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GENERAL

U.S. Freedom Criticized

90ON0132A Beijing ZHONGGUO QINGNIAN BAO
[CHINA YOUTH DAILY] in Chinese 13 Sep 89 p 2

[Article by Zhang Haitao (1728 3189 3447): "Freedom in America"]

[Text] Although I worked in the United States for a period of time, and have some understanding of the United States, I do not feel up to answering questions from friends though I really want to. Nevertheless, they are friends, after all, so there is no harm in trying to do my best to comply with their wishes. Other things may be difficult to do, but one thing I can do is tell what I feel.

In *Jinghuayuan*, the Qing dynasty writer Li Ruzhen wrote that the people in a "two faces kingdom" wore a "huge cloth" on their heads. The face that showed in the front was good-looking, but when one went behind the person and lifted up the "huge cloth," one discovered that it "concealed a grotesque face with rat's eyes and an eagle's beak that was filled with ferocity." For quite some time, some of our units have rarely lifted the "huge cloth" in getting to know the United States. I believe that in getting to know the United States, one should neither conceal its exemplary characteristics, nor cover up the areas in which it falls short. Simply stated, one should follow the line of understanding that the epistemology of dialectic materialism provides.

However, this is not easy to do by any means. I, myself, am a long way from being able to do so; however, I will do my best to do it. But to get back to the subject, I will talk first about the matter of freedom in the United States.

The stock phrase that the U.S. bourgeoisie uses most frequently is that the United States is a "free country," and that U.S. society is a "free society." The world that is made up of countries having a social system like that of the United States is the "Free World," and the United States is the "leader of the Free World."

The U.S. bourgeois also has a short term it is fond of using known as "values." Just what these "values" are depends on the speaker, but there are two points in common, namely "democracy" and "freedom."

The way the U.S. bourgeoisie tells it, only Americans and people in countries having a social system similar to that of the United States are free, while countries practicing a socialist system under leadership of the Communist Party are not. At the least, the former are up in heaven, and the latter are beneath the earth, a long distance separating them.

I have personally heard and seen them say these things, and I have had direct experience with these words, if not 10,000 times, then at least 9,990 times.

How should we view all this?

Leaving aside how the U.S. bourgeoisie deprecates us, let us take a look at realities in the United States.

On the basis of my personal experiences living in the United States for several years, I feel I should say first that the United States has freedom.

Let me begin by talking about daily life, going from the small to the large.

One might say that the United States is a huge exhibition of outlandish clothes.

Americans wear clothing of every description in their daily lives. Except for dignified ceremonies and formal banquets for which dress is prescribed, they usually wear whatever they like, wear it any way they like, dressing any way they want with no one interfering. (Of course, when working in a government organization, one has to dress fairly formally). Near Wall Street in New York, I personally saw a male wearing a brassiere walking along in a crowd. I, a foreigner, was the only one to look at him curiously; the local people paid no attention at all. When I traveled in the U.S. midwest, I saw some young men and women wearing a kind of shorts. This was in the summertime, to be sure, but they did not have to be specially made. People only had to take a scissors and cut off long denim trousers above the knees. Naturally, the higher and the shorter, the better. There was no need to hem the cut edges. The leg openings were not the same length, and were irregular around the edges. They looked like a lion's whiskers. Such "whiskers" hung down from both legs. Not only did one see ordinary young men and women wearing such shorts on main streets, but I also saw the male and female children of the owners of wealthy, world-famed U.S. homes also wearing these shorts with "whiskers." Older people do not like them, but say nothing. In addition, in demonstrations opposing the Vietnam war of aggression, I also saw some young women walking along in a parade wearing the stars and stripes on their behinds like underpants. According to U.S. law, desecration of the American flag is illegal. It can be punished with a fine or imprisonment. But no one interfered with this woman doing this.

One might say that the United States is a museum of all the religions of the world. Every Christian denomination, Judaism, Islam, Buddhism, and so forth: the United States has them all. As one walks along the streets, one can see priests, Catholic nuns, imams, rabbis, monks, and Buddhist nuns. The United States is a focal point for every social trend of thought.

U.S. politics consists of "liberals," "moderates," and "conservatives." Naturally, these are factions within the class that holds a ruling position in the United States. In terms of supporting the prevailing U.S. social system, and in terms of their basic standpoint and political point of view, they are identical. However, in terms of their support for various specific policies, ways, and means in the prevailing U.S. social system, they frequently diverge, sometimes very greatly. Since 1960, when the USSR began to challenge hegemonist position of the

United States, contending for supremacy with the United States on a world scale, U.S. bourgeois political personages have been divided into the "hardline faction" and the "moderate faction" with regard to policy toward the USSR, with some people terming the latter the "appeasement faction." The faction between these two is termed the "middle-of-the-roaders." During the several years I was in the United States, virtually every day one could hear debates and violent arguments among members of these different factors on domestic or foreign policy matters. However, except for a small number of people, no unbridgeable chasm exists among the above factions. The dividing lines among them are frequently blurred, and they frequently swap positions. Naturally, they enjoy full freedom of expression.

A so-called "beatnik faction" also exists in U.S. society. This faction is made up of young men and women who are dissatisfied with the existing U.S. social system, but who cannot find a proper course. During the several years I lived in the United States, I frequently saw quite a few disheveled, unconventional and unrestrained hippies from among these youths, particularly in San Francisco. Still another group of people form a "hermit faction" that detests the world and its ways, and lives in seclusion deep in the mountains, males and females living together, cut off from the world. People generally say that they are free to do so.

The United States also has a so-called "radical faction." At the time I lived in the United States, their makeup was very complex, consisting of representatives of every political tendency. So long as they took an attitude that "a man of noble character may lash out with his mouth but not his hands," and did not violate the law, generally speaking, they could exist, albeit under strict surveillance of the FBI and the local police.

Of course, a genuine Marxist faction also exists in the United States, but it is in a very difficult predicament. I will touch on this point in a future letter.

The United States is a great collection of pornographic culture.

Just take New York City. Just walk outside and you will see at every turn nude dance halls bearing signs reading, "topless," and "bottomless," disguised houses of prostitution bearing signs reading "massage parlor," and shops specializing in the sale of nude photographs bearing signs reading, "photo studio." Every street and lane has all kinds of pornographic books, pornographic pictures, as well as a muddle of other things of this kind. They may be seen everywhere. On Manhattan's West Side, 42d Street is where pornographic movie theaters are concentrated. One need not go inside. Just looking at the disgusting advertisements in front of the theater is revolting enough. It is not that no one is opposed; they dare not show opposition. The publishers and film makers can sue you in court if you do, speaking plausibly and at length about how you have violated their "freedom of speech," "freedom of the press," and "freedom

of expression." Some of them are wealthy. They can hire lawyers who can quote copiously from authoritative works to defend them. They can speak in a very closely reasoned and well organized way till you cannot stand it. During the period that I lived in New York, I witnessed just such a case involving a movie film in which a stark naked man and woman were having sex. In my view, the side that opposed this film should have been the successful litigant. Surprisingly, the actual result was just the opposite. The judge ruled that the film maker was the victor. His reason was protection of "freedom of expression!"

Many examples of this kind could be given.

Clearly, the United States is a "free society" that is not without redeeming qualities. It cannot be completely rejected. However, the overall situation is also very complex, so a sweeping endorsement of it, and indiscriminately imitating it in China is clearly not in order. The people of China would not agree with that.

Analysis of U.S. Democratic System

HK2010052589 Beijing ZHONGGUO QINGNIAN BAO in Chinese 7 Oct 89 p 2

[Article by Zhang Haitao (1728 3189 3447): "Democracy in the United States"]

[Text] I would now like to talk about democracy in the United States. In my view, we should first of all acknowledge that there is democracy in the United States. It is natural that some bourgeois people are very proud of their "democratic country."

The American bourgeois revolution, namely, the U.S. War of Independence against British colonialism, broke out earlier than the French Revolution. The bourgeois republic was established earlier in America than in France. China's revolution of 1911 broke out more than a century after the founding of the United States of America. Since the United States did not experience the stage of feudal society, its history started on the basis of a bourgeois republic. In the United States, there were no antagonistic forces such as feudal landlords and the nobility. It has experienced a long period of stability since its founding. This situation is different from that in China. After the founding of the Republic of China headed by Dr Sun Yat-sen, China experienced a period of restoration and retrogression led by Yuan Shikai, Zhang Xun, Duan Qirui, and their like. Therefore, it can be said that the bourgeois democratic system had been established in America earlier, and had developed more smoothly, compared to the situation in China. U.S. democracy has gradually expanded in its scope and continuously developed in its form. As a result, U.S. democracy has become a relatively comprehensive democratic model for all the bourgeois democratic republics in the world.

Due to the class limitations of its drafters, the Constitution of the United States of America, promulgated in

1787, did not contain articles guaranteeing freedoms of the people. The Constitution of the United States of America promulgated in 1787 only provides stipulations concerning the methods of constituting the Senate and the House of Representatives of the federal Congress, electing the federal president, and appointing the federal court judges, as well as the responsibilities and functions of the Senate and the House of Representatives of the federal congress, federal president, and federal court judges. This is no doubt a major defect of the Constitution. Nevertheless, the Constitution still has its merits. For instance, the Constitution stipulates that except for the federal court judges who should be nominally appointed by the federal president upon the approval of both the Senate and the House of Representatives of Congress and be given lifelong tenure, the president, vice president, senators, and representatives should all be elected by the electorate in various constituencies and be given a limited tenure of office. Compared with the feudal autocratic system, such stipulations no doubt represent a major step forward toward democracy.

In the first few years after the founding of the United States of America, the Democratic Party and the Republican Party (which were formerly called Federal Party, Democratic Republican Party, Democratic Party, and Liberal Party), both of which now dominate the U.S. political arena in rotation, had not yet been formed. Therefore, the Constitution does not contain provisions regarding the election campaign held between the Democratic Party and the Republican Party and the provisions regarding the Democratic Party and the Republican Party governing the United States in rotation. In each election, the Democratic Party and the Republican Party will first of all hold either preliminary elections or party conferences in various states. At these, people of both parties will contend to become their respective party's presidential nominee. On the basis of the results of their preliminary elections, both parties will then hold national conferences to formally elect their respective presidential and vice presidential candidates. Finally, the two parties will contend with each other for the U.S. presidency in the upcoming general election. In the world, only the United States has adopted such a method of electing a president. In my view, this is a type of democracy. As far as its form is concerned, this type of democracy is a very significant invention.

The United States implements the federal system. Apart from the Constitution of the United States of America, the 50 states also have their own mini-constitutions. The general assemblies in the 50 states have the power to make and enforce various laws in their own states. The laws passed by the general assembly will go into effect after they are signed by the governor of that state. According to their mini-constitutions and laws, the governors and members of the general assemblies should be elected by their respective electorate and all be given a limited tenure of office. In the process of state elections, the branches of the Democratic Party and Republican Party in some states also implement the system of

primary elections. The mayor and the members of the city council should also be elected by the electorate in the same way. This is no doubt a type of democracy.

As regards the qualification of the electorate, the United States used to impose certain restrictions on the qualifications of the electorate. For instance, women had no right of vote, blacks were not allowed to vote, and so on. Later on, under the pressure of the American people's struggle, all these restrictions were gradually removed from federal laws. As a result, the United States began implementing the system of general elections. This is, of course, another major step toward democracy and a manifestation of it.

National general elections are held in the United States every 4 years. In each election year, the electorate will elect the president, the vice president, one-third of the senators, and all the representatives in Congress. The election of the governor, the members of the general assembly, the mayor, the county chief, and the members of city council and county council is also often held at the same time. Because of this, in each election year, the people of the United States are very busy.

During their contention for political power, the representatives of various U.S. monopolistic capitalist groups always demonstrate various types of decadent ideologies and styles pertaining to the groups they represent. Under the U.S. election system, contenders have to do things in this way. If they do not try to attack others so as to build themselves up, how will they get enough votes and win the general election? This is only the front-stage performance of these political contenders. As regards their behind-the-scenes activities, in their contention for presidency they often resort to some extreme measures and even dirty tricks (including the assassination of their main opponents. For instance, on the eve of the 1964 presidential election, President John Kennedy was assassinated. In 1968, presidential candidate Robert Kennedy was assassinated. In 1972, presidential candidate George Wallace survived an assassination attempt but was seriously wounded. Former U.S. President Ford also narrowly escaped an assassination attempt). Richard Nixon is a veteran politician and was an active member of U.S. political circle for decades. He was a representative, senator, vice president, governor, and finally president. Richard Nixon can be regarded as an experienced U.S. politician. After leaving the White House, he wrote a book entitled *Leaders*, in which he summarized his personal experiences in U.S. political circles and repeatedly quoted such famous remarks made by Winston Churchill: The election activities in the bourgeois political circle "are barbarous and dirty."

Nevertheless, in my view, election activities in the United States also have their advantages. Such activities at least can create a strong atmosphere of democracy in U.S. society. Here, I am not talking about the class content of U.S. democracy, but only about the atmosphere of democracy. In my view, such an "atmosphere" of democracy is beneficial to society as a whole.

According to the Constitution of the United States of America, the president has the power to make decisions on all major foreign and domestic policies, such as the appointment of senior government officials, the government budget for each fiscal year, the conclusion of various treaties with foreign countries, and so on. However, all these decisions made by the president must be discussed and approved by the Senate or the House of Representatives of Congress or by both the Senate and the House of Representatives before they go into effect. On the other hand, the bills that have passed Congress will go into effect only after they are signed by the president. However, if the president refuses to sign them or vetoes them, then the bills that have passed will become law only if the "president's veto is vetoed" by two-thirds of the members of Congress. If two-thirds veto the president's veto, the bills will still go into effect, even though the president refuses to sign them. Besides, if those members of the Congress who are against the president's decision fail to rally sufficient support to "veto the president's veto," they can still sue the president in a court of law. Under such circumstances, the Department of Justice of the U.S. Government will go to the court on behalf of the president. In my view, this is certainly a type of democracy.

Here, I would like to cite another example.

Due to the keen contradictions and conflicts within the U.S. bourgeois monopolistic capitalist groups, U.S. Government officials and members of Congress often bring lawsuits against one another. Sometimes, the contradictions and conflicts between the president on the one hand and Congress, the state governors, and the major U.S. industrial and commercial enterprises on the other, have to be settled in the courts. The debates in the court and the court decisions are often based on the Constitution of the United States of America. As time passes, the Constitution has become widely respected in society. If we leave aside the class content of the Constitution, we will find that it is good in various aspects. In my view, we should not totally negate the bourgeois democratic system practised in the United States because to do so is certainly not a scientific attitude of seeking truth from facts. Both Marx and Engels thoroughly criticized capitalism. However, neither of them totally negated capitalism. Should we totally negate capitalism, we would cut off the three fundamental sources of Marxism.

Does this mean that we should act the other way around by implementing "total Westernization" or "total Americanization" in China, which is a socialist country? In my view, those who advocate this are not only non-Marxists but are also lacking in the common sense of the modern history of China and the modern history of the world. The people who advocate this view should only be regarded as ignorant.

SOUTHEAST ASIA/PACIFIC

Embassy Official 'Vanishes' From Post in Thailand

42070005A Bangkok MATICHON in Thai
14 Oct 89 pp 1, 21

[Excerpt] [Passage omitted] Sources in diplomatic circles discussed with MATICHON the case of Sun Yinyong, the PRC Embassy in Thailand's Second Secretary for Cultural Affairs. He vanished from his residence on 5 October. Embassy officers have been in contact with police to locate him and determine the reasons for his disappearance. It is thought that it may have something to do with adultery. He had been involved with a Thai female official, about 30 years old. She is a first-grade government official assigned to the Prime Minister's Office. She is a Sino-Thai. This had been going on for some time and his wife, Chen Chimin, got wind of it, and there were frequent quarrels. Moreover, Sun Yinyong had financial problems, which also put pressures on the family.

These sources further stated that he disliked Chinese Government policy to the point that he had often discussed things with friends and embassy personnel. This specifically involved the killing of students on Tienanmen Square, a government policy with which he was in serious dissent.

The sources told us that "Chinese Embassy officers themselves were aware of Sun Yinyong's crisis. He was assigned to the Ministry of Culture and they were in the process of sending him back to China but he got wind of it and immediately disappeared without a trace."

The sources said that he disappeared with an embassy vehicle, and Thai investigators have not determined that he left Thailand via Don Muang Airport. Thus, it is thought that if he is not hiding out in an embassy in Thailand, he has departed via the Malaysian border by car.

According to the sources, "Previously, there had been other Chinese Embassy personnel who have sought asylum in the United States, and Sun Yinyong is not the only one seeking asylum. There are many other Chinese officials preparing to do so. At this time, China is like the USSR was when it was just starting to emerge into the free world. A lot of KGB officers just like this one were asking asylum in order to explore the free world."

A source in the Chinese Embassy said that embassy personnel knew that on the evening of 4 October, Sun Yinyong had a violent quarrel with his wife. The next morning, he dressed, left home, and disappeared without a trace. At this time, they cannot speculate on the reason. They cannot respond whether he was murdered or had sought political asylum, because they do not have sufficient information.

An American Embassy source denied reports that Sun Yinyong had clandestinely entered and sought asylum; nor was he hiding in the U.S. Embassy in Thailand.

A Foreign Ministry source said that the Chinese second secretary had been involved with the female first-grade government official assigned to the Prime Minister's office for a long time. Officials had been keeping track of this behavior and had informed her superiors, warning them to watch out since this Sino-Thai woman could be victimized into revealing government secrets to this second secretary. No action whatsoever was taken by her superiors and this is a lesson in maintaining security. Nevertheless, the second secretary is a Ministry of Culture official and is not a Chinese intelligence officer. Even so, he cannot be trusted.

A XINHUA source said that the reason for his quarrels with his wife stemmed from her former life as a movie star. She had expressed a desire to return to China to resume her occupation, but Sun disagreed, and this led to frequent disputes and recriminations.

Vietnam Continues Military Presence in Cambodia

*HK0111082789 Beijing RENMIN RIBAO in Chinese
28 Oct 89 p 3*

[Article by staff reporter Liu Aicheng (0491 1947 2052): "Vietnamese Troops Still Present, Battles Frequent—the War Situation in Cambodia After Vietnam's So-Called 'Complete Troop Withdrawal'"]

[Text] Bangkok, 26 Oct (RENMIN RIBAO)—Since Vietnam declared fulfillment of a "complete troop withdrawal from Cambodia" on 26 September, people have been extremely concerned about the war situation in Cambodia, especially about Vietnam's military movements there. This is because Vietnam's "troop withdrawal" has aroused doubts, and facts in the past month have shown that large numbers of Vietnamese troops have actually remained in Cambodia.

Personages of the Cambodian national resistance forces disclosed according to the actual situation in the past month that after the so-called "complete troop withdrawal," Vietnam has made new deployments of its military forces in Cambodia. First, in accordance with the situation of its control over Cambodia at present, Vietnam has concealed its crack troops or has disguised them as puppet troops in three important areas, namely, Phnom Penh and surrounding areas; eastern Cambodia, Cambodia-Vietnam border areas, and western Cambodia; and important strategic areas in the north. The number of Vietnamese troops deployed in Phnom Penh and surrounding areas is more than in any other area. In Phnom Penh alone, there are 50,000 Vietnamese troops. Besides disguising themselves as puppet troops, these troops have also disguised themselves as policemen. In the eastern part of Cambodia, such as Kompong Cham, Kompong Chhnang, Prey Veng, Kandal, Svay Rieng, and Kratie Provinces, Vietnam has concealed some of its

troops in jungles, as well as disguising them as local puppet troops or putting them among such troops. The purpose is to strengthen the defense of the above-mentioned areas and to provide reinforcements at any time depending on the war situation in border areas of western Cambodia. As to the Cambodia-Vietnam border areas, Vietnamese troops can come or go with no obstruction. Vietnam has reduced the number of troops in Cambodia-Thailand border areas for fear that its troop concealment will be exposed. There, with the exception of important towns and strategic points, all other places are guarded by Heng Samrin's troops, while Vietnamese troops supervise operations and give commands behind the scenes.

Second, Vietnam has left behind large numbers of "education and propaganda teams." These teams include Vietnamese military advisers, weapon technicians and specialists, intelligence personnel, and armed military personnel. The number of people varies from team to team. They wear uniforms of the puppet troops or civilian clothes. These teams are found everywhere across the country. Their tasks are to control Cambodia's local puppet governments, give guidance to puppet troops in training and operations, and organize work to strengthen local defense capacities.

In addition, Vietnam is speeding up expansion of Heng Samrin's troops. It has given the puppet troops large amounts of weapons and equipment and has exerted utmost efforts to increase the number of puppet troops. In the last month, the puppet regime backed by Vietnam has compelled male civilians aged 16 to 45 in areas under its control to join the Army in accordance with the new conscription law. Soldiers who have crossed over from Heng Samrin's troops to the Cambodian national resistance forces disclosed that the Vietnam-backed puppet regime has impressed civilians day and night in villages and towns so that civilians find it difficult to hide themselves and only old people, women, and children are found in villages.

In accordance with the new deployment of the Vietnam-Heng Samrin military forces mentioned above, the Cambodian national resistance forces have first launched an offensive against the enemies in the Cambodia-Thailand border areas. They have adopted a tactic combining guerrilla warfare and annihilation warfare with concentrated military strength and have seized many positions and expanded the liberated areas. At the end of September, the National Army of Democratic Kampuchea stormed and captured the enemy's strongholds near Pailin, Battambang Province, and pressed up to the city wall of Pailin. On the morning of 22 October, the district town of Pailin was captured. Observers here believe that, after capturing Pailin, the resistance forces can push on to Battambang city, thus opening up a new war situation. The other two factions of the Cambodian national resistance forces have also intensified their offensive along the border areas. In the beginning of October, with the coordination of troops of the Khmer People's National Liberation Front, the Sihanoukian National Army first

stormed and captured the district town of Thmar Puok, in the northwest of Battambang Province and then the district town of Phnom Srok. In the past month, the Sihanoukian National Army has also captured 14 strongholds of the Vietnam-backed puppet troops in Oddor Meanchey and Siemreap Provinces. Troops of the Khmer People's National Liberation Front have taken over six strongholds of the Vietnam-backed puppet troops around Sisophon, put some areas under their control, and captured large numbers of puppet troops. They said that so long as the Vietnamese troops are still staying in Cambodia, Vietnam continues to control and support the Phnom Penh regime, and Vietnam refuses to reach a comprehensive political solution to the Cambodian issue, they will continue to fight to score final victory. At present, the Cambodian national resistance forces along the Cambodia-Thailand border areas are pushing toward the interior of Cambodia and fighting has become fiercer and fiercer.

EAST EUROPE

GDR's Krenz Faces Many Challenges

*HK1311131789 Hong Kong LIAOWANG [OUTLOOK]
OVERSEAS EDITION in Chinese
No 45, 6 Nov 89 pp 24-25*

["Special Dispatch From Berlin" by Wang Defeng (3769 1795 1496): "Krenz Is Entrusted With Great Responsibilities"]

[Text] On 18 October 1989, the 9th Plenary Session of the 11th German Socialist Unity Party Central Committee unanimously elected Egon Krenz to succeed Erich Honecker as general secretary of the party central committee. In accordance with a proposal by the plenary session of the party central committee, the People's Chamber of the GDR held a meeting on 24 October. It elected Krenz as chairman of the State Council and chairman of the National Defense Council of the GDR. Thus, Krenz has replaced Honecker in these two important posts.

In his speech delivered at the People's Chamber, Krenz emphasized that the GDR is a worker-peasant state under the leadership of the working class and the Marxist-Leninist party. He said, when Democratic Germany enters its 5th decade, "our duty is to make better use of the realistic possibilities and meet new challenges so that socialism can achieve a better development in the 1990's."

Egon Krenz, 52, was born in March 1937 in a tailor's shop in Kolberg, now within the boundaries of Poland. He received his higher education in a teacher's university and then served in the Army, worked as a teacher, and did some leadership work at the grassroots level. In 1955, when he was 18, he joined the Socialist Unity Party of Germany. From 1964 to 1967, he studied at Moscow's Central Party school.

Like his predecessor, Honecker, Krenz engaged in youth league work and was in leading posts of grassroots youth league organizations for many years. From 1974 to 1983, he was first secretary of the Free German Youth. As he was doing quite well in his post, he was elected a member of the Central Committee of the Socialist Unity Party of Germany in 1973 and a member of the Political Bureau and secretary of the central committee in charge of security, cadres, youth, and sports in 1976. In 1984, he was elected deputy chairman of the Council of State. When Honecker was visiting foreign countries Krenz took charge of the work of the central authorities. As a matter of fact, it was decided by the party that he would be succeed Honecker.

Krenz's career shows that he has the experiences in working at both the grassroots and central levels and with both the Army and local authorities. As was pointed out by Honecker in his resignation statement, Krenz has the ability and is determined to take over the load. He will certainly live up to the expectations of the party and the people.

Krenz knows very well how heavy his load is. At the beginning of his first speech after becoming general secretary he said: "I know very well how heavy my load will be in the future."

Since Honecker became general secretary of the party central committee in 1971, the GDR has achieved rapid development in both internal and external affairs and in the economic, scientific, and technological fields. At the party's eighth national congress, Honecker put forward an economic and social development strategy for simultaneous development of the national economy and improving the people's livelihood. Since then, the people's standard of living and the level of economic development in this country have both greatly increased. The GDR today is much more developed than it was in the early 1970's.

However, some problems have also emerged in its economic development and the course of stabilizing society. For example, the people's changing and increasing demands have been overlooked; the question of socialist democracy has been neglected; excessive consideration has been given to social welfare to the neglect of conscientious implementation of the principle of distribution according to work, dampening the enthusiasm of some workers; there have been long-term shortages in the supply of certain commodities, especially high-grade consumer goods and necessary accessories in the domestic market; arrangements for tourism and sightseeing are irrational; and in news reports, only achievements are reported, no mention is made of shortcomings and problems. All these problems have gradually made the people discontented. Moreover, since July this year, large numbers of citizens have gone to the FRG via the open zones of Hungary and Austria, and some have gone to the West German embassies in Hungary, Czechoslovakia, and Poland, demanding to leave. This has resulted in a chain reaction in the country. On the evening of 7

October, tens of thousands of people in Berlin, Leipzig, Dresden, Karl Marx Stadt, Plauen, Potsdam, and Magdeburg went into the streets to demonstrate. They even clashed with the police. On 9 October it was reported that about 70,000 people in Leipzig went into the streets again to hold demonstrations. It seemed the situation there was deteriorating.

Under this situation, the Political Bureau of the party central committee held an enlarged meeting and issued a statement. However, they still could not fundamentally solve the problem. In view of the development of the situation, Honecker, who was already 77 and who had just had gallstone surgery, felt that his ability was falling short of his wishes. In his resignation, submitted to the plenary meeting of the central committee, he said: "My ill health and poor physical condition since the operation render me unable to have the necessary energy to handle important matters concerning the destiny of the party and the state."

It was under such a situation that Krenz became general secretary. What policies will the Socialist Unity Party of Germany adopt after he takes up the post? How will the GDR develop? These are questions of interest to many people. In his speech on being elected general secretary, Krenz emphasized: The GDR will continue to take the socialist road; the leading position of the Socialist Unity Party of Germany will be further strengthened; the policy of unifying economic development with improvement of the people's livelihood will continue to be implemented; the GDR will continue to promote unity and cooperation with the Soviet Union and other socialist countries; the GDR will continue to develop relations between the two Germanys on the basis of the Two-Germany Relations Act; and a diplomatic policy of peace, disarmament, relaxation, dialogue, and cooperation will be pursued. All this can be regarded as a continuation of the internal and external policies of the party and the government formulated when Honecker was general secretary.

On the premise of adhering to the above-mentioned important principles, it seems that Krenz will adopt some different concrete measures.

Krenz put forward a slogan of facing reality and facing the people. He has also set a good example in this respect. On the day following his election as general secretary, he went to some churches and factories to talk with the people and listen to all kinds of opinions on matters of common interest. At the same time, he explained and gave his own views on the party's policies.

He said it is necessary to acknowledge shortcomings. For example, on the question of some GDR citizens leaving the country, he has adopted a realistic attitude. He does not totally put the blame on Western propaganda but advocates seeking the reason from within. At the same time, the government has also adopted a positive attitude. It is willing to offer necessary assistance to those who have fled the country but wish to return. Krenz believes that only by correcting shortcomings and mistakes can relations between the party, the leadership, and the masses become closer. He encourages people to concern themselves with the cause of socialist construction and to "discover problems as soon as possible so that preventive measures can be taken earlier."

On some matters of interest to the masses he has tried to consult with the masses and resolve the issues immediately. He has asked relevant government departments to work out a draft law to relax travel restrictions, to make conscientious efforts to find more sources of goods, and to improve the supply of certain commodities as soon as possible. As to some problems that cannot be solved immediately, he has endeavored to create conditions for their solution while making necessary explanations to the masses so that they may understand and support the government.

News reports, about which the masses have many complaints, have been greatly improved of late. Not only the different views of the masses but also their criticisms, and even their angry demonstrations, have been reported.

Krenz has also dropped hints on the questions of reform and openness, about which the masses show great concern, saying on many occasions that the experiences of Soviet reform will be conscientiously studied. On 2 October, when making a telephone call to Soviet leader Gorbachev, he reiterated that "the reform carried out by the Soviet Communists is of great significance to the GDR." His first visit, undertaken 2 weeks after assuming office, was to the Soviet Union.

Today, the new general secretary is facing many problems. In his own words, the problems "are piled mountain-high." Besides, he is also faced with the challenge and threat from the Western countries. In the FRG there has always been a force attempting to destroy the socialist GDR. They continue to refuse recognition of the citizenship of GDR citizens and support the reactionaries. They hope a multiparty situation will appear in the GDR. Although the situation is grim, as was pointed out by the 20 October editorial of the party organ NEUES DEUTSCHLAND, "The party has the courage to face reality." "Under the leadership of its new leader Krenz, the party should work hard to regain the confidence of the people."

Marxist Theory of Knowledge Viewed

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13 Oct 89 p 6

[Report by Chen Zhishang (7115 1807 1424): "Uphold and Develop the Marxist Theory of Knowledge—A Brief Account of the Symposium To Mark the 80th Anniversary of the Publication of *Materialism and Empirio-Criticism*"]

[Text] A symposium marking the 80th anniversary of the publication of *Materialism and Empirio-Criticism* was jointly organized and held recently by the Chinese Marxist Philosophy Society, the Inner Mongolia Autonomous Region's Philosophical Society, and the Baotou City Philosophical Society.

Participating scholars considered that Lenin's *Materialism and Empirio-Criticism* (henceforth abbreviated as *Criticism*) furnishes a theoretical foundation for defending the party's ideological line and upholds and develops the Marxist theory of knowledge. The work has played a positive role in linking the past and future and in bringing order out of chaos in the history of the development of Marxist philosophy. It has made an indelible historical contribution and has an important, historical status. Of course, *Criticism* carries the imprint of an era and its historical limits. For a very long period, under the influences of doctrinism and personality cult, its achievement and contribution were overrated by theoretical circles; whereas in the last decade, under the influence of Western contemporary philosophies, "Western Marxism," and bourgeois liberalization's mode of thought, it has been either downgraded, attacked, or totally negated. For this reason, the best way to commemorate *Criticism* is to adhere to the principle of dialectical materialism and to attempt a scientific, pragmatic evaluation of the historical status, theoretical contribution, and inadequacies of the work. The symposium discussed the following two problems:

I. The Theory of Knowledge in *Criticism*

All participating comrades unanimously held that Lenin's expositions in *Criticism* inherit and develop Marx and Engels' theory of knowledge. The accusation that *Criticism* remains at the level of archaic materialism betrays an intuitive, mechanistic reflectionism, representing a regressive viewpoint of Marxist theory of knowledge. It does not correspond with facts, and is wrong. The materialism expounded by *Criticism* is that of the dialectic theory of knowledge and a reflection of a dynamic, revolutionary nature. This is demonstrated in the following points: 1) It upholds the unity between ontology and epistemology, and a materialist premise for theory of knowledge, and advocates reflectionism as a foundation for the dialectic materialist theory of knowledge. At the same time it develops Engels' theory on basic philosophical problems, explicitly pointing out that there are two basic lines in the theory of knowledge, namely, the materialist line maintaining that things start from objects, progressing toward feeling and thinking;

and the idealist stand that things originate from thinking and feeling, resulting in objects. 2) It follows Marx and Engels by attaching the importance of practice to knowledge, explicitly highlighting the "summation of human practice as the foundation for theory of knowledge," arguing that "the viewpoint of life and practice should be the foremost and basic viewpoint in the theory of knowledge." 3) It applies dialectic method to the theory of knowledge, stressing that thinking must be done dialectically, and it opposes both metaphysical mechanism, absolutism, and relativism and eclecticism. 4) It upholds the unity between dialectic and historical materialism, adheres to the unity of epistemology and historical viewpoint, opposes the revisionists' attempt to replace the dialectic materialist theory of knowledge with the Machist theory of knowledge and to "unify" the latter with the Marxist historical view. 5) It furnishes a preliminary model for a dialectic, materialist, and scientific theory of knowledge. All this cannot possibly be found in an archaic, materialist, and intuitive reflectionism. Only a dialectic, materialist theory of knowledge can carry such content.

Participating comrades all believe that the contributions made by *Criticism* toward the Marxist theory of knowledge must be fully recognized, at the same time we should pragmatically point out certain inadequacies in the book.

Some comrades said that, on the question of subjectivity and dynamic power, though *Criticism* did mention practice as the foundation for knowledge, practice in *Criticism* serves mainly as a criterion for the verification of truth. The significance of the practice of changing and creating the world for knowledge is not underlined, nor is the problem of subjectivity explicitly brought up. The mistake of idealism lies precisely in abstracting and exaggerating the role of subjectivity. If criticism is directed only at the idealist negation of the objectivity of things and knowledge, but neglects to make clear the significance of subjectivity's two-way, subject-and-object functions for knowledge, its power to convince will be reduced. Furthermore, the Machist theory of knowledge exaggerates the functions of experiential feeling and plays down rational recognition, thereby negating objective truth and casting doubts on the existence of objective regularity (necessity). Although Lenin has pointed out the necessity to think dialectically on the question of knowledge, he did not focus on Machist experiential theory and elaborate the dialectical relations between perceptual and rational knowledge, and those between theory and practice. This also affected the thoroughness of the criticism. Some other comrades see it differently. Some comrades see that Lenin did not forget the functions of subjectivity in stressing a dialectic unity between subject and object, for instance, insisting that consciousness is a part of the brain's function that deals precisely with subjectivity; and also his discourse on freedom and necessity tackles the contradictions between subjectivity and objectivity, and the relations between theory and practice.

II. The Principle of the Partisan Nature of Philosophy

All participants at the symposium held that another theoretical contribution by Lenin's *Criticism* is the explicit statement that philosophy is partisan in nature, that Marxist philosophers self-consciously adhere to the partisan principle in theoretical study and ideological struggle. At present, a correct understanding and application of this thought by Lenin is particularly important in adhering to and developing Marxism, and opposing bourgeois liberalization.

Some comrades held that, in the past, when the ultraleftist trend of thought dominated, there was indeed a tendency to simplify and vulgarize the interpretation and application the partisan nature of philosophy. Certain theoretical problems were wrongly criticized, and comrades were hurt. Lessons should be drawn, and mistakes of this kind should be corrected in a decisive manner. However, we "should not stop eating for fear of choking" and pull away from one extreme only to fall into another—negating totally the principle of partisan nature. The key to the problem lies in a correct understanding and application of the principle. In Lenin's theory, the statement that philosophy is partisan in nature means two things: One is the sectarian nature, and the other the class nature. On this understanding, a Marxist philosopher must consciously implement the principle of the partisan nature, uphold materialism, oppose idealism, and publicly announce that Marxist philosophy is a spiritual weapon for the liberation of the proletarian class. When applied to the present situation, it means consciously studying, propagating, and using philosophy (including the naturalist, historical, epistemological, methodological viewpoints and outlook on life) to oppose bourgeois liberalization, and to serve socialist building and the people.

Some comrades argued that to correctly implement the partisan nature of philosophy, we must pay attention to the following two distinctions: First, in the partisan nature of philosophy, there are connections as well as distinctions between academic differences among

schools and the ideological, class nature. A philosophical inclination toward a certain school, or a certain trend of thought, has sociohistorical (including class) as well as intellectual origins. The degree to which social class influences one's philosophical thinking differs from person to person. For some people it is relatively straightforward and simple. For others it is rather indirect and complicated. Here, the practical approach is concrete analyses of concrete situations. Second, there are connections as well as distinctions between the partisan nature of philosophy and that in politics. A certain philosophy will always, consciously or unconsciously, perform the political service for a certain class. But as such it still differs from political struggle. The former concerns the outlook on life, whereas the latter is a matter of class stand.

Discussions at the symposium started with the philosophical middle-of-the-road line and its elements. Some comrades are of the opinion that adhering to the partisan principle requires a correct understanding as well as treatment of the middle-of-the-road line and its adherents. Between the two basic schools, and the two basic lines of materialism and idealism, there exist many middle schools, all with their own specific characters. This is characteristic of the development of modern and contemporary philosophy, which Lenin has affirmed in surveying the development from classical to modern philosophy in *Criticism*. He also pointed out, however, that the middle-of-the-road line does not independently exist as a third basic line, over and above materialism and idealism. It exists as a middle school, intermediate, and swinging, between the two. It is an eclectic amalgam. Lenin made a point of exposing the halfway nature of Mach's eclecticism, but he did not draw an equal sign between agnosticism and subjective idealism. Instead, he scientifically analysed the connections and distinctions between them. We should use this for reference. Also, according to Lenin's thought, the various shades of middle-of-the-road lines require specific analyses and different treatments. There should be no simplification in this aspect.

NATIONAL AFFAIRS, POLICY

Perfecting Venture Guarantee in Contract System Advocated

90OH0030A Beijing ZHONGGUO JINGJI TIZHI GAIGE [CHINA'S ECONOMIC STRUCTURE REFORM] in Chinese No 7, 23 Jul 89 pp 40-41

[Article by Guo Gan (2654 2413): "Perfecting Venture Guarantees Is the Key To Perfecting the Contract System"]

[Text] Most enterprises are still working in many ways to perfect the contract system. As to their actual priorities, although they are all subject to different conditions and lay particular emphasis on different priorities, all enterprises should emphasize the key priority. What is the key priority? I think that perfecting venture guarantee is absolutely, and without exception, the key to perfecting the contract system for all contracting enterprises. Venture guarantees would have a direct effect on job competition among enterprise managers and on making a superior component of staff members and workers. It would affect the reform of the distribution system and the perfection of the legal and auditing mechanisms, and also play a specific role in eliminating unfair distribution faster. Thus, in order to perfect the contract system, it will be necessary to give importance to perfecting venture guarantees, regard them as the key issue to be emphasized, and truly enable them to act as a force that will motivate enterprises to change from the old system to a new one and achieve more rational production and management operations. In order to accomplish this, work should be done in the following areas:

1. The principle of setting the amount of the venture guarantee equal to the maximum annual income distribution should be upheld for managers of large- and medium-sized enterprises: A system of guaranteed contract management would be a big advance over the previous system, in which the quality of management did not matter. It would link the quality of enterprise management to the personal successes or failures of, and be an incentive for, their managers. But since what managers manage is state-owned assets, they cannot assume the full responsibility for enterprise losses under the present system, in which they own such small amounts of personal property. The current issue is that managers are generally responsible for their profits alone, but not for their losses. Therefore, the income of managers is usually not subject to the approval of their staff members and workers who are antagonistic about managers' pay. The key issue here is how much venture guarantees managers should actually have to put up. An exorbitant amount cannot be asked of them under the present conditions in which they are not fully responsible for their losses. The principle of "making penalties equal to rewards" should be followed, i.e., managers should have to put up venture guarantees equal to the maximum amount they can earn in the year. Contract regulations generally stipulate that the income of managers should

not be more than three to five times that of the average income of their staff members and workers, i.e., 5,000-10,000 yuan. Based on this principle, managers must put up at least 10,000 yuan a year in venture guarantees. Managers can use these venture guarantees to compensate when they cannot fulfil their contract base, and can use enterprise funds to compensate when the venture guarantees are not enough. Only when managers take a considerable risk in being responsible for their losses, can they gain the approval of their staff members and workers for their income.

2. The principle of making managers of small enterprises put up venture guarantees before being allowed to manage should be upheld as much as possible for managers of small enterprises: Since small enterprises, and small commercial ones, such as small family businesses, hotels, and restaurants in particular, generally have relatively low contract base figures, the method of full venture guarantee can be used for that part of their profits that are turned over to the state. Small enterprises should first pay their next year's, next quarter's, or next month's contract base profits to their guarantor unit a year, a quarter, or a month in advance, and their contracts can be suspended whenever these profits are not paid on time. This will guarantee the state's interests.

3. The principle of determining profits or losses according to the quality of work done by producers or managers should be upheld in setting the amount of the venture guarantee for all personnel in the contract system: In most enterprises that carry out venture guarantee for all personnel in the contract system, setting the amount of the venture guarantee according to the jobs of staff members and workers instead of according to the degree of risks involved in their jobs, destroys the original significance of carrying out venture guarantee for all personnel in the contract system. Thus, it will be necessary to emphasize the individual risk, i.e., the job risk, in order to perfect the venture guarantee for all personnel in the contract system. The amount of the venture guarantee should be set higher for all personnel in jobs that are crucial, important, likely to have problems, or vied for; and appropriately lower for those jobs that are in low-risk, dirty, noisy, or poor ones. Generally, the amount of venture guarantee is determined by a careful calculation and not by arbitrary random selection. Since the amount of the venture guarantee is set according to the risks of the job, its repayment and compensation should also be set according to the profits or losses of the job, instead of those of the enterprise.

4. It will be necessary to improve auditing to perfect the venture guarantee in the contract system: Guaranteed auditing will be necessary to the realization of a venture guarantee system for enterprises. Since a venture guarantee system for enterprise contracts must be put into effect and introduced at each level, it must also be audited at each level. State auditing departments must conduct regular audits of contracting enterprises and make regular reports on the profits or losses of enterprise managers. When losses are discovered, they should be

reported promptly to the managers and the enterprise guarantors, so that immediate deductions can be made from venture guarantees. Auditing departments can recommend that enterprise guarantors suspend the contracts of managers who cannot pay venture guarantees immediately. The offices responsible for enterprise auditing must also conduct regular (semi-annual, quarterly, or monthly) audits regarding the fulfilment of contract base figures for all jobs within enterprises. When job losses are discovered, they must be reported promptly to enterprise managers so that immediate deductions can be made from the venture guarantees of the job's producers or managers. This will prevent heavy losses that producers or managers would be unable to make up.

5. Perfection of venture guarantees must keep pace with perfecting the competitive forces: The introduction of venture guarantees will make greater demands on enterprises to improve the quality of their managers, staff members, and workers. Those who have the courage to assume risks can continue to keep their jobs, while those who do not can leave them at any time. This will promote job competition and rational mobility among staff members and workers, allowing the best to succeed and the worst to fail. Thus, it is obvious that perfection of venture guarantees will necessitate competition among enterprise managers and among those on all levels within enterprises, as well as improving the combined labor force for the vast numbers of staff members and workers. Therefore, all enterprises that carry out venture guarantee for their managers and all their personnel in the contract system should firmly implement competitive bidding for managers and internal labor optimization. This will put risk pressure on the personnel in all jobs, giving them a sense of crisis, making them realize the danger of both having to make up their economic losses and also being demoted whenever they do not work well. This will help enterprises speed up the formation of enterprise motivation in the process of perfecting the venture guarantee system.

6. Perfection of venture guarantees must also be combined with reform of the distribution system: Since risks and profits complement each other, the amount of profits earned should also correspond to the degree of the risk. Enterprises should widen the distance between pay rates based on the degree of job risk, eliminate the system of "everyone eating out of one big pot" that has long existed in enterprise distribution and, under the premise that the amount of enterprise payrolls remain constant, allow rational increases in the wages of those in key and important jobs who take greater risks and corresponding decreases in the wages of those whose jobs have less risk. This would better clarify distribution through giving a clearer picture of the risk, enable people to understand that they must venture more to gain more, and speed up the evolution of profit forces.

Combine Planned Economy, Market Mechanism

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10 Oct 89 p 3*

[Article by Liu Zhanchang (0491 0594 0235): "On the Organic Combination of the Planned Economy and Regulation by Market Mechanism"]

[Text] Is China's new economic structure completely a market economy, or the organic combination of the planned economy and regulation by market mechanism? This concerns the orientation of China's economic reform and the stable development of the national economy and should therefore be explained explicitly. In his National Day speech Comrade Jiang Zemin provided a scientific answer to this question: "We should constantly probe in practice and strive to form a socialist commodity economic operational mechanism that conforms to China's conditions and organically combines the planned economy with regulation by market mechanism."

The Objective Necessity for Combining the Planned Economy With Regulation by Market Mechanism

Comrade Jiang Zemin pointed out in his speech: "Our socialist economy is a planned commodity economy based on public ownership. This commodity economy is different in nature from the capitalist commodity economy based on private ownership spontaneously regulated by market mechanism. Consciously developing the national economy in a planned and proportionate manner is a manifestation of the superiority of the socialist system and a basic characteristic of the socialist economy." For a long period after the founding of New China, we did not have a full understanding of the necessity to develop the commodity economy, we fully respect the law of value; instead we exercised an excessively concentrated and rigid management system. As a result, neither this superiority nor the basic characteristic was brought into play. During the restoration and development of the national economy from 1949 to 1953, this highly concentrated system could still play a good role because the productive forces were at a low level, the economic structure and development targets were simple, and the main task was focused on laying a foundation for initial industrial construction. But following the successful fulfilment of the first 5-year plan and the development of the productive forces, the shortcomings of this highly concentrated management system became increasingly prominent. Although adjustments were introduced on several occasions, changes were either insignificant or confined to just the division of administrative powers between the central and local authorities. In most cases these changes did not involve the relationship between the state and the enterprise or the relationship between plans and market. In addition, there were also unscientific factors in our plans. Obviously all this hampered the development of the national economy.

Since the 3d Plenary Session of the 11th CPC Central Committee, we have made it theoretically clear that the socialist economy is a planned commodity economy based on public ownership and that there is a need to respect the law of value and display the role of regulation by market mechanism. While persisting in public ownership, we have also organically combined the planned economy with regulation by market mechanism. This combination has been formed out of these objective necessities: First, in terms of the development of our productive forces, China has built particularly large enterprises like Daqing Oil Field and Baoshan Steel Factory. It also runs a large number of small- and medium-sized enterprises. As well as handicraft production, there is also modern production carried out by means of modern science and technology. Regulation by planned mechanism has been introduced to large- and medium-sized enterprises, whereas small enterprises, particularly backward ones, can only be regulated by market mechanism under the guidance of state plans. Second, this combination is determined by the development of the productive forces. In China, as well as state enterprises, there are large numbers of collective enterprises, individual enterprises, private enterprises, joint-venture enterprises, and wholly foreign-invested enterprises. Regulation by state plans can only be carried out in state enterprises. Third, social demand is complicated and changeable, particularly for daily necessities, which have a direct bearing on the lives of the people. It is unimaginable for state plans to regulate the production and exchange of these commodities, therefore regulation by market mechanism must be applied. Fourth, different relationships of interests exist between different ownership forms, between enterprises and departments, between enterprises and their employees, and between employees themselves. To correctly handle these relationships, it is necessary to encourage competition under equal conditions, namely, competition under the condition of exchange of equal labor. An important factor under this condition is the market nature of the commodity economy. Fifth, in the present period China's economy is a planned commodity economy based on public ownership, and regulation by market mechanism will certainly play a role in social production, circulation, consumption, and distribution. Therefore it will not do for China to carry out regulation by state plans alone in the present period; it must also combine the planned economy with regulation by market mechanism.

"Combination" Does Not Mean Changing the Planned Economy Into a Market Economy

In reform over the last 10 years, we have brought into play the positive role of regulation by market mechanism in the course of providing planned guidance, and we have achieved marked results in developing the national economy, making the market prosperous, and improving the people's standard of living. But it is also undeniable that there has been fierce controversy over how to handle the relationship between the planned economy and the

market economy. This controversy finds expression in both theoretical study and the practice of reform. Particularly following the spread of bourgeois liberalization in recent years, a tendency appeared under which the planned economy was totally negated and regulation by market mechanism was regarded as the principal factor, while the planned economy was made subsidiary. Some people even proposed the overall introduction of the market economy. Although no one went this far in practice, the influence of this proposal on reform should not be underestimated. As a matter of fact, taking regulation by market mechanism as the principal factor while making the planned economy subsidiary is the same as turning the planned economy into a market economy. In essence this is changing the nature of our socialist country. Weakening and negating the planned economy and allowing enterprises to practice the market economy in an all-round way runs counter to the law governing socialist development and is therefore impractical in our country. If the market economy were really practiced in China, this would lead to confusion in China's economic and social life. Even slightly weakening the planned economy will cause a heavy loss to the national economy, to say nothing of the overall introduction of the market economy. We have profound lessons in this respect. For example, to cope with the situation during the "Great Leap Forward" from 1958 to 1960, the power to manage key enterprises such as those engaged in railway transportation, telecommunications, postal services, aviation, electric power generation, and commercial wholesaling, which constitute important components of the country's lifeline, was delegated to localities, thus causing regional separation and stagnation in circulation. The right to carry out capital construction was also delegated to localities and the credit and labor management systems were abolished. This caused the excessive expansion of capital construction and a rapid increase in numbers of workers, and undermined the comprehensive balance and macrocontrol of the national economy. After the delegation of these powers, localities could not cope with the management of enterprises. Thus material consumption rose, product quality worsened, labor productivity dropped, losses and waste became serious, and economic results were reduced. The out-of-control "Great Leap Forward" led the national economy into a predicament, and the state had no alternative but to conduct an overall adjustment. During the "10 years of turmoil" from 1966 to 1976, the adjustment of the planning system also caused the excessive expansion of local powers. On the one hand, the regulatory role of economic levers and the law of value was negated and the planning system became rigid. On the other, the law governing planned and proportionate development was also negated, thereby causing stagnation in planning work. All this resulted in the excessive expansion of capital construction and an excessively high rate of accumulation. The expansion of capital construction led to a rapid increase in the number of workers, in wages, and in grain consumption. The proportionate relationship of the national economy was

destroyed, industrial and agricultural production stagnated or fell, commodities ran short in the market, and there was no improvement in the people's material and cultural life. All this led the national economy to a more serious predicament.

Those who have proposed the implementation of the market economy think that this economy is in good order. In their opinion, the market economy can naturally give rise to rules and order through its "expansion" and "retrenchment" role: It can retrench and control the economy when there is economic inflation, and expand the economy when retrenchment reaches a critical point, thus bringing about economic alleviation and self-control and ensuring coordinated economic development. However, facts have proved that this is only a theoretical fantasy. As a matter of fact, apart from being in disorder, the market economy has frequently caused disequilibrium and confusion in economic development. The cycle of the market economy from "expansion" to "retrenchment" is in essence a manifestation of periodic capitalist economic crises. The "equilibrium" brought about by the market economy's "self-control" and "self-regulation" is only temporary equilibrium restored by means of handling economic crises. This equilibrium is realized at the expense of "surplus" products and "surplus" productive forces. Because the market economy is in a state of anarchy, enterprises at the microlevel cannot look far into the entire macroeconomy. Only when an economic crisis breaks out and threatens the interests of enterprise owners will these enterprises stop their blind production. Subsequent to this, many workers will become unemployed and many factories will close down. This "unemployment" and "closing down" refers to what they call the "retrenchment role" of the market economy. This portrays the stagnant, passive, and destructive nature of the market economy in controlling an economic crisis. Therefore, since the 1930's, some capitalist countries have carried out government intervention so as to solve the confusion in the market economy. Since the end of World War II in particular, some capitalist countries have strengthened their economic plans, and some economists living in societies under the market economy have on many occasions explained the necessity of strengthening economic plans. For example, in his book entitled *Theory of Economic Plans*, Japanese economist Sasa said: "In the course of national economic development, apart from problems that can be solved by market mechanism, there are also a number of problems, such as economic retrenchment, unemployment, and inflation caused by the contradiction between gross demand and supply." "To have a good idea of national economic operation and promptly adjust its development course, there is a need to formulate economic plans." "Apart from being able to provide an excellent environment for economic growth and solve all sorts of problems arising during economic growth, economic plans also constitute an important factor for stimulating economic growth." Sasa's book points out that almost all major economic problems in the country and the rest of the world, be they of a macro or micro

nature, involve economic plans. Since economic plans are so helpful in regulating major economic problems under the market economy that has been in practice for several hundred years, why should we retreat from the planned economy to the market economy? It is true that state plans carried out by capitalist countries can alleviate social contradictions and economic crises caused by the market economy, but periodic economic crises are unavoidable because the basic contradictions of capitalism still exist. The socialist planned economy has come into being in opposition to the market economy that is in a state of anarchy. It is established on the basis of public ownership. Production under public ownership is aimed at meeting the people's increasing needs in material and cultural life. The common interests of society facilitate the realization of national economic plans. This is our strong point. Why should we discard our strong point and pursue the market economy based on private ownership?

Those who have proposed the overall implementation of the market economy think that since the socialist and capitalist economies fall into the category of commodity economy, they should belong to the market economy. This is wrong, because they have confused the planned commodity economy based on public ownership with the commodity economy based on private ownership and cannot distinguish the fundamental differences between these two types of commodity economy. First, these two types of commodity economy exist under different social systems and are diametrically opposed to each other. The capitalist commodity economy is based on private ownership. Under private ownership, the production, exchange, and distribution of social products are decided by private enterprises themselves, and social and economic activities proceed in a state of anarchy. Socialist public ownership has appeared in opposition to private ownership and is aimed at overcoming the state of anarchy caused by the market economy, so that the entire economy will develop in a planned and proportionate direction; therefore, it is a planned economy. Second, the economic management systems are different, as are the main methods of regulating the production and exchange of commodities. Under capitalist private ownership, it is difficult for the government to exercise control and management; social and economic life can be regulated only by an "invisible hand," namely, the market, and "the rational asserts itself only as a blindly working average."¹ Under the planned socialist economy, a planned management system is exercised in society and economy, and the state consciously carries out social regulation in a planned way. Because their social systems, economic management structures, and regulatory means are different, the purposes, methods, scope, and results of production are also different. Therefore, we should not assume that all types of commodity economy fall into the category of market economy. Capitalist countries use plans and regulation to alleviate contradictions in the market economy and get rid of economic difficulties, but they do not change the nature of the market economy; similarly,

socialist countries do not change the nature of the planned economy when using the market for regulation.

The Point and Method of Combination

To form an organic combination between the planned economy and regulation by market mechanism, it is necessary to find out the point and method of combination. The point of combination refers to the common point for convergence. I think this point of combination finds expression in the conscious application of the law of value. Based on this point of combination, the law governing the planned and proportionate development of the national economy displays its role in coordination with the law of value.

We say that the conscious application of the law of value constitutes the point of combination between the planned economy and regulation by market mechanism because both socialist and capitalist countries wish to develop their commodity economies, are carrying out large-scale socialized production, and respect and apply the law of value, although their political and economic systems are different. But under the capitalist market economic system, the law of value displays its role passively and spontaneously; the distribution of social resources and the improvement of social productivity are carried out mainly through price adjustment and competition. Market prices serve as a barometer and can make enterprises engage in competition, improve their productivity, and adjust their production and operations according to changes in profit, all aimed at striking a balance between supply and demand. However, under the market economic system, supply and demand are always out of proportion, and this generally gives rise to economic crises. Only in the planned economy, where production materials are under public ownership, is it possible to use the law of value to regulate social production and to establish a relationship between supply and demand. But plans and regulation alone cannot help control competition between enterprises or solve irrational price parities. Without regulation by market mechanism or when prices are distorted, enterprises will not be able to fully display their impetus and vitality or to take the initiative in improving their technology and management or enhancing their productivity. Irrational prices may lead to unfairness in fund allocation and profit distribution between enterprises and mistakenly reflect supply and demand. Under the planned economy, regulation by market mechanism can be introduced, the law of value can be consciously applied, plans and regulation can be used in the field of macrocontrol, and plans can be established on the basis of the law of value. In the microeconomic field, the positive role of regulation by market mechanism can be used to encourage enterprises to engage in rational competition, to constantly improve their productivity and technology, to carry out continual adjustments in the planned economy, and to avoid blindness.

This point of combination is realized through some necessary forms, including state mandatory plans, guidance plans, economic policies and regulations, market mechanism, and market order.

Mandatory plans are mainly aimed at bringing about a comprehensive balance between financial, material, and human resources; regulating gross supply and demand; correctly handling social accumulation and consumption; adjusting the relationship between production materials and consumption materials; regulating the economic structure and the productive forces; controlling market supply and demand; controlling money injections and prices; setting limits for the prices of major commodities; regulating foreign economic exchanges; and maintaining a favorable balance in foreign exchange. To effectively carry out macrocontrol, the state should exercise mandatory plans on important products and major economic activities that have a direct impact on the national economy and the people's livelihood. Large- and medium-sized enterprises constitute the lifeblood of the country's economy, so the state should provide macroconditions for them, support them in their development, and exercise mandatory plans on their major economic targets. It is not advisable for large enterprises and some important medium-sized enterprises to exercise regulation by market mechanism; they should be managed according to the law of value and the principles of economic accounting and economic interests.

Guidance plans are a new form by which the state organizes and manages the economy in a planned way and is a supplement to state mandatory plans. Guidance plans are aimed at pointing out the orientation, targets, and criteria for economic activities; announcing economic information; sizing up the situation according to market changes; exercising overall arrangements for commodity production; supporting undertakings badly needed by society; regulating enterprises' economic activities and market changes; and promoting the planned and proportionate development of the entire national economy. Guidance plans are implemented by economic rather than administrative means, and are therefore not of a mandatory nature. Enterprises may adjust their own targets, principles, and production and operational activities according to their interests, social economic activities, or market changes. Enterprises should bear in mind state plans on the one hand and pay attention to market changes on the other, so as to avoid acting blindly. In accordance with domestic and international market changes, the state should adjust its plans and targets, formulate the relevant economic policies and measures, and guide enterprises so that they will develop in the correct orientation. Under guidance plans, the state has no direct responsibility for enterprises' operations; it only provides information for them, and cannot ensure the supply of funds or materials they require, while enterprises are not restricted by state guidance plans, but are required to pay taxes according to the state law.

Economic laws and regulations are important means for the state to exercise economic management. Economic laws are the basic norms restricting the economic behavior of economic bodies. These laws also guarantee that economic bodies can exercise their rights and gain their benefits, and provide conditions for the effective operation of social and economic regulatory mechanisms. These laws are authoritative and are of a mandatory nature. Economic policies are necessary measures the state uses to ensure the development of the national economy. These policies include industrial policies, financial policies, monetary policies, and policies on income. Industrial policies are policies the state uses to adjust and develop the economy. The core of these policies is the policy on the industrial structure, which is aimed at ensuring the balanced development of industrial departments on the basis of good economic results. To guarantee the implementation of industrial policies, there must be policies on industrial organizations and relationships; namely, supplementary policies on enterprises' activities, market order, and other relevant aspects. Guided by industrial policies, it is necessary to strengthen the guidance and control over the market, to promote economic structural optimization, and to realize the rational distribution and effective utilization of resources. Financial, monetary, and income policies are formulated by the state and its relevant departments by applying financial, taxation, monetary, and credit means and by taking account of wages, prices, and the general target of state economic development. Their common aim is regulating gross social supply and demand, maintaining their balance, controlling money injections and credit payments, supporting leading industries and industries urgently needed by the state, improving economic results, and guaranteeing the steady growth of the economy.

In China's social and economic activities, regulation by market mechanism has displayed its role in many fields. In the agricultural field, regulation by market mechanism is exercised in the production of most agricultural and sideline products, with the exception of grain, cotton, and other necessary production materials that are already under planned regulation and specialized management. In the industrial field, regulation by market mechanism is exercised in the production of daily necessities and some production materials. Most small- and medium-sized enterprises have now put their funds, raw materials, and sales under regulation by market mechanism. Apart from this, some large enterprises are also encouraged to produce and sell some products after fulfilling state plans. Of course, the degree, form, and scope of combination between the planned economy and regulation by market mechanism is not unchangeable but should be adjusted and improved according to actual conditions. In the course of improving and rectifying the national economy at present, it is necessary to lay more stress on the guiding role of plans. Moreover, the state should provide active guidance and instructions on how to bring into play the role of market mechanism. This will help rectify and

improve market order, form a unified socialist market system, protect rational competition, and invigorate the market.

Footnote:

1. "Selected Works of Marx and Engels," Vol 4, p 369

PROVINCIAL

Anhui Provincial Revenues 'Increase'

OW1311042989 Hefei Anhui Provincial Service in Mandarin 1100 GMT 24 Nov 89

[Text] This year's revenues are better. Especially in August and September, the revenue income increased rapidly. At the end of September, the province had received 3.44 billion yuan in taxes, representing 74.3 percent of the annual financial budget, an increase of 16.3 percent over the same period last year.

The reasons for a better record in revenues in the January-September period could be mainly explained by the fact that, with continuing improvement of the economic reforms, the financial departments at all levels, while consciously implementing the guidelines of national and provincial meetings on financial work in criticizing the "deficit-is-no-harm theory," strengthening the overall point of view, and straightening out the ideology of financial management, increased the collection of revenues. Meanwhile, new taxes created by the state and the enlargement of production and circulation also increased the financial sources.

The major problems existing in revenue work in the province lie in the following:

First, the progress of collection work in different areas varied. By the end of September, Gongling and Huaibei cities already overfulfilled their annual tasks by 29.7 percent and 0.8 percent respectively. However, such cities as Wuhu, Bengbu, and Maanshan, and Fuyang Prefecture, where a larger share of tax collection tasks lay, made less progress than the provincial average. Particularly in the case of Wuhu and Bengbu cities, the tax incomes were respectively 10.7 percent and 9.5 percent less than the same period last year.

Second, the situation of overdue tax was very serious. By the end of September, the overdue tax owed by enterprises in the province amounted to 740 million yuan, an equivalent of 21.5 percent of the tax in the province in the same period. Nearly 600 million yuan of tax was owed by the tobacco companies.

Third, the collection work of the state budgetary adjustment funds, newly-created this year, made very poor progress. In the January-September period, only 32.9 percent of the annual budget was collected.

According to an analysis by the provincial finance department, although difficulties do exist in fulfilling this year's budget, there are many favorable conditions.

Departments at all levels need to further strengthen the overall attitude, forcefully consolidate financial discipline, conscientiously launch financial, taxation, and price inspection, and sort out personal debt. We must deal with tax affairs strictly in accordance with the law, and stop tax evasion. To achieve this goal, we must pay attention to the following tasks:

First, high attention should be paid to collecting tax owed by enterprises. Priority should be given to solving the problem of overdue tax owed by tobacco companies.

Second, it is necessary to resolutely carry out the guidelines of provincial work meeting on turning deficit into profit, and implement the resolution passed at the meeting. The quota for deficit and goods rejected must not be exceeded. Enterprises' deficits will absolutely not be made up by the state.

Third, the work of collecting tax for the state budgetary adjustment fund should be well implemented, to make up progress.

Fourth, financial expenditures should be strictly controlled. Those projects whose budgets were cut must be stopped. In principle, no new expenditure will be added for these projects.

Jilin's Economic Development Over Past 40 Years

SK0710135489 Changchun JILIN RIBAO in Chinese 15 Sep 89 p 1

[Summary] Over the past 40 years since the founding of the PRC, the province's national economy has been progressing rapidly, and the income of both urban and rural people has increased ceaselessly.

Statistics showed that the per capita purchasing power of consumer goods increased from 59.7 yuan in 1952 to 157 yuan in 1978 and 686 yuan in 1988. The total value of commodities purchased by state commercial enterprises and supply and marketing cooperatives in 1988 reached 14.13 billion yuan, an increase of 25.8 times over 1952. The total volume of retail sales of commodities in 1988 was 20.2 billion yuan, an increase of 25.3 times over 1952.

Along with the development of agricultural production, the amount of commodities provided by the peasants has increased with each passing day. The total volume of farm and sideline products purchased in 1988 reached 9.12 billion yuan, an increase of 20.8 times over 1952.

Over the past year, the purchasing volume of industrial products has increased by a big margin. The total volume of local industrial goods purchased by state commercial enterprises reached 4.46 billion yuan, an increase of 21.7 times over 1952.

Jiangsu Controls New Construction Projects

OW2810154989 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 9 Oct 89

[Text] Resolutely implementing the State Council's relevant regulations for strictly controlling new construction projects, Jiangsu has conducted an inventory of all projects and brought under control new capital construction projects carried out by state enterprises since the beginning of this year.

In the first 8 months of this year, state enterprises in Jiangsu started a total of 337 new capital construction projects, 295 less than in the same period last year. The ratio of new construction projects to all capital construction projects also dropped to 19.2 percent from 27.5 percent in the same period last year. Investment in new construction projects amounted to 344 million yuan, decreasing by 599 million yuan, or 63.2 percent, over the same period of last year. The ratio of investment in new projects to all capital construction projects also dropped to 1 percent, from 2.8 percent, during the same period last year. The projects started this year have basically met the [words indistinct].

Anhui Finances 'Turn for Better'

OW1211222389 Hefei Anhui Provincial Service in Mandarin 1100 GMT 31 Oct 89

[Text] According to a report by ANHUI RIBAO, addressing a recent provincial meeting on the management of funds during the busy season, Wang Bin, deputy manager of the Anhui provincial branch of the People's Bank of China, said that the development of the financial situation in our province from January to September this year has been better than expected. He added that some problems which we can not afford to ignore also exist.

The turn for the better of the financial situation is seen in the following areas. The magnitude of increase in cash revenues and expenditures has lowered. Money supply was adequately provided during the same period of last year, but the situation this year changed to a net withdrawal of currency from circulation. All the banks across the province recovered a total of 29.9 billion yuan in cash and paid out a total of 29.59 billion yuan in cash from January to September this year, posting a net withdrawal of 310 million yuan of currency from circulation. Money supply was less than that provided for the market during the same period of last year by 1.74 billion yuan. Compared to last year, bank deposits increased. Bank deposits registered an increase of 1.26 billion yuan during the past 9 months, higher than the amount registered during the same period of last year by 640 million yuan. Savings deposits in both urban and rural areas reached 11.07 billion yuan as of the end of September, posting a net increase of 2.087 billion yuan over the amount registered early this year and an increase of 1.13 billion yuan over the same period of last year. After having shown consecutive decreases during the first half

of this year, the bank deposits of enterprises rebounded in August and September. The increase in bank loans was effectively brought under control; and the loan structure tended to become rational. Various bank loans showed a net increase of 710 million yuan from January to September. The amount was less than that of the same period of last year by 1.05 billion yuan.

However, some problems also exist. The supply of a reasonable amount of funds to society was affected by changes taking place in the market, sluggish sales of commodities, and an insufficient amount of funds withdrawn from circulation. The production of industrial enterprises covered by the budget grew at a rate of 8.8 percent from January to September this year, while the growth rate of profits and taxes from sales dropped by 10.4 percent. Finished products used 2.02 billion yuan of funds, more than the amount used in the same period of last year by 481 million yuan. The shortage of operating funds encountered by the industrial enterprises was aggravated as a result.

The fourth quarter is a peak season of demand for funds. In order to work successfully in providing currency credit facilities, the People's Bank in Anhui Province called on financial departments across the province to continue to carry out the policy of tightening control over money supply and the scale of credit, make vigorous efforts to organize bank deposits and day-to-day loans of funds, endeavor to increase the supply of funds during the peak season, further improve the regulations governing management of the funds for purchase of farm and sideline products in special cases, see to it that purchasing work is absolutely not affected by the problem of cash supply, earnestly implement the policy of giving special favorable treatment to certain industries, support the production of large and medium key enterprises run by the state as well as the circulation of daily necessities for people's livelihood, do a good job in cleaning up [words indistinct] debts and making an inventory of warehouses to tap all the potential, maintain the order of financial work, and strictly control the enforcement of discipline.

INDUSTRY

Shanghai Hi-Tech Park Attracts Foreign Investment

OW3110122889 Beijing XINHUA in English
0203 GMT 31 Oct 89

[Text] Shanghai, October 31 (XINHUA)—China's first hi-tech park in Shanghai has attracted investment from a number of well-known transnational corporations since it was established in June last year.

The 5-square-kilometer Shanghai Caohejing Hi-Tech Development Zone has absorbed \$191 million of foreign investment from 14 corporations, which include American Telephone and Telegraph Company, IBM, and

Philips Company of the Netherlands, said President of the Caohejing Hi-Tech Park Development Corporation Qi Minsheng.

In the first 3 quarters the total industrial output value of the park reached \$1,444 million, Qi said.

FOREIGN TRADE, INVESTMENT

Former Trade Official Reviews Trade History

HK3110023589 Beijing RENMIN RIBAO in Chinese
19 Oct 89 p 5

[Article by staff reporter Liu Xiao (0491 7197): "From Soybean to Satellite—An Interview With Zhou Huamin, Former Vice Minister of Foreign Economic Relations and Trade"]

[Text] The autumn sunlight shines into a plainly decorated office of the Ministry of Foreign Economic Relations and Trade [MOFERT]. Here the former vice minister of MOFERT was interviewed by this reporter.

As a New China first generation foreign trade worker, and as a veteran vice minister who was in charge of the country's import and export work for 17 years, our revered Comrade Zhou, 75 years old, has witnessed and participated in the arduous and zigzag course of developing our country's foreign trade.

He vividly compared this historical stride to the leap "from soybean to satellite."

I. Past Events Are Like a Wisp of Smoke

In the 100 years or so after the Opium War, China had been nibbled on by various big powers, been afflicted with poverty and weakness, and been devastated everywhere. It had been in a situation of near subjugation. All this is the direct driving force for Zhou Huamin's joining of the revolution and for the unremovable scars in the depths of his heart. When recalling the past today, he still feels a heartrending shame.

It was recorded in the pages that have already turned brown of China's foreign trade history: In the 70 years or so from 1878 to 1949, our country's foreign trade was in a state of serious imbalance. No words can best describe the problems than these: Foreign flour, foreign noodles, foreign sugar, foreign cloth, foreign oil, foreign fuel, foreign nails, foreign soap, foreign paper, small foreign houses, and even foreign guns and foreign cannons were all imported!

The dying national industry could not even meet the domestic needs; still less could it have a surplus to supply and compete in the international market. The foreign exchange needed for the imported goods could only be procured by selling traditional agricultural, sideline, special, and indigenous products represented by soybean. Before the 18 September incident of 1931, our export of soybean ranked first, followed by raw silk, leather goods,

eggs, tea leaves, tung oil, and metals. Before the war of resistance against Japan in 1937, the export of soybean ranked second, next only to various mineral sands. During the Liberation War in 1946, soybean export ranked fourth among all exports, coming next to salt, tung oil and various ores.

Our country's main export goods was soybean, which was pressed for its oil....

II

Since the founding of the PRC in 1949, a new chapter has been opened up in our country's history. Our revered Comrade Zhou has divided the 40-year foreign trade development into four periods.

The first period was from 1950 to 1960. In these 10 years, the focus of foreign trade was to give impetus to the country's industrialization. At that time, the United States simultaneously posed a military threat to and imposed an economic blockade on us. The embargo covered a very extensive area. It not only banned the export of sophisticated technology and crucial equipment to our country, but also that of rubber and nonferrous metals. Our country could only adopt the method of "leaning to one side" and mainly traded with the Soviet Union and East European countries. We imported complete sets of equipment, and developed our own productive capacity.

The foundation was laid at that time for the transformation of the Anshan Iron and Steel Company and the establishment of the No 1 Automobile Plant, and for the heavy-duty machine industry, the instrument and meter industries, the tractor manufacturing industry, and so on. The so-called "156 projects" were actually the introduction of technology and the import of complete sets of heavy equipment.

What did we give then in exchange for this technology and equipment? The traditional agricultural and sideline products such as soybean, pork, and oil were given. At one time, the export of soybean reached the height of 2 million tons a year.

The second period was from 1960 to 1966. These were the hardest years. Not only did imperialists bully us, but the Soviet Union, following the deterioration of Sino-Soviet relations, withdrew all experts, and tore up all contracts, inflicting heavy losses to our economy. At home, there were natural and man-made calamities, and food shortages were everywhere. At that time, we mainly grasped three things:

First, we imported grain, stabilized market prices, reduced state purchase quotas, and consolidated the worker-peasant alliance.

Second, to repay the \$2 billion debt to the Soviet Union, the people of the whole country assisted with foreign trade by reducing their expenses on food and clothing. Finally, we were able to pay off all foreign debts in the first quarter of 1965, before the time limit.

Third, we opened up the channels of importing technology and equipment from developed countries. Equipment to establish the Beijing Weinilong Factory was precisely the first set of heavy equipment imported from developed countries in the 1960's by the method of delayed payment.

The third period lasted from 1966 to 1978. During "the Cultural Revolution," MOFERT suffered seriously. However, with the support and concern of Chairman Mao and Premier Zhou, the leading party group of MOFERT still continued leading professional work without pause. Import and export trade made definite progress. This was quite invaluable.

At that time, we imported a lot of important technologies from Western countries, including complete sets of equipment. We had originally budgeted to pay \$4.3 billion, hence the "43 Plan," but it was later exceeded. The famous ones were the cold-rolling equipment from the FRG and the hot-rolling equipment from Japan imported by the Wuhan Iron and Steel Corporation and the 13 sets of large chemical fertilizer plants, with a total annual production capacity of 13 million tons, as well as 6 sets of chemical fiber equipment.

The fourth period started from 1979 till now. Under the guidance of the principles of reform and opening up, our country has been marching toward modernization. Foreign trade work has stimulated and profited from this goal. In 1988, the foreign exchange earned through export reached \$40.639 million, a 3-fold increase over 1978 and a 73-fold increase over 1950. Our country's foreign trade volume was only \$1,135 million in 1950 but it reached \$80.489 million in 1988, a 70-fold increase in 39 years. In other words, the foreign exchange earned through export in the whole year of 1950 was equal to only that of 5 and one-half days in 1988. The import and export volume in the whole year of 1950 was equal to that of 6 and one-half days in 1988.

The mix of import and export commodities have had obvious improvement. The import commodities are mostly advanced technologies, equipment, and raw materials needed for domestic construction and production. Our principal export commodities have gradually been shifting from agricultural and sideline products and mineral products to manufactured goods. We are beginning to export technologies as well. Our technologies, such as hybrid paddy, fresh-water fish breeding, blast furnace coal-spraying powder, computer software, medical, hygienic, and health care, are being gradually exported to developed countries. And business negotiations for launching other countries' satellites with Chinese rockets marked our country's full capability of entering the international commercial satellite-launching market, which has been monopolized by a small number of developed countries.

III

Over the past 40 years, our foreign trade has made some achievements that have attracted world attention. There

were only a few dozen countries that had diplomatic relations with us in the years immediately following the founding of the PRC. Now, there are over 180 countries and regions. In 1978, we ranked 32d among the exporting countries in the world, and in 1988 we ranked 14th. Today, we have 500,000 people engaged in foreign trade. According to rough estimates, in 1988 over 20 percent of our industrial output value was realized through foreign trade, which has become an important factor in economic growth.

The briefings given by Zhao Chunhua, MOFERT's Technology Import and Export Department chief, and deputy chief Teng Sanbo have enriched our revered Comrade Zhou's summation. They said: In the first 30 years since the founding of the PRC, namely, the 1950's, 1960's and 1970's, the country spent a total of \$15 billion in importing technology, and thus contributed to the establishment of an independent socialist industrial setup on the basis of "poverty and blankness." In the 1980's, the scale of technological import has rapidly increased. Flexible and varied modes of import have been employed and there have been many sources from which technology is imported. We have spent \$20.55 billion for the import of over 3,600 technological items, greatly narrowing the gap between our country and the developed countries in the world. The main body of our industry originally stood at the level of the 1950's but now it has reached at least the level of the 1970's. Import has led to an increased production capacity as well as profits and taxes so that the country can spend more money on education, scientific research, and scientific and technological development, which in turn will improve the export structure and strengthen the capacity to earn more foreign exchange and will be favorable to the import of more technologies and equipment. This benign cycle has begun to appear.

International Bidding Opens For Hydropower Station

*OW2710164589 Beijing XINHUA in English
1552 GMT 28 Oct 89*

[Text] Chengdu, October 27 (XINHUA)—International bidding opened here on Wednesday for the Ertan hydropower station project on the Yalong River in Sichuan Province, which has China's largest hydroelectric resources.

The station, to be built with World Bank loans, will have a total generating capacity of 3,300,000 kilowatts, making it the largest in China.

Six of the 14 contractors and cooperative firms, who have turned in qualifying documents, have already passed the qualification process.

Cooperative firms include Philipp Holzman-Hochtief and Bilf Incer-Bercer of the Federal Republic of Germany, Sogea and Sae of France, and Impregil S.P.A. of Italy.

The winning bids will be selected in April 1990.

The project is expected to be completed by 1999.

Increased Bicycle Exports Reported

*OW2810041989 Beijing XINHUA in English
0258 GMT 28 Oct 89*

[Text] Beijing, October 28 (XINHUA)—China exported 294,000 bikes worth \$11 million last month, according to a statistics report from the General Administration of Customs.

From January through September this year, China exported 1.6 million bikes worth \$67 million, 72 percent more in number and 87.8 percent higher in value than the same period last year, according to today's CHINA DAILY.

The exported bikes each year account for about 5 percent of the country's total production. Traditionally, Southeast Asia and Africa are the major markets. But the volume of bicycles exported to the United States and European countries has been increasing in recent years.

At present, there are about 80 bicycle factories in China, capable of producing 50 million bikes a year. The Chinese now possess 240 million bicycles.

An official with the China Bicycle Association said that the domestic market has approached saturation point with a demand of only 30 million bicycles a year.

Though more than 13 million Chinese-made bicycles are now stockpiled in warehouses, the manufacturers are pinning their hopes on the world market for an upturn in the business.

This year, bicycle dealers have found brand-name products are even more difficult to sell because of their high prices and outdated designs.

In order to improve quality and increase sale at home and abroad, more than \$37 million has been spent in recent years to import advanced bicycle technology and equipment such as electro-platers, electrostatic spray-painting machinery and welding equipment.

ECONOMIC ZONES

Shenzhen To Lease Land to Foreign Investors

*OW2210153189 Beijing XINHUA in English
1321 GMT 22 Oct 89*

[Text] Beijing, October 22 (XINHUA)—Shenzhen is going to auction a 10,000-square-meter piece of land for commercial use in December, CHINA DAILY reported today.

One of China's five special economic zone, it is considering leasing another four 7,000 to 8,000-square-meter parcels of land to foreign industrialists, the paper said.

To solve the problem of a shortage of foreign exchange, leasing land to foreign businessmen has become an effective way, the paper noted.

Starting in 1987, when Shenzhen leased the first piece of land to foreign businesses since the founding of the People's Republic of China, the land-leasing to foreigners is booming.

By the end of last year, some coastal cities including Shenzhen, Shanghai, Fuzhou and Guangzhou had leased a total of 72 ha of land to foreign users, which was expected to bring in a revenue of 400 million yuan (about \$108 million). The longest leasing term was found to be in Fuzhou, which is for 90 years, the paper revealed.

The coastal land leased recently or to be leased soon share three characteristics. They are large in area, long in leasing term and huge in investment, the paper said.

Economists believed that such massive action will ensure China's open policy to continue and a quicker establishment of an export-oriented investment, the paper said.

Economic Zone Firms Suffer Exchange Rate Losses

HK1910023389 Hong Kong HONGKONG STANDARD [BUSINESS STANDARD] in English 19 Oct 89 p 1

[By Cheung Lai-kuen in Shenzhen]

[Text] A major trading firm in the Shenzhen special economic zone has suffered an unprecedented loss of approximately \$13.3 million amidst fluctuating exchange rates that are severely crimping China-owned firms.

The firm had a turnover of \$200 million this year.

A source in Shenzhen attributed the huge loss suffered by the firm to the wildly fluctuating exchange rate between foreign currency and yuan in the foreign exchange trading centre.

Officially, last year, one U.S. dollar fetched 3.7 yuan in banks but could have fetched more than 7 yuan in the foreign exchange trading centre—usually called the “adjusted rate.” The “adjusted rate” has appreciated substantially in the past six months as a result of China's tightened money supply policy, with the present going rate of \$1 to 6 yuan.

Trading firms which calculate export prices according to the previous “adjusted rate” and exchange foreign currency for yuan at the current rate are bound to suffer losses.

In addition, export companies invariably need to pay more for purchasing raw materials whose prices have appreciated with high inflation.

Peng Pang, deputy director of the Economic Development Bureau of Shenzhen municipal government, yesterday admitted some trading companies in the zone were suffering losses, but refused to disclose their names.

Mr Peng said business in Shenzhen had become somewhat difficult at the moment. He said most trading firms in Shenzhen had no incentive to promote exports, because the more they exported the heavier the losses.

In addition, most trading firms had no capital to purchase supplies for export even if they had the ability to export more, Mr Peng said.

“Trading firms usually purchase their supplies with credit from the banks,” he emphasised.

“However, trading firms have not been borrowing from banks after the central government's controlled money supply policy.

“Even if the banks had agreed to lend money, trading firms would still not borrow as the interest rates were excessively high,” Mr Peng said.

Banks in China have increased their loan interest rates substantially this year—from 12 percent to 20 percent.

But the most terrible prospect was the prevailing rule among banks, where the interest rate would spiral to 30 percent automatically if the borrower failed to repay the loan on time, said a Shenzhen industrialist.

TRANSPORTATION

Largest Multistory Warehouse Erected

OW2810151489 Beijing XINHUA in English 1045 GMT 28 Oct 89

[Text] Shanghai, October 28 (XINHUA)—China's biggest multi-story warehouse was completed recently at the Jungong Road Container Terminal of Shanghai Harbor.

The warehouse has a capacity of 50,000 tons of goods and advanced storage and handling facilities. A harbor official said the warehouse increases the handling capacity of the harbor by 1.57 times.

The warehouse, with a total area of 36,600 sq m, was built by the Shanghai Harbor Construction Cooperative.

Jinan-Guangzhou Air Service Begins

SK051114589 Jinan Shandong Provincial Service in Mandarin 2300 GMT 4 Nov 89

[Text] Civil air service between Jinan and Guangzhou officially began on 4 November. The total length of this air route is 1,621 km. There will be one round trip flight between Jinan and Guangzhou every Sunday. Large Trident passenger planes with 106 seats will be used. The flight time will be 2 hours and 45 minutes.

Expansion of Shanghai Harbor Planned

OW0411042989 Beijing XINHUA in English 1448 GMT 4 Nov 89

[Text] Shanghai, November 3 (XINHUA)—The expansion of Shanghai Harbor, an important part of the city's new development program, is scheduled to begin 1 July 1991.

The project will add 40 berths capable of accommodating 10,000 dwt ships, and some small- and medium-sized berths in the area of Waigaoqiao, Luojing and Jinshanzui.

Minister of Communications Qian Yongchang and Mayor of Shanghai Zhu Rongji recently signed a document on building four 10,000 dwt coastline berths in the first construction phase. The plan will be submitted to the State Planning Commission for approval.

The four berths will cover a coastline of 990 m, with a total area of 746,000 sq m. Their designed handling capacity is 2.4 million tons of cargo annually.

The project is planned to go into operation in 1994.

At present, preparatory work and examination of project designs are under way.

It is estimated that Shanghai Port will have an annual handling capacity of 197 million tons in the year 2000.

At the same time, the harbor area of the Huangpu River will be renovated.

AGRICULTURE

New Cultivation Method Developed for Arid Regions

OW0611222089 Beijing XINHUA in English
1550 GMT 6 Nov 89

[Text] Harbin, November 6 (XINHUA)—A new technique for increasing the crop output in arid zones will be widely promoted in north, northeast, and northwest China from next year.

The method involves sparse planting of rice seedlings which need little water and can stand cold weather.

The method has been tried out on 2.1 million ha in northeast China's Heilongjiang Province over the last 3 years, resulting in a harvest of a total of 9 billion kg of grain and beans.

A provincial agriculture official said the method helped the province get in more than half of its total grain and bean output from less than one-third of the farmland.

The technique can also be used in the cultivation of other economic crops such as maize, wheat, beans, and sugarbeet.

The scientific and technological commission of Heilongjiang Province has dispatched 900 scientists and agrotechnicians to rural areas to promote the technique.

New Grass Strains Developed

OW1211121989 Beijing XINHUA in English
1450 GMT 9 Nov 89

[Text] Changchun, November 9 (XINHUA)—Four new strains of grass for feeding sheep have been developed

recently by the Institute of Biology in Jilin Province. They have been tested and approved by the Ministry of Agriculture.

Scientists say the technology used in their development fills a domestic and international gap. They believe the achievement will be significant in promoting the development of new grass strains and artificial grasslands.

Anhui Grain, Cotton Storage

40060011F Hefei ANHUI RIBAO in Chinese
20 Oct 89 p 1

[Summary] As of 15 October, Anhui Province had put 5.58 billion jin of contracted grain in storage, fulfilling 76.7 percent of the task. As of 15 October, Anhui had procured 459,000 dan of cotton.

Anhui Wheat Seed Shortage

40060011E Hefei ANHUI RIBAO in Chinese
5 Oct 89 p 2

[Summary] Due to natural disasters in Anhui Province this summer, there is a serious wheat seed shortage. According to estimates, Anhui will lack over 100 million kilograms of wheat seed, which accounts for 24.2 percent of the amount needed for autumn planting.

Fujian Sugar Output Decreases

40060013A Beijing NONGMIN RIBAO in Chinese
18 Oct 89 p 2

[Summary] During the 1988-1989 pressing season, Fujian Province planted 633,200 mu to sugarcane, produced 2,619,600 tons of sugarcane, and 280,600 tons of sugarcane [as published], a decrease of more than 30 percent from the 1985-1986 pressing season. During the 1989-1990 pressing season, Fujian sugar output will drop to about 220,000 tons. Major reasons for the decline are:

Sugar procurement prices are low. Although Fujian raised the procurement price of sugar in 1988, the price of grain, other cash crops, and fertilizer also increased, raising expenses and reducing income of sugar farmers. In 1988 the cane sugar procurement price in Fujian was 10.61 yuan per 100 kilograms.

Profits from planting sugarcane are low. If the grain yield per mu is 900 kilograms, a farmer can earn 1,260 yuan; but a sugarcane yield of 6,500 kilograms per mu will only earn a farmer 1,170 yuan. After deducting costs, net income earned from planting a mu of sugarcane is about 250 yuan less than planting grain. Compared to planting fruit, the profits are even lower.

Benefits for planting sugarcane have been reduced. Before 1989, Xianyou County awarded 25 kilograms of fertilizer and 125 kilograms of grain (70 percent was rice) to farmers for each ton of cane sugar. Beginning in 1989, fertilizer awards dropped to 10 kilograms, and fertilizer prices increased from 52 yuan per 100 kilograms in 1988

to 130 yuan. Grain awards were reduced by half, of which 70 percent was flour, sugar farmers could only buy 13 kilograms of rice for each ton of cane sugar sold, so sugar farmers planted grain.

Farmers are not being paid. For example, at the conclusion of the pressing season this year, sugar mills in Xianyou County owed sugar farmers more than 700,000 yuan.

Gansu Allocates Money for Purchase of Farm Produce

HK0611080489 Lanzhou Gansu Provincial Service in Mandarin 1030 GMT 31 Oct 89

[Text] Provincial People's Bank recently allocated a total of 25 million yuan to different areas specially for the procurement of some major agricultural and sideline products such as grain, cotton, oil-bearing crops, live pigs, livestock products and tobacco leaves. It also emphasized that the funds should only be used as designated and departments that use the funds should be responsible for the funds earmarked for special purposes.

Guangdong Fishery Resources Depleted by Overfishing

OW0711102489 Beijing XINHUA in English 0722 GMT 7 Nov 89

[Text] Beijing, November 7 (XINHUA)—The Guangdong provincial government is urging its officials to take effective measures to save fishery resources in the South China Sea, said today's CHINA DAILY.

Experts from the province's seafood product department warn that overfishing is exhausting resources. The monthly fish catch in the South China Sea is estimated at about one million tons, but 1.5 million tons of fish are being caught a month in recent years.

Last year's catch in Guangdong alone came to 900,000 tons. This means a 60 percent increase from the 563,000 tons caught in 1985. About 80 percent of the catch was from shallower areas along the coast.

"The fish output of this southern province has been the highest in the country in each of the five years since 1984," said He Xingcai, deputy director in charge of ocean fisheries in the Guangdong Provincial Agricultural Bureau.

"Guangdong's long coastline gives it great advantages in developing ocean fishing," he said. "But ocean fishery has been devastated in recent years due to poor management."

"The number of fishing vessels has sharply increased in coastal areas, and many people who were not originally making their living by fishing have moved into it in recent years," he said.

"By the end of last year, the number of fishing vessels in the province had increased from 28,000 in 1979 to 49,000, a 75 percent increase in nine years," he said.

"Meanwhile, there are still quite a few vessels from Hong Kong, Macao and Taiwan coming to fish in these areas every year," he added.

"The problem is that the vessels have increased but the fish have not," he complained.

"We have been trying to prohibit people from using poison, explosives and electric devices in the fishing zones, but we have always failed," he continued, adding that from 1986 to 1988, 3,175 such cases were uncovered in the province.

To save fisheries in the South China Sea, he urged to improve supervision. "The main task in this will be to control the number of fishing vessels in the coastal areas," he said.

Guangxi Pig Production Improves

HK0911091789 Nanning Guangxi Regional Service in Mandarin 1100 GMT 7 Nov 89

[Text] Last year, due to a reduction in grain production and for various reasons in our region, the output of pigs markedly dropped. Since the beginning of this year, this problem has drawn the close attention of the governments at all levels. They have adopted effective measures to do a good job in agricultural production and have vigorously popularized and developed the pig-breeding trade. Pig production has begun to increase.

According to the statistics compiled by the Agricultural Department of the Regional Statistical Bureau after investigation, the amount of pigs on hand in the whole region by the end of this September was some 15.25 million head, an increase of 258,000 head over the same period of last year. The amount of hog meat sold in the whole region from January to September was 6.43 million head, an increase of 42,200 head over the corresponding period of last year.

Hebei Institutes Cotton Purchase Permit System

90OH0100.A Shijiazhuang HEBEI RIBAO in Chinese 28 Sep 89 p 2

[Article by Cheng Guiqiu (4453 2710 4428): "Hebei Province Institutes Cotton Procurement Permit System"]

[Text] A cotton procurement permit system has been instituted throughout the province following provincial government leaders' approval.

This system was formulated in order to implement the State Council decision that supply and marketing cooperatives were to purchase and deal in cotton on a monopoly basis, with no removal of restraints on cotton markets. It is an important action for improving management. A permit is required to obtain credit to purchase cotton. Without a permit, banks will not issue credit, and industrial and commercial administrative departments may not make purchases. Before supply and marketing cooperatives set up scales to purchase cotton, prefectures and cities are to conduct a full inspection of supply and marketing cooperative cotton procurement stations. Those that meet requirements are

to be issued cotton procurement permits, and qualified agricultural departments are to be issued consignment permits. All permits issued are to be strictly registered, and not only is the registration to be reported to the cotton and hemp company at a higher level, but a copy is to be provided to the Agricultural Bank and the county industrial and commercial administration as a matter of record. All cotton procurement stations in the province that do not enforce state policies and the methods prescribed for purchasing cotton are to halt procurement, and make corrections within a limited period of time. Only after the corrections have been accepted as meeting requirements will the stations be allowed to make purchases. Industrial and commercial departments are to rescind permits and halt purchases by seriously

offending prefecture, municipality, and county cotton and hemp companies that refuse to mend their ways despite repeated admonitions.

Cotton Procurement Prices For 1989

The Hebei Provincial Price Bureau, the Supply and Marketing Cooperative Main Office, and the Department of Finance have jointly issued Circular Notice Jijia Nongzi (1989) No 9, which provides that beginning with the marketing of new cotton in 1989, the procurement price of "327" standard grade rolled ginned cotton is to be readjusted from the "inverse 3:7" price ratio of 176.42 yuan per 50 kilograms of 1988 to 236.42 yuan per 50 kilograms. The procurement price of all other grades (including substandard cotton) is to be figured on the basis of the previously set grade differential rate.

Cotton Procurement Price Table

			1989
Units: Yuan/50 kgs			
Grade	Unginned Cotton Priced in "Terms of Ginned Cotton"	Rolled Ginned Cotton	Saw-tooth Ginned Cotton
	Price After Extra Price	Price After Extra Price	Price After Extra Price
133	303.85	307.35	315.55
131,233	289.66	293.16	361.36
129,231,333	275.48	278.98	287.18
127,331,229,433	261.29	264.79	272.99
125	249.47	252.97	261.17
123	237.65	241.15	249.35
329,431,227	247.11	250.61	256.81
225	235.28	238.78	246.98
223	223.46	226.96	236.16
429,327	232.92	236.42	244.62
325	221.10	224.60	235.80
323	209.28	212.78	220.98
427	218.73	222.23	230.43
425	206.91	218.41	218.61
423,527	195.09	198.59	206.79
525	183.27	186.77	194.97
523	171.45	174.95	183.15
623	143.08	146.58	154.73
723	114.71	118.21	126.41
Substandard 1	79.25	82.75	82.75
Substandard 2	43.78	47.28	47.28

Note: 1) The plan price for 327 standard grade rolled ginned cotton is 205.80 yuan per 50 kg. The extra price is 30.62 yuan per 50 kg.

Note: 2) The saw-tooth cotton ginning outturn deficit subsidy within grade is 8.20 yuan per 50 kg. There is no ginning outturn deficit subsidy for substandard cotton.

Liaoning Agriculture Achievements Reported

SK2710004589 Shenyang LIAONING RIBAO in Chinese 28 Sep 89 p 1

[Summary] Over the past 40 years since the founding of

the PRC, Liaoning Province has scored marked achievements in agricultural production.

The province's grain output in 1952 was 5.44 million tons; in 1978, 11.172 million tons; and in 1988, it was 13.072 million tons.

The province's fruit output in 1952 was 126,000 tons; in 1978, 938,000 tons; and in 1988, it was 959,000 tons.

The province's vegetable output in 1952 was 1.352 million tons; in 1978, 3.2 million tons; and in 1988, it was 7.848 million tons.

The province's meat output in 1980 was 429,000 tons; in 1986, 588,000 tons; and in 1988, it was 689,000 tons.

The province's aquatic product output in 1952 was 139,000 tons; in 1978, 468,000 tons; and in 1988, it was 947,000 tons.

The province's oil-bearing seeds output in 1952 was 107,000 tons; in 1978, 105,000 tons; and in 1988, it was 168,000 tons.

Shandong Peanut Factory Exports to U.S., Japan

*OW1411121489 Beijing XINHUA in English
1046 GMT 14 Nov 89*

[Text] Jinan, November 14 (XINHUA)—Muping County in Shandong Province, one of the country's largest peanut producers, has enjoyed good commercial reputation for exporting fine-quality processed peanuts to the United States and Japan.

The Bohai Peanut Food Factory of the county exported 8,700 tons of peanut foods and earned 12 million U.S. dollars last year.

Updated with the advanced foreign technology over the past few years, the factory has set up a peanut food processing line with an annual capacity of 10,000 tons, a laboratory test center and a large advanced constant temperature storage.

It mainly exports baked peanut, fried and cream peanut kernel, and roast peanut kernel.

Shandong Cotton Experimental Results Reported

*SK0611100889 Jinan DAZHONG RIBAO in Chinese
15 Oct 89 p 1*

[Text] Shandong Province has scored marked achievements in developing high-yield cotton crops. According to statistics, among the 400,000 mu farmland of high-yield cotton crops, the per mu yield of ginned cotton has reached 96.9 kg. Of these high-yield cotton crops, the per mu yield of 283,800 mu farmland has reached more than 100 kg, a 42.4-percent increase over the low-yield cotton crops. The total volume of increased cotton output has reached 239,000 dan.

Sichuan Plans 1990 Spring Grain Area

*40060011D Chengdu SICHUAN NONGYE KEJI
[SICHUAN AGRICULTURAL S&T] in Chinese No 5,
15 Oct 89 pp 3, 4*

[Summary] In 1990 the spring grain area in Sichuan Province will be 44,700,000 mu, an increase of 800,000

mu, and gross output should increase 6.5 percent. The rape area will be 12 million mu, and gross output should reach 1,284,000 tons, a 10.6 percent increase. The highest per mu yield for wheat should exceed 350 kilograms, and the lowest 50 kilograms; the highest per mu yield for rape should exceed 150 kilograms, and the lowest 20 to 30 kilograms.

Sichuan Acts To Improve Agricultural Base

*OW1411144389 Beijing XINHUA Domestic Service in
Chinese 0828 GMT 8 Nov 89*

[By reporter Xiong Yunyi (3574 0061 3015)]

[Text] Beijing, 8 Nov 89 (XINHUA)—After Sichuan Province reaped a bumper grain harvest, despite a year plagued by many disasters, the provincial party committee and government promptly warned cadres at all levels and the masses not to think that the grain problem is over but to remain mindful of agriculture and to take concrete measures to ensure a bumper harvest next year.

During the 2d half of last year, when the party Central Committee and the State Council laid down the strategic decision to promote agriculture, party members at all levels in Sichuan worked together to tackle agriculture for the first time in many years. Cadres went to the fields to direct production and relief work. Every sector cared about and supported the new situation. Although the province experienced many natural disasters, including low temperatures, earthquakes, storms, and floods this year, it still managed to reap a good harvest and increase grain production by 1 to 1.5 billion kg.

At the latest Sichuan provincial rural work conference, the provincial party committee and government endorsed the favorable situation but, at the same time, noted that the province's present agricultural foundation remains very weak, crop yield per mu and labor productivity remain rather low and, in particular, pointed to the high population, the scarcity of arable land, the relative lack of agricultural resources, and the lack of any improvement in the fundamental conditions for agricultural production. Although Sichuan reaped a bumper harvest this year, the increase in grain production only recovered to a previous level. The gap between society's increasing consumption of grain and other major agricultural products and the effective supply of these products will widen and become more acute. The situation facing agriculture is still grim. Therefore, although we must remain sober and must not become blindly optimistic because of the bumper harvest, we also must not be disheartened by the difficulties that lie ahead.

In order to fulfill the task set by the provincial party committee and government for next year calling for an increase in the province's total grain production by another 1 billion kg, the continuing slaughter of 57 million live hogs, an increase in total agricultural output value by 3 percent, and for raising the rural per capita income by 30 yuan, the provincial authorities proposed:

We must not place our hope mainly on new or resurrected policies, but should rely mainly on stable policies, pay close attention to science and technology, and enlist the peasantry to make all-out efforts. The provincial government will allot more funds from the 1990 budget for increasing investments in existing projects. All cities (prefectures) must do their best to increase investment in agriculture and to increase county agricultural development funds and township cooperative funds. We must increase the production of natural gas by 100 million cubic meters next year. We must give priority to enterprises producing chemical fertilizers, pesticides, plastics sheets, and other farm equipment in the supply of capital, energy, and raw materials to help these enterprises increase production and supplies. We must utilize the advantages of Sichuan's rich labor resources by mobilizing and organizing the peasants to construct agricultural infrastructure and water conservancy works so as to gradually improve the conditions for agriculture production. We must carry on the fine tradition of intensive cultivation and promote advanced agricultural science and technology. Next year, we must organize and send more technical personnel to the countryside; use technical contracting to supplement services at county agrotechnology promotion centers, and town and township agrotechnology service centers; provide various forms of services, and, where possible, multiple services; introduce agricultural sciences and technologies to all households; encourage intensive and multi-dimensional cultivation; and stress the development and use of non-arable land. We can build a more solid agricultural foundation in Sichuan by carrying out the above methods soundly.

Shanghai Increases Export of Pigs to Hong Kong

*OW1111225089 Beijing XINHUA in English
1508 GMT 11 Nov 89*

[Text] Shanghai, November 11 (XINHUA)—Shanghai, the leading industrial city of China, exported about 120,000 pigs to Hong Kong, earning \$5.65 million in foreign exchange from January to October this year.

The figure is more than that for the whole of last year and ranks Shanghai first in the country in pig exports.

Since 1987, the city has raised 20 million yuan (about \$5.4 million) to build more than 70 pig farms in the suburbs of the city. It has also adopted measures to encourage and help the farms to develop rapidly.

The average price of pigs weighing from 35 kg to 37.5 kg increased from \$34.81 to \$53.05 each in the same period thanks to better quality.

Vegetable Fields Polluted in Shanghai

*OW1111224789 Beijing XINHUA in English
1513 GMT 11 Nov 89*

[Text] Beijing, November 11 (XINHUA)—Of the 11,300 ha of vegetable fields in Shanghai's suburbs,

8,600 ha. have been polluted by heavy metal substances, according to the latest issue of the CHINA ENVIRONMENT JOURNAL.

The journal says the content of cadmium in cabbage, spinach and celery grown in the polluted soil far exceeds the standard for food hygiene.

Because of historical reasons, most of Shanghai's vegetable fields are in the near suburbs, where many industrial enterprises are situated. A large amount of unpurified waste water from the factories flows into rivers and canals, seriously polluting the sources of irrigation water.

Study on Shanxi Rural Consumption

90OH0012A Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 7, 1989 pp 65-69

[Article by Wu Xiqing (2976 0823 3237), Zhang Guanzhong (1728 0385 1813), and Zhai Zhenxin (5049 2182 2450): "The Evaluation of Shanxi Peasant Household Consumption and Accumulation"]

[Text] **I. Peasant Household Consumption and Savings Are Becoming More and More Important to the Rural Economy, and to the National Economy As Well**

1. Rural consumption and accumulation mechanisms are changing. Peasant households are changing from simple consumption units, which is what they have been for a long time, into a dual structure in which production and consumption are combined. The appearance of surplus products which has followed upon the development of agricultural production has made peasant household accumulation a reality. Over five million peasant households in Shanxi have, through their economic activities, exhibited a capability of performing multiple functions, including: serving as a market which absorbs consumer goods as well as means of production; satisfying many different demands of society; promoting continued development of the rural economy; and stabilizing the balance between different sectors of the national economy.

2. The importance of peasant household accumulation to the rural economy, and to the national economy, has increased. The leading position of peasant household assets in the rural economy has been restored. Before the reforms, accumulation for each peasant household was less than 20 yuan per year, and in the entire province it did not exceed 100 million yuan. It only accounted for nine percent of all rural accumulation, and for four percent of the income of the residents of Shanxi. The reforms re-established complete financial autonomy for rural families, spurred an expansion of peasant household accumulation, and raised the level of accumulation. From 1980 to 1987, the average annual accumulation per peasant household expanded to 164.79 yuan. Total accumulation among the province's peasant households amounted to 880 million yuan. This was equivalent to 61.3 percent of rural accumulation and 15.7 percent of all individual accumulation in Shanxi province.

3. The size of peasant household consumption is increasing relative to that of rural consumption and overall national consumption. The volume of rural markets has expanded to several times its previous level. In 1978, peasant household consumption was 87.6 yuan per capita, and total peasant household consumption was 1.78 billion yuan. The Engel coefficient and the Keynesian coefficient were 67.3 percent and 0.245 respectively. Peasant household consumption was oriented primarily toward means of subsistence, and there was a high degree of parity among peasants. Peasant household consumption accounted for 80.2 percent of total rural consumption and 47.1 percent of total consumption of the national income. By 1987, peasant consumption had risen to 281.16 yuan per capita, and total peasant household consumption for the province had risen to 5.95 billion yuan. The Engel coefficient and the Keynesian coefficient changed, respectively, to 51.9 percent and 0.3034. Peasant life became more varied, and they spent a greater proportion of their money on means of enjoyment and means of development. Within the peasant bloc people broke away from egalitarian precepts. While everyone's income rose, disparities appeared. The proportion of rural consumption accounted for by peasant household consumption rose to 89 percent, and to 47.7 percent of total individual consumption. At the same time, rural purchasing power rose from 2.5 billion yuan in 1978 to 7.6 billion yuan, an increase of 200 percent. The volume of rural markets increased to several times its former level.

4. Peasant households created the material foundation for social and economic development, and they gradually became the "moving force" behind "the two changes" in rural society. Under the old mechanism for accumulation, the interests of peasants were not realized as collective accumulation and production developed. This led directly to a lowering of rural accumulation, and a deceleration and even stagnation of rural economic development. During the 24 years from 1954 to 1978, the progress net increase of agricultural output value in the province was only 3 percent. The annual increase of peasant incomes was only 1.1 yuan, and the rate of progressive increase was only 1.3 percent. The rate of progressive increase of net agricultural output value was 2.8 percentage points slower than that of national income. The rate of progressive increase of rural income was 4.5 percentage points slower than that of national income. The efficiency coefficient of productive accumulation was only 0.2. The change of the rural accumulation mechanism re-established the independent authority of peasant households over assets. It quickly ignited and fostered in peasants an interest in, and feeling of responsibility for, production. Accumulation was noticeably raised, and the rural economy developed rapidly. In the nine years from 1978 to 1987, total rural social output value rose by 340 percent, or by an average annual progressive rate of 14.5 percent. Its proportion of total social output value in the province rose from 30.4 percent to 34.1 percent. Net per capita peasant income rose by 270 percent, or by an average annual progressive

rate of 15.7 percent. The progressive annual rate of increase of total rural social output value and peasant income were, respectively, 2.5 and 3.7 percentage points faster than that of national income during the same period. They were 14.4 percentage points faster than the progressive annual rate of increase during the previous 24 years. The coefficient of the accumulative effect of productivity was 0.6, or 0.4 higher than in the previous period. During the current period the peasant household rate of accumulation has risen by one percentage point, which may raise total income in the rural economy by 1.3 billion yuan, and national income by 9 billion yuan. During this same time, peasant household nonproductive accumulation has increased. During those nine years, nearly one-half of all peasant households built new houses. The total floor space of the newly built houses was 1.6 billion square meters. There is a clear correlation between peasant household accumulation and rural social and economic development.

5. The ability of peasant households to pay for consumption has increased, and it now plays a greater role in guiding production. To take 1987 as an example, in that year rural residents bought 51 percent of all social commodities sold at the retail level throughout the province. Of all peasant household consumption, 62.7 percent went for commodities. The commodity orientation of peasant consumption rose significantly. Labor and services accumulation accounted for 6 percent of total consumption. The size of the rural consumption market has increased rapidly, which has stimulated rapid development of consumer goods industries in town and country, as well as of tertiary industries. During the same time, as income has risen, the trend in marginal peasant consumption is toward clothing, durable goods and household electrical appliances. Under the impetus of peasant consumption demand, adjustment of rural industrial structure and the entire province's economic structure has made new progress on the basis of a stable foundation of traditional manufacturing and commercial structure. It is now developing in a rational, coordinated direction.

II. A Tentative Appraisal of the Current State of Peasant Household Consumption and Accumulation

1. Since the reforms, peasant household consumption and accumulation have been, in the larger context, coordinated. However, the process of development has been unstable, and individual years have been irrational. Examining overall changes in peasant household consumption and accumulation since 1980, the rate of accumulation has fluctuated between 8.8 percent and 26.5 percent. Increases and decreases in average annual accumulation per capita has varied from 13.3 yuan to 75.93 yuan. Although the fluctuations have been relatively large, there were only a few years in which they exceeded the allowable range which we forecasted for the current period. Neither peasant household operations nor the entire rural economy have undergone very large shocks, and they have gone from the abnormally rapid growth of the early reform period to the routine growth

of recent years. The average peasant household accumulation per capita during the eight years from 1980 to 1987 was a cumulative 337.18 yuan, and average consumption per capita was a cumulative 1632.98 yuan. The average rate of accumulation during those eight years was 17.1 percent, and the rate of consumption was 82.9 percent. Therefore, the overall balance between peasant household consumption and accumulation during this period was coordinated. However, if one divides the period into smaller blocks of time, it will be discovered that development was actually unstable. The years from 1980 to 1984 were a rational period. During this period, peasants created every sort of condition for accumulation, and the peasants' enthusiasm for accumulation ran high. Peasant household accumulation began to acquire some scale. By 1984-1986, the peasant household rate of accumulation was at an optimum, and consumption grew correspondingly. Peasant households had basically resolved the problem of food and shelter, and the improvement of peasants' lives was proceeding in a proper manner. This not only greatly increased the benefits from peasant household accumulation (peasant income rose by 120 percent), but also helped the rural economy to rapidly prosper, and it also helped to maintain continued stable functioning of the national economy. During this period, due to the objective demands occasioned by the construction of Shanxi's energy industry bases with importance attached to the chemical industry (which were dependant upon large amounts of state investment), the rate of accumulation for the entire national economic operation remained relatively high, rising from 20.1 percent to 38.3 percent. However, this high rate of accumulation was achieved under Shanxi's special circumstances. It not only occurred against a backdrop of a continually rising standard of living, but also created for the people more employment opportunities and conditions for accumulation. Therefore, the balance between peasant household consumption and accumulation, and the entire economy was coordinated and rational. However, by 1984-1986, the advance of the rural commodity economy and of peasant commodity production began to exhibit inadequate quality and concepts. The price and value of some major products did not match. The scissors effect between the prices of industrial and agricultural products grew worse. The investment climate was unattractive, and among consumers a "keep up with the Jones'" syndrome exerted its influence. The growth of peasant household accumulation began to experience abnormal cyclical fluctuations. The balance between consumption and accumulation became more irrational every year. Peasant household per capita accumulation fell 17.7 percentage points. By 1986, rates of peasant household accumulation had fallen below allowable limits, and the rate of consumption had risen from 73.5 percent to 91 percent. Accumulation hung at a seriously low level with consumption preceding the accumulation and began to become a problem. This not only caused peasant income to fall, but caused development of the entire rural economy to lose momentum. During the same period, the rate of accumulation on national

income continued to climb, reaching 43.2 percent by 1986. It was changing in the opposite direction of the rate of peasant household accumulation. Peasant household accumulation began to play a smaller role in the economy. Although the balance between peasant household consumption and accumulation began to improve in 1987, and the rate of accumulation began to rise again, it still had not reached its 1984 level.

2. Internal circulation of value within peasant household accumulation is basically coordinated, but the direction of accumulation is not totally rational. The proportion of nonproductive accumulation is too high. During the course of social reproduction, there is an intrinsic interdependence, as well as a qualitative and quantitative mutual adaptation, between fixed funds and operating funds. The balance between peasant household accumulation of fixed and operating funds since 1980 has been, from an overall standpoint, coordinated or mutually adapted. It has been in line with the principles of rural economic development which have been in effect since the reforms. From 1980 to 1987, peasant household accumulation of fixed funds grew by 540 percent, and accumulation of circulating funds grew by 62 percent. The ratio of fixed fund to circulating fund accumulation changed from 1:1.5 to 1:0.4. The organic component of peasant household accumulation funds rose significantly. This shows that, during nine years of reform, agriculture based primarily on traditional planting methods, and semimechanized factories and workshops have undergone great changes. A large number of high technology, capital-intensive enterprises has sprung into existence, and rural productive forces have developed quite rapidly. There is a very close link between the direction of peasant household accumulation and the structure of the rural economy, and even the structure of the national economy. Since the reforms, productive and nonproductive peasant household accumulation have fluctuated in opposite directions, i.e.—productive accumulation first rose, then fell, while nonproductive accumulation first fell, then rose. Peasant households have been paying back the excessive debts that had been accumulating for a long time as a result of such nonproductive accumulation as building houses. In recent years, less and less farmland has been available for construction, and real estate prices have been rising. These factors have caused peasant households everywhere to prefer nonproductive accumulation. This trend has been most pronounced in recent years. Nonproductive peasant household accumulation exceeded productive peasant household accumulation in six of the years between 1980 and 1987, and the momentum of this trend kept growing after 1983. In 1987, the proportion of nonproductive accumulation was over 90 percent. Per capita productive accumulation among peasant households was only three yuan in 1986, and less than four yuan in 1987, while nonproductive accumulation in 1987 was 43.5 yuan. The direction of peasant household accumulation has been irrational.

3. The internal structure of peasant household consumption has been improved to a fair degree. Consumption

has been significantly oriented toward commodities. Consumption demand and China's current economic structure are basically coordinated. The important change which has occurred to peasant household consumption is that the proportion of labor and services consumption and commodity consumption have risen significantly. This signifies that traditional peasant lifestyles and forms of production are coming to an end. It signifies that the rural commodity economy is advancing healthily, and that consumption structure, consumption style, and consumption concepts appropriate for economic development are being established. The evolution of peasant consumption structure since the rural reforms has been basically appropriate for China's current economic structure. It has concretely manifested itself in the multi-tiered nature of peasant household consumption demand and the consumption structure, and in the fact that these lag behind the consumption of urban residents. This has formed a pattern in China of tiered demand. This is appropriate for China's industrial structure, which is now in the early stages of socialism, where there is a co-existence of advanced and backward productive forces, and of traditional and modern industry. To take the example of the electronics market, once the urban market for black-and-white televisions and other goods of medium to inferior quality had become saturated, these goods gradually made their way into rural markets. This structure has provided excellent conditions of demand which help China's economic achieve gradual, orderly development.

4. Overall, peasant households in Shanxi are basically capable of accumulation, but one-sixth of all peasant households still lack capability for accumulation. Accumulation begins when there is still a surplus after a peasant household has spent that part of its income from production which is necessary to sustain survival. Using this as the basis for examination, peasant households in Shanxi can be divided into three categories: those incapable of accumulation, those with some capability of accumulation, and those capable of relatively large amounts of accumulation.

—The one-sixth of the households incapable of accumulation do not create enough surplus products with their household labor to sustain their own survival. They use more of their net income than they can actually afford, and basic simple reproduction is difficult to maintain. In 1987, the disposable net income per capita of peasants in this category was only 138.79 yuan, while the consumption level required to maintain survival was 184.17 yuan per capita. The amount of net income actually used was 186.23 yuan per capita, or 34.2 percent higher than disposable net income. This meant an average debt of 31 yuan per capita. From the standpoint of accumulation, total accumulation per capita was only 2.06 yuan. The rate of accumulation was only one percent, and new investment in production did not make up for wear and tear on equipment. Production accumulation was -0.8

yuan. Most of them are households with many children, no labor power, and low ability. They lack the confidence to change their predicament.

—The two-thirds of the households that have some capability for accumulation no longer devote their household labor exclusively on means of consumption. They have some capability for accumulation and can carry out expanded reproduction. In 1987, the disposal income of peasants in this category was 346.19 yuan per capita. After each person's consumption of 280 yuan was subtracted, they were still able to accumulate 66.19 yuan. Total accumulation per capita was 41 yuan, of which 3.69 yuan was productive accumulation. The rate of accumulation was 12.8 percent, and total cash surplus was 25.19 yuan. In terms of proportion, the rate of accumulation was too low, especially for productive accumulation. Very seldom do these peasant households carry out rigorous accumulation accounting of their operations. They are complacent and lack the desire to constantly improve. The impetus for accumulation needs more outside stimulation.

—Apart from using part of their household labor on relatively high-level means for consumption, the one-sixth of the households that are capable of relatively large amounts of accumulation still have fairly strong capability for accumulation and savings. They flexibly engage in expanded reproduction. The disposable income of peasants in this category in 1987 was 702.59 yuan per capita. Total consumption per capita was 470.21 yuan, and total accumulation was 108.58 yuan. Apart from consumption and accumulation, every person also had 124.8 yuan of surplus cash. The rate of accumulation was 18.8 percent, the rate of consumption was 81.2 percent. These peasants generally participate in the modern commodity economy. Apart from a few households which devote themselves entirely to agriculture, most of these households are engaged full-time or part-time in forestry, husbandry, sideline products, fisheries, industry, commerce, construction, or transportation. They are the "cream" of rural commodity production, and the "models" that the great masses of peasants are learning from. [passage omitted]

III. Forecast and Analysis of Changes in Peasant Household Consumption and Accumulation in the Near Future

1. Forecasts and conclusions regarding the peasant household consumption and accumulation system. We set up separate matrix equations for the model described above, and used the fourth order Runge-Kutta method to solve it. Then we used the deduction simulation to derive values that would apply to peasant household consumption and accumulation in 1995, assuming that coordinated development continues through that time. See tables I, II, and III.

Table I

Year	Unit: yuan/person					
	1990	1991	1992	1993	1994	1995
Net disposable income	437	473	511	543	589	642
Total consumption	325	350	379	401	432	467
Total accumulation	78	87	95	103	114	130
Total balance	34	36	37	39	43	45
Rate of consumption(%)	80.6	80.1	79.9	79.6	79.1	78.2
Rate of accumulation(%)	19.4	19.9	20.1	20.4	20.9	21.8

Note: Rates of consumption and accumulation are based on consumption and accumulation totaling 100

Table II

		1990	1991	1992	1993	1994	1995
Absolute value (yuan/person)	Total consumption	325	350	379	401	432	467
	Material goods consumption	305	327	353	372	399	430
	Labor and services consumption	20	23	26	29	33	37
Structure (%)	Total consumption	100.0	100.0	100.0	100.0	100.0	100.0
	Material goods consumption	93.8	93.4	93.1	92.7	92.5	92.1
	Labor and services consumption	6.2	6.6	6.9	7.3	7.5	7.9

Table III

		1990	1991	1992	1993	1994	1995
Absolute value (yuan/person)	Total accumulation Tc78	87	95	103	114	130	62
	Productive accumulation	28	34	38	44	52	
	Nonproductive accumulation	50	53	57	59	62	
Structure (%)	Total accumulation	100.0	100.0	100.0	100.0	100.0	100.0
	Productive accumulation	36.2	38.6	40.1	43.0	45.4	47.6
	Nonproductive accumulation	63.8	61.4	59.9	57.0	54.6	52.4

2. Analysis of trends in peasant household consumption and accumulation in the near future. With the establishment of the rural commodity economy's new order and the continued improvement of the market mechanism, the balance between peasant household consumption and accumulation in Shanxi will, overall, move in successive stages toward a more rational state during the the Eighth 5-Year Plan. The rate of accumulation, after

having "risen rapidly" during the early reform period before "stagnating in a trough" in the latter period of reform, will rise once again.

—The overall scale of accumulation and consumption will expand, and they will play an ever stronger role in guiding the market. With the continual deepening of

the second phase of rural reforms, and the improvement of the skill with which the peasant commodity economy is operated, the economic operating space of peasant families will expand daily. In order to continue increasing their income, peasant households will have to change the situation of recent years, in which accumulation has remained too low, and begin to expand the scale of accumulation. The increase in incomes will in turn create the conditions for an expansion of consumption. It is forecasted that by 1995, disposable peasant income may reach 642 yuan per capita, which would be a 77 percent increase over 1987. Per capita consumption will reach 467 yuan, an increase of 66.1 percent over 1987. Per capita accumulation will reach 130 yuan, an increase of 170 percent over 1987. The strengthened capacity of countless peasant households to expand funds will exert a guiding influence on markets for means of production and consumer goods that grows deeper and broader every day.

—The rate of accumulation will rise again and the rate of consumption will drop, but the size of the changes will not be too large. In order to assure stable growth of peasant incomes, it has become an inevitable fact that the rate of peasant household accumulation will rise again, after having fallen in recent years. However, there are limiting factors, such as the economy of scale which can be achieved in household operations, the labor accumulation substitution effect, and the process of maturation of the market mechanism. These will prevent the rate of accumulation from rising very high, and there will be a series of successive changes from year to year. Due to the consistent satisfaction of demand for the basic necessities of life, the reverse effect of the growth of consumption demand, and the fact that the elasticity of demand will increase, the rate of growth of consumption will also be slower than it was during the Sixth and Seventh 5-Year Plans. It is forecasted that by 1995, the rate of peasant household accumulation will increase from the 14.4 percent of 1987 to 21.8 percent, and the rate of consumption will fall from 85.6 percent to 78.2 percent, for a change of 7.4 percentage points.

—The proportion of productive accumulation will rise, and the proportion of nonproductive accumulation will fall. Over one-half of the peasant households in Shanxi built new houses during the nine years from 1978 to 1987. By 1987, peasants had stored up 353.9 kilos of food grain per capita. Under these conditions, it is likely that the construction boom in housing that prevailed during the Sixth and Seventh 5-Year Plans will cool down during the Eighth 5-Year Plan. Grain storage will not increase much either. During the same period, peasant households will be subjected to the stimulation of an improving investment climate, as well as the objective regulation of the expanded reproduction. The expansion of productive investment will accelerate, and the rate of productive accumulation will inevitably be faster than the rate of nonproductive

accumulation. It is forecasted that by 1995, productive accumulation by peasants will reach 62 yuan per capita, and nonproductive accumulation will reach 68 yuan. The proportion of productive accumulation will rise from the 8.3 percent figure of 1987 to 47.6 percent, and the proportion of nonproductive accumulation will fall from the 91.7 percent figure of 1987 to 52.4 percent.

The growth rate of circulating funds accumulation will be faster than that of fixed funds accumulation. During the Eighth 5-Year Plan, as nonproductive fixed fund accumulation (such as peasant household construction of houses) decreases, the growth rate of funds accumulation will be greatly accelerated in order to make up for the serious shortage of operating fund accumulation during recent years. This will be brought about by the self-regulating system of peasant household economic operation even though the growth rate of productive fixed funds will accelerate. It will cause the proportion of fixed funds accumulation to fall and that of circulating fund accumulation to rise. It is forecasted that peasant household fixed asset accumulation during the Eighth 5-Year Plan will rise from the 34.56 yuan of 1987 to 80 yuan, and its proportion will fall from 72.9 percent to 61.8 percent. Circulating capital accumulation will rise from 12.86 per capita to 50 yuan, and its proportion will rise from 27.1 percent to 38.2 percent.

—The growth rate of labor and services consumption will far exceed that of material goods consumption. During the Eighth 5-Year Plan, as the great masses of peasants continue to improve their material standard of living, they will begin to seek vigorously to improve their spiritual standard of living as well. Labor and services consumption will grow greatly, and the monotonous, insipid cultural life of rural areas will undergo a clear change. It is forecasted that material goods consumption by peasants will rise from the 265.17 yuan per capita of 1987 to 430 yuan. Its share of total consumption will fall from 94.3 percent to 92.1 percent. Labor and services consumption will rise from 15.99 yuan to 37 yuan, and its share of total consumption will rise from 5.7 percent to 7.9 percent.

IV. An Exploration of Ways To Achieve an Appropriate Balance Between Peasant Household Consumption and Accumulation

1. Rework concepts: To put it simply, this means to inculcate correct concepts regarding production and consumption in order to adapt to the development needs of a modern commodity economy.

2. Innovative change of the system: We must gradually establish a new environment and system for the peasant accumulation mechanism. This would include the establishment of a system of rural economic cooperation; a collective withdrawal and savings system; a system of rural public infrastructure and accumulations; a labor accumulation system; a system of laws and regulations for the rural economy, as well as a social safety net; a system of

compensation for investment in land; a system to regulate the use of arable land for housing construction; and so forth. At the same time, we must address the current situation, in which rural credit organs are incapable of raising and distributing funds on their own, by gradually establishing a rural funds market. We must address the increased risk factor involved in peasant household investment by establishing a rural investment risk insurance fund. We must address the problem of wasteful and ignorant consumption by inculcating in the villages and among the people an ethic of frugal weddings, funerals, dowries, and bride prices. We must address the problem of aimless and fragmented peasant household operations by gradually establishing a sound system of rural social services.

3. Optimize role of economic levers: This means we must use every type of economic lever to regulate the balance between peasant household consumption and accumulation. With respect to prices, we must change the current discrepancy between the price and value of agricultural sideline products, and reduce the widening scissors gap between the prices of industrial and agricultural products, by gradually raising the prices of agricultural sideline products and perfecting methods of price formation for farmland production raw materials. At the same time, we must gradually change the price structure for consumer goods. We must use prices to guide peasants and perfect the consumption structure. With respect to credit, we must gradually bring soundness to credit distribution methods. We must bring the oversight and control functions of credit into full play, and rigorously prevent loans for production funds from being converted by various means into consumption funds. We must use the role of credit to take the consumption funds in peasant household hands and turn them toward production, concentrate scattered funds, and turn short-term funds into long-term funds. With respect to taxes, we must gradually implement a progressive tax system. We must continue to carry out the policy of easing the tax burden of developmental production, long-term investments which are slow in reaping returns, and low-income peasant households, in order to encourage peasants to increase accumulation.

4. We must achieve economies of scale in peasant household operation: Funds accumulated by peasant families are quite scattered. Over five million households in Shanxi hold 5.5 billion yuan, but each peasant household only holds 14 yuan on average. It is difficult to form economies of scale. Therefore, we must induce peasant households to gradually to develop larger scale economic operations. First, we must induce and help peasant households to carry out transferral of land contracts and achieve economies of scale in land use. This would liberate more surplus rural labor power from the land. Second, we must vigorously develop a united rural economic entity. Specialized households and privately run enterprises must induce peasants to move gradually toward united operations. Third, we must make a stronger effort to establish and perfect the

peasant family economic accounting system. Fourth, we must continue to adjust the industrial structure, and vigorously develop secondary and tertiary rural industries. We must achieve economies of scale in peasant household investments by adjusting the industrial structure. Fifth, we must increase the strength of the collective economy, and induce and help people to establish cooperative economic units and economic units based on the shareholding system. We must make scattered and hidden funds, as well as funds which lack focused management, become concentrated, large-scale, practical accumulation funds. Sixth, we must raise the cultural level of peasants, and cultivate a new group of peasants that possesses the skills to take the helm of the commodity economy. (Shanxi Province, Bureau of Statistics, Agricultural Investigation Team)

Tianjin Project Develops Fodder Additive

*OW1211115489 Beijing XINHUA in English
1504 GMT 9 Nov 89*

[Text] Tianjin, November 9 (XINHUA)—A new project to build a fodder additive production line is under way in Tianjin.

Imported from a French company (Societe Pour L'Equipment Des Industries Chimiques), the fodder additive project is to greatly improve the supply of eggs and meat for China's urban markets.

The additive, methionine, can greatly increase the production of eggs and the ratio of lean pork.

To be completed in July 1991, the project will produce 10,000 tons of methionine which can be used to treat 10 million tons of fodder annually.

Experts believe the "basket project" will greatly improve the supply of meat and eggs in China's urban markets.

The total investment is 341 million yuan (about \$92.1 million).

Reduction in Tobacco Growing Frees Land for Grain

*90OH0100B Kunming YUNNAN RIBAO in Chinese
17 Sep 89 p 2*

[Article by Wang Jiadong (3769 0857 2767) and Shu Ping (6615 6097): "Readjustment of the Grain and Tobacco Crop Structure Shapes Up"]

[Excerpts] [Passage Omitted] Yunnan Province's flue-cured tobacco growing area has been cut back 500,000 mu since last year in order to grow more grain. This brings the province's spring-sown grain and bean growing area to 37.5 million mu, 580,000 mu more than during the same period in 1988. This is also 299,000 mu more than during the all-time high grain growing year of 1984. The current grain and tobacco growing situation

suggests that no major decline will occur in flue-cured tobacco production, and the grain production situation is heartening.

Grain output has languished during the 4 years since breaking the 10 billion kilogram mark in 1984. Grain is the main drawback in the steady and coordinated development of the province's national economy. Granted that many reasons account for the languishing of grain production, the main reason is that the growing of flue-cured tobacco went out of control. Specifically, some ton per mu grain fields were usurped to grow tobacco. By 1988, the province planted 3.8 million mu of flue-cured tobacco, tobacco output shooting up from 6.6 million to 10.16 million dan. In view of the alternating cold and hot situation in grain and tobacco production, the Provincial Rural Work Conference that the provincial CPC committee and the provincial government convened in December 1988 stressed the need to readjust plans in order to improve the province's agriculture, particularly grain output. By this was meant that a decision had to be made to readjust national economic plan provisions, industrial policies, the investment structure, and the crop structure to regulate the "two heatings" caused by the speed of increase in industry and the rise and fall in flue cured tobacco production. This decision was a correct one, no doubt. However, the choice between grain and tobacco was a choice between the province's basic industry and one of its dominant industries. How to handle properly the correlation between a basic industry and a dominant industry became a hot topic for discussion throughout the province for a time. After a lot of debate and agonizing thought, a consensus was gradually reached. It was agreed that since this was a readjustment, there had to be both give and take. Insuring the province's grain output required readjustment of the grain and tobacco crop structure, but if the job was done right, both grain and tobacco production could be equally satisfactory, mutually promoting, and developed in coordination.

Once this was realized, all jurisdictions throughout the province began to strengthen leadership of agriculture beginning in the winter of 1988. They also instituted a tilt policy in investment, increasing investment in agriculture. In Yuxi Prefecture, alone, investment in agriculture during 1989 will reach 150 million yuan, 60 million yuan more than in 1988. In addition, in 1988 the whole province further readjusted fixed grain contract procurement quotas, instituted price subsidies, and market grain prices remained high, thereby arousing and stimulating the enthusiasm of the broad masses of peasants to produce more grain. Consequently, despite the droughts and other natural disasters that the spring-sown grain crop encountered throughout the province all year along, not only did the growing area expand, but the extension of techniques for increasing yields also produced new highs. From the look of the crops at the

present time, it appears that with more care during the latter stages, and the absence of major natural disasters, a bumper harvest in grain production is in sight. In the production of flue-cured tobacco, all along the line from leading party organs to leaders in tobacco system departments took a positive attitude toward the readjustment, mindful of the overall economic situation. They actively encouraged the movement of flue-cured tobacco cultivation to mountainous areas, paying strong attention to the building of water conservancy projects for mountainland tobacco. As a result, 150,000 mu of tobacco land capable of producing 1,000 jin or 1 ton of grain per mu was made available for the growing of grain throughout the province. In flue-cured tobacco production, strong attention was given throughout the province to providing and spreading the use of the "three mores" (more fine varieties, more regionalization, and more standardization of cultivation), "two plastic sheetings" (plastic sheeting as a ground mulch for growing tobacco, and plastic sheeting to make cold frames for growing seedlings), "one bag" (a nutrient bag in which seedlings are grown temporarily), and "two provisions" (provision of fertilizer and provision of water for the tobacco). Today, the 3.29 million mu planted to flue-cured tobacco are growing rather well. Some areas have already begun to harvest the tobacco crop, and it appears that the 8 million dan annual output plan will be exceeded. This year, when tobacco production throughout the country has gotten out of control, it is praiseworthy that Yunnan Province has been able to take the initiative early to effect a readjustment.

Readjustment of the grain and tobacco crop structure is bound to bring about a stable, coordinated, sustained, and healthy development of the province's national economy.

Hong Kong Sets Up Joint Beer Venture in Qingdao

*OW 121114489 Beijing XINHUA in English
1213 GMT 11 Nov 89*

[Text] Qingdao, November 11 (XINHUA)—A joint venture for beer production with a total investment of \$40 million, has been set up recently in Qingdao, China's leading beer brewing center.

The venture of the No 3 Qingdao Beer Corp Ltd is the largest invested project of the Qingdao Economic and Technical Development Zone. It is run jointly by the Qingdao Beer Factory, the General Industrial Development Company of Qingdao Economic and Technical Development Zone and a Hong Kong company.

The corporation is expected to brew 50,000 tons of Qingdao beer a year, of which 80 percent will enter the world market.

Socialist Media Must 'Eradicate' Bourgeois Influence

OW2210022189 Shanghai WEN HUI BAO in Chinese
12 Oct 89 p 4

[Article by Li Yanping (2621 1693 5493): "The Erroneous Guidance of Public Opinion and the Bourgeois View of Journalism"]

[Text] I

The role played by the mass media during the turmoil in late spring and early summer merits our close attention and provides serious food for thought.

In the face of a serious situation, some newspapers and radio and television stations took a firm and clear-cut stand in publicizing the correct principles of the party and government. They withstood the test by boldly airing the correct voices of the masses. Other newspapers and radio and television stations, which had temporarily lost their bearings, not only gave erroneous public opinion guidance, but also added fuel to the flames after turmoil broke out. Even after martial law was enforced in certain areas of the capital and during the quelling of the counterrevolutionary rebellion by the central authorities, some press units played a harmful role by resorting to various means to resist the central authorities' correct principles and policy decisions.

At the beginning of this year, the party's propaganda department had a premonition and cautioned time and again that efforts should be made to guard against imprudence in press and propaganda work so as to avoid triggering or aggravating trouble. However, some press units turned a deaf ear to the propaganda department's repeated admonitions. Some individuals even became behind-the-scenes instigators and organizers of the turmoil and riots. The erroneous guidance of public opinion has caused irreparable losses to the cause of the party and the interests of the people.

II

This painful and penetrating lesson shows that we should not underestimate the influence of the bourgeois view of journalism upon the mass media.

When reflecting on the soul-stirring historic moment, people in mass media often mention Comrade Zhao Ziyang's speech on 6 May concerning guidance of public opinion. Indeed, Comrade Zhao Ziyang's talk set press circles on fire, corresponded with the wishes of the instigators of the turmoil, and made it even more difficult to restore order under the aggravating situation. Comrade Zhao Ziyang bears unshirkable responsibility for the erroneous guidance of public opinion.

At the same time, we should look squarely at the fact that the serious errors made in the guidance of public opinion are closely related to the inroads into the mass media made by the bourgeois view of journalism. In recent years, the bourgeois view has never ceased corrupting the

mass media. Rising at some times and falling off at others, the corrosive influence of the bourgeois view had generally escalated. The bourgeois view was first expressed in individual articles in a veiled manner, but then was expressed in an open "climate." Some propaganda and media fronts witnessed the anomaly that voices betraying, repudiating, and opposing Marxism were louder than those for Marxism. Small wonder, under such circumstances, that some press units gave erroneous public opinion guidance during the recent storm.

As is known, from the onset of the turmoil, some of the instigators and organizers expected that they would be "supported" and joined by the mass media. Many big and small character posters put up on college campuses in the capital, as well as demagogic speeches made at Tiananmen Square, invariably demanded that so-called "press censorship be lifted" and that "nongovernmental circles be allowed to run newspapers and periodicals." Echoing these demands, some press units gave biased reports on the demonstrations in the initial stage of turmoil—in other words, they affirmed only the patriotic passion of the majority of students while failing to point out the obvious signs of turmoil—thus creating an erroneous impression on a considerable segment of the population. On 4 May, a small number of journalists took to the streets, flaunting the banners, "Don't Force Us To Lie!" "We Won't Lie Even If We Are Forced To!" "We Must Tell the Truth!" Such extremely erroneous action was lauded by some newspapers as the "awakening of Chinese journalists in their sense of mission." After Comrade Zhao Ziyang made his speech on 6 May, more and more reporters, editors, and radio and television station staff members took part in demonstrations. On 8 May, nearly 1,000 reporters and editors signed an appeal. While the turmoil was escalating, SHIJIE JINGJI DAOBAO published a series of articles on so-called "freedom of the press." Carrying big headlines, the articles called for a "free environment for airing the truth," and said that freedom of the press could be exercised so long as it did not contravene the law and that, within this limit, any article or view could be published. Thus, the articles incited the mass media from the theoretical angle of journalism. After martial law was enforced in certain areas of the capital, some newspapers and journals continued to give erroneous public opinion guidance in a veiled manner. As a result, party newspapers sang a strange tune different from that of the party Central Committee, totally abandoning the principle of party spirit in socialist journalism, the social responsibility of socialist journalists, and the propaganda discipline of the press.

Problems facing the press circles are inseparable from ideological confusion among some journalists, and ideological confusion is linked to confusion in theory.

III

There are many reasons for the erroneous guidance of public opinion in the course of the student unrest and the

turmoil which later developed into counterrevolutionary rebellion. One of the major reasons is the corrosive influence of the bourgeois view of journalism on our rank-and-file journalists over a long period.

The beginnings of the bourgeois view of journalism, first sighted in China's mass media after the downfall of the gang of four, began with a debate on "party spirit and the people's spirit." During the stage of new democratic revolution, in order to ensure that party organs were party apparatus, our party stipulated that party newspapers should not only strengthen party spirit but also be closely linked to the party's leading body. Party newspapers are to strictly obey the party's unified leadership and not eliminate or weaken leadership. They should observe party discipline and not assume an arrogant attitude or assert independence. Since entering the initial stage of socialism, we have conducted theoretical studies and discussions about questions regarding understanding and adherence to the principle of party spirit. However, some comrades, after erroneously summing up the lessons of the Cultural Revolution and those of the leftist mistakes made prior to the Cultural Revolution, advocated that "the people's spirit is above party spirit." Defying "the people's spirit" and placing themselves a lot higher than the party, these comrades even asserted that "adherence to party spirit can cause mistakes, and adherence to the people's spirit cannot cause mistakes." Such an assertion is obviously beyond the scope of theoretical exploration.

The "Guiding Principles for Inner-Party Political Life" adopted by the 5th Plenary Session of the 11th CPC Central Committee in 1980 clearly stipulates that "the party's newspapers and journals should unconditionally publicize the party's line, principles, policies, and political views," and that party members should "under no circumstances, publicize in newspapers or radio broadcasts, views contrary to the central authorities' decisions; neither should party members spread opinions contrary to the party's line, principles, policies, and resolutions. This is party discipline." A decision on the propaganda principles for newspapers, magazines, and radio broadcasts, made by the party Central Committee on 29 January 1981, stresses the necessity of upholding the four cardinal principles, criticizes various erroneous ideas deviating from the four cardinal principles, and calls for strengthening party spirit. The decision also opposes the erroneous tendency to disobey the current central leadership under the pretext of past mistakes made by the party Central Committee, calls for reinforcing propaganda discipline, and prohibits individual party members from making their own decisions in violation of the central authorities' decisions. The party Central Committee has always adopted an unequivocal attitude on the question of "party spirit and the people's spirit."

Some people who scramble for bourgeois journalism have not restrained themselves. In the course of "promoting journalistic reform," they have introduced a large number of bourgeois theories on journalism, tried

their best to beautify the "freedom of the press" peddled by the bourgeoisie, and have tried to weaken or even negate the role of the party's journalism mission as the party's mouthpiece under the pretext of diversifying journalistic values and functions. Some of them have even willfully ridiculed the proletarian principle of party spirit in carrying out the work of the socialist news media. They even encourage those in the news media field to leave the "habitual safe harbor mentioned in books, specified by documents, proved by experience, and universally recognized by many people" so as to break away from the party's leadership in the field of journalism. They try to find a proper place for bourgeois journalism in the news media. They try their best to make "freedom of the press," "objective reports," and "fair criticism" big issues.

They believe that, in criticizing bourgeois press freedom, we are using our knives and axes indiscriminately as a result of "conservative concepts in political affairs." The leadership authority formed under the condition of "no press freedom" is "autocratic authority" and "a form of authority under which the people are angry but dare not speak up." It is for this reason that they seek to abolish the "monopoly exercised by the official news media" and to promote "freedom of the press" whereby "any person" may "criticize government policies and leaders or express any view that runs counter to the authorities."

They also believe that the socialist news media should remain "neutral." They point out: "In modern journalism, the term mouthpiece is not attractive." Thus, the role of the news media as a "tool" or "mouthpiece" is a "task that the news media should not assume." By assuming this task, the news media will inevitably deviate from the aim of "making objective reports" and become tools "under the control of men."

They also believe that for journalism to play its role well in making "fair criticisms," the news media must become "relatively independent." Under the rigid control of political authority, the will of the political authority becomes the will of the news media. The news media can then only speak on behalf of the authority. Under these circumstances, the law of "making the news media objective cannot be truly ensured." An effective measure to "break away from the control" is to give full play to the role of newspapers "run by local people," they point out. They also say that the newspapers "run by local people" represent "the direction for development of the socialist news media under democratic political conditions."

Some people have peddled bourgeois journalism theories, whipping up an adverse current in the field of journalism. Hoisting the banner of "carrying out journalistic reform" and chanting slogans about "freedom of the press," "objective reports," and "fair criticism," they have attracted and confused some people. They have also made use of some of our mistakes in conducting news media and propaganda work to peddle their views, and have helped bourgeois views on the news media to

run rampant in the field of journalism and in some localities and departments. The pernicious influence of bourgeois views on the news media were fully demonstrated during the serious moment in spring and summer this year.

IV

Drawing a lesson from their bitter experience, more and more workers in journalism have started to ponder this issue with a cool head. They cannot but ask themselves: With the reform and open policy in full implementation, how can those working in the field of journalism correctly adhere to the socialist orientation and resist the corrosion of bourgeois journalism?

Judging from a historical and class point of view, bourgeois journalism has played a positive role in opposing feudalistic rule and waging the struggle for bourgeois democracy and freedom. To a certain extent, it is of a progressive nature. As one of the achievements in promoting capitalist spiritual civilization, bourgeois journalism theories are rational to a certain extent. However, we must recognize that a considerably large portion of what is transmitted by the news media is of an ideological and tendentious nature. The mass media serve the whole society and the broad masses. They possess an extensive social nature. They also possess a class nature in a class society. If we examine the mass media in the social system, their social nature and class nature are closely related. Thus, we should study the bourgeois journalism theories from the angle of class analysis. In this sense, there are no such things as a supra-class or abstract "freedom of the press," or "objective reports," or "fair criticism."

First, let us examine "freedom of the press." In Western countries, "freedom of the press" is usually interpreted as the freedom to cover and transmit news, and as the freedom to publish news and conduct criticism. Its progress was hailed by Lenin as a "great slogan in the world from the end of the Middle Ages to the 18th century." However, "freedom of the press" is always relative. It is conditional and limited. It is definitely not absolute, unconditional, or unlimited. In Western countries, "freedom of the press" does not mean that reporters may "report whatever they want" or do whatever they like. U.S. laws impose strict restrictions and clearly define the demarcation line regarding press freedom. It is said that one must not "show contempt to the court," "disturb society," "defame or vilify others" or "infringe upon other people's privacy." In a class society, "freedom of the press" is often connected with class concepts and the ideas of political groups. Nearly all the textbooks in the journalism departments in U.S. colleges give top priority to the concept of "freedom of the press" serving the political system. From this, it is obvious that "freedom of the press" in Western countries is freedom dominated by the bourgeoisie. It also

serves the bourgeoisie. Even bourgeois scholars in journalism clearly realize the hypocritical nature of "freedom of the press" and the maladies thus caused. Peterson, head of the Mass Communications Department at the University of Illinois, has cited seven maladies of "freedom of the press." However, some of our "scholars" and "theoreticians in the field of journalism" turn a blind eye and a deaf ear to all this. They have praised it to the sky. Are they simply ignorant, or is their prejudice causing trouble?

Second, let us look at "objective reporting." In Western countries, "objective reporting" is interpreted as the truthfulness of news transmitted by impartial media. It would be very good if such objectivity could really be achieved. The problem is that paying lip service to this cannot make it come true. We know that the transmission of information involves many social controls in capitalist countries, the principal of which is "control over the source of news." By holding a press conference or releasing news items, the source of the news hopes that the media will carry what the source regards as "good." Some information is kept secret on the pretext of national interests. "Monopoly and control by advertising" have resulted in increasingly concentrated ownership of the media, thus the content of news items carried by the media has gradually become similar or even identical. "Control by owners of the media" means that the owners of newspapers, journals, press agencies, radio stations, and television stations exercise the greatest power over the media. Taking business, political factors, and their own aspirations into account, they control the content. "Governmental control" refers to governmental control over the dissemination of information through "restrictions," "administration," "assistance," and "participation." Such control is most crucial. Can the media carry "impartial" and "objective reports" under so many social controls? Can they really maintain "the truthfulness of the news" they transmit? Some of our "journalistic theorists" and "scholars" deliberately ignore many social controls regarding the dissemination of information in capitalist countries. The purpose is self-evident.

Finally, let us look at "fair commentary." In Western countries, "fair commentary" is mainly interpreted as the professional ethics the press circles should scrupulously follow. Press circles should check the evil and publicize the good in order to become "the fourth power in society." Some of our "journalistic theorists" and "scholars" often cite instances of criticizing the government and government officials by Western media, thus displaying the greatest esteem for "fair commentary." There is no denying that as a result of relatively developed bourgeois democracy, Western countries generally have enacted laws to guarantee the right of the media to criticize. The media have a "tradition" of criticizing the government and government officials, and the latter are "used to" such criticism. However, there is also no denying that the role played by the media in criticizing the government and government officials is complicated.

Criticism can be a propaganda ploy, such as minor criticism designed to render large amounts of help. Criticism can also be used to prepare public opinion for a change in policy. When the government fails in its policy, criticism by the media can give the government an out or let it lose face to a lesser degree. Such criticism can also serve as first aid or a temporary solution to some social problems. The criticism of serious social problems by the media in capitalist countries can achieve short-term "first aid results." Even if it is unable to achieve actual results, it can play the role of a social "valve" so that people will harbor illusions about the government's improving measures. Criticizing government officials for their illegal activities can be used as a means of political struggle, and it can also help to uphold the legal system of the bourgeoisie. A concrete analysis of media criticism of the government and government officials in the West shows that "fair commentary" has both progressive and truthful aspects as well as limited and hypocritical aspects. It essentially serves the capitalist system. However, some of our "journalistic theorists" and "scholars" generalize everything according to a partial view and substitute the appearance of things for their essence. They publicized bourgeois journalistic views to confuse and poison people's minds and implement such views within their power. As a result, ideological and theoretical confusion occurs in the media.

A historical and class analysis of "freedom of the press," "objective reporting," and "fair commentary" of the bourgeoisie does not mean that the bourgeois theory of journalism does not enlighten us or that we have nothing to learn from it. The highly efficient scientific management systems and methods adopted by bourgeois journalism after years of practice, including press laws, the rational content of professional ethics for journalists, full use of achievements of the technological revolution, and continued improvement of the means of news dissemination, merit our selective study. However, there is an essential distinction between bourgeois and socialist journalistic views. Comparing the natures of the two social systems, we should recognize that the socialist system, whose trend of development will eventually cause it to be far superior to the capitalist system, will provide room for effective activities of "freedom of the press," "truthful reporting," and "supervision by public opinion." Such effective activities will be unparalleled in capitalist countries. We should make unremitting efforts to improve our socialist journalism and further develop freedom of the press under the leadership of the party and the socialist orientation.

V

Certain journalistic units lost their bearings during the political storm in late spring and early summer. Eradicating the influence of the bourgeois journalistic viewpoint has now become a serious task confronting the media. We cannot afford to delay.

To eradicate the influence of bourgeois journalistic viewpoints, we must intensify the organizational and ideological construction of our journalists. The leadership core of the mass media must be composed of staunch Marxists. Following the rapid increase of journalists in recent years, we must intensify their education about party spirit, patriotism, a sense of discipline, and professional ethics in an effort to eliminate confused theoretical concepts and to unify and heighten the understanding of our journalists.

To eradicate the influence of bourgeois journalistic viewpoints, we must be sure that Marxism-Leninism-Mao Zedong Thought serves as the guide for China's journalistic theory. We must underscore the need to inherit and carry forward the glorious traditions of our revolutionary journalists. The journalistic theories and policies formulated by the CPC during the course of revolution over a period of several decades include the idea that newspapers and radio broadcasts must serve the cause of national liberation and the pursuit of people's happiness; the principle that journalism must uphold party spirit; the principle that everything must proceed from reality and practicality; the principle of going deep into reality, maintaining close ties to the masses, and conducting investigations and studies; the principle that newspapers should be operated by the whole party and by the masses; the theory that mass media must have a class nature before the elimination of classes; the policy that journalists must arm themselves with Marxism and must be willing to serve the people and work seriously; the principle that journalists must write accurately, clearly, and in a lively manner; and more. Facts show that these theories and policies are essentially correct. Not only were they applicable when we seized political power, but they are also applicable as we embark on socialist construction. We should inherit this precious spiritual wealth and find answers to the new problems so that, along with actual changes, we can gradually improve and perfect our socialist journalism with distinctive Chinese characteristics.

To eliminate the influence of bourgeois journalistic viewpoints, our media must intensify its tit-for-tat struggle against these viewpoints. Owing to our insufficient understanding of the "international climate" some time ago under a relaxed atmosphere, we lowered our guard against certain Western countries' longstanding attempts to carry out ideological infiltration and promote peaceful evolution in our country through various means, especially through the media. Consequently, we ignored the sharp conflicts which actually existed in this regard, and the bourgeois journalistic viewpoints which poured into our country en masse greatly influenced our media. We must keep this lesson firmly in mind.

Eradicating the influence of bourgeois journalistic viewpoints is a formidable task for the media. The pressing task before us now is how to make sure our media will work according to the law of journalism and continue to carry out press reform while upholding the four cardinal principles and opposing bourgeois liberalization so that our journalistic propaganda is in line with the party's principles and policies and with the people's wishes.

Analysis of Mao's Military Theory

HK0310094189 Beijing JIEFANGJUN BAO in Chinese
22 Sep 89 p 3

[Article by Shi Yushan (4258 3768 1472) and Yao Youzhi (1202 2589 1807): "Overcome Stagnated Ideas, Change Outdated Methods—Some Thoughts on Deepening the Study of Mao Zedong's Military Theory"]

[Text] At present, Mao Zedong's military theory, like *Sun Zi's Art of War*, holds an important position in the world history of military theory, and constitutes one of the important bodies of research on military theory in many countries. The United States, England, France, West Germany, Japan, and other countries have published many treatises and theses reflecting the results of their research on Mao Zedong's military theory, setting a high value on the scientific value, historical status, and great role of Mao Zedong's military theory. Japanese military theorist Lin Ke [2651 0344] pointed out that Mao Zedong developed Marxist revolutionary military theory in a creative, scientific, and epoch-making way, and founded proletarian military theories and principles that are essentially different from bourgeois military theories. Former U.S. Assistant Secretary of Defense (fei li jin dai wei xun) [5481 0448 6855 2071 4850 6676] said: "Mao Zedong is more than a guerrilla; he is a great strategist!" After listing the wars Mao Zedong experienced, he asked: "Which leader could remain invisible in so many different types of contradictions as he did?" In his book *Failure in the East*, English writer (mai ke er ai te lue ba te man) [6701 0344 1422 1947 3970 3676 1572 3676 2581] said: "For centuries, we in the West used to see many military talents who had no political views. Over the last 25 years, we used to find many political adventurists who possessed hardly any military knowledge, such as Hitler, Ka Xi Mu [0595 6007 1191], and others in contemporary world history. Now we have a man who is at once the greatest statesman and the greatest strategist, Mao Zedong, a political and military genius. This talent has evolved into lasting ideas, which are beginning to exert a profound influence on the process of history." He also referred to Mao Zedong as "a person who revealed the military secrets of our times." Therefore, it is necessary, it seems, for us to open our study of Mao Zedong's military theory to wider international exposure so that we can better probe the connotations and extensions of Mao Zedong's military theory as well as its specific and general character, and understand from a commanding height its significance to the present era.

From the angle of our longstanding history, we will find that Mao Zedong's military theory has profound historical origins. China's cultural history is also a history of war. Numerous wars and an advanced level in the art of war are two characteristics of China's historical and cultural tradition. Statistics have been compiled showing that there have been 4,000 to 5,000 wars altogether in China's history, accounting for about one-third of the wars ever fought in the world. Books on the art of war

written before modern times total 2,000, more than the total number of similar books found in other parts of the world during the corresponding period. Frequent wars and a large number of books on the art of war show in one aspect that military theory in China's history is longstanding and well established. Due to political, economic, and geographical traditions and limitations of cognitive ability on the part of strategists of various periods, however, China's traditional military theory has dross and weak points as well as cream and strong points. Marx and Engels said: "The real content of all epoch-making systems grew from the requirements of the periods during which these systems came into being. All these systems were based on the entire development of the particular country in preceding periods, and on historical forms of class relations and their consequences involving politics, morals, philosophy, and so on." It is due to his efforts to carry forward the cream and strong points of China's traditional military theory, and at the same time remove the dross and make up the defects, following Marxist basic principles, that Mao Zedong was able to present to our eyes his military theory featuring a scientific system, profound theory, and brand-new content. Taking war outlook for example, China's traditional art of war favored "justice," stressing that the purpose of waging war was to let justice prevail, as opposed to wantonly engaging in military aggression; advocating winning popular respect by upholding justice when resorting to arms; and believing that "a just army is invincible." Mao Zedong made a concrete class analysis of the nature of war from a Marxist viewpoint, scientifically revealing the connotation of "justice," and overcoming the defects in the traditional art of war which only brought forth ambiguous arguments about "justice." As far as directing war is concerned, China's traditional famous art of war consistently used and also was good at the tactics of defeating the enemy by surprise moves, winning victory by means of astuteness and resourcefulness. The traditional art of war smacked of philosophy and bore the remarkable characteristic of naive dialectics. Mao Zedong assimilated the scientific essence of the traditional art of war, removed its mysterious idealism, placed it on a solid foundation of dialectical materialism, and reached the acme of perfection in applying it to practice, so that his military theory was imbued with a Chinese style and national characteristics. Mao Zedong stood out from his fellows for the reason that he was the first to pay attention to the peasant issue. China is an agricultural country with a history of several thousand years, and the peasants have always been the central figures in the historical arena. A correct understanding of this characteristic of China's society constitutes a vital precondition for a successful revolution. It is this vital point that Mao Zedong first realized. He put forward an original and important theoretical viewpoint maintaining that "turning the whole nation into soldiers is the fundamental measure to ensure victory," and on the basis of this stand he laid down correct political and military lines to successfully arouse thousands upon thousands of workers and peasants so that China's

revolution enjoyed the most profound resources of manpower. In building the new people's army, Mao Zedong set out a series of new guidelines and principles. In short, Mao Zedong's military theory, which grew out of China's traditional culture, psychology, and military tradition, is the most brilliant chapter in the annals of culture and war of several thousand years. Quite a lot of the content of Mao Zedong's military theory has not been included in our research programs, or even remain "virgin land." This calls for our efforts to expand and deepen our study of Mao Zedong's military theory.

To achieve this, it is necessary to be certain where we should proceed, but it is more important to correct and overcome the stagnant ideas and the one-sided view of our researchers. It is necessary to have the whole picture in mind on the one hand, and to begin with microlevel matters on the other. It is necessary to adopt the scientific attitude of seeking truth from facts and to work hard with originality. When Mao Zedong and his comrades-in-arms studied and engaged in the work of building the army and directed wars, they most impressed us with their characteristics of doing everything possible to avoid pedantic ideas, refusing to be satisfied with the existing state of affairs, seeking truth from facts, proceeding from reality, persisting in carrying out reforms and blazing new trails, and avoiding treating as dogma the theories, viewpoints, conclusions, and principles that proved correct in the past. Before our party led the people in armed struggle on its own, we had had, it should be said, plentiful scientific ideas and theories on military affairs. In China, we had had the traditional art of war, represented by *Sun Zi's Art of War*; in foreign countries there had been many scientific papers on war by Marx, Engels, Lenin, and others. Some bourgeois strategists at home and abroad (such as ke luo se wei ci [0344 5012 1049 4850 5412] and others) had correctly revealed some laws of war. But Mao Zedong and his comrades-in-arms refused to "simply gulp down everything foreign"; instead, they updated China's traditional art of war, discarding the dross and selecting the essential, eliminating the false and retaining the true, and proceeding from one point to another and from the surface to the inner essence, in light of China's actual conditions, the characteristics of the time, the needs of the mission, and the experience of the national revolutionary war, and founded a new art of war "with Chinese characteristics." Mao Zedong's military theory is an open scientific system. It provides us with a scientific method for understanding things, but it does not tell us all the laws of war and army building. We should overcome stagnant ideas, change outdated methods of scientific research, and learn from Mao Zedong his method and spirit in studying military theory so that we can reap rich fruits in our study of Mao Zedong's military theory.

Shaanxi Team Settles Land Dispute in Army's Favor

HK1311144589 Beijing JIEFANGJUN BAO in Chinese 30 Oct 89 p 1

[Report by Yue Qihua (1471 0796 5478): "Shaanxi Provincial Government Sends Work Team to Changan County To Settle Land Dispute Between a Military Unit and Local Villagers"]

[Text] In mid-October, Shaanxi Province settled a long-standing land dispute between the Xian Army School and local villagers and thus safeguarded the Army's legitimate rights and interests according to the law. The Xian Army School can now legally take possession of the 500 mu of land inside its school campus. The settlement of this case has made relations closer between the Army and the local government and between the Army and civilians.

In 1975, when the Xian Army School was set up, the school requisitioned 478 mu of land from Caocun Village, Changan County, as the school campus. The Army school paid a fee and went through the necessary procedures. A few years ago, when the Army issued a land property certificate to the school, some local villagers used excuses to ask for money and materials from the Army school as compensation. On 4 October, the Shaanxi Provincial CPC Committee and Provincial People's Government held a meeting and laid down eight regulations on safeguarding the Army's legitimate rights and interests. The provincial authorities then sent a work team to investigate the land held by the military units in the province and they visited the Xian Army School. They inspected the spot, examined the archives, and explained the great significance of maintaining the Army's legitimate rights and interests. On the basis of reaching a consensus of opinion between the military and civilian sides, the director of the land management bureau made a final decision on the spot and issued the land certificate to the Army school.

Review of Air Force Legal Advisory Center Functions

HK0811145089 Beijing JIEFANGJUN BAO in Chinese 26 Oct 89 p 3

["Help You Find a Lawyer" column by Zhang Bingjun (1728 4426 6511): "Legal Advisory Center of the Air Force"]

[Text] The Legal Advisory Center of the Air Force was established on 1 August 1988. Now, the center has five personnel, all of them cadres who have engaged in government and legal work for many years, and three of them are personnel at their posts, while two are retired comrades. Gao Xingmin, deputy political commissar of the Air Force, serves as its honorary director.

The Legal Advisory Center of the Air Force is under the Political Department of the Air Force, and it provides legal services to all Air Force personnel. The center has seven major functions: First, it handles legal matters entrusted to it by the chiefs of the Air Force or department leaders. Second, it provides legal assistance to the force, servicemen, and current staff, answers their inquiries about legal matters, and writes legal documents for them. Third, it mediates in civil and economic disputes within the Air Force in accordance with law. Fourth, it acts as regular legal consultant for the business units and enterprise units run by the Air Force upon receiving such appointments. Fifth, it is entrusted by Air Force personnel who are party to lawsuits of civil or economic cases with performing the functions of a representative when participating in lawsuit and mediation activities. Sixth, it is entrusted or appointed by military courts to act as defender for defendants involved in criminal cases within the force, and is entrusted by private parties initiating private prosecutions, or by victims in public prosecutions or by their close relatives to act as representative in lawsuits. Seventh, it carries out propaganda and education on the legal system, coordinating with the departments concerned.

It is more than a year since the center was founded, and it has scored some results and is welcomed by the force. It is now appointed as the regular legal consultant for 11 enterprise units, and has answered 193 inquiries about legal matters. It has acted as representative in 23 lawsuits and cases not involving lawsuits, recovered for the force debts amounting to 810,000 yuan which had been in arrears for many years, solved 3 economic disputes within the force, avoided losses of 1.12 million yuan, and developed the work in acting as defender in criminal cases, in writing legal documents for clients, and in propaganda and education on the legal system. The development of the work done by the center has effectively safeguarded the legitimate rights of the force, cadres, and servicemen.

The center welcomes contacts from various units of the force; its correspondence address is: The Legal Advisory Center of the Air Force, 14 Fuxing Road, Beijing. Phone number: 865-2749.

CENTRAL-SOUTH REGION

Fujian Intensifies Antipornography Campaign

*OW0911094089 Fuzhou FUJIAN RIBAO in Chinese
20 Oct 89 p 1*

[By reporter Wu Shideng (0702 0013 3597)]

[Text] Fujian Province has achieved preliminary results in its drive against pornography, and it has also achieved new breakthroughs and progress in eradicating pornographic materials in certain localities. At a recent joint session, the Fujian provincial antipornography leading group, and the Fujian Provincial Social and Cultural Affairs Administrative Committee urged all localities and departments to follow through with their fight against pornography.

Statistics show that, by the end of September, more than 45,000 law enforcement personnel in the province made more than 5,900 inspections of bookstores and audio and video shops and stalls. They confiscated more than 290,000 copies of pornographic, obscene, or unhealthy books; more than 20,000 copies of magazines, calendars, and sets of postcards; more than 120,000 boxes of illegal or obscene and pornographic videotapes and more than 80,000 audiotapes; and more than 7,000 boxes of playing cards with nude pictures. In September alone, law enforcement personnel discovered more than 770 cases of distributing pornographic materials and apprehended more than 2,800 people involved in them.

While the provincial drive to wipe out pornography and greet National Day was under way, new breakthroughs were also made in eliminating pornography in Shishi City, a major distribution center for pornographic materials. First of all, gratifying results were achieved in reexamining cases of producing and selling pornographic materials. In a month or so, law enforcement personnel in Fujian and Shishi City ascertained 51 cases and rearrested a number of criminals. During one crackdown on the evening of 8 October, in which more than 300 personnel were mobilized, 36 fugitives were captured. Frightened by the mighty dragnet, Deng Qingche, a criminal, turned himself in on 3 October. Second, the sources of Shishi City's illegal and pornographic videotapes have been ascertained. Third, the channels through which Shishi City distributed its pornographic materials and polluted Fujian and other provinces have also been ascertained. Fourth, relevant departments in Shishi have so far destroyed 28 dens illegally reproducing videotapes; closed down 41 centers selling and showing videotapes; confiscated more than 80,000 boxes of pirated and pornographic and obscene videotapes; cracked 43 distribution centers; and detained 370 persons. Moreover, 12 people in the city have turned themselves in. Meanwhile, the examination and handling of major cases have also been accomplished.

However, Fujian's antipornography campaign has room for further improvement in many areas. Comrade Chen Guangyi has pointed out: "Fujian must continue its

antipornography struggle in October. The province must concentrate its efforts to fight pornography and ensure that the campaign is a success." Comrade Wang Zhaoguo has instructed that Fujian's antipornography drive must proceed firmly, effectively, and thoroughly. Comrade Chen Mingyi has set forth three requirements for combating pornography in Fujian in October: First, efforts should be concentrated on the major cases so as to achieve a breakthrough in cracking the distribution centers and cutting their supply sources. While we must earnestly examine old cases, we must also thoroughly investigate new cases. Second, we must continue to intensify ideological work and mobilize people of all walks of life to educate the masses to combat pornography so as to create a powerful social momentum in which people will realize that it is an honor to reject pornography, a shame to be addicted to pornography, and a crime to disseminate pornography. Third, rules and regulations should be drawn up to consolidate the results accomplished in wiping out pornography.

SOUTHWEST REGION

Guizhou Leader Calls for Reform of Journalism Problems

HK1710030589 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 16 Oct 89

[Excerpts] Ding Tingmo, deputy secretary of the provincial party committee, spoke at a provincial meeting on reducing and straightening out newspapers, journals, and publishing houses yesterday. He put forward specific demands on this work and on the current drive against pornography. [passage omitted]

Ding Tingmo said that, first, it must be realized that bourgeois liberalization did rather serious harm to journalism and publishing in Guizhou. The province has also published some books and journals that had a bad influence. Hence, the journalism and publishing departments must take a firm and clear-cut stand in upholding the four cardinal principles, persist in regarding social benefit [shehui xiaoyi] as the supreme yardstick for the publishing departments, and resolutely oppose the idea of single-minded pursuit of money.

Second, it is necessary to strengthen leadership, carry out policies, and resolutely reduce and straighten out newspapers, journals, and publishing houses. We must resolutely straighten out and cancel the registrations of newspapers, journals, and publishing houses that have preached bourgeois liberalization, have made serious political mistakes, or harmed young people and juveniles by publishing pornographic pictures or preaching murder, violence, feudal superstitions and so on. We must also resolve the problem of excessive numbers of newspapers and journals, and close down or merge some of them in accordance with the relevant regulations.

Third, we must effectively step up the ideological and organizational building of newspapers, journals, and

publishing houses. In conjunction with the problems exposed during the turmoil, all newspapers, journals, and publishing houses must seriously reflect on things, distinguish between right and wrong, and enhance understanding. We must also carry out serious and responsible examination of the leadership groups of newspapers, journals, and publishing houses, and readjust them as necessary, to ensure that the journalism and publishing position will be in the hands of comrades who uphold the party's line, principles, and policies.

Fourth, we must ceaselessly crack down on pornography. [passage omitted]

NORTHWEST REGION

Lanzhou Strengthens Party Role in Enterprises

HK1910055189 Lanzhou Gansu Provincial Service in Mandarin 1030 GMT 18 Oct 89

[Text] The Lanzhou City Party Committee has adopted some measures to strengthen party organizations in enterprises in an effort to bring their role of political leadership in enterprises into full play.

In the process of studying and implementing the spirit of the 4th Plenary Session of the 13th CPC Central Committee and the National Day speech by General Secretary Jiang Zemin, the Lanzhou City Party Committee found that the core political position of party organizations in factories had been weakened in the past few years. In this connection, it has put forward a proposal to industrial enterprises of the city that all middle-level administrative cadres proposed by their directors or

managers, or recommended by their party committees should be investigated by organization departments of their party committees, discussed collectively by party committees to present opinions and suggestions, and then discussed collectively by administrative leaders before they are appointed and dismissed by their directors or managers. Meanwhile, directors and managers of industrial enterprises must submit all major problems to party committees for discussion and make major decisions after listening to opinions and suggestions put forth by party committees. In case divergent views arise between factory directors and managers and party committees, party committees should report in good time to the higher party organizations and operation control departments. Factory directors and managers must regularly report on their work to party committees and solicit their opinions and suggestions. If enterprises commit errors and go amiss, their party committees must assume corresponding responsibility.

The Lanzhou City Party Committee called on large and middle-sized enterprises in Lanzhou to replenish and strengthen their offices in charge of party affairs, and pointed out that party affairs workers in small enterprises must exert their major efforts on party affairs work.

The Lanzhou City Party Committee also explicitly stated: Cadres engaged in party and political work in enterprises should be treated equally with administrative control cadres with regard to salaries and fringe benefits. In accordance with the principle of together assuming the risk of contracting an enterprise, leaders of enterprise party committees should be treated equally with enterprise administrative leaders at the same rank, when being granted money awards and being fined.

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