitalist stuff" disregard the fact that even though China from the beginning of the 1960's had launched criticism of humanism, it has never completely abandoned this concept. Even during the 10 years of turmoil, when ultra-Leftist trends of thought ran rampant, you could still see in our hospitals, conspicuously displayed, the slogan: "Heal the wounded, rescue the dying, practice revolutionary humanism." If we acknowledge that there is revolutionary humanism, we must not sweepingly declare humanism to be a capitalist world view, or that humanism is merely a thing of the capitalist class.

Some comrades may admit that we have indeed used the slogan "revolutionary humanism," but only restrictedly in connection with such things as healing the wounded, rescuing the dying, and lenient treatment of prisoners of war, but that we should not broaden its meaning and expand the sphere of its application, i.e. to have it also cover the theoretical system of Marxism or to use it in the socialist practice.

I would reply: here exactly is the problem. In the modern world, healing the wounded, rescuing the dying, and lenient treatment of prisoners of war are already internationally recognized norms. The Chinese Red Cross has joined the International Committee of the Red Cross, which is an international organization for protection and relief. The 1949 Geneva Convention stipulates that humane treatment should be given to prisoners of war. Although these norms have repeatedly been violated, international public opinion has always condemned such violations and serious cases have even been referred to the United Nations to handle. If we would restrict the meaning and practice of "revolutionary humanism" to

so narrow a field, we would find it impossible to differentiate it from bourgeois humanism. What makes humanism revolutionary is not its restricted application to human treatment of the wounded or prisoners of war, but rather, primarily, because it uses revolutionary means to realize the value of man. In the past, a much used phrase ran like this: We cultivate the fields for the revolution, we work for the revolution, everything is done for the revolution. But then, what is revolution for? Revolution is a means but not the objective. We work for socialism and communism, for the interests and happiness of the people, for the liberation of all mankind. That is the meaning that is implied in revolutionary humanism.

It is unfortunate that during the "great cultural revolution" we placed "revolution" and "humanism" in a position of hostile opposition. It was thought that since humanism was not revolutionary, the revolution must not concern itself with humanism. As a result, the "capitalist-roadsters," "revisionist elements," and "monsters and demons" of those days were not treated with even the humaneness that prisoners of war are entitled to enjoy!

The reason why people regard humanism as merely part of the bourgeois ideology is that they regard it as merely opposing feudalism.

However, historically, humanism has not only played a role as a movement against feudalism, but also as a force opposing capitalism. The originator of utopian socialism, the Englishman Henry More of the time of the Renaissance, was also a believer in humanism. In the 18th century, the men of the French bourgeois enlightenment raised the slogan of "freedom" and "equality" on the basis of humanism and in opposition to feudalism. In the 19th century, the British and French representatives of utopian socialism seized this weapon, turned it around, and used it against capitalism. They exposed the hypocrisy of the bourgeois "freedom" and "equality," and propagated true freedom and equality. A society that conforms to humanism is the socialist society. It is precisely as expressed by Engels in his "Development of Socialism from Utopia to Science," namely, that modern socialism "according to its theoretical form, appears originally as an extended, and seemingly more thorough development of the various principles enunciated by the great Frenchmen of the enlightenment of the 18th century." When speaking of the relation between the French materialists and utopian socialists of the 18th century, Marx in his "The Holy Family" says that Fourier, Owen, Dezamy, and Gay treated the materialist doctrine as a doctrine of real humanism and as the logical foundation of communism, and developed it further."

Is there then any reason left to argue that humanism is an ideology of the capitalist class?

From Feuerbach to Marx

Opponents may remark: Even if we admit that humanism has played a role in opposing capitalism, has the humanism of utopian socialism not been proven to be useless? Are we not now in possession of the superior weapon of Marxism? Was it not that Marx precisely formulated his own theory of scientific socialism only after criticizing Feuerbach's humanism?

Marx indeed criticized Feuerbach's humanism, but in my opinion he never radically negated humanism, but rather advanced humanism to a new stage. It was exactly the same when Marx criticized Feuerbach's materialism, but he did not radically negate materialism and rather developed Feuerbach's intuitive materialism into a practical materialism.

Feuerbach proclaimed that "man is man's highest essence," which is generally taken as the characteristic expression of his humanist thought. Let us analyze this proposition. He directed his attacks against religion. In his book "The Essential Nature of Christianity," Feuerbach criticizes the theological view that "God is man's highest essence," and put forward instead that "God is nothing else but the essence of man." Feuerbach believed that it was not God who created man, but man that created God. Man projected his nature into God, then in turn believed that God was higher than he, man, himself, prostrated himself before God, and depreciated the value of man. That is alienation, an alienation of man's essential nature. The proposition that "man is man's highest essence," is then an affirmation of man's value and dignity. Engels once said: "The innate nature of man is more glorious than any type or form of God that has ever been imagined, because God is merely a somewhat vague and distorted reflection of man himself."¹ These words may be taken as an explanation of "man is man's highest essence." In this sense, the proposition is correct. The problem is that Feuerbach regarded man as man in the abstract and regarded man's essential nature as reason, will, and affection. He therefore said: "If man's highest essence is man's essential nature, then, in actual practice, the highest and fundamental law has to be the love between human beings." This is preaching a hollow and feeble love.

However, the proposition that "man is man's highest essence" is not necessarily linked to a "religion of love," the crucial point is what is man's essential nature, Marx seized on this proposition and followed it through to the end with a different conclusion. He said:

"The criticism of religion ends up in the doctrine that man is man's highest essence, i.e. it ends with the categorical imperative: overthrow all relations that humiliate, enslave, forsake, and despise man, relations that could not be better described than by the outcry of a Frenchman when the taxation of dogs was proposed: 'Poor dogs, now they want to treat you like human beings!'"²

Religion, of course, depreciates the value of man, but is it only religion that depreciates the value of man? Why does man need the opium of religion? Precisely because the real world is one full of misery and alienation. In this world, man is of less value than dog, that is why man needs religion to anesthetize himself, so that he may find comfort in an illusion. To truly explain the source of religion, it is necessary to understand real man. "Man is not at all an abstract being perching somewhere outside the world. Man, that is man's world, is state and society. State and society created religion; it is a topsy-turvy world, because they themselves are a topsy-turvy world." After exposing the alienation of religion, the task of history is to expose the alienation of current life. "In the end, criticism of Heaven should turn into criticism of this world, criticism of religion should turn into criticism of law, and criticism of theology should turn into criticism of politics." In short, criticize all social relations that humiliate, enslave, forsake, and despise man, and that depreciate man's value to that of a beast, criticize all forms of alienation. Of course, since all these alienations are not figments of the imagination, but living reality, they cannot be overcome by relying only on the "weapons of criticism;" it is still necessary that there be "criticism of the weapons," that there be a revolution. We must rely on a kind of class for which inhuman conditions have reached an apex. If it would not liberate all of humanity, it could not in the end liberate itself. That class is the proletariat.

These are the thoughts that Marx set forth in his "Criticism of Hegel's Philosophy of Law" (1843). Marx starts out from the concept of "man is man's highest essence" and arrives at revolution as the conclusion. He establishes a link between humanism and violent revolution. We must admit that this is revolutionary humanism or proletarian humanism. It enables us to see clearly that although Marx at that time considered himself a follower of Feuerbach, he had reservations of a critical nature. He did not differ in the matter of acknowledging the value of man, but on how to view man's essential nature.

Both Marx and Feuerbach place man in the highest position and do not recognize any essence higher and above man. But Feuerbach opposes illusory superhuman forces only in the ideological field, while Marx goes one step further and opposes all social relations that degrade man to an inhuman level. The reason for Marx arriving at this revolutionary conclusion is his firm grasp of real man, social man. In his "Foreword" he says that "man is not at all an abstract being perching somewhere outside the world; man, that is man's world, is state and society." Later, in his "An Outline of Feuerbach" (1845) he says: "Man's essence is not the abstract matter of an individual. In his real nature, man is the summary of all social relations," he is a unison. Both these two formulations do not negate that "man is man's highest essence," they merely oppose regarding man's essential nature in an abstract way. Marx transformed Feuerbach's abstract man into a real man, the man of society, but that does not at all mean a depreciation of man's status and value.

The doctrine of abstract man and preaching of love are the essential shortcomings of Feuerbach's humanism, but these shortcomings do not affect at all the fundamental principle of humanism. It is the same with the intuitive perception and unhistoricity that are the shortcomings of Feuerbach's materialism; these shortcomings leave quite unaffected the fundamental principles of materialism.

In his "Economic-Philosophical Manuscripts of 1844," Marx further developed ideas from his "Criticism of Hegel's Philosophy of Law, Introduction" and, furthermore, analyzed the alienation of labor. Marx pointed out: Productive life is the life of species, and the characteristic of the human specie is the freedom of its activities, its consciousness; that is where man differs from beast. However, alienated labor under the system of private ownership is forced labor, labor that does not belong to oneself, merely done to sustain one's physical existence. This, therefore, degrades man to the level of beast. "The more value the worker produces, the lower will sink his own value, and the more likely he will lose all value." "The more commodities the worker produces, the more he himself becomes a cheap commodity." Marx reproaches the capitalists for "despising man," and criticizes the political-economic doctrines of the bourgeoisie as "not considering workers as man," but to regard them merely as working animals, of considering them merely as cattle in need of only the minimum to maintain their physical existence." Marx also criticized the viewpoint of reformism. He saw the problem not in raising wages, "to give the slaves a better remuneration," but rather to have the workers "win the status and value of man."

Marx also pointed out that in the capitalist society "an inhuman force rules everything," and this "also applies to the capitalists." The capitalists live a dissipated life as if intoxicated or dreaming, i.e. they regard "man—thereby including themselves—as without any value at all, being merely a victim ready to be sacrificed," even though "they have not yet themselves come to realize that riches are a completely alienated force which occupies a position above them."

From Early Marx to Late Marx

Of course, the "Critique of Hegel's Philosophy of Law, Introduction" as well as the "Economic-Philosophical Manuscripts of 1844" are works written by Marx in his younger years. Did Marx later discard all the humanist ideas that these early works contained?

As to the viewpoint of "man's emancipation" or "emancipation of all humanity," Engels wrote in his "Anti-Dühring" (A book that Marx had read and fully approved of) in criticism of utopian socialism: "They do not come forward as representatives of the interests of the proletariat which in the meantime history has brought into being. Like the philosophers of the Enlightenment they aim at the emancipation not of a definite class but of all humanity." In 1892, in a preface to his

earlier "Condition of the English Working Class," he also said, that the point emphasized in the said book is that "communism is not merely a dictatorship of the working class, but a theory which has as its final objective the emancipation of the entire society, including the capitalists, from the confining limitations of current conditions. This is correct in an abstract sense, but in actual practice it is even more harmful than being completely useless. As long as the propertied classes feel no need for liberation, and even oppose with all their might the self-liberation of the working class, the working class will be compelled to initiate and execute the social revolution all by itself."

These two phrases are often quoted by opponents. But what is it that Engels wanted to express? He criticized posing oneself as a supra-class, "wanting to immediately emancipate all humanity." What he affirms is to "first of all emancipate a certain class," which means for the working class to "singly prepare and execute the social revolution." Is it then that the working class, after liberating itself single-handedly, still wants to liberate all humanity?

From whatever Engels said, it is not possible at all to deduce logically a negative answer to this question. Emancipation of humanity is the "ultimate objective," but as to who is to achieve that objective, is all mankind to be liberated immediately or is the working class to be liberated first, that is a question of impetus and pace of the revolution. Engels did not at all negate the final objective; he suggested to "first of all emancipate a certain class," which seems to mean to "thereafter emancipate all humanity."

We must not quote Engels in a way that is divorced from reality. In China, it was not the working class alone which single-handedly carried out the socialist revolution. In the united front, led by the working class, there was not only the peasantry and the petty bourgeoisie of the cities, but also the national bourgeoisie. The national bourgeoisie subjected itself to socialist reform, and as a result dissolved itself as a class and transformed all of its members into workers who support themselves by their own labor. In this way, what Engels in his days said to be a doctrine "correct in an abstract way" was actually realized as truth, at least partially, in the practice of the Chinese revolution. Even in the case of the members of the reactionary class, the party followed a policy of "showing them a way out," allowing them to reform themselves in labor and renew themselves as human beings, as long as they would no more maintain their hostility toward the people. Mao Zedong once paraphrased Marx' words: "The proletariat intends not to liberate only itself, but all humanity. If it cannot liberate all humanity, it will finally be unable to achieve its own liberation." Unfortunately, the "great cultural revolution" did not move along this line, but was "brutal struggle" and "knocking about villains" (more importantly, it took comrades for enemies and enemies for

comrades). At the present time, when great efforts are made at communist education, how could we forsake the great ideal and breadth of vision of communism?

Our opponents also often quote the following phrase from Lenin's utterances: "The doctrine of socialism is about to abandon discussion of the social conditions suited to mankind's nature, but is materialistically analyzing modern social relations and to explain the temporal inevitability of the present exploitative system."³

Lenin was completely correct. Socialists of the past used to limit themselves to merely denouncing the immoral and irrational nature of capitalism, and propagated that the system of socialist ideals was suited to "the nature of man." This did not point out a true solution. That is why this socialism could only remain a utopian socialism. Marx, however, used historical materialism as guidance and made it clear that the growth and transformation of the capitalist system is an inevitability of the socialist system. He also pointed out that it is the historical task of the proletariat to achieve this transformation. In this way he turned utopian socialism into a science.

However, "abandoning the discussion of social conditions suited to the nature of mankind" does not mean abandoning the value of man; there are also no contradictions between historical materialism and the fundamental principles of humanism.

To explain history by means of man's nature, or by means of economic development and class struggle, that is a dispute between historical idealism and historical materialism, but does not touch at all on the question of the value of man. However, many humanists profess historical idealism, but Marx criticized their idealism and criticized their bourgeois and petty bourgeois humanism, but never negates the fundamental principles of humanism.

That socialism will replace capitalism is of course an objective historical law that cannot be changed by the will of man, but the working class is not like a cold stone unconcernedly allowing the objective law to run its course. It is precisely as Engels expressed it: "Action performed in the field of social history..."⁴ The force that sets the working class in motion to arise must be an intellectual process ending in will, ideal, and enthusiasm. The law of social development is identical with the interests and aspirations of the working class, also identical with the freedom and happiness of all mankind. There is here a unison of scientific theory and the concept of value, and humanism acquires a foundation in historical materialism. Marx once criticized the mechanical materialism of Hobbes as "hostile to man," because he relegated all human desires to mechanical movement (see "The Holy Family"). The materialism of Marxism is not hostile to man, therefore it does not reject humanism.

Please look at Marx' mature work, the "Communist Manifesto." In this work he criticizes "transforming the dignity of man into exchange value," and "leaving no other bond between human beings besides naked interest, besides unfeeling 'cash transactions.'" "In the bourgeois society, capital possesses independence and individuality, but the individual operator has neither independence nor individuality." The worker is "only a work tool." Marx and Engels pointed out: The communist society "will be that kind of a union where the free development of every individual will be the condition for the free development of all men."

Also look at "Capital," a representative work of the older Marx. In this work Marx at great length indignantly exposed the cruel ways in which capitalism exploits the workers physically and mentally, and how large-scale machine industry turns the worker into an appendage of machines, and also exposed the pitiful fate of women and child workers, etc. He further developed the idea of "alienation of labor" and put forward the doctrine of surplus value. He revealed that "commodity fetishism" and the power of the material rules man in the capitalist society. On the question of man's nature, Marx clearly said: We must first of all study the general nature of man, and then study the changes in man's nature that occurred in every era of history." He believed that in the communist society, workers will live their material lives "under conditions most adequate to their human nature and most worthy of it," and based on this realm of necessity "will begin that development of human power, which is its own end, the true realm of freedom." The communist society is "a social form in which the complete and free development of every individual is the fundamental principle."

Whatever we have quoted are not merely picked out phrases from the above two works, but constitute the important and fundamental ideas in these works. They enable us to see clearly that Marx from beginning to end has always combined the proletarian revolution and communism with the questions of the value of man, man's dignity, man's emancipation, and man's freedom. This is the most thoroughgoing humanism. There is here no difference at all between "Marx' humanism" of his earlier years and the "non-humanist Marx" of his later years, as some Western students of Marxism have said.

Socialism Must Have Humanism

In the "Introduction" of 1844, Marx called his own communist ideas "practical humanism," "active humanism," and "accomplished humanism." Up to the time of his "The Holy Family," Marx called himself a "true humanist." By 1845, Marx gave up this designation. At that time, he was just having his polemics with the young Hegelians who followed Feuerbach under the banner of "humanism." He realized, that communism must express class struggle theory, while those "true socialists" made it out to be an expression of the abstract nature of man, or of the principle of love. He deeply felt that a

clear line of distinction must be drawn between the new materialist view of history and those ideas. In his "The German Ideology" he said that he used "some commonly used philosophical terms, such as 'the nature of man,' 'species,' etc. which gave German theorists a chance to inaccurately explain the ideological course of truth and to say that everything here is nothing but refurbishing old clothes." It is probably for the same reason that he did not use the word "humanism" anymore.

In this question, it is my opinion that we must look at the substance rather than at names.

In his "Feuerbach and the End of Classical German Philosophy," Engels pointed out, speaking of Feuerbach, that his views are "purely materialistic," but Feuerbach himself did not want to acknowledge that. Why? Because what prevailed at that time was the materialism peddled by such men as Buechner, Vogt, and Moleschott. They had inherited the mechanical materialism of the 18th century and had vulgarized it, which gave materialism a bad name. Engels commented: "Feuerbach was unquestionably right when he refused to take responsibility for this materialism; only he should not have confounded the doctrine of these hedge-preachers with materialism in general." Feuerbach's mistake consisted in "lumping together the materialism that is a general world outlook resting upon a definite conception of the relation between matter and mind, and the special form in which this world outlook was expressed at a definite stage of historical development, namely in the 18th century." Engels explained that the word "materialism" merely denotes those schools of thought which "regard the natural world as the source of everything" and that it has no other meaning besides that.

We can now also say that the word "humanism" is nothing else than the name for various ideological systems and ideological trends built on the basis of this one principle of emphasizing the value of man. We must not lump general humanism together with its special forms acquired in special historical phases. Under the conditions of his time, we can understand why Marx did not use the word "humanism," but today we need not be so formal about it. We must not describe Marxism as a whole as humanism, but Marxism comprises humanism. In the same way as we propound no other materialism than Marxist materialism, the humanism that we propound is no other humanism than Marxist humanism (or socialist humanism, revolutionary humanism, etc.). The term "humanism" indicates its inheritance from historical humanism, but the adjective "Marxist" (or socialist, revolutionary, etc.) indicates its difference from all other kinds of humanism.

Today, at the time of socialist modernization, we are in need of socialist humanism. What is the significance for us of this humanism?

It signifies resolute rejection of the "overall dictatorship" and cruel struggle of the 10 years of turmoil; it rejects deification of any individual or the cult of personality which degrades the people; it signifies firm upholding of the principle of equality of all men before truth and the law, and the inviolability of a citizen's personal freedom and personal dignity.

It signifies opposition to the feudal concept of ranks and privileges, opposition to capitalist money worship, opposition to regarding man as a commodity or pure tool; it demands that man be truly regarded as a human being, and to measure the value of a man by what he actually is and not by his origin, position, or wealth.

It signifies that man is the objective, and that the objective is not merely socialist production; and that man is the objective in all work; that we are determined to build up and develop a new type of social relationship of mutual respect, mutual concern, mutual assistance, and friendly cooperation as a reflection of socialist spiritual civilization; that we oppose bureaucratism which ignores man and extreme individualism which strives for personal gain at the expense of others.

It signifies that we attach importance to the human element in socialist construction, that we promote the spirit of the people of being masters of all affairs and their creativity; that we attach importance to education, to the nurturing of talents, and the full development of man...

Does this kind of socialist humanism not already exist in our practice? And is it not continuously developing? Why treat it as a strange and alien matter?

There is a strange image fluttering about throughout the vast expanse of China...

"Who are you?"

"I am man."

Footnotes

1. "Conditions in England" in "Collected Works of Marx and Engels" Chinese edition Vol 1, p 651.
2. "Critique of Hegel's Philosophy of Law" in "Selected Works of Marx and Engels" Vol 1, p 9.
3. "What the 'Friends of the People' Are" in "Collected Works of Lenin" Vol 1, p 165.
4. "Ludwig Feuerbach and the End of Classical German Philosophy" in "Selected Works of Marx and Engels" Vol 4, p 243.

Goals for Press Reform in Initial Stage of Socialism

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[Article by Ma Da 7456 6671, editor-in-chief, Shanghai WEN HUI BAO and deputy chair, Joint Committee of the Chinese Press Society: "Some Macroscopic Thoughts Needed for Press Reform"]

[Text] There are two basic premises in studying journalism in the initial stage of socialism in China. One, it is socialist, i.e., it is led by the communist party and represents the interests and will of the masses of the people and this determines the socialist nature of China's press. Two, since the level of China's productive forces is not high, and the conditions are lacking for establishing a highly democratic political economy and culture, and the socialist political and economic systems are still immature and imperfect, therefore the socialist press is still in the process of development and socialist journalism is also still in the process of being created. Recognizing these two premises, one can neither discuss press reform apart from socialist principles, nor can one demand that press reform be completed quickly apart from the current political and economic conditions. Press reform will be a long and gradual process.

Press reform as a reform and establishment of the press in the initial stage of China's socialism is a systems project which must have goals and structure. Any reform is both denial of the evils of the old system and the old concepts as well as establishment of a new system and new concepts should be adapted to the demands of developing society's productive forces. To be sure, press reform is something which accumulates and develops constantly in improving journalism, but press reform also cannot be equated with daily improving press work. It is impossible to speak of reform without goals and structure and it is also difficult to carry out thoroughgoing and prolonged reform.

Since the 3rd Plenary Session of the 11th Party Central Committee, China's press reform has been highly effective and is spurring on the development of the press with every passing day. Many specific accomplishments could be cited, but generally speaking, there are two which are most outstanding: 1) in journalism, summarizing the lessons of historical experience in politics, ideology, and theory, bringing order out of chaos, reestablishing the Marxist ideological line of seeking truth from facts, and denying such out-of-date viewpoints as the class struggle, beginning to engage in press work in terms of the laws of press work has greatly advanced press work. It has spurred the liberation of people's ideology, updating of concepts and made the press begin to have vitality and vigor. 2) Through reform, exploration, experimentation, and creation in the news media and all aspects of the press, much new and specific practice and experience has been accumulated. It is a period which is the most dynamic, has the greatest abundance of accumulated

experience and more results since the founding of the PRC. However, it should also be noted that comparing our press reform with the demands of the reform and opening of China's economy and with the demands of the masses of the people, there are also some obvious inadequacies. This is mainly that in press theory there has been no breakthrough developments, overall direction and planning of press reform is very poor, and thus it has lagged behind developments in the situation, and also is not beneficial for further intensification in press reform.

Could we think for a minute, what lessons could reform of the economic system provide for our press reform? There is a link between reform of the economic system and press reform: the superstructure should serve the economic base, though of course, press reform is not the same as reform of the economic system, but there are also some common elements in the progress and ideological direction of reform. I think that there are three experiences in what made it possible for the reform of the economic system to continuously develop in depth, which are worth absorbing. The first is major breakthroughs in theory. Some of the Comrade Sun Yefang's statements of the fifties on economic thinking gradually became clear after 1978, especially the basic theory of socialist planned commodity economy which was elucidated in the decision of the 3rd Plenary Session of the 11th Party Central Committee's on reform of the economic system and important viewpoints on the appropriate separation of property rights and managerial rights, were important guiding thought for reform of the economic system. These important theoretical breakthroughs which came from practice and which conformed to objective reality were both ideological precursors of reform as well as theoretical guides for promoting reform, and opened a broad, ever advancing path for reform practice; Second, the goals and structure of the reform of the economic system had a development strategy. The decision of the Central Committee on reform of the economic system and the six principles of reform of the economic system of the report of the 13th Party Congress had scientific summaries, clear plans, and overall direction. The report of the 13th Party Congress also had near-term and long-term goals and overall plans for reform of the economic system. This is indispensable for a systematic project. Third, reform of the economic system had a mission, steps and coordinated measures. Thus, our press reform cannot stop at slogans, nor can it only discuss the specific and not the general, but should have theoretical direction and scientific plans. This is definitely not to say that we should wait until after there are major breakthroughs in theory or until a complete set of plans comes from upper echelons before we get into press reform, but means that in the practice of press reform, we should explore and consider these questions, should pool everyone's wisdom and experience, and gradually seek out a path of press reform. With the statements of theory of the initial stage of socialism, the determination of the party's basic line, the development of the reform and opening situation,

and the abundant practice in press reform in recent years we today have the conditions to make some macroscopic considerations, which will help us in microscopic and specific practice to make ideological knowledge more orderly and make specific practice and experience better rise to rational knowledge.

We also could consider making the necessary summary of press reform in the past few years. Since the Third Plenary Session press reform has developed very quickly, there have been great results though the process hasn't been without rises and falls and twists and turns. There were two ups and downs: one was anti-spiritual pollution and one was anti-bourgeois liberalization. Press reform cannot go on independently, it goes on in a certain social environment and internal and external conditions spur each other on and influence each other. I think that: 1) the aim of press reform is to develop and promote the socialist news, spur on reform, opening and modernization, and at all times should uphold the direction and principles of socialism, cannot engage in spiritual pollution and cannot engage in bourgeois liberalization, of this there is no question. In the past few years, the press has operated in accordance with this direction and demand. Some comrades say that press reform in the past few years has suffered severe interference by the ideological tide of liberalization, but there is no factual evidence for this statement nor does it conform to the actual situation in press reform practice. 2) Upholding socialist direction and principles is primarily overcoming "left" ideological trends as well as paying attention to preventing ideological trends of liberalization. However, while overcoming mistaken ideological trends, we should conduct a detailed analysis and be very cautious so as not to influence and interfere with press reform. We should distinguish three situations: 1) there is a viewpoint which in terms of theory and practice is correct, but since it uses out-of-date, rigid, and dogmatic conventions, it treats the correct as incorrect; 2) the basics of some viewpoints are correct, but it is expressed inaccurately or overstated, or is onesided and absolutist and through reasoning and democratic discussion this can uphold the truth and correct the errors; 3) there are some viewpoints which are exploratory, have some data but still have not been fully verified by practice and we should welcome their presentation, carry on discussion, let them be tested by practice and time and should not beat them to death with uniformity, allowing only this to be said and not that, so we don't obstruct ways of thinking. Summarizing these two ups and downs is very advantageous. Theoretical research itself is exploration, not to liberate thinking and not to let various opinions be expressed is not favorable for exploration and research. In particular, it is even more necessary as our press reform is tending to go deeper and when journalistic theoretical research is very weak.

Press reform is still in the process of practice so how do we get it to go deeper? I think that under the guidance of the spirit of the 13th Party Congress, we should start with the three aspects: current news practice, journalistic

theory, and the goal and structure of press reform. In view of space limitations, here I would like to emphasize the two former aspects and present my own views.

1. Considerations on Journalistic Theory

Press reform is a component part of reform of the cultural system as well as a component part of the reform of the political system.

The report of the 13th Party Congress stated that the aim of reform of the political system is, under the leadership of the party and under the socialist system, to better develop social productive forces and fully develop the superiority of socialism. The report of the 13th Party Congress also stated that the nature and heart of building socialist democratic politics is that the people are the masters, truly enjoy various democratic rights, and have the authority to manage the country and undertakings and enterprises. This is the general aim of press reform. The report of the 13th Party Congress did not refer to press reform per se, but clearly stated the mission and demands of press reform and this is the first time this has appeared in documents of a number of party congresses. We should conscientiously study the report of the 13th Party Congress and take the spirit of the 13th Party Congress as the overall guiding ideology of press reform.

What important guiding ideology and principles for press reform did the report of the 13th Party Congress state?

The report of the 13th Party Congress stated "the people should be informed about important situations and discuss important issues." This is a basic demand of socialist politics and is a basic guiding principle which should be implemented in press reform. The people should be informed about important situations and discuss important issues means that the people understand national affairs and participate in managing national affairs. The news media serves as the medium for mass dissemination and should be a bridge between the party and government and the people so that the masses of the people understand and can participate. This is a basic demand of socialist democracy and a basic feature of the socialist press.

Under this overall guiding principle, the report of the 13th Party Congress gives a further scientific explanation from the three aspects:

1. Increase the degree of openness of leadership organization activity. "Only by being based on listening to the views of the masses can the work of leadership organizations at all levels be geared to the actual situation and avoid errors. Only if the masses are informed can the activity and impending problems of leadership organizations be understood by the masses." In terms of the news media, it should ask of upper echelons and relay to lower echelons. It should propagate and explain the

party's line, principles and policies and why they conform to the actual situation and why they manifest the interests and wishes of the masses of the people; the masses should be informed that the activity of the leadership organizations is to serve the people; the masses should understand what the impending difficulties and issues are and the efforts made by the party and government, this is the mouthpiece function of the news media we often refer to.

2. Reflect the demands and voice of the masses. "The demands and voice of the masses must have a channel over which to be reflected constantly and without obstruction, there must be a place for suggestions to be made and for grievances to be voiced." In terms of the news media, they should request from above and relay to below so that the news media can constantly and unobstructedly reflect the views, suggestions, and criticisms of the masses and be the voice of the masses. The news media is one of the broadest channels of contact with the masses and is one of the main channels for social consultation and dialogue. This is the eyes-and-ears function of the news media we often refer to.

3. Correctly handle and coordinate various different social interests and contradictions. "Between this group of the masses and that group of the masses, specific interests and specific views are not only different, but opportunities and channels for mutual linking are also required." In terms of the news media, this means conducting education and coordination through public opinion. Applying the power of social opinion, allowing various views to be published and through democratic discussion, open debate, carry out self education and mutual education so that the interests of different social groups and the contradictions among the people will be opened up, ameliorated and correctly handled to gradually increase and unify people's knowledge. The "double hundred" principle both promotes the principle of the development of technology and the flourishing of scholarship and is also the correct method for resolving contradictions among the people.

The above three aspects discussed in the report of the 13th Party Congress were presented to establish a system of social consultation and dialogue and I think that this is both a demand for establishing socialist politics as well as a demand for the press to serve the establishment of democratic politics and carrying out press reform. The guiding ideology and basic spirit presented in the report of the 13th Party Congress can and should be applied to press reform. Naturally, in terms of the reform of the press, there are also some not entirely identical demands and ideas. For example, informing the people about the general situation is not only about the activity of leadership organizations, but also should include general situations in all areas of social life; relaying the circumstances at upper levels to the lower levels also not only that the activity of leadership organizations should be relayed to lower levels, but also should include propaganda and explanations of the party and government

principles and policies; coordinating contradictions among the people and serving as a means of public opinion can only carry out education and guidance in terms of ideology and public opinion, etc.

The report of the 13th Party Congress also directed a section especially to the news media, explaining "The function of monitoring public opinion, shortcomings and errors in supporting mass criticism work, opposing bureaucracy and struggling with various incorrect work styles." Monitoring public opinion is an important function of the news media and is one important form of democratic and public monitoring. It is very important that the report of the 13th Party Congress clearly pointed this out. Launching criticism now is very difficult, there is a great deal of resistance, and clearly stating this has even more important significance. There are two problems in actual work: one is the problem of whether the news media are able to monitor, this requires that our news personnel rely on the spirit of the 13th Party Congress, uphold principle, smash resistance and serve reform, opening, and modernization better; one is the problem of how to monitor. Although public opinion monitoring is democratic monitoring that goes from the bottom up, it has its specific characteristics, i.e., it is carried out on behalf of the broad masses of the people applying the force of social opinion, it is not compulsory, and news personnel are not law enforcement officials, nor do they have administrative authority. It mainly reflects public opinion, expressing the wishes of the people, its content is rather broad, including suggestions, commentary, criticism, etc., so that the correct views will be supported and so that erroneous trends will find no place. Now we have both the problem of not daring to criticize as well as the situation that for some criticism one blow sets the tone and a conclusion is reached almost immediately but is not good at using the force of public opinion, having the masses themselves discriminate right and wrong and support the correct and get rid of the unhealthy in reporting the facts and stimulating discussion.

In line with the spirit of the 13th Party Congress, integrating our research of the past few years on journalistic theory and the situation in press reform practice, it is necessary to continue discussion of the nature and functions of the news media. This is a central problem in press reform. In this problem if knowledge is not unified, without a scientific outline clearly drawn from summarizing the lessons of historical experience and news practice it is difficult for press reform to deepen. In this problem, press understanding is also not unified, although responsible comrades of the party central committee have issued directives, it is still necessary to continue to carry on explorations in terms of theory.

I think that the nature of the press and the news media should be clearly stipulated as: a mechanism of social opinion and medium of mass dissemination under the leadership of the party.

Does saying it is a mechanism of social opinion mean that the press is no different from the social system? No. I think that the press includes newspapers, broadcasting, television, etc. Its fundamental nature is none other than transmitting, expressing and guiding social opinion. All its activity is oriented towards society, collecting, selecting and broadcasting public opinion; its work method and activity method are also oriented towards society and the masses and are favorable for public opinion dissemination. There should not and cannot be differences in this point with other social systems. However, the social opinion mechanism of socialism, in terms of the content disseminated, the value derived from the information disseminated and the goal of dissemination are also different. This is because the social opinion mechanism and the goal of dissemination of socialist countries is to serve the masses of the people, the content disseminated is suited to and promotes the improvement of the socialist system and the advancement of socialist civilization, it is the social opinion which appears in a socialist society which has already established a socialist system, a social opinion mechanism for the superstructure of socialist society, and operates under the leadership of the communist party. Thus we should see the difference between the two, but cannot write off the commonality of the objective existence of the two.

To say that the nature of the news media is as a medium for mass dissemination, is this only copying something? No. I think that since a socialist system has been established in China, the so-called masses can eliminate the shackles of private ownership, truly represent and express the interests and will of the masses of the people. The so-called medium of dissemination is not entirely the notion of western communications, but is a mechanism of social opinion using the news media to disseminate information, ideology and culture. This nature is fundamental, and is the provision which differentiates the nature of other propaganda media. Whether as the mouthpiece or the eyes and ears, it proceeds from this fundamental nature. If a complete scientific generalization were made of the nature of the press and the news media to form a stable fundamental generalization, it would greatly help the smooth progress of press reform, like the two fundamental generalizations running through the report of the 13th Party Congress on developing a socialist planned commodity economy and establishing socialist democratic politics to plan reform and the overall construction situation.

If the nature is clarified, the functions also will be made clear. Saying that newspapers are the mouthpiece of the party and government, the mouthpiece of the people, the eyes and ears of the party and people, etc., comes from the specific nature of the press and news media. Saying that it is the mouthpiece, party and government documents, conferences, party publications, and internal communiques also can play this role; saying that it is the eyes and ears, then survey and research organizations, information and consultation organizations also can play this role. But to say that it is the mouthpiece and the

eyes and ears, etc., refers to the functions and cannot express the fundamental property inherent in it. Proceeding from this understanding, the functions of the press and news media, in terms of its fundamental primary aspects, is the function of mouthpiece (relaying information from upper levels to lower levels), the function of eyes and ears (relaying information from lower levels to upper levels), and the function of education and discussion (mutual linking) expresses the features of disseminating public opinion. Of course, there are also other functions, such as the function of pleasure, the function of disseminating knowledge, etc. All these functions have their differences in terms of different forms of newspapers, such as party newspapers, specialized newspapers, and non-governmental newspapers. Our explorations can first resolve the issues of basic theory and then resolve them separately.

Summarizing the above, we will attempt a rough generalization. Under the leadership of the party, the press and news media are the mechanism and mass dissemination medium of socialist social opinion and through playing their primary functions of mouthpiece, eyes and ears and discussion and as the monitor of social opinion, they constantly attract and guide the masses, carry out self education and mutual education to promote the development of the socialist commodity economy and the construction of a socialist democratic politics and to serve socialist modernization.

2. Considerations of the Target and Structure of Press Reform

Proceeding from the above described nature and functions, and considering it in combination with the historical experience and present state of China's press, I think that the target and structure of press reform are:

1. In the leadership system of the press, we should change from the primarily overcentralized, administrative leadership mode (which is frequently the will of the senior officer who is only responsible to his superiors) and comparatively rigid system to a system of a mechanism of social opinion which favors realization of the party's political leadership, which carries out activity and management in line with the constitution and the laws, is oriented toward society, and is oriented towards the masses;
2. In system of press structure, we should change from a single (great numbers of organizational newspapers, single channels of information, etc.), closed (small dissemination scope, few horizontal links) structure to a structure which is suited to the needs of reform and opening, and the needs of the broad masses, has different levels and different forms and is open;
3. In the internal system of the press, we should change from a system which is out-of-step with society and is organization-bound and lacking vitality to a system

which uses modes of social activity, is managed like an enterprise, is favorable to competition for creating talent, and has abundant vitality.

The three above aspects are an important and fundamental part of reform of the press system. Other aspects of the press which should be reformed are numerous, such as updating the concept of news, reform of the news profession, etc., should be favorable to and promote this reform. Defining the targets and structure of press reform will be favorable for considering reform from the

macroscopic and overall view, carrying out planning and spurring reform of all areas. Of course these targets and structures are only one idea, and realizing them should be determined by all internal and external elements and conditions, it will be very difficult and will be a long and gradual process. However making the exploration and having a unified understanding undoubtedly will be beneficial to promoting press reform.

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NATIONAL AFFAIRS, POLICY

Developing Export-Oriented Economies in Underdeveloped Coastal Areas

40050375 Beijing LILUN YUEKAN [THEORY MONTHLY] in Chinese No 5, 25 May 88 pp 30-34

[Article by Qiu Zhirong 6726 3112 2837, Dongtai City Party Committee: "Reflections on Several Relationships in Export-oriented Shifts of Coastal Underdeveloped Economies"]

[Text] How can the cities and counties of underdeveloped northern Jiangsu catch up with the large scale export-oriented shift of the coastal economies? People feel that, as in the transition from a natural economy to a commodity-oriented economy, the shift from a domestic-oriented economy to an export-oriented economy presents severe challenges and that we will experience "labor pains." We must ponder over this deeply. Currently we have the opportunity to make choices, yet we also face the problem of ideas interfering with policies. What we need most is to rapidly update our ideas and find a way out of the problems. Here we will attempt a preliminary exploration of how to handle correctly several relationships in the shift to an export-oriented economy.

1. In Analyzing the Two Advantages, We See the Real Need To Exploit the Advantage of Agricultural Resources in the Shift of the Economy, But Exploiting the Advantage of Labor Resources Will Yield Even Greater Results

In moving from the domestic market to the international market, jumping from participating in domestic competition to participating in international exchange and international competition, we should select the correct import-export strategy and exploit local economic advantages. Abundant agricultural resources and rural labor resources are the two main resource advantages of the coastal plain of northern Jiangsu. In the past we viewed this mostly as an agricultural resource advantage. However, this agricultural resource advantage has not gained us much advantage in competition in the domestic commodity economy. On the contrary, in the past few years the gap with southern Jiangsu has only become greater. This same situation is also apparent in foreign trade and since we rely primarily on agricultural sideline products to support us, this means that foreign trade growth cannot be accelerated. From this it can be seen that a foreign trade product mix that relies heavily on agricultural resources has become a hidden obstacle that hinders the shift of the economy to an export orientation. This is one aspect of the problem. Another aspect is that with the completion of the first stage of rural reform and the intensification of the second stage, surplus agricultural labor has increased year by year: the figure for Dongtai City alone at the end of last year was nearly

200,000 persons. This labor force is settled in the rural areas, as a result, the domestic advantage is becoming a disadvantage and the export-oriented advantage is rendered ineffective.

Reality demands that we consider this: Why is our advantage of abundant agricultural resources quietly becoming a relative weakness in the competition in a commodity economy? Can our large labor resources only go to South China to carry dirt and not be shifted to swim in the great sea of an export-oriented economy? The answer is not necessarily so complex and profound. The economies of advanced regions which arose from competition tell us that the old idea of natural economies cannot answer the new question of export-oriented economies and the speed of an area's economic development is not determined by the amount of agricultural resources (including natural resources) but by the full utilization of a preponderance of labor resources. To catch up with regions which have shifted their economy and developed an export orientation and to catch up with the adjusted industrial mix of developed regions, we must thus take the following steps:

First, We Must Overcome the Psychological Obstacles Produced by Regional Conditions and Courageously Shift Rural Labor Directly Onto the Tracks of the Great International Circle. The statement of the problem of the shift of labor is an objective reflection of the development of a rural commodity economy. Some developed and semi-developed countries and regions adjust the industrial mix, primarily to permit some labor intensive industry. We should capture this front, and the quality of our labor force here is not necessarily inferior to other coastal rural areas. Like Chinese who go abroad know that they are no less intelligent than the foreigners, the labor force of the underdeveloped areas are not unable to make great accomplishments in developing labor intensive industries. Let alone that our labor expenses are not only much lower than in the international market and are much cheaper than in the two deltas, so there is no reason to regard breaking into the world as a dangerous undertaking. In fact, the labor intensive industries of our city now are not only growing, but the trend to move into the international market is very good. The difference is in whether it is a subsidiary entry or a real entry, whether it is scattered or integrated, whether it is partial or overall. In the past some of our enterprises engaged in processing imported materials, and wanted to have a monopoly on the goods, some townships and towns engaged in local blockades of goods manufactured using imported samples, some hot selling goods were limited by raw materials, and in addition the foreign trade system did not run smoothly and there was no way to create a good climate. Both the positive and negative aspects prove that the key is in creating a good economic environment for the shift of the labor force and only thus can more surplus labor be drawn to labor-intensive products, capture the international market, and capitalize on our competitive advantages.

Second, We Should Be Good at Relying on "Multiplying Advantages" and Form a Unique Regional Export-oriented Economic Structure. To say that our labor resources are our greatest advantage for us to blend into the international economic circle is unquestioned; but if we say that all cities and counties under any temporal or spatial conditions having the advantage in labor resources can rapidly create a new export-oriented situation, then that is not realistic and it is very easy to go from one perplexity to another. According to the resource viewpoint of Marxism, social resources and natural resources are two indispensable material elements for the existence and growth of human society, and the combination of the two resources forms real productive forces. Using these two viewpoints to guide and study strategy of the shift of the economies of our underdeveloped regions to an export orientation we can obtain a formula for multiplying advantages: "agricultural resources + labor resources." It should be admitted that in terms of favorable conditions, the northern Jiangsu region is not as well-off as the Zhujiang Delta region which is near to the world trading center of Hong Kong. The Zhujiang Delta carried out the three forms of import processing and compensation trade and for a time had a great deal of trouble. In our effort to develop an economy in which we import raw materials from abroad and export products made from these materials, we must go through a painful process of change, but this process cannot be an unhurried "smooth transition" nor can it rely on sacrificing agriculture to seek a miraculous leap, but must adopt active transitional measures, i.e., the "multiplying advantages" strategy.

Dongtai, for example, currently produces annually 600,000 dan of ginned cotton, 140,000 dan of silkworm cocoons, 500,000 dan of offshore aquatic products, raises 700,000 hogs, 900,000 goats, 15,000,000 poultry. Exports in the past were mostly raw materials or semi-processed goods, now if they would make one package of universal initial processing, extended in-depth processing and high tech precision processing to form a "trade-industry-agriculture" system, processed goods exports could rapidly double or even triple or more. If we say that the three forms of import processing, and compensation trade is the way to quick success and instant profit in the shift of the economy to an export orientation, then "multiplying advantages" does not deviate from the plan of the expedient shift in battle while changing. With the support of the departments concerned, Fuan township of our city broke through the restrictions of the foreign trade system and established a silk company combining raising silkworms, reeling silk, weaving, and making clothing and implementing an "integrated system" of production management changing the past tradition of exporting purely raw filature increasing peasant income, shifting a large group of the labor force and improving the level of export-created foreign exchange. This successful experiment shows that in local areas where "agricultural resources are dominant" industries are primary, by relying on multiplying advantages can rapidly form a foreign trade economy structure which has their own

unique features and become a springboard for large scale development of the three forms of import processing and compensation trade. As the great progress of the lateral linkage between us and the scientific research units and the institutions of higher learning grows, the next target will be the second multiplying advantages level of "labor force + new technology" combining labor intensive industries and technology intensive industries. With the support of the first "multiplying advantages" and the goal of the second "multiplying advantages," this can be a road to the stage of international competition for an underdeveloped region.

2. Compare the Two Actualities, See That Carrying out the Shift of the Economy to an Export Orientation Definitely Should Start With the Actual Situation of the Locality, But Only by Clearly Understanding the Actual Situation of the International Market Can We Take Our Opponent By Surprise

It must be admitted that the gap between the level of production of most cities and counties of northern Jiangsu and level of the developed coastal areas is very large and they are not on the same starting line for developing export-oriented economies. In this sense, admitting the reality of our relative backwardness and that the shift of the economy toward an export orientation will not be accomplished in one step but will take place in stages is correct. However, this is not where the problem lies, but in that some places in the north and south which used to have conditions similar to ours, in recent years have rapidly come up in the world from their earlier somnolent state and have made some attention-getting achievements. "Proceeding from actual circumstances" of the same starting point it is easiest to recognize the level of quality as manifested in different results. This comparison will prove this: what the local area needs in order to proceed from actual circumstances is to rouse themselves with a sense of pressure, a sense of urgency, and definitely not to try to find subterfuges for self-isolation and self-consolation. What we get by looking at the reality of the backward situation in terms of the concepts of reform, relaxation and development is to be awakened with alarm; looking at the backward situation in terms of narrow regional concepts and the inertial thinking of the small producer can only land us in trouble. As for we ourselves, we have already paid enough dues for bungling the chance of winning the battle several times and now we should combine the local reality with the reality in the international market and bring a fundamental change to our method of thinking.

1. We Should Have a Clear "Common Production Outlook"

Where is the crux of the difficulty in shifting an underdeveloped regional economy towards an export orientation? In the final analysis it may not be that the fundamental conditions are poor, but that the confinement and the isolation of the economy is too great. This awareness comes from comparisons of many aspects. We

know that the world economy is an economy which is open in all directions, and although the national situation of each country is different, the path towards an export-orientation is the common choice. We must also take this path as the shift of some local areas with poor economic foundation has been relatively successful. Most recently we studied and observed Zhucheng City and Mouping County in Shandong. Their gross industrial and agricultural output value now is not as high as Dongtai's, but their shift to an export orientation is faster than ours. The foreign trade export volume of Ninghai township in Mouping has already reached more than 50 million yuan and through compensatory foreign trade, Xinbianli village in this township has started to operate a large-scale knitting plant with annual value of production of 20 million yuan. We have also been to Putian County in Fujian where, in 1984, Jiangkou township also quietly heard the message of financial well-being and treated it as "The Arabian Nights", but in less than 3 years, through using the three forms of import processing and compensation trade the rural labor force of the township that was shifted rose sharply from 218 to 3,150. Thus, vigorously developing an export-oriented economy in terms of the underdeveloped coastal areas, definitely is not more difficult than the "difficult road" up to the heavens, but a short-cut for rapidly changing the appearance of things. The meaning of "proceeding from actual local circumstances" here, should be explained as using all means possible to break out of confinement, leap over isolation, and merge the local market with the international market so that a new turn for the better will be born for the backward regional economies in the contradictory movement with the developed worldwide economy.

In summary, we must recognize that the contradiction between the actual local situation and the actual situation of the international market is unified, i.e., the relationship of common production. The high quality handicraft goods produced here, such as plush toys, embroidery and Chinese paintings, do not conform to the needs of the local market, but supply falls short of demand when they reach the international market. If more localities understood the consumer trends and consumer psychology of the world market, it would improve our share of the world market through more varieties and large batches. The path to export-oriented economic well-being is really very broad.

2. We Should Have an Active "Competitive Outlook"

The slower economic development is in an area, the more afraid it frequently is of competition and overemphasizing proceeding from actual local circumstances very well may be the reaction of this state of mind. Thus the intensifying awareness of dynamic competition is very important. Of course, the dangers of export-oriented economies are always greater than those of domestic-oriented economies and localities with poor foundations also really cannot stand doing the same thing over and over, but when we let competitive opportunities slip

from our hands easily, what we taste can only be the bitter fruit of economic backwardness. Some people say that in the south there is the rise of the Changjiang and Zhujiang deltas, in the north there is the sudden rise of Jiaodong and Liaodong peninsulas, but most of northern Jiangsu has become a "isolated zone" of the coastal economy. This isn't just sensationalism. We must plug up this "isolated zone" in active competition, and mount a new step. Active competition is first, to dare to explore practice in shifting the economy to an export-orientation and not continue in the past rut of engaging in foreign trade by relying on norms allocated by upper echelons. We should find ports on our own, we should take the initiative to make contact with foreign merchants, we should blaze trails in all directions. Competition cannot rely on slogans, nor can it be a feint attack, but should strike out in all directions, and pitch in with all our might, otherwise how can it be called "dynamic"? Second is that methods of "starting late but winning the victory" should be considered. The shift of the economy to an export orientation is something which takes place in a dynamic state, although less advanced regions have not seized the strategic first high ground, it is possible that they can seize the second and third high ground. For example, in situations which come up in conventional intensive industries, we can "avoid the hot and get close to the cold", actively seize the gaps, and blaze new trails as a new force suddenly appearing in the breach. South Korea exports wigs which may become hot commodities, creating several tens of millions of dollars of foreign exchange, which is food for thought. Or again, one can cooperate or operate jointly with advanced region export-oriented economies raising our sails to take advantage of the wind and taking advantage of the water to sail our boat to form a second echelon three forms of import processing and compensation trade. Or again, although others have moved head in some export-oriented enterprises or foreign trade goods, if our conditions are better and our reserves are more adequate we still can take advantage of our strengths, and later on come out on top. As long as they are applied appropriately, these "imbalanced strategies" which take shape in this contrary thinking, will constantly make us take the initiative in participating in the international economic cycle.

3. We Should Have a Scientific "Systematic Outlook"

When handling the relationship between local markets and world markets, in the shift of the economy to an export orientation, we must view the entire world economy as a system. For example, among the difficulties of underdeveloped regions developing export-oriented economies there are clearly more restrictive elements than in developed regions, such as shortage of funds, technological backwardness, shortage of talent, and insufficiency of industrial raw and supplementary materials. The so-called proceeding from actual local conditions is for just this reason, but we have overlooked a fundamental starting point, i.e., the system of the global economy. The great international economic circle theory

starts with systematic principles and through long-range cyclical activity extricates itself from this predicament by changing weaknesses into advantages and changing the detrimental to the beneficial, and through importing funds, technology, raw materials and talent, with the addition of discipline, training, and improvements in local talent causing the elements of productive forces to be fully utilized and grouped sensibly in movement and thus rapidly form new productive forces. As long as our underdeveloped region follows such a fundamental train of thought and searches for a favorable position for the shift of its economy to an export orientation, after the difficulties are over, it will truly find the path for an effective developed economy.

4. We Should Have an Intense "Time Effectiveness Outlook"

Some have thought that it seems a little early for us to be saying here "time is money, efficiency is vitality", and do not recognize that an underdeveloped region needs an intense time-effectiveness outlook even more. As a matter of fact, it is generally felt that the advantage of a large labor force can only be maintained for about 20 years and that the advantage of a low cost labor force will gradually disappear in 5 to 10 years. In terms of our country as a whole, what we are catching is "the last train;" for our economically underdeveloped region to catch this train and thus advance side by side with the coastal developed regions, time is really of the essence. Thus, we must rouse ourselves to catch up in the shift of the economy to an export orientation, people must do their utmost, materials must be used to the fullest, time must be used as efficiently as possible, relying on a fast tempo, a fully loaded operation, and a high efficiency drive to develop a new face to the commodity economy.

3. Make a Thorough Examination of the Two Changes Seeing that the Shift to an Export-oriented Economy Definitely Should Stress Growth in the Proportion of Export-created Foreign Exchange but Should Put More Effort into Adjusting the Industry Mix and Improving the Inner Mechanism of Participating in the International Economic Circle

Balancing the level of development of a region's export-oriented economy should always see the proportion of gross value of output made up by the volume of foreign trade exports. According to the data at hand, in 1986 the foreign trade export proportion of the 15 counties and cities under the jurisdiction of Yantai City in Jiaodong peninsula was 10 percent, for the counties in the suburbs of Shanghai in the Changjiang delta it was 12.3 percent, and for the Zhujiang delta it was 18.7 percent, still below the norms for a mature export-oriented economy; the 7 percent of our Dongtai City was even much lower. How can we get the barometer of the proportion of export-created foreign exchange to rise? The experience of Dongwan City in Guangdong is very instructive. In 1980 the gross value of industrial and agricultural production in Dongwan City was only over 800 million, about neck and neck with Dongtai City. In the past few years taking

foreign trade as their guiding direction, they have emphasized both industry and agriculture, coordinated development of the three major industries and in adjusting the industry mix have implemented the shift of the economy to an export orientation so that by 1986 the gross volume of export-created foreign exchange reached about 800 million, which is nearly one-third of the gross value of industrial and agricultural production so they are far ahead of us. Dongwan's shrewdness is in the fact that they smoothed out the coordinated relationship between the industry mix and export-created foreign exchange; our problem is that the adjustment of the industry mix and export-created foreign exchange are out of line.

1. In the New Stage of Economic Development, What Is the Goal of Adjusting the Industry Mix?

In the 9 years between the first steps in rural reform and the present time, there have been three major adjustments in Dongtai City's rural industry mix: the first was primarily in internal expansion of farming which changed the tradition of engaging in a single-product; the second was an internal expansion of agriculture so that the past peasant household sideline production grew to an independent industry engaged in commodity production; the third was expansion within the entire rural economy, emphasizing smashing the rural industries and creating the present pattern of the "three-legged pot" of urban industry, rural industry and agriculture. However, since each adjustment of the industry mix paid more attention to "quantitative changes" in the ratio between industries, a "qualitative change" could not be realized in the overall improvement thus the shift of the agricultural labor force was not rapid, benefits of the industrial economy were not high, the industry mix still had very deep scars from being closed so that there were clear structural obstacles to the shift of the economy to an export orientation. This means that the fourth adjustment of our city's industry mix demands immediate attention and the selection of an industry mix directed towards foreign trade is imperative.

What is to be the goal of this adjustment of the industry mix? This concerns the success or failure of the shift of the economy to an export orientation. Generally speaking it should be: aim for the international market, comprehensively promote the shift of the rural labor force to an export-oriented economy, rapidly enter the international economic circle, improve the overall foreign exchange-created benefits of placing more emphasis on accumulation. Realizing this new goal must be through making the agricultural foundation firm and improving resource allocation so that foreign exchange creating agriculture, foreign exchange creating industry and the three forms of import processing and compensation trade, form a solid multilevel network structure thus ensuring the "one high" through the "three highs." That is, constantly increasing the proportion of foreign exchange-creating agriculture in agriculture, constantly increasing the proportion of foreign exchange-creating

famous, special, and high quality products in industry, constantly increasing the proportion of the labor force in the shift to a export orientation in the overall labor force and thus promote a great increase in the proportion of foreign trade purchases in the gross value of production. This overall adjustment from industry mix and product mix to the structure of the labor force is an indispensable and important link in the shift of the economy to an export orientation.

2. How Do We Select a "Model" for Carrying Out Economic Development Focused on the Goal?

The "model" mentioned here is a local economic structure which has clear characteristic features. The common features of an underdeveloped region are: few large mainstay enterprises, a late start to township and town industry, low rate of production of agricultural labor, low rate of goods, and low output from the land, and very inadequate market development. Based on this situation, the model for an underdeveloped region to develop an export-oriented economy cannot attempt at once products of new high tech industries which are "export directed"; but should implement an "export directed" foreign trade strategy based on a main body of traditional industries, and following a train of thought of "simultaneous development of industry and agriculture, comprehensive development, coordination of domestic and foreign, and solid progress," plan the framework of the model for an export-oriented economy for our region. Of course, this is only one consideration of exploring a model for shifting the economy to an export orientation, and requires constant correction and expansion in practice.

3. How Do We Begin the Shift of the Economy to an Export-Orientation Focused on this "Model"?

The fundamental conditions of an economically underdeveloped regions have been poor, and with the addition of the fact that we also have not had preferential treatment and support in developing our cities, so of course beginning the shift of the economy to an export orientation may be very difficult. However, we cannot not take action and just sit on our hands. Under present circumstances, we must immediately begin to resolve three problems: one is policy, two is function, and three is service. Reform of foreign trade policy is now under way from top to bottom, and for some policies which involve several departments and must be coordinated to be well established, we should rapidly and resolutely resolve them, especially policies which are favorable for mobilizing the initiative of enterprises and the peasants to develop foreign trade production, we must improve flexible communications and cannot continue to engage in the idiocy of turning in on ourselves. Among the functions of developing an export-oriented economy are first of all the government functions which should be export-oriented and change traditional inner-directed and closed off governmental administrative methods and improve international awareness. In the overall

mechanism of the cycle, help as much as possible lower levels acquire the equipment and technology required for processing, the systems and talent required for management, and the information and coordination required for competition. The functions and roles of departments concerned should change along with this. The issue of service is a problem encountered in various links of the shift of an economy to an export-orientation and the experience of the commodity economy "chorus" created by Zhucheng City in Shandong should be generally promoted. We propose the slogan "the whole city stresses foreign trade, all positions change direction" with the goal being through organizing a "chorus" to spur on the local economy to head towards the "circle."

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Question on Marketing Regulations Debated

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11 Jun 88 p 4

[Article by Wei Xinghua 5898 5281 5478 and Wei Jie 7614 2638 of the Chinese Peoples' University Economic Research Institute: "On the National Regulation of Markets; Random Intervention is Still Indirect Guidance"]

[Text]

Two Kinds of Regulation

There are two situations for state regulation of the market which are fundamentally different. In one, the state randomly intervenes, so that should some disorder occur in the market, the state will passively intervene to counter the specific problems which exist there. This type of state regulation of the market belongs to that type of reactive regulation that lacks advance goals and standardization. In this type of regulation the state is actually in a passive position. The other kind is of regulation is state-planned, in which the carries out conscious, planned leadership of the market in accordance with the requirements of planned objectives. This kind of regulation requires that the state work through the movement of the market to reflect the planned movement of the economy, with the result that its chief manifestation is a kind of predictable and standardized lead feedback regulation. The goals of regulation are to link up the movement of the market organically with the long range development of the state, with the state in a position of initiative throughout the regulation activity.

In state regulation of marketing, there is a new economic movement mechanism in which "the state regulates the market, and the market guides enterprise." This points to the latter type of regulation rather than the former. We see from this that this kind of regulation clearly distinguishes state regulation of the market from planned regulation of the market, emphasizing that the scope of state regulation is the greater of the two. Planned regulation is encompassed in state regulation, but just what

part it plays in it is unclear. Looked at realistically, state regulation of the market is in fact planned regulation of the market. A socialist commodity economy is a planned commodity economy having its basis in public ownership. Therefore, the socialist market is one which is subject to planned regulation and influence. Planning provides the basis state regulation of the market and permeates the state's regulation activities. The total state market regulation activity includes applied economic measures, as well as legal and administrative measures all of which completely reflect and embody the goals and needs of the state plan. In this regard the plan is actually the binding nucleus of the entire corpus of state regulation activities. It is precisely because the plan resides at the center of state regulatory activities that the plan and the market are united in the state's process of regulating the market. The plan will no longer be isolated outside of the market and excluded from market planning, and the market will never again blindly move along without planning.

It Is Essential To Place a High Value on Regulation of Market Movement

State regulation of marketing is an activity whereby the state consciously takes the initiative in providing leadership to the market. It is essential that state regulation be predicated on the basic principal that market movement not be tampered with, and the state's regulation of the market be the foundation of the market's own organizational function. The new economic movement mechanism of "the state regulates the market and the market guides enterprise," differs in the basic characteristics of its economic movement mechanisms, as it depends on the market being in a central position rather than a subsidiary and supplementary one, and no longer viewed as an alien force in a socialist economy. It will also serve as a network for broadcasting the intent of plans covering all socio-economic movement. In this regard the market is manifested in its parameters, such as mutual changes and functions of prices, interest rates, wage rates, etc. It is manifested as market parameters in the leading process for the main components of the market, e.g., producers, managers and consumers. It is manifested in market information, market forces, market policymaking in the continuous and coordinated process of self-organization. So, the market itself always tends early on in the direction of making maximum use of the regulatory function through proportional allocation of resources. For this reason, the market is by no means some sort of ossified, static, confused body, an abacus which functions as an outside force, stirring only when it pleases. Rather, it is possessed internally with the active movement of an "organism," having an intrinsic self-organizing function which the state cannot supercede.

Therefore, the scope of the legislation and enforcement used to determine and maintain market movement is of little consequence. In order to guarantee the market's self-restraint and bring it in line with the long-range goals

of economic development, use the parameters to influence the market, regulate the economic behavior of the market's main components and enable market movement to attain planned objectives as smoothly as possible, a high value must be placed on market regulation by all. In addition, state regulation activities must be established as the basis for the market's self-organizing function. Put another way, state regulation cannot replace the market's self-organizing function, but can only lead, assist and promote the application of this function, so that it is moving towards the planned objectives of national economic development.

The Formulation of National Economic Plans

State regulation of the market must be sufficiently effective that this regulation will not only be in accord with the market's intrinsic operational patterns, but will also still be in accord with the national economic plans for market movement. The national economic planning which regulates the market is fundamentally different from similar national economic planning under a traditional system. Its objective in regulation is not to turn enterprises into dependent subjects of the state, but rather to form the market from various kinds of principal components which bring dissimilar benefits to it.

For this reason, the national economic planning which regulates the market doubtless also requires thoughtful government leadership that is at once both wise and expert. However, national economic planning must be made to conform with the regular pattern of market movement, and it especially should be taken over by the main components of the market. The formulation of national economic plans then absolutely will not only have clever brains and be just scientific enough to get things accomplished. The process of formulating national economic plans absolutely will not be a process of specialized utilization of various kinds of advanced technology measures to carry out scientific demonstrations. At the same time there must be a process whereby representatives of dissimilar groups participate in a coordinated seeking of common benefits, a process in which groups with various kinds of benefits carry out necessary consultations. Finally, national economic plans should be formed through mutually beneficial compromise, trying to find beneficial common ground, with the various parties participating in compromises on things which are commonly approved. National economic plans which regulate the market must go through this kind of process before they can have any chance of being implemented smoothly. Therefore, it is critical that at the earliest possible time there be a change in our present way of formulating plans. In the present system, the market is kept separate from its main components, and a small number of leaders pat heads. Instead, there must be a situation in which the formulation of national economic plans can be repeatedly discussed and coordinated in dissimilar components of the market. This not only can ensure the scientific nature of planning, it can also lay down a firm foundation for smooth implementation of plans.

The Provisional Nature of State Regulatory Agencies

Effective state regulation of the market requires implementation by a definite state regulatory body. In general, the state regulatory agencies which direct the formulation of regulatory goals will be made up from members of major standing committees and the governmental organizations empowered to implement those goals. Everyone is agreed on the first point, but there are differences concerning the latter. Some would have all governmental organizations formed into one market regulatory body. Next, the market regulatory bodies are only the economic regulatory organizations within governmental organizations.

The composition of our government for the most part includes administrative organizations, economic regulatory organizations and organizations which manage state capital. That administrative organizations cannot become market regulatory bodies is obvious. (It should be pointed out that administrative measures for regulating the market are usually implemented by governmental economic regulatory agencies, and all of the state's administrative organizations cannot be recognized as market regulatory bodies just because market regulation requires administrative methods. Some people still consider administrative departments which deal with commerce to be administrative agencies. This is incorrect. They are actually subordinate to the government's economic regulatory agencies).

The agencies which administer the state's capital cannot be market regulatory bodies, due to the fact that these agencies act as agents for state restrictions. Just as with other restrictions on enterprises, these agencies are components of the market, and participate directly in the movement of the market. Although the agencies which administer state capital participate in market movement and can have a leadership role in the market as well, they are by no means market regulatory bodies. For a long time now, China has lumped together state administrative agencies, economic regulatory agencies and organizations which administer state capital as if they were one body, with indistinguishable functions, stifling the vitality of the nation's economy. Therefore, while we are separating governmental and economic functions, we should also separate administrative agencies, economic regulatory agencies and those agencies which administer state-owned capital, carrying out a separation of government and industry as well as a separation of the three types of agencies.

After independence, economic regulatory agencies after independence were for the most part formed from four different types of organizations. The first is that having the power to organize, formulate and implement economic development strategy, industrial policy and currency, financial and revenue policy for the highest economic regulatory agencies—the State Planning Commission. Its chief mission is determining the general model and structure of national economic activities, coordinating the regulatory activities of the Central Bank, the Ministry of Finance, and other economic regulatory agencies. The second type consists of the

regulatory agencies under the Central Bank and the Ministry of Finance. The third type is made up of various specialized departments, which have as their chief mission the determination of industrial planning, carrying out industrial management, and providing informational and technical services. The fourth type consists of the departments concerned with supervision, information and comprehensive management, including auditing, customs, industrial inspections and management, etc.

What especially must be noted here is that although governments at all levels are parts of the state, they are by no means market regulatory bodies. Governments at all levels and the organizations subordinate to them should not have power over the money supply, general power over supply and demand, or regulatory power over international revenues, the balance of payments and national tax revenues. They should not use their own revenue as investment for production and profit-making enterprises. It is not the function of local governments to regulate the market, but rather to serve it by improving basic facilities, and by providing excellent service advance the economic development of their localities.

National economic regulatory agencies comprise the bulk of national regulation of the market, and their actions are essential standardization. Looked at from China's present situation, the core problem of this standardization is to ensure that the actions of China's work force are standardized. This not only requires that government leaders pay attention to economic regulations and not subjectively issue confused orders as they please with "senior office projects," but moreover demands that government workers abide strictly by laws and regulations, and be honest in the performance of their official duties.

State regulation of the market begins with safeguarding the overall benefits to society. Moreover, those government workers who have specific responsibility for market regulation must be the guardians. This requires that government workers not only cannot serve in two capacities at once, i.e., market regulators participating in it (such as being in business or managing some other economic activity), but even more importantly, cannot accept bribes, use their positions for personal gain, or indulge in extortion. Otherwise, state regulation of the market will just create chaos. For this reason, we must ensure that the policy decisions of our government leaders be scientific, and that our government workers be honest. This will rectify the conduct of government regulation, and make that conduct the standard. Practice has demonstrated that having a staunchly honest, modern government is an important condition for effective state regulation of the market.

Attention Must Be Given to Intermediate Organizations

Effective state regulation of the market also requires the establishment of certain organizations. Especially needed are non-governmental organizations intermediate between the state and the market. When the Chinese

economic community discusses problems of state regulation of the market, the utility of these intermediate organizations is largely overlooked. Secondly, for the state to be effective in its market regulation, certain intermediate organizations must be established between the state and the market.

We can learn something from the Japanese experience in this regard. In Japanese society there are many economic groups which represent the interests of certain segments of the populace within that society. Although these economic groups lack both money and power, and their members have very little formal contact, they still perform an effective liaison function between state regulation and the market, putting the government's regulatory measures into effect and guarding against possible impasse between state and market. The chief purpose of these Japanese economic groups is to reach agreement on common knowledge between officials and the people, the informational links which promote beneficial dialogue and coordination. For example, after a particular state regulatory measure has been published, various types of economic groups organize a variety of symposia, in order that there be thorough discussion of all aspects of the measure, with general understanding of the mutual benefits derived from it, and so that those who have views which are in opposition to the government's measures can obtain a complete understanding of the regulatory measures. This kind of meeting to seek general knowledge and understanding is now common throughout the operational agreements on government regulatory measures.

Some say that these Japanese economic groups which are intermediaries between the government and the market are weak organizations, believing that these weak organizations can "soften the ground" of government regulation, and so decrease friction. This is reasonable. Therefore, in our building of a new economic mechanism structure, we should push for agreement on the formation of economic groups which link state regulation and the market, in order to provide an organizational basis for effective regulation of the market.

12625

FINANCE, BANKING

Strategies To Increase Capital Accumulation
40060480 Beijing JINGJI CANKAO in Chinese
28 Jun 88 p 4

[Article by Chen Shao 7109 2507 of the Central Government Finance Academy]

[Excerpt]

Current Limitations of Capital Accumulation Methods

The basic industrial and basic construction tasks of the government are heavy and require substantial capital investment. From the present situation we see that

China can not support non-governmental investment. Therefore, for a long time, increasing the supply capability of industry will be largely dependent on whether or not the country can accumulate sufficient capital.

However, if we only use the current methods of capital accumulation, we probably will not be able to provide sufficient capital for the development of industry. Because:

1. The tax burden on enterprises is heavy, and if we consider the needs of enlivening enterprises, we cannot raise enterprise taxes to increase the country's capital accumulation. Revenues may increase rapidly through the contract system, but enterprises need time to increase results, so we may not see actual revenue increases until 1990. But by that time investment pressure for basic industry will be even greater.

2. Many comrades advocate reducing processing industry investment (including fixed and liquid assets) to increase basic industrial investment, this is the so-called "structural adjustments." But this method is hard to implement. The principle is simple, the output value of the processing industry in China accounts for 70 percent of total industrial output value, and the processing industry is an important source of revenue. In a city such as Wuxi where processing industry is primary, if industrial growth falls four points it will directly affect 200 million yuan of national revenue. Therefore, this strong type of structural adjustment has actually caused a drop in the country's financial power. Moreover, a shrinking of processing industry will harm the transfer of rural labor from agriculture to industry and will postpone industrial structural changes across the country.

3. Foreign capital inflow is one possible method for accumulating capital. The annual foreign capital inflow is not large, and we cannot rely on foreign capital to develop basic construction and basic industry.

Finally, all these established methods of accumulating capital approach the "point of fatigue." Therefore, whether we can find new ways and methods to accumulate capital will directly affect future national industrial structure and economic development.

New Ways To Accumulate Capital

Under the old system, China used the development strategy of "High Accumulation, Low Consumption," causing an imbalance in agriculture, light and heavy industry. On the other hand, this strategy accumulated a huge sum of industrial capital. For example, the proportion of China's manufacturing industry is 0.9 percentage points, which is almost 12 percentage points higher than

other nations with equivalent income, and the ratio of total investment to manufacturing output is higher than equivalent income countries by 19 percentage points. Therefore, looking at the overall picture, our country's capital reserves are not insignificant, we have some "family resources." The problem now is that these huge sums of capital exist in material form and their structure is unreasonable (the processing industry has accumulated too much while basic industry has accumulated too little). Moreover, the government has not looked ahead and recovered a portion of these huge amounts of capital (especially in the processing industry) for basic construction.

Actually, a method exists for replacing this accumulation. There are now more than 80,000 small state enterprises, with fixed assets value of approximately 120 billion-150 billion yuan, and liquid assets of approximately 23 billion. The production and management scale of these enterprises is small, and it is hard to obtain great profits. Therefore, it is difficult to change their economic profits. The government has released management, leased, or contracted these enterprises, but this is not as good as selling the property rights for these enterprises. Leasing or contracting small state enterprises will only result in the country obtaining partially increased income, but if they sell the property rights, the country will obtain the funds for existent assets, and will not affect the country continuing to obtain appreciation on the original assets. Because both state and private enterprises must pay taxes.

Currently, most small state enterprises are concentrated in coastal areas, but township enterprises in these areas grow quickly, and the propensity to invest is high. Therefore, if bids are reasonable, we predict that township enterprises will be principal buyers. At the same time, we should encourage individuals, overseas Chinese and Hong Kong compatriots to buy enterprises. Considering the country's absorption capacity, we could sell these enterprises in five years. In this way, each year we could replace approximately 30 billion yuan of capital. Now each year we are predicting foreign investment of approximately 100 billion yuan, and it is entirely possible to recover 30 percent or so of that capital.

The point that must be raised is, after selling property to broaden national capital accumulations, we might in both macro and microeconomics, obtain some unexpected results. For example, after selling the original assets, we might be able to satisfy the investment needs of township enterprises and other non-state economic organizations, and we could assure that we would not increase processing industry's assets. At the same time, we could obtain another source of capital for industry. Through this method of investment structural adjustments, we can avoid the economic fluctuations and reduced supply caused by other adjustment methods. After small enterprises have been sold, we can rapidly change the internal mechanism of national enterprises and enable those enterprises to have higher management efficiency.

In summary, selling small enterprises is a low risk, stable way for the country to obtain capital, and could also cause beneficial adjustments in the overall investment structure. It could cause the 120 billion yuan of fixed assets held by non-state economic organizations to exhibit even greater economic efficiency.

13422/9274

Measures To Deal With Individual Contractors Who Evade Taxes

40060468 Beijing ZHONGGUO SHUIWU [CHINA'S TAXES] in Chinese No 7, 12 Jul 88 pp 9-10

[Article by Zhang Heng 1728 1854: "Tax Cheating Widespread Among Individual Contractors Within Enterprises"]

[Text] As enterprise reform intensifies, many contracted systems of management responsibility have emerged among enterprise workers. For example, a worker may work on contract while he keeps his job and remains on the payroll. Or he may be a contractor and keeps his job with no pay. In a third situation, both his job and pay may be suspended. As contractors, most individual workers pay taxes as required by law. In defiance of the law of the land, however, a minority have enriched themselves at the expense of the state and their enterprise by violating market management and evading taxes. For instance, some contractors have the enterprise do the books for them and the system seems to work well. In reality, they evade taxes by under-reporting incomes, inflating expenditures, and failing to report business sales and purchases. A couple runs a store selling steamed buns. After 2 and a half years in the contracting business, they owed the state over 4,000 yuan in sales taxes, 50 percent of their total tax liabilities. Some contractors bargain hard to settle on the lowest contracting fee possible. The workers of a commercial company leased two trucks from the company and earned over 20,000 yuan in just 3 months. The workers of a supply and marketing cooperative ran its restaurant on contract and raked in more than 19,000 yuan in a short 11 months. However, they fell badly behind with the payment of 4,000 yuan in contracting fees. In most cases, the payment of contracting fees by individual contractors is collective; it is not entered in the books. Nor are all receipts on incomes and expenses kept. Individual contractors exploit the loopholes in lax management and make a fortune by cutting back on quantity and quality and by avoiding taxes. Three years after they contracted to operate a beef noodle store, a couple spent over 20,000 yuan to build a house which serves as a store in front and a residence at the back. There was much discussion among the public about this.

In my opinion, differences in understanding, lapses in supervision, and laxity in management to a large extent account for the problems mentioned above.

A. Managerial departments differ in their understanding of the economic nature of contractors and have become lax in their management. Some departments determine economic nature using the retention of jobs without pay as a criterion, others the ownership of means of production. Yet others deem it unnecessary to determine the economic nature of contractors because fees are paid collectively. Differences in understanding have led to confusion in day-to-day work in the issue of licenses, the use of certificates, and the payment of taxes. Exploiting this situation, a handful of contractors have been evading taxes flagrantly.

B. Contracting agreements are not legally enforceable, undermining the principle that all three parties be taken into account. A considerable number of contracting agreements do not include all the necessary items, are not detailed enough, and fail to delineate responsibilities. They were not drawn up under the supervision of the departments in charge of enterprises or validated by them. No copies of the agreements were sent to the industry or commerce department or tax department for review and record. Nor were they notarized by the notary authorities. As a result, some agreements are violated at will. Some people simply refuse to pay contracting fees. Others pocket the taxes they are required to pay.

C. The idea of paying taxes is not well-established. Consequently, people pay less in taxes than what they owe the government. Many contracts do not specify clearly which party is liable for taxes or include a clear tax calculation method. Some contractors assume that under collective contracting, taxes are the responsibility of their enterprise. Some contracting units believe that taxes are included in the contracting fee and that contractors are not liable for paying additional taxes. Some deliberately fail to enter the transaction in the books so that their tax payments amount to less than half of the amount that is legally due.

Zeroing in on these problems, we must fully enforce the law, correctly apply effective tax collection and management methods, and rely on other functional departments and social forces to make tax collection and management a success in the wake of individual contracting.

A. Tighten up tax registration and the issue of licenses.

1. When an enterprise proposes to contract out part of its operations or business to its employees or through bidding open to outsiders, it must report to the tax department in charge in writing in a timely fashion for its reference.

2. The department in charge of the enterprise concerned should take part in and witness the signing of the contractual agreement between the enterprise and the contractor. After it is signed, the contract should be sent

to the industry and commerce department and tax department for examination and approval. A formal contract should be sent to the notary authorities for notarization.

3. When an individual employee of an enterprise goes into contracting (with his own capital), he becomes a taxpayer and leads to a change in the delegation of managerial authority within the enterprise. Within 30 days after obtaining his business license, a contractor must apply for registration to the tax department in charge by producing the tax registration report, the contracting agreement, business license, and other relevant documents. After examination and verification, the contractor will be registered and issued a tax registration certificate.

B. Tighten up accounts management.

1. Except for subcontractors, labor export contractors, and others who have been exempted from the requirement to keep accounts or granted a deferment, all contractors shall establish an accounting system without exception as follows: (1) If the operational assets of the contractor belong to the enterprise, they should be entered in the accounts of the enterprise; (2) If the operational assets of the contractor are leased from the enterprise for a fee, they should be entered in the accounts of the enterprise; (3) If the assets of the contractor belong to himself and if the contractor has monthly sales exceeding 2,000 yuan (or 500 yuan in the case of a contractor who offers services), the contractor must set up an accounting system; (4) If the contractor goes into the contracting business with his own capital, forms a partnership, or hires workers to run his business, he must set up an accounting system.

If a contractor needs to hire a professional accountant to set up an accounting system, he must first seek approval from the tax department in charge. Each year the tax department in charge must overhaul accounting functions such as the establishment of accounts, entering of accounts, and final accounts and provide training.

2. Invoice management. Based on the economic nature specified in the business license issued by the industry and commerce department, the tax department in charge should issue different kinds of invoices to replace old invoices upon the production of the "invoice purchase certificate." Subcontractors and labor export contractors may make out an invoice by producing the relevant proof at designated tax collection offices.

C. Tighten up tax reporting and tax collection. An individual contractor who is required to pay taxes should file a truthful tax return with the tax department in charge within the time period set by the tax authorities. Different tax collection methods should be devised for different taxpayers, depending on their circumstances. When a contractor's accounts are established and kept by his enterprise, it should be the responsibility of the

enterprise to file a tax return. The tax department can check the books and collect taxes. When an enterprise does the accounting for a contractor, it should file a tax return and pay taxes for the contractor. When the contractor sets up and does his own accounting, when his standard of management is fairly high, when accounts are kept accurately in a timely way, and when taxes are paid in full, then account examination and verification will be combined. All other contractors should be required to pay taxes of a "set amount or at a set rate." Subcontractors who have made a profit should be taxed based on provisional sales. Contractors in labor export should pay personal income adjustment taxes.

D. Violators should be rigorously dealt with. The State Council stresses in its "Decision on Enforcing Tax Laws and Strengthening Tax Collection," "In experimenting with various kinds of economic responsibility systems, including contracting and leasing, all localities should uphold the principle of paying taxes in accordance with the law." Operating on this principle, we must implement the following measures rigorously to stamp out tax evasion.

1. recover unpaid taxes. The tax department in charge should take the lead in convening mobilization meetings on self-investigation and the payment of overdue taxes by individual contractors. The meetings, to be attended by industry and commerce departments, departments in charge of enterprises, enterprises, and associations of individual contractors, should encourage individual contractors who have profited themselves by exploiting loopholes in tax collection to pay evaded taxes by a set period. Those who refuse to do so should be dealt with as tax evaders and tax resisters.

2. The law must be enforced strictly. On the basis of self-investigation and payment of overdue taxes, the tax department in charge should draw up "proposals on tax collection and management with reference to individual worker contractors within enterprises" and enforce them strictly. In the future, all violations should be dealt with sternly in accordance with relevant provisions in the "Tax Collection and Management Regulations." In addition, fines should be imposed on any one of the following types of violators, depending on the merits of the case: (1) when an enterprise allows an individual worker to go into contracting with his own capital and assume responsibility for his profits and losses, and fails to report the changes in writing to the tax department in charge within 30 days; (2) when an enterprise gives up the management of an individual contractor and even supports his tax evasion activities; (3) when an individual contractor fails to set up an accounting system within the time period set by the tax department in charge and still refuses to do so after being educated.

Only by handling the violators strictly can we deny economic benefits to individual contractors who flout the law of the land and evade paying taxes to the state. Only then can we really enforce the laws and ensure that national economic interests and the interests of legitimate operators are not infringed upon.

12581

FOREIGN TRADE, INVESTMENT

Symposium on Working for Joint Ventures in Wuhan

40060430 Beijing GUOJI SHANGBAO in Chinese
28 Jul 88 p 1

[Article by correspondents Zeng Shoujiang 2582 1108 3068, Tu Shan 3205 0810 1344, Hu Jianhua 5170 1696 5478]

[Text] One important reason for the success or failure of Sino-foreign joint ventures is whether or not foreign businesses can find believable partners in China. You could say it is the main sign of an excellent investment environment.

Recently our correspondents attended a symposium of personnel of joint ventures of the Wuhan Foreign Trade Management Committee. The representatives gave their opinions of how to be a reliable joint venture partner.

Treat Each Other Sincerely, Be Flexible

According to the introduction to the symposium, both the Chinese and foreign sides in joint venture enterprises depend a lot on the cultivation of a feeling of dependability, because only in an environment of mutual trust can there be real cooperation.

The head accountant from the Han Gang United Design Co. Ltd., Sung Weijun [1345 4850 6874], said that foreign businessmen coming to China to invest believe in China's open policies. However, management of a joint venture enterprise is a long-term mutual activity for both the Chinese and foreign parties. Because of differences in geography, societal system, cultural traditions, etc., when they begin, they both are psychologically on guard. This, we should say, is quite natural. There is only one way to resolve this situation, and that is to have the common goal of "developing together for mutual benefit." If both sides mutually apply this principle, gradually a trustful feeling will be built up. In the initial stage of organizing the enterprise, the people that the Chinese party selects are crucial. Since it is this way, then we gradually let go some of the bad workers. The Hong Kong party also changed some of their personnel, including the assistant manager. At first we showed losses. In 1987 the Hong Kong party proposed a management contract. After consultation the board of directors met, and the Chinese employees did their utmost to carry it out. The result was that by the year's end the company earned profits of more than 400,000 yuan. When the Hong Kong party saw that the Chinese party had strictly carried out the measures suggested by the board of directors in the area

of the economic activity of the enterprise, that the management was carried out properly, and that financial matters were handled methodically it greatly strengthened their trust. This year, in addition to handling the cooperative programs that were already underway, they have decided to expand into some new investment areas.

Openhearted Dialogue, Limitless Strength

In addressing how foreign and Chinese partners can cooperate better the Assistant Manager of Wuhan's Chinese-American Fodder Company, Ltd., Huang Jiansen [7806 1696 2773] said that we must confront the backwardness of our enterprise management, but we must not resign ourselves to being backward. Only in this way can we be openhearted and diligent. China-American Co. is a joint venture composed of China's Vegetable Oil Import-Export Company, the Wuhan Fodder Company and the American-Mainland Cereal Company, Ltd. In the first period they used foreign investment of \$9 million, followed by investment of \$4 million. The Mainland Cereal Company, Ltd. is a large enterprise that is well-known worldwide. The quality of workers is high, and in management they make use of up-to-date, scientific techniques. Because of this, some of the foreign employees feel that the quality of the Chinese employees is low, and the enterprise is not orderly, making it impossible to smoothly establish trust. In approaching this problem, Huang Jiansen says that his people do not get furious whenever people say they are backwards, nor are they resigned to being backward. Rather, they are open to learning and work hard to be better. Not only do they dare to look scientifically at backwardness, they also look directly at the backwardness of their enterprise management. When the American party brought up legal issues and according to Chinese law, management cannot act in favor of the Chinese enterprise, they agreed. Moreover, they wholeheartedly matched the American party, and transferred the majority to the technical and a smaller amount to property insurance, bringing in the most up-to-date computer management technology and the entire management system. Because the Chinese party was mentally prepared to open-mindedly study modern scientific management, the progress was great. If the financial officer of the company cannot affix his stamp, blank checks cannot leave the company system. Their Chinese buyers would rather run around to the store several times rather than going ahead with China's special conditions. The results were very good. In two years they didn't lose a check or make a mistake on a bill. Their American partners saw that they had made a lot of progress quickly and complimented them, saying that Chinese people are very hardworking.

Consulting in Negotiations, Mutual Understanding and Cooperation

It is very important for the two parties to give and take, have active dialogue in negotiations and create a cooperative environment. Yuan Hongda [6678 1347 1129] said that he is the Chinese stock representative and the

chairman of the board. The manager is from Thailand's East Joint Industries Company, Ltd. In order to better accommodate the opinions of the stockholders, they have especially asked the head of the East Industries Company, Lin Jiasheng [2651 0857 4141] to act as consultant in name. If there is a big problem he can discuss it with the consultant and can exchange ideas with the manager. On the foundation of their consultations they can look for common ground while understanding their differences. Then they convene a board meeting. This reduces the amount of fighting in the board meeting, and allows the board to rapidly make policy decisions about the business. In the autumn of 1987 the manager brought up a number of issues in the public forum on which he was in disagreement with the Chinese manager. He asked the consultant Lin Jiasheng before the meeting for consultation. He suggested that they should understand the management difficulties faced by the manager in the initial stages of business and they should look realistically at all aspects of the business and everybody should give a little. Naturally, Mr. Lin agreed. They again approached the Chinese-Thai work and quickly established some approaches that were acceptable to both sides. Through dialogue and negotiations they protected the internal spirit and allowed the enterprise to become even better.

Huang Jiansen of the China-America Company and the Business Division Manager of United Jade Company, Zhang Jinhuan [1728 6651 6703], both said that there is a new conceptual problem with cooperation that has cropped up. There are some comrades who whenever they encounter a problem rush to represent their side. They feel that you should always consider whether it is going to benefit the joint venture business. You are an employee of the joint venture, and should share the glory and development of the joint venture. If the joint venture does not develop, then it will be difficult to see any gain on either side.

The participants in the symposium feel that to do friendly business with foreign partners, and manage joint ventures well, is reliant on realistically acting on the party's policies of opening up. Therefore, we hope we can call on the support and understanding of the entire society. They reflect the fact that there are still some people in some work units who hold onto the mistaken belief that the goal of joint ventures is to earn a lot of money for foreign businesses. Some people don't recognize that the labor strength of joint ventures is great, and at any time there is the danger they might be dismissed. As soon as they see that wages are a little higher they talk about it coldly. Furthermore, there are some Chinese workers in joint ventures who still cannot find a unified plan management unit for their social security.

There are still not definitive regulations for the adjustment of salaries or for worker evaluations. So the workers are still somewhat overlooked. We hope that the supervising departments will relieve some of their difficulties.

13422

ECONOMIC ZONES

Shanghai Establishes Caohejing as New Technology Development Zone

40060487a Shanghai JIEFANG RIBAO in Chinese
24 Jul 88 p 1

[Article by reporters Zhang Zhongfang 1728 0022 2455 and Xue Shiyang 5641 4258 5391: "One of the Nation's High Technology Zones Approved by the State Council—Shanghai Establishes Caohejing New Technology Development Zone—The Municipal Government Decides To Appoint Deputy Mayor Liu Zhanyuan to the Concurrent Post of Group Chief of the Development Zone Planning Leading Group"]

[Text] A new kind of industrial park that will develop new technological industry and an export-oriented economy emerged in the southwest part of Shanghai. Yesterday the Shanghai Municipal Government announced that the Caohejing New Technology Development Zone will be established on the foundation of the original Caohejing Microelectronics Development Zone.

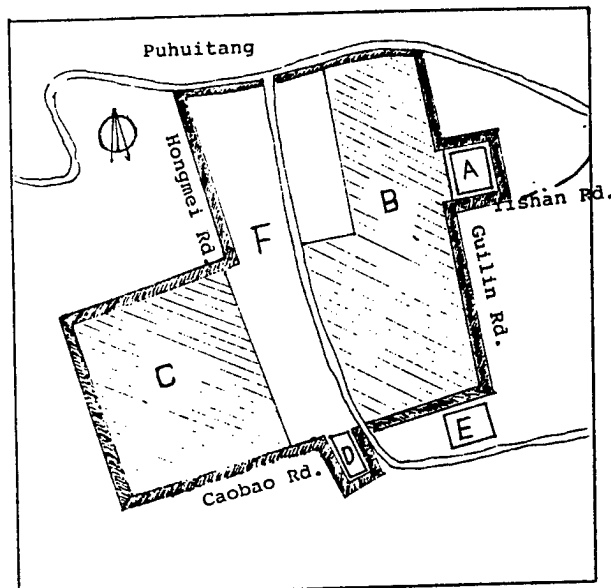
This is Shanghai's third zone attracting foreign funds that will enjoy favorable provisions for development zones, following in the footsteps of the Minhang and Hongqiao Development Zones; it is also one of the nation's high technology development zones approved by the State Council. The Municipal Government decided to appoint Deputy Mayor Liu Zhenyuan [0491 2182 0337] to the concurrent post of group chief of the Development Zone Planning Leading Group. Liu Zhenyuan said yesterday that the Caohejing Development Zone will actively utilize Shanghai's science and technology strength, boldly make use of foreign funds, introduce advanced technology, and set up new technological industry such as microelectronics, optical fibre communications, lasers, biological engineering, aeronautics and new materials.

The Shanghai Caohejing New Technology Development Zone is located to the west of the Tuhui Zone, expanded from the original Caohejing Microelectronics Development Zone, and has a planned area of 5 square kilometers. This is the ideal site selected after specialists put forth many proposed plans that were considered. The development zone is bounded on the east by Guilin Road (including the Shanghai Communications Equipment Factory to the east of Guilin Road), on the west by Hongmei Road and a 1.6 square kilometer spare lot to the west of the road, on the north by Puhuitang, and on the south by Caobao Road (including the biological

engineering base to the south of the road). The Development Zone is seven kilometers from People's Square, and is the closest Economic and Technology Development Zone to the city center. In the vicinity of the development zone are approximately 10 institutes of higher learning including Jiaotong University, and the Metallurgy Institute and Biochemistry Institute of the Academia Sinica among several tens of science and technology research units. The infrastructure in the area is fairly good, the intellectual resources are in abundance, the industry support strength is fairly strong, communications and transportation are convenient, the air is fresh and water quality is good, so it is the ideal site to develop a new technology industry.

The investment conditions of the Caohejing New Technology Development Zone are already beginning to ripen. Since September 1986 when construction began on the Microelectronics Industrial Zone, municipal works and public infrastructure have already been completed on the .57 square kilometer start-up area. Various pipelines have been completed including those for underground rain water, waste water, running water, gas, electricity and telecommunications, and all roads in the zone have been linked up. Over 30 electronics and meters enterprises including the Shanghai First Television Factory and such joint ventures as Fukeisiboluo Ltd., Co., a Sino-U.S. joint venture, Pulin Circuit Board Ltd., Co., a Sino-Australia joint venture, have already "settled" in the Development Zone. Such foreign business investment enterprises as the Shanghai Philips Semi-conductor Co. and the Shanghai 3M Ltd., Co. have already "registered for residence" in the development zone. It is reported that, in order to encourage the development of new technology industry in the new technology development zone, the Shanghai Municipal People's Congress is already studying to formulate "Provisional Regulations for the Shanghai Municipality Caohejing New Technology Development Zone" which aside from the favorable treatment to be extended by the state and Shanghai Municipality to the economy and technology development zone, will contain provisions dealing with the types of new technology enterprises to be in the development zone and their degree of new technology advancement, and with the start-up of various kinds of new technology enterprise including foreign business investment enterprises, and state-run, collective and individual enterprises, and will separately stipulate the relevant favorable policies so as to promote the development of new technology industry.

Over 200 Chinese and foreign reporters, the Shanghai consular representatives of various nations and representatives of joint ventures in the Caohejing New Technology Development Zone all attended the press conference yesterday.



Key:

- A. Shanghai Communications Equipment Factory
- B. Original Caohejing Microelectronics Development Zone
- C. 1.6 square kilometer Spare Lot
- D. Biological Engineering Base
- E. Guilin Park
- F. Expansion Area

13072/12232

LABOR

LIAOWANG on Reform of Labor System

40060496 Beijing LIAOWANG [OUTLOOK] in Chinese
No 28, 11 Jul 88 pp 12-13

[Article by Zhang Zuojì 1728 1563 1569]

[Text] The Current Situation: China's labor system reforms have taken an important step, 7.51 million workers have labor contracts, accounting for 7.8 percent of the total labor force.

Problem Area: Some people estimate the "unemployed labor force" to be over 15 million, and the key to the success of labor system reforms is whether we can find appropriate jobs for these people. Approach: At present, we can only rely on enterprises to absorb the unemployed. At the same time we must create conditions to implement "Self Determination in Hiring by Enterprises, Freedom of Choice for Workers".

Since the State Council issued the "Four Regulations" on labor system reform in October 1986, everyone implemented the labor contract system in recruiting new workers. This was an important step to reform our labor system. By the end of April 1988, in enterprises run by

the whole people in 29 provinces, cities and autonomous regions, 7.51 million workers had labor contracts, accounting for 7.8 percent of the total labor force. In Shandong, Zhejiang, Jiangsu, and Hebei provinces, it was 10 to 12 percent. Contracted workers in some enterprises in the textile, metallurgy, construction and business service industries account for 30 to 40 percent of the work force.

In September 1987, the original Ministry of Personnel and Labor held a national work meeting in Qingdao on enlivening the fixed labor system, which allowed labor reforms to move forward. At present, 17,000 enterprises owned by the whole people, and more than 6 million workers participate in test work to reform the fixed labor system. This number accounts for about 8 percent of total fixed labor. In Henan, Liaoning, Hunan and Hubei provinces more than 17 percent participate in reform.

This year reform of the fixed labor system has four special points that were not there last year. One is that the scope of the test points has developed from single enterprise reform to regional or city-wide reforms. At present, in addition to three test point cities (Qingdao, Shandong; Zhuzhou, Hunan; Yancheng, Jiangsu) and one factory (Beijing Factory 218), more than 10 provinces and cities separately chose more than 20 cities and counties to be their regional test points. Second, the content of reform went from simply hiring labor to developing a comprehensive set of labor, personnel, wage, and insurance reforms. Third is employing surplus labor, which began with the enterprises employing them internally and gradually departments external to the enterprises absorbed the excess, and measures were taken to change hidden unemployment to visible unemployment. Fourth is that the test point work carried out by enterprises is now being conducted in an organized and planned way by local governments and labor departments.

Currently the most pressing problem facing labor system reforms is how to find appropriate work for excess workers when they leave enterprises. This is also the key to the success or failure of labor system reform. For a long time, state enterprises implemented a fixed labor system of entering but not exiting, so enterprises had surplus laborers. The surplus personnel who were not needed for production nor quality remained idle within the enterprise, not only creating huge economic losses, but also ruining the work force. There were conditions of overstaffing, lax discipline and sluggishness everywhere. This is one reason why labor productivity and industrial results are low. With implementation of the contract management responsibility system and reform of the labor system over the past few years, the excess labor that used to be hidden has gradually become apparent, and is now "waiting for employment in the factory" or "unemployed forces on the job". Some people estimate there are more than 15 million workers in this situation. Only by solving this difficult problem can we establish a new labor system.

How do we solve this problem? From conditions at the test points, it is best if enterprises absorb excess workers themselves. One way to employ excess labor is start a new production project, develop tertiary industry, diversify and set up lateral economic ties. A second method is to broaden current policy, and implement "retirement" for elderly and infirm workers who are approaching retirement age, give pregnant women and nursing mothers long maternity leave, and let workers who want to find other employment leave and stop receiving salary. The third method is to begin technical training. The fourth method is to implement a system of "wait for employment in the factory" or "unemployment for a specific time". More than 90 percent of surplus laborers are absorbed by enterprises. The remaining 10 percent are placed outside the enterprise through recruitment, adjusting surpluses and deficiencies, export and other methods.

Enterprises that absorb surplus workers lighten the government's burden and reduce society's employment pressure. However, in the long run, enterprises will find it difficult to shoulder the burden and will not solve the root of this problem.

The basic solution to the surplus worker problem is not to let surplus workers remain in the enterprise with the government taking care of them until the end. Rather, the competitive mechanism must enter the enterprise system of labor management, and based on the quality of performance make excess workers leave their original position in the enterprise, or leave the enterprise and find a new job.

We must give enterprises the right to hire and fire workers. Not only should we permit enterprises to discharge employees from their duties, but also to discharge unneeded workers from their jobs. At the same time, workers should be allowed the right to resign from the enterprise. The goal is to achieve a labor contract system whereby enterprises and workers both can exercise voluntary choice, with "Freedom for the Enterprises to Hire; Freedom for the Workers to Resign" to realize the reasonable use and movement of labor, to achieve the best union of labor and production materials, and finally, to form a labor contract system which includes all labor in the country.

What can discharged workers do? What measures should we adopt? We propose three measures. One is to provide more jobs by developing production and adjusting the industrial structure, and give employment to qualified excess workers. Second provide early retirement and pensions to old and infirm workers. Third provide unemployment relief for the unemployed.

From the overall trend of the national economy, we see that in five years we can offer three main channels of employment. One will be the need for labor in newly developed production and through natural attrition. Second will be filling positions in enterprises that are

short of labor, such as the first line of production, bitter, heavy and dirty types of work. Third will be placing people through employment agencies. We can place 65 percent of excess workers through these three measures. Moreover, the strategy to develop labor intensive industries along the coast, rapid development of township enterprises, developing tertiary industry and the many jobs that urbanites do not want to fill, will provide employment opportunities.

Early retirement pension insurance must be implemented for elderly and infirm workers, 20 percent of excess labor is in this category. These people contributed their youth to socialist construction, and they should be respected and compensated for that contribution. Therefore, the only stable method is to take care of them, allow them early retirement and provide pensions.

For those who are unable to find work within a certain period of time, we should definitely recognize them as unemployed and give them unemployment relief. Unemployment is an unavoidable circumstance of commodity economics societies. China is in the first stage of socialism. The population is large and the economy is undeveloped. To try and give each citizen of employment age an "iron rice bowl" and eliminate unemployment is unrealistic. After the nation was established we put all our energy into this and did not hesitate to sacrifice economic efficiency and development speed. The result was that hidden unemployment within enterprises replaced apparent unemployment in society, and the unemployment rate was still 2 percent. We should say that this was a mistake in our employment theory and policy, rather than a manifestation of the superiority of socialism. Therefore, under the conditions of an undeveloped economy and productivity, unemployment was inevitable. This is definitely not some popular method thought up just to create labor system reforms, nor is it some "unemployment" mechanism that somebody wants to bring up. In fact, there is an unemployment rate in our society, but it is not completely negative. If we adroitly guide our actions we will be able to better direct the use and movement of labor which will benefit competition and stimulate the enthusiasm of workers, allowing them to improve their potential, respect labor laws and work hard.

We estimate that, of the excess workers in enterprises, 15 percent are unemployed. We believe the following measures should be adapted for the urban unemployed: 1) Set up a comprehensive unemployment insurance system, and issue unemployment relief funds to assure a minimum standard of living. 2) Strengthen vocational and new skills training, increasing the workers' competitive abilities and doing everything possible to shorten the waiting period for employment. 3) Use the labor adjustment mechanism of the labor market, strengthen information services for the unemployed, employment guidance and counseling to assist them in finding work quickly. In a large, heavily populated country such as

ours, if we really want to assure that all our labor is appropriately placed and not even one is unemployed, then our labor system will never emerge from the old system.

13422/7310

AGRICULTURE

Rural Loans in First Half of Year

40060470c Beijing JINGJI RIBAO in Chinese
27 Jul 88 p 2

[Article by Correspondent Hu Lean 5170 2867 1344, Reporter Zhang Niangun 1728 1819 5028: "Why Are Village Business Loans Rising Instead of Dropping?"]

[Text] In the first half of this year, circulating fund loans to village businesses departed from the norm, climbing to a high level without a drop. outstanding sums increased about 6 billion yuan over those at the beginning of the year and the absolute amount dropped in a range similar to that of the same period in former years. This phenomenon is seen as very unusual in financial circles and has attracted the attention of specialists.

Based on the pattern in former years, mid-year outstanding sums in circulating fund loans to village business have always dropped on a fairly great scale compared with those at the beginning of the year. In other words, in the time before the summer grain crops are coming to market, agricultural banks and credit cooperatives take in a lot and lend out little, with income exceeding loans in their credit work involving village business enterprises.

The pattern of business and agricultural loans has been exactly opposite. In the first half of the year, agricultural loans go out and business loans are collected; in the second half of the year, business loans go out and agricultural loans are collected. In the first half of this year, the pattern of movement for agricultural loans remained the same, but the pattern of movement for business loans was destroyed, which brought a lot of pressure on village finance work and in particular, loans for purchasing agricultural by-products. Why did village business loans in the first half of this year rise instead of dropping?

When we looked up the monthly report on credit revenue and expenditures drawn up by the Information Center of the Head Office of the China Agricultural Bank, the item on advance payments for grain jumped out at us as being very remarkable. These accounted for about 35 percent of the increased village business loans for the first half of this year. in the 3 years since the "three links" method has been implemented for grain order contracts with chemical fertilizer, diesel oil and advance payments, the implementation situation for advance payments for grain has been much better than that for the other two links. The Agricultural Bank listed

it as a special-item loan with priority extended and better conditions than other business loans. More and more farmers have given this consideration and feel that advance payments for grain is more worthwhile than agricultural loans. So, advance payments are extended more smoothly each year. By the end of May, based on the situation of purchase contracts for grain, the amount of advance payments extended has exceeded 95 percent.

Analysis of the mix of village business loans made during the first half of this year shows that privately run village business enterprises are on a sharp rise and the "farmer forces" in the circulation territories continue to grow in strength. In the first half of this year, as the privately run business enterprise accounts in the Agricultural Bank and credit cooperatives increased five times, the number of collective and individual business accounts doubled. The amendment to the Constitution passed this year at the First Session of the Seventh National People's Congress clarified the legal position of privately run enterprises. Many individual industrial and business farming households, driven by lofty aspirations, were unable to hold themselves back and enlarged the scale and scope of their businesses, changing shops into companies, switching from using helpers to hiring labor, and loudly tooting their horns proclaiming themselves privately run enterprises. The greater part of the circulating funds for these enterprises are supplied by the Agricultural Bank. Following the advances of the privately run economy, this kind of loan will continue to rapidly grow in the coming years.

Moreover, there is another new situation that has caused the first half increases in business loans, namely that advance payments for commodities of up to a year, 2 years or longer have tied up a large body of funds of agricultural supply and marketing cooperatives. Based on incomplete statistics, by the end of May of this year, supply and marketing cooperatives in such provinces as Liaoning, Guangdong, Henan, Hebei and Anhui have made advance payments for goods exceeding 500 million yuan in an attempt to fairly guarantee supply. But the advance payment period has been too long, with some futures being for 5 years in advance of the time the transaction will be completed. In this way, business credit has become industrial capital. This year credit funds have been tightly controlled, and industrial production funds have been greatly insufficient. Many manufacturers that produce goods in great demand won't supply goods if they don't receive an advance payment for goods; numerous businesses, in order to hold their ground in market competition and stabilize their own supplies of goods, must pay the price for futures to be delivered in the distant future.

Price increases have also been an inflationary factor in business credit. The price of chemical fertilizer has risen 30 percent overall, and prices for some product varieties have even risen several times. Because of rising prices, the amount of circulating funds in use is great.

In the first half of the year, the net amount of village business loans was enormous. Among these loans, advance payments for grain can lighten the pressure on second half funds. However, other business loan items cannot help out pressures in the second half. Thus, the fund situation in the second half, and particularly the situation for funds to make purchases of agricultural by-products, doesn't allow us to be optimistic. Considering that the Agricultural Bank and Credit Cooperatives must also assume command-style debts and in particular, their savings missions, the situation for funds looks fairly severe. Specialists feel that the various agricultural funds departments should urgently and effectively help the business enterprises clean out their storehouses, and should impose credit sanctions on business enterprises that hold back on sales to corner the market and drive up prices for a profit. Aside from the second half purchases of agricultural by-products, business loans should be tightened up more and more, and the interest rate lever should be used as the important means of tightening.

Specialists propose that to accomplish this, interest rates on village business loans should be adjusted from now on and should fluctuate within a fairly large scope based on different enterprises, different contents, and the different situations at different time.

13072/12232

New Rape Varieties, Cropping Methods in Yunnan Province

40110002 Kunming YUNNAN NONGYE KEJI
[YUNNAN AGRICULTURAL SCIENCE AND
TECHNOLOGY] in Chinese No 2, 25 Mar 88 pp 14-16

[Article by Yu Lihui 0151 4539 1920, Yunnan Provincial Academy of Agricultural Sciences Information Office: "Tentative Remarks About Ways and Means of Growing Rape"]

[Text] Three major types of rape are widely grown in Yunnan Province. The Napa cabbage type is found mostly in southern and western Yunnan, where timing of the harvesting of spring-sown crops often conflicts with replanting of the same fields to crops to be harvested the following spring. The Napa cabbage type ripens early. The leaf mustard type is grown on the plain areas of central and southeastern Yunnan where irrigation is lacking, as well as in some mountainous areas. For the most part, this type is early and intermediate ripening. The wild cabbage type that began to be grown as an early ripening strain with the importation of Shengli rape during the late 1950's, and which subsequently developed into a fullblown cabbage type variety in the Yunnan rape growing series. Currently, these varieties are widely grown in major rape growing areas where water and fertile conditions are good, and they have become mainstay varieties that produce high yields.

Each of the three aforementioned types is suited to particular ecological, geographical, and environmental conditions. Since the growing of autumn harvested rape in Yunnan is limited by winter and spring droughts, and by "three dimensional agriculture," the ecological environment for agriculture differs from that of other parts of the country at a low elevation above sea level. Consequently, the selection and cultivation of varieties must meet the requirements of Yunnan's ecological environment.

Selection of the Ripening Time and an Evaluation of Breeding

In the traditional cropping pattern, rape was a spring-sown crop in a two crop farming system in which crops were planted in the spring for harvesting in the fall, and in the fall for harvesting in the following spring. In both wetlands and drylands alike, the seasonal conflict between rape and crops such as paddy rice, flue-cured tobacco, and corn became more and more pronounced. Therefore, early ripening, high yield varieties were needed, and the time of ripening became the primary determinant, after ability to produce bumper yields, for the growing of rape. Among the three ecotypes, the Napa cabbage type ripened early but produced low yields; the leaf mustard type was intermediate ripening, but did not rank high either in terms of bumper yields or disease resistance; and the wild cabbage type produced high yields, and was disease resistant, but had a fairly long growing season. The economics of bumper yields and disease resistance have to do with farming and numerous genetic factors, and ripening times vary greatly from one strain to another. In order to select the varieties that ripened at the right time from among those that produced bumper yields, in 1955 the former Southwest Agricultural Sciences Institute selected Shengli rape as the single line of a single strain in the approval in Sichuan of locally grown varieties. A comparison of tests made over several years on rape seed vernalization showed the following: Though local varieties were early ripening, they were not strongly disease resistant, and yields were not high. Seed vernalization did not produce marked results. However, results were best from the selection of the Shengli rape strain. In 1959, eight individual lines ripened between 6 and 15 days earlier than Shengli rape, and produced yields of between 300 and 400 jin. They also maintained resistance to viral diseases. Subsequently three strains were selected, namely "318," "322," and "325," which proved stable in terms of both early ripening and yields after continuous comparison over several years and testing at different sites. In the ecological environment of the Yunnan plateau, the weather is dry, there is plenty of sunshine, wind velocity is fairly strong, and no sclerotinia rot occurs, strains having a suitable ripening time were further screened to select those having the smallest angle and greatest amount of branching in order to attain maximum planting density and high yields. Cabbage type varieties having many branches and numerous pods, including "Yunyou No 6," "Yunyou No 7,"

"Yunyou 31," "Yunyou No 9," and "76-004" were bred one after another for planting over large areas to solve conflicts in dovetailing the harvesting and sowing of crops in the fall, and to gain high yields.

The ecology for the breeding of rape is as follows: Selection of individually varying systems operating under different ecological conditions to obtain relatively consistent genetic traits. This is followed by the breeding of suitable varieties at various ecological levels (Yunnan uses vertical distribution). One example is the foregoing selection of early ripening varieties. In large open fields, emphasis is on the selection of main stem pods on early ripening plants, meaning the selection of more than 10 pods at the base of the main axis as sources of seeds. In this way, the early ripening trait of the parents can be maintained. In pilot project areas, selection of a single line of a strain was based primarily on flowers, meaning selection of the plants that flowered earliest, removing their flowers as soon as they opened on the main axis, and then bagging or covering the plants so they self pollinated, the resulting seeds being retained. Will the single line of a single strain that flowered earliest also be able to ripen early later on? Growth periods were recorded and analyzed for cabbage type plant lines and for single strain seed selection fields beginning in 1959, and for 84 Napa cabbage type and leaf mustard type local varieties of rape beginning in 1961, and an analysis was made of the interrelationship between the branching, budding, and first flowering stages of growth and early ripening. It was found that there was a direct correlation between the earliness of the three stages of ripening, development during the early period serving as an indicator for the selection of plants that ripened early. In the cabbage type Shengli rape strains and lines, there was an even stronger correlation between early flowering and ripening, the correlation coefficient of the three growth stages in plant lines showing a high degree of correlation ($r = 0.674 - 0.756$); however, within individual strains, the correlation was weaker ($r = 0.179 - 0.329$). This showed that judging the earliness of ripening on the basis of the earliness of the three stages provided considerable insight for the selection of varieties and plant lines, but attention also had to be paid to the identification of individual plants, and careful selection. Results were even better when a determination of the early ripening traits of a variety or a line was used as a basis for further selection of individual early ripening plants. The correlation between the three development stages and early ripening was highest for the Napa cabbage type and the leaf mustard type rape, the correlation coefficients between ripening and the three stages of branching, budding, and flowering for the Napa cabbage type being $r = 0.765$, $r = 0.862$, and $r = 0.889$ respectively. For the leaf mustard type, the correlation coefficients were $r = 0.917$, $r = 0.936$, and $r = 0.845$. Though these three growth stages may serve as standards in making selections for early ripening, in actual growing practice, we still used earliness of flowering as the main point in selecting for early ripening. This was because

flowering is a more noticeable indicator that permits easy observation and selection. Of even greater importance is that by the time the flowering stage is reached, several other traits suggesting later development have also made their appearance. Early ripening indications can be taken together with stem thickness, distance between nodes, and the spread and vigor of branching from which the bushiness and amount of branching of plants during the later stage may be determined. Furthermore, the size of the buds and the bread, and the density of pedicel growth on the main axis also correlates to the density of pod formation later on. Male sterility may also be pretty well judged during the early flowering period. Hybridizing, selection of parent pairs for matching, and emasculation and collection of pollen may also be done during the early flowering stage. Rape's resistance to cold and to disease also shows up readily during the early flowering period; therefore, the early flowering period is the best time to make preliminary selections of rape possessing early ripening, bumper yield, and disease resistance traits.

The above methods were used in 1978 for the selection of "78IV067," and 743255," and for the breeding in 1979 of "799019" all of which ripened earlier, produced higher yields, and were more resistant to white rust disease than "Yunyou No 31." In 1981, varieties "814358" and "819537" were additionally bred from a plant line producing yields of between 460 and 584.8 jin per mu. Efforts continued to be made using the hybridizing of plant lines and selection of plant strains to breed "H 029," and "799019," both of which ripen earlier and produce 14.4 to 32.4 percent higher yields than "Yunyou No 31."

Source of Plants and Ecological Selection

The ecological environment of a variety's area of origin has a lot to do with specie characteristics and germ plasm. However, during crossbreeding, when the matching of parent pairs has been done properly, care being taken to isolate desired traits after the F_1 generation, and propagation done under certain ecological environment conditions, a new variety can be bred within a fairly short period of time. During the course of introducing varieties from elsewhere and doing selecting breeding since the late 1950's, we have found the following patterns with regard to ripening.

(1) Napa cabbage type: All of this type were spring rape varieties that came from hot and humid areas at a low altitude above sea level in the southern part of the province, and from south China (Fujian, Guangdong and Guangxi provinces), or northwest China. Most were early ripening varieties, except for those that came from the lower reaches of the Yangtze River, which were late ripening varieties. Ripening of varieties from other areas was intermediate.

(2) Leaf mustard type: Most of the medium and short stem varieties that are local Yunnan varieties are also early ripening. Material obtained from northwestern China (including Tibet), and from Europe was late ripening. Tall plant rape from Yunnan, and varieties introduced from Sichuan and Guizhou provinces are intermediate ripening.

(3) Cabbage type: The Yunyou series promoted in Yunnan Province, as well as some of the varieties from Qinghai, from southeastern Sichuan Province, and from Guizhou were early ripening varieties. The cabbage types introduced from Japan, Europe, and North America were late maturing varieties. An overwhelming majority of varieties from high latitude areas and from New Zealand were not able to ripen during the rape production season in Yunnan Province.

For the past 30 years, we have experimented with the breeding of rape for many years at many locations and in various ecological zones, using varieties introduced from elsewhere, the selection of plant lines, and crossbreeding. Using the bumper yield traits of the cabbage type as a basis, we have bred some fine varieties suited to a two crop system in which autumn sown crops are harvested in spring, followed by the spring planting of crops for harvesting in the fall. We have also promoted their growth in wide area production for rather good results.

Ever since the Yunnan Provincial Academy of Agricultural Science's Rape Institute launched development of early ripening, drought resistant winter rape of the cabbage type in the 1960's, it has provided a number of fine varieties in the Yunyou series for production. These have included "Yunyou" No 6, No 7, No 9, No 31, and No 49, which have played an active role in increasing yields in different ecological zones. However, with the passage of time, these varieties have gradually become mongrelized and have regressed; their resistance has weakened; and diseases have developed in them so that they are no longer able to satisfy the needs of production. In recent years, these original varieties and materials have been used as the basis for the introduction of varieties from areas in which ecological conditions are similar to those of Yunnan for hybridizing and matching, and the further selective breeding of some new varieties (or species) such as "723178," "76-004," "743255," "78IV067," and "799019." They are all early ripening, high yielding, and strongly resistant. They are gradually spreading into different ecological zones.

Breeding of Summer-Sown Cabbage Type Rape

Approximately two-thirds or more of the approximately 1.5 million mu of autumn-sown rape in Yunnan Province is grown on drylands, but dryland rape yields are fairly low because of the dryness of the autumn and spring seasons. In recent years, there has been a gradual spread of summer sown rape on drylands and in high and cold mountain regions, successful experiences having been gained from growing it at between 1,600 and 3,000 meters above sea level. Yunnan is located on a plateau at a low latitude where the summers are very wet, the

climate is moderate, the amount of sunshine, and effective cumulative temperatures is similar to that of ecological zones in which spring rape is grown at a high latitude such as northeastern and northwestern China, and Tibet, and rainfall is plentiful. Experiments have shown cabbage type spring rape varieties suitable for summer and spring sowing in mountain regions. Making use of this ecological strength, during the summer of 1978, the Oil Crops Institute of the Yunnan Provincial Academy of Agricultural Sciences sowed at various times "Yunyou No 31," a cabbage type with a strong proclivity for spring sowing, and two other spring varieties, namely "Zaifu," and "76-082," as well as other varieties in supplementary tests to find the varieties most suited to summer sowing. Sowing was done every 10 days from 22 May through 25 August at an elevation of 1,920 meters above sea level. The following results have been preliminarily obtained:

(1) Suitable time for summer sowing. Yields were highest from sowing done at the end of May (the first period), yields steadily declining the later sowing was done. The total growing period was between 103 and 113 days, which was between 69 and 82 days less than for winter-sown rape. Analysis of growth stages showed the most marked shortening of the number of days during the three stages of sprouting, budding, and fruit formation, which was greatly related to the temperature. For the same varieties, each of the stages was earlier in summer, and though there was substantial variation in the number of days of growth when sown late (103 - 208 days), total cumulative temperature was between 1,240 and 1,460 degrees C. This was related to the increase in temperature throughout the growing period for the summer-sown rape, the cumulative temperature for days when the temperature was consistently higher than 10 degrees centigrade amounting to between 425 and 649 degrees C more than for the growing period for winter-sown rape. For every 6 to 8 degree C increase in average effective cumulative temperature, the growing period is shortened by 1 day. This coincides with the approximate 15 day advance in the growing season for every additional 100 degrees C of cumulative temperature for open field crops. For winter-grown rape, sunshine throughout the growing period totaled 1,511 hours, which was 1.5 times as much as the 606 hours during the summer-sown rape growing season. However, during summer the sun's light radiation is extremely plentiful, making up, to a certain extent, for the lack of direct radiation, and the amount of rainfall during the wet season is more than ample. Thus, full use of the beneficial high temperature of summers on the Yunnan Plateau is an important way in which to increase yields from the growing of summer rape.

(2) In terms of varieties, the early to intermediate ripening varieties of cabbage type rape that favor spring sowing were ideal. An example was the "76-082," line, which was successfully bred from the Qinghai "70-144" strain. This line produced highest yields from summer sowings for 3 consecutive years from 1978 through 1980, yields amounting to between 136.48 and 189 jin, which was between 12.2 and 102.9 percent more than from

"Yunyou No 31," making it the current superior variety for summer sowing. In 1980, it was grown for demonstration purposes on 148 mu in Huize County. In 1981, the growing area increased to 3,000 mu, and in 1982, it was summer sown on 8,884 mu throughout the county, producing yields of 200 to 300 jin, and as high as 400 jin. Its total growing period was 79 to 134 days, and by adjusting the time of sowing, it could grown at 1,800 to 2,700 meters above sea level. During 1983, variety "76-082" ("Yunyou No 12") was sown during the summer on 18,939 mu in Huize, Xuanwei, Shuaizong, and Luoping counties in Qujing Prefecture, providing a new avenue for opening mountain regions and high and cold mountain areas to rape production.

**Summer Propagation To Increase Generations,
Accelerating the Breeding Process**

The summer sowing of rape is a feasible way in which to increase the number of generations of propagation. Since the Yunnan Plateau is characterized by "warm winters and chilly summers," numerous rape varieties strongly suited to spring sowing pass through their growing stages easily and smoothly for a very great shortening of the growing period. Therefore, the growing of rape in summer for autumn harvesting hastens the breeding process. Within a short period of time, growth comes to fruition, and seeds are propagated for expansion of the growing area, winning time for increasing output of oil bearing crops.

9432

**Identification of Mycotoxins in Shaanxi Livestock
Fodder**

40110001 Lanzhou ZHONGGUO SHOUYI KEJI
[CHINESE JOURNAL OF VETERINARY SCIENCE
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No 5, 20 May 88 pp 3-7

[Article by Wang Zhaoxian 3076 2507 6343, Li Changsheng 2612 7022 3932, Xie Yufen 6200 3022 5358, Liu Xinyi 0491 1800 0001, and Qin Sheng 4440 8548, Shaanxi Provincial Institute of Livestock Veterinary Medicine; and Chen Qingtao 7115 1987 3447, Qi Zutong 7871 4371 0681, Sun Zengmei 1327 2582 5019, and Bai Fengyan 4101 6646 3934, Micribiology Institute, Chinese Academy of Sciences. "Investigation of Toxic Fungi Found in Livestock and Poultry Feed in Shaanxi Province—A Dissertation Selected by The Third Academic Symposium on Livestock Internal Medicine of Five Northwest Provinces and Regions"]

[Abstract] Extensive work done during 1985 and 1986 to identify mycotoxins found in livestock fodder commonly used in Shaanxi Province is detailed in this article, which covers procedures used to collect fungi,

and the methodology used to culture them and identify the toxic ones. A total of 93 different varieties of fungi in 23 different genera were identified as toxic from among 132 varieties of fungi in 45 different genera. This included 22 varieties of fusarium, 27 varieties of penicillium, 22 varieties of aspergillus, and 25 varieties of fungi imperfecti.

The article identifies the distribution and frequency of occurrence of toxic fungi in various regions of the province. It does not, however, explore the nature of degree of their toxicity, relying instead on already published data for such information. References consulted, though mentioned, are not provided in the article.

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**Aflatoxin Contamination of Peanut Products
Surveyed**

40110004 Wuhan ZHONGGUO YOULIAO [OIL
CROPS OF CHINA] in Chinese
No 2, 20 Jun 88 pp 85-87

[Article by Xiao Daren 5135 6671 0086: "Survey of Aflatoxin Contamination of Peanuts in China"]

[Abstract] All the peanut oil, and nearly half the peanuts from some parts of China have been found to contain aflatoxin, a carcinogen, at one time or another, some of the highest levels found in Fujian. This contamination generally becomes more serious from north to south. This aflatoxin contamination has been traced to the fungus *Aspergillus flavus*, which is said to be present virtually everywhere that peanuts are grown. The presence of *Aspergillus flavus* does not necessarily lead to aflatoxin contamination, however. The fungus is able to produce the toxin only under certain temperature and humidity conditions; thus, careful drying and storage are the keys to aflatoxin control. Storing the peanuts in their shells is also helpful. Machine shelling is to be particularly avoided since bruising of the kernels opens avenues for fungus infection. Efforts are also underway to grow fungus resistant peanut varieties.

The article is largely a summary of the problem than a discussion of solutions to it. Work on the breeding of fungus resistant peanuts, for example, is described as hopeful but is treated in only a few sentences.

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New Test for Detection of Bovine Brucella Antibodies

40110005 Nanjing XUMU YU SHOUYI [ANIMAL HUSBANDRY AND VETERINARY MEDICINE] in Chinese No 3, 20 Jun 88 pp 130-131

[Article by Fang Jian Yong 2455 1017 0516, Lin'an County Agricultural Bureau, Zhejiang; and Liu Sheng-jiang 0491 0524 3068, Veterinary Medicine Department, Nanjing Agricultural University: "Study of the Use of Microagglutination Test to Detect Bovine Brucella Antibodies"]

[Abstract] This article describes a method whereby a microagglutination test is used to detect bovine brucella antibodies. A readout, which is claimed to be no less

reliable than the commonly used test tube agglutination method, may reportedly be obtained in little more than four hours. Described as fast, sensitive, economical in the use of antigens and blood sera, as well as simple to perform, this test is offered as a substitute for both the test tube agglutination reaction test and the complement-fixing test, the two tests most widely used in China to detect bovine brucella antibodies.

In addition to describing the test methodology in precise detail, the article also points out various pitfalls to be avoided that may affect test sensitivity and speed of testing such as too high or too low concentrations of antigens, temperature, and reaction times.

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CENTRAL-SOUTH REGION

Achievements of Capitalism 'Must Be Acknowledged'

40050415 Shenzhen SHENZHEN TEQU BAO
[SHENZHEN SPECIAL ECONOMIC ZONE
HERALD] in Chinese 15 Jul 88 p 4

[Article by Lin Baohua [2651 0202 5478]: "Achievements Of Modern Capitalism Must Be Acknowledged"]

[Text] Marxism claims that existence determines consciousness. Mainland China, however, has traditionally failed to face up to the objective reality of modern capitalism. In the mind of some people, modern capitalism is the same kind of capitalism as seen by Marx, Engels, Lenin, Stalin, and Mao Zedong. As recently as a couple of years ago, capitalism was still regarded as the source of all evil. The way they condemned it, you would have thought that capitalism was corrupt and moribund. People who still cling to this viewpoint are either naive or whistling in the dark.

Marx and Engels said in the "Manifesto of the Communist Party," "the bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than all preceding generations together." In the 4 short decades after World War II, the Western world has once again created more massive and more colossal productive forces than the preceding century. The growth was particularly spectacular in the late 1960's. It changed the face of the entire world and ushered in the information society.

Remarkable advances in science and technology are a primary reason for the leap in productive forces in the Western world in the last half century. "Knowledge is power."

Advances in science and technology have created a need for highly specialized management, forcing capitalists to delegate power to managerial personnel equipped with professional expertise. Hence the appearance in society of an intermediate stratum of management.

In Marxist theory, assertions about the inevitable demise of capitalism and the inevitable victory of socialism are based on the contradiction between the social nature of production and capitalist ownership. Today, production has become even more socialized. But capitalist ownership too is gradually being socialized. For one thing, there are large numbers of shareholders interested in the stock market. Moreover, people who control means of production and determine methods of distribution are no longer confined to the capitalist and his family but also include the intermediate level of management which has a good deal of say. Since it has specialized expertise and is employed by the capitalist, management tends to be more objective and rational in its decision-making and its decisions are more in line with broad social

interests. This tendency—the expansion of the intermediate level of management and the shrinking of the two ends—may do much to ease the confrontation between the bourgeoisie and the proletariat.

Rapid advances in science and technology and productive forces have created abundant social material wealth, enabling both the proletariat and intermediate management to partake more of it. Instead of a handful of people, the "labor aristocracy" "bribed" by capitalists now consists of large numbers of workers. The absolute and relative impoverishment of the proletariat has disappeared forever. Meanwhile, capitalists and the government they control have consciously improved social welfare to prevent certain social contradictions from worsening, thus reducing the appeal of "class struggle" even further.

Learning from World War II, Western nations have continuously adjusted their policies, not only those with socialist nations, but, even more important, internal domestic policies and policies with the Third World, in order to prevent the intensification of certain contradictions. After the world-wide stock market crash last October, for instance, Western countries stepped up consultation and modified their policies to avoid a repetition of the economic depression of 1929. While there are open strife and hidden competition between them, Western nations also act to protect the broader general interests. The recent summit between the seven Western economic powers in Toronto and the meeting between their finance ministers, for example, were held for this particular purpose. After the war, Stalin talked about a universal crisis in capitalism. That has not come to pass.

Institutional vitality is yet another reason for the achievements of the Western capitalist world after the war.

Under capitalism, an individual and his economic interests are closely integrated by private ownership. As a result, whatever the circumstance and however risky the situation, he will do his best to make choices consistent with his own interests. Certainly, such choices are made under the rule of law. After centuries of development, capitalism has put together an increasingly sound legal system to ensure free and equal competition in society to the greatest extent possible. Those who make the wrong choices will necessarily lose out in competition. Under capitalism, it is survival of the fittest. The strong win and the weak lose. In the process, society retains its vitality and advances to a higher level.

Capitalist private ownership needs the protection of capitalist law. And the capitalist legal system, in turn, requires the protection of the capitalist democratic system. Take away democracy and you end up with autocracy and dictatorship, the rule of man instead of the rule of law.

The Western democratic system compels those in power to listen to public opinion and remove social contradictions. Otherwise, they may be thrown out of office and replaced by competent people. Consequently, no political or economic problem is allowed to deteriorate to such an extent as to cause a serious confidence crisis as it waits for the ruler's natural demise. In the 1970's, for instance, President Ford and President Carter had to step down when their terms expired because of their "mediocrity"; although they made no major mistakes, they could not point to any significant achievements either. Mrs Thatcher cured Britain of its chronic malady, "the free lunch." Despite vehement opposition from some people (including trade unions) earlier in her administration, she has the voters' support and has won three general elections in a row because her policies work.

Certainly some people may think that democracy would lower efficiency. The democratization of the decision-making process helps reduce mistakes. While it may slow things down on the surface, it actually saves time. The militarization of the decision-making process may be quick superficially, but it could in fact be a case of "more haste, less speed." This is because when one person or a handful of people act arbitrarily, they are more likely to make mistakes, which will be difficult to undo. The longstanding stagnation in China's construction has taught us a profound lesson.

If we see the economic success of capitalism only and overlook its superstructure, which serves the economic base, we cannot successfully copy some of the things in capitalism and may even end up copying the bad things.

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Draft of Basic Law, Human Rights Protection Discussed

40050365 Hong Kong KUANG CHIAO CHING [WIDE ANGLE] in Chinese No 189, 16 Jun 88 pp 51-53

[Article by Chen Hongyi [7115 1738 3015], instructor of the law department of the Hong Kong University: "Draft Basic Law And the Protection of Human Rights"]

[Text] A noteworthy issue in "the draft of basic law for the solicitation of opinions," which was made public in April 1988, is the protection offered by the draft law for the rights and freedom of residents. This article wishes to conduct a preliminary study in this regard. To be more specific, this article will discuss the following four issues:

1. The basic spirit of human rights thought.
2. How do the provisions in the bill of rights safeguard human rights.
3. A brief introduction to a chapter in the draft of basic law for the solicitation of opinions regarding human rights.
4. A preliminary assessment of this chapter.

The Basic Spirit of Human Rights Thought

First, about the spirit of human rights thought, to put it simply, human rights thought is thinking that stresses the value and dignity of human beings. It is not only legal thought but also a moral and philosophical thought. Like religious thought, human rights thought is based on an ultimate belief, which is also the basic spirit or prerequisite of human rights. That is: the dignity and value of human beings should be respected and observed, not infringed upon, exploited, or trampled on. The phrase human beings used here is not limited to the definition of mankind or groups of people such as countries, nations, and societies; human dignity and value, according to the interpretation of human rights thought, is focused on individuals, each and every real person not an abstract concept. Judged from this angle, I think that human rights thought and many religious beliefs share similar views on universal love and justice. A society of universal love and justice is a society where human rights can be respected and exercised. Human rights advocates may unite all humanitarians and all religious personnel who believe in human dignity and value and work together to bring about a society with more human rights, universal love, and justice.

Another issue worth pointing out is that judged from the angle of historical development, human rights thought is modern thinking, a demonstration of progress in human civilization, and an important fruit of human culture, therefore, it deserves very much to be treasured, preserved, and spread. In the history of Western ideology, the concept of human rights may be dated back to the ideas of ancient Greek philosophers; but at that time

such ideas had very little influence for ancient Greece and Rome both had slave systems under which slaves had no human rights to speak of. The rise of human rights thought began mainly in Western Europe about 300 years ago. In the 17th and 18th centuries, Europe went through the Enlightenment period, and it was at that time that human rights or the natural rights of mankind began to prevail. This new trend of thought promoted, to a certain extent, the war of American independence and the great French revolution in the late 18th century. The earliest human rights documents in human history were the Declaration of the Rights of Man and of the Citizen, which was adopted after the great French revolution in 1789, and the Bill of Rights, which was adopted in 1791 during the amendment of the United States Constitution. The Bill of Rights is a legal document listing people's basic rights and freedoms and ensuring that such rights and freedoms are protected by the government. The bills of rights in the French and U.S. constitutions later became the blueprint for the bills of rights in many other nations' constitutions.

Modern Human Rights Thought Is a Trend of Thought Rich in Political Meaning

Modern human rights thought is not an academic thinking within the ivory tower. Rather, it is a trend of thought rich in political meaning and it has promoted many revolutions and social reforms. It advocates that all men are born with natural rights, all men are created equal, and equal rights are the essential and important part of human rights. So, when human rights thought first appeared, it was used to oppose the privileges of certain classes and organizations, such as imperial and royal families and landlords, and to advocate for the freedom, equality and universal love of all men.

In the 20th Century, the concrete political meanings of human rights thought include opposing abusing power by any government to suppress its people, opposing inequality between man and woman, and criticizing social injustice and exploitation and systems and policies that infringe upon human dignity and value. Although it originated from Europe and America, in today's world, human rights thought is widely accepted in many countries. In 1948, the General Assembly of the United Nations adopted the "World Declaration of Human Rights." After that, international law on human rights developed rapidly. In 1976, two international covenants, which are more detailed and concrete than the "World Declaration of Human Rights" began to go into effect. They are "The International Covenant on Civil and Political Rights" and "The International Covenant on Economic, Social, and Cultural Rights."

A simple way to find out exactly how many rights and freedoms the concept of human rights includes is to read these two international covenants which cover and combine all modern, international standards of human rights. For instance, civil rights include ideological and religious freedoms, freedom of speech, and freedoms of

assembly and association; political rights include rights to participate in public affairs and election; and economic and social rights include rights to work, get reasonable wages, and join trade unions. What is worth noticing is that most rights and freedoms listed in the covenants are not absolute or unlimited. In social and colonial life, when some people abuse their rights and freedoms, they will infringe upon the rights and freedoms of others or even threaten the interests of the whole society. For instance, in regard to the freedom of speech, the law usually sets a limit on the freedom of speech by stipulating that those who say things to calumniate others have to bear legal responsibility or by prohibiting people from instigating the masses to carry out riots. Therefore, it is inevitable and there is a practical need for the law to restrict some freedoms and rights. The question is whether or not these restrictions are rational.

Areas To Be Covered

A fairly complete bill of rights should cover at least the following three aspects:

1. List in detail various rights and freedoms that need to be protected.
2. Explain reasons for the restrictions of rights and freedoms.
3. Establish a complete system to interpret and enforce provisions in the bill of rights.

Two Categories of "Bills of Rights"

The most basic way of classifying bills of rights is to put them under two categories: international and domestic. The above-mentioned two international covenants belong to the first category. These two covenants list rights and freedoms in great detail and contain proper provisions on the restrictions of rights. The only blemish in these two otherwise perfect covenants is the enforcement method. These covenants are enforced mainly through the voluntary observance by individual nations of human rights standards stipulated in these covenants. If the government of a certain country violates a provision of these covenants, it may be criticized by international opinion but no international court can force the enforcement of the provision or take effective sanctions against the violating country. This may be considered the general defect of the bill of rights in international law.

As for the second category of bills of rights, which are the bills of rights in the domestic laws of individual countries, effectiveness varies in different countries. I think that an example for relatively effective bills of rights is the form adopted by the United States and most nations of the British Commonwealth. That is considering the bill of rights as a chapter of the constitution and putting the court in charge of interpreting and enforcing the provisions of the bill. In other words, the court is

responsible for safeguarding the rights and freedoms stipulated in the bill of rights, and if the people's pertinent rights are infringed upon, the people may appeal to the court and the court has the right to take sanctions against violations of the bill. This method of using a nation's domestic court and judicial ruling to interpret and enforce human rights standards seems to be more effective in prohibiting the violations of human rights than the general method of enforcement for the abovementioned international bill of rights.

After the above discussion, I believe that everybody now has a concrete understanding of the spirit and bill of human rights. Let us now take a look at the part of human rights in the draft of basic law for the solicitation of opinions, which was made public recently. Provisions on safeguarding human rights are mainly in the third chapter of the draft. The title of the third chapter is fundamental rights and duties of the residents. The first provision of the third chapter is Article 23 which defines permanent and non-permanent residents of the Hong Kong Special Administrative Region. Article 24 is about ensuring equal right. Articles from 25 to 36 provide provisions on various basic rights and freedoms such as the right to vote, freedoms of speech, publication, assembly, and association, freedom of the person and religious belief, the right to social welfare, and the right to raise a family freely. In addition, article 38 and 39 are both important and critical provisions of the third chapter. Article 38 stipulates that the provisions of the two international covenants on human rights as applied to Hong Kong should be implemented through Hong Kong legislation. According to Article 39, Hong Kong residents' rights may be restricted by law but "such restrictions shall not go beyond the necessity for the maintenance of national security, public order, public safety, public health, public morals and for the safeguarding of the rights and freedoms of other persons."

Generally speaking, the third chapter of the draft basic law can be considered as a bill of rights. As mentioned above, a bill of rights may be judged at least from three aspects. Let us now assess the bill of rights in the draft basic law from these three angles.

The Question Lies in How To Interpret and Enforce the Provisions

First, the rights and freedoms listed in the third chapter include all the rights and freedoms that are to be safeguarded according to the Sino-British "joint statement." However, if we compare the third chapter with the contents of the two international covenants on human rights, we will discover that the international covenants cover a greater variety of rights and the provisions on each right are written in more concrete terms and greater detail. For instance, "The International Covenant on Civil and Political Rights" lists in great detail various rights enjoyed by the defendant in a criminal procedure, and such rights are not listed in the third chapter of the

draft basic law. For another instance, many rights listed in "The International Covenant on Economic, Social, and Cultural rights" have no direct reference in the draft basic law.

Second, the draft basic law has only one provision, Article 39, on the possible restrictions on various rights and freedoms, which mentions, in general terms, several reasons that could be used to restrict rights. In comparison, international covenants on human rights and the constitutions of some countries implementing the common law system usually have different provisions on the reasons for restricting different categories of rights, and such provisions are written in more concrete terms and greater detail.

Therefore, in regard to the positive description of the contents of rights and the limits and restrictions of rights, the draft basic law is less concrete and strict as compared to the international covenants on human rights and the constitutions of some countries. However, this does not mean that the third chapter of the draft basic law is poorly drafted because drafts of China's domestic laws are usually simplified, so it is understandable that the part of the draft basic law on human rights are simplified. I think that although the degree of concreteness and detail of provisions is an important factor, it is not the key to the issue. The key is how to interpret and enforce the provisions, which is the third aspect we should consider in assessing a bill of rights.

In this regard, what we are concerned about is the question: Who will interpret and enforce the provisions of the third chapter of the draft basic law on human rights? This involves the issues on the rights of interpretation, of court trials, and of jurisdiction. To make it simple, in my opinion if we want the third chapter of the draft basic law to safeguard human rights as Hong Kong residents understand them and as Hong Kong's current legal system respects them, we should fight for the following three points during the process of solicitation of opinions:

1. Hong Kong courts should be given the full power to interpret the provisions of the third chapter of the draft basic law, especially on individuals' rights and freedoms, and the standing committee of the national people's congress should not exercise its right of interpretation. This is because mainland China exercises socialism and the people's democratic dictatorship while Hong Kong exercises capitalism, and the understandings of a human rights provision by two different systems are different.

2. Should the legislative organs of the Hong Kong Special Administrative Region adopt some laws that infringe upon human rights and thereby violate the provisions of the third chapter of the draft basic law, Hong Kong courts should refuse to enforce such laws that conflict

with the basic law. Because, if the human rights listed in the basic law can be willfully reduced by legislative organs, the basic law will not be able to offer any real guarantee for human rights.

3. If any Hong Kong resident thinks the human rights enjoyed by him and verified by the third chapter of the basic law are infringed upon, he has the right to appeal to the court, and the court should provide proper judicial remedies and take sanctions against the violations of human rights. As mentioned above, judicial ruling seems to be the most effective way of enforcing human rights standards, provided, of course, that future Hong Kong judges are trustworthy and determined to safeguard human rights and the rule by law.

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Biography of Yang Qi, New Director of TA KUNG PAO

40050379 Hong Kong KUANG CHIAO CHING [WIDE ANGLE] in Chinese No 190, 16 Jul 88 p 39

[By Liu Guohe 0491 0948 0735]

[Text] A Legendary Figure

Since the death of Fei Yimin [6316 1744 3046], director of TA KUNG PAO, a Hong Kong newspaper, there have been many rumors about his successor. Finally, reliable news: Yang Qi [2799 1142], currently secretary general of the New China News Agency in Hong Kong, will assume the directorship on 1 August.

In the history of modern Chinese journalism, Yang Qi is considered a heroic scholar and a legendary figure.

A native of Zhongshan County, Guangdong Province, Yang Qi entered newspaper publishing early in life. We can say he spent most of his life in newspaper publishing.

A Brief Biography of Yang Qi

Between February 1940 and April 1941, that is, on the eve of the fall of Hong Kong, Yang Qi worked as a proofreader and assistant editor at TIANWENTAI BANZHOU PINGLUN BAO in Hong Kong.

Between April 1941 and September 1945, he joined the Dongjiang Column and served as editor of DONGJIANG XINBAIXING BAO and editor-in-chief of DONGJIANG MINBAO. Later he became director of QIANJIN BAO, mouthpiece of the Dongjiang Column.

After the victory of the war of resistance against Japanese aggression, between October 1945 and October 1949, Yang Qi served as director of ZHENG BAO in Hong Kong and concurrently as editor-in-chief of China

Publishing House. Then he became one of the leaders of the Hong Kong branch of the New China News Agency and later manager and acting editor-in-chief of HUASHANG BAO.

From October 1949 to September 1966, Yang Qi was successively deputy director of NANFANG RIBAO and editor-in-chief of YANGCHENG WANBAO, both in Guangdong.

He was criticized and denounced during the Cultural Revolution and did manual labor at a party school after the revolution. In the early 1970's until November 1971, he was deputy director of the "Workers Battalion."

From December 1971 to October 1974, Yang Qi served as director of ZHAOQING BAO in the Zhaoqing area in Guangdong and director of the propaganda department of the prefectural CPC committee.

From October 1974 to July 1978, Yang Qi headed the Guangdong People's Publishing House and the Guangdong Publications Administration Bureau.

From July 1978 to July 1988, Yang Qi was again sent to work in Hong Kong, serving successively as deputy secretary general, director of the Propaganda Department, and secretary general of the Hong Kong branch of the New China News Agency.

On 1 August he will formally become director of TAKUNG PAO.

For most of his life, Yang Qi has been involved in many key historical events in Hong Kong and South China. Thus he is a person to take note of by students of Hong Kong history and anecdotes.

An partial search turns up the following materials on his life and journalistic career:

Yang Qi and Mai Feng [7796 3536]. "A secretly printed, openly distributed literary and artistic publication," in "Traces of History," pp 23-34.

Yang Qi. "The Story of the Correspondence Course of Journalism College," in "Commemorative Collected Works of the Hong Kong Chinese Journalism College," pp 85-86.

Zhong Zi [6988 4793]. "The Struggle of QIANJIN BAO of Dongjiang Column," in "Studies in the Guangdong Revolutionary Press," Volume 1, p 160.

Yang Qi. "My Time With Tao Fen [7290 1164]," in "Remembering Tao Fen," Xuelin Publishing House, pp 240-243.

Zhong Zi. "Hong Kong's First Postwar Mouthpiece of the People—ZHENG BAO," in Jinan University XINWENXUE YUEKAN, No 10, 1985.

Xia Yan [1115 5888]. "A White-Haired Journalist Recalls HUASHANG BAO," in "Collected Works To Commemorate the 45th Anniversary of HUASHANG BAO," pp 1-7.

Yang Qi. "Hong Kong HUASHANG BAO After It Resumed Publication," in "Collected Works To Commemorate the 45th Anniversary of HUASHANG BAO," pp 13-18.

"Fang Fang [2455 2455] Takes Propaganda Work Seriously," in "Remembering Fang Fang," Sanlian Shidian, pp 155-156.

Yang Qi. "New Explorations for the Socialist Press," in "Discourse on Evening Newspapers," Chinese Journalism Publishing House, pp 209-224.

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