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GENERAL

Tang Tianri on U.S.-Soviet Arms Race

30050038a Beijing BAN YUE TAN [SEMIMONTHLY TALKS] in Chinese No 19, Oct 87 pp 57-59

[Article by Tang Tianri [0781 1131 2480] editor-in-chief XINHUASHE in column "International Current Affairs": "U.S.-Soviet Arms Race Situation and Outlook"]

[Text] Soon after World War II, first the United States and then the Soviet Union became superpowers, and commenced the arms race. This arms race between the United States and the Soviet Union has direct influence on East-West relations and world peace. It has become the question of primary importance for observers and analysts of the international situation.

The Balance of Power Between the United States and the Soviet Union

To recap the history of the arms race, in the 1970's the Soviet Union commenced vigorous efforts to achieve military superiority, while the United States adopted a policy of retrenchment and sought only to maintain parity. In the 1980's this situation began to change. The Reagan administration discarded the policy of maintaining a balance of power and made a grab for superiority. Relying on America's relatively strong economy and advanced technology, military development was accelerated and expanded. Along with a comprehensive increase in conventional and nuclear weaponry, the United States simultaneously directed provocative measures at the Soviet Union in such areas as the Strategic Defense System, etc. It was decided not only to break the deadlock between the United States and the Soviet Union in terms of strategic nuclear weapons, but to attempt to use this breakthrough in the development of military technology to seize military superiority.

The arms race necessarily requires great economic resources. In the modern world the two superpowers rank first and second in economic strength. According to statistics, in 1985 the national income of the Soviet Union equalled 66 percent of that of the United States'. The gross value of Soviet industrial output equalled 80 percent of the United States', while the gross value of Soviet agricultural production was 85 percent of that of the United States. While the actual strength of the Soviet economy lags behind the United States, and in certain respects Soviet scientific technology does not meet U.S. standards, the USSR surpasses the United States in self-sufficiency regarding strategic raw materials. The Soviet Union is self-sufficient in nearly all strategic materials, while the United States needs to import many raw materials and ores from abroad. Furthermore, the Soviet Union is able to use its highly centralized form of government to expedite the mobilization and organization of the nation's natural and human resources in the area of technological work. Hence the Soviets lead the world in certain areas of military technology. In formulating policy and mobilizing personnel the United States is easily affected by every kind of internal political pressure, and so cannot equal the Soviet Union in this regard. Thus the Soviets have the potential, by emphasizing their strong points, to make up for their shortcomings in the arms race, compensate for their deficiencies in economy and technology, and vigorously prevent the United States from seizing military superiority.

As to the U.S.-Soviet military balance at present; while both sides have their strong points, the two are more or less on a par. Regarding nuclear strength, both the United States and the Soviet Union have established a strategic nuclear attack capability composed of intercontinental ballistic missiles, submarine-based missiles, and long-range bombers. In concrete figures, the Soviets are ahead on delivery systems with 2,504 missiles to America's 2208. The United States leads on warheads with 12,846 to the Soviets' 10,716. In regards to quality; Soviet warheads are larger than American, the Soviet warheads are over 500 megatons while the American are 400 megaton. U.S. missiles are more accurate than the Soviets;' America's newest missiles have a range of error of 90 meters to the Soviets' 185 meters. Including planes, missiles, and artillery, the United States commands a battlefield nuclear capability of nearly 8,000 units, while the Soviets have only 5,000. However, the U.S. relies heavily on aircraft with dual nuclear and conventional battle capability, aircraft which in time of war are quite vulnerable to enemy antiaircraft. The Soviets rely mainly on missiles, which are better for rapid deployment. Regarding conventional weapons capability; the Soviets dominate, their military strength in this area being 2.6 times again as large as the United States'. The Soviet arsenal of tanks and artillery is larger, and in quality is equal to the United States'. The United States has greater total tonnage of naval vessels. The core of their strength is attack aircraft carriers, supplemented by surface, amphibious, and anti-submarine vessels.

The United States' air force is high in quality, but relatively small. The Soviet aircraft are more numerous, but in quality cannot equal that of the United States. However, the Soviets have specialized aircraft which can in some degree offset the superiority of the U.S. jets. To sum up, the United States and the Soviets, by their creation of military forces founded on nuclear weapons, have created a "balance of terror."

The New Stage in the U.S.-Soviet Arms Race

Since the 1950's, the arms race between the United States and the Soviet Union has waxed hotter every day, and has undergone three major escalations. These are: from conventional to nuclear weaponry (atomic and hydrogen bombs); from nuclear bombs to intercontinental ballistic missiles; and from intercontinental missiles to the Strategic Defense System.

In March, 1983, U.S. President Reagan advanced a plan for the "Strategic Defense Initiative" (also called "Star Wars"). This plan requires a number of steps and techniques to intercept Soviet missiles. The first step is the launch phase, the second step is entry to outer space, and the third is return and descent to U.S. territory. The techniques comprise every kind of mobile and aimable space weapon which in the pursuit phase can intercept and destroy. In this manner the U.S.-Soviet arms race is raised to a new stage.

In this stage, development and production of a new generation of space weaponry, mobile and aimable, in order to establish an effective strategic defense system, has already become a major component of the U.S.-Soviet arms race. The mobile weapons include non-nuclear intercept missiles and electromagnetic artillery; aimable weapons include lasers, particle beams, and microwave weapons. In this area the United States emphasizes the comprehensive development and use of a great variety of space weapons and advanced technology. Military laboratories, famous universities, advanced experimental technology centers, and large financial consortiums are competing for this work, and even joining together to work on some of the more difficult aspects. Therefore the United States is making rapid progress in the development of space weapons. The Soviets, due to their economic problems and technological backwardness, are concentrating their limited funds on the development of the most powerful laser weapons. Thus at present the Soviet Union occupies the lead in the development of large-scale land-based lasers and particle beam weapons. Even the United States draws on the technical results of the Soviets in its own development of lasers and particle beams.

The U.S. has implemented its plan for "Star Wars" in the present race for strategic defense. Aside from seeking military superiority, there is also the hope of accelerating the progress of U.S. science, technology, and economic development; strengthening their own nation while placing an unbearable strain on the Soviet's economy. Towards this end, the United States has already allocated the enormous sum of more than 4 billion dollars to set up the many steps and techniques of the ant-ballistic missile strategic defense system. The completion of the "Star Wars" plan will require 30 billion dollars.

How will the Soviets respond to this plan? They would appear to have several options. One is to accept that the U.S."Star Wars" plan is primarily defensive; hence the Soviet Union should create offensive weapons, intercontinental missiles of great penetrative and defensive capability. Another possibility is presently being researched in the Soviet, that of using satellites as missile launching bases. When missiles are deployed on satellites, a great deal of time is saved.

The Future of the U.S.-Soviet Arms Race

Will the U.S.-Soviet race in the area of strategic defense bring about a change in the balance of military power between the two countries? The United States greatly desires to break this impasse, but the Soviet Union absolutely will not allow it. Soviet General Secretary Gorbachev stated long ago, "The Soviet Union will not permit the balance of power to be upset. If anyone continues preparation for satellite warfare, the Soviet Union will adopt appropriate measures, including the strengthening and perfecting of offensive weaponry." There is little chance that the U.S.-Soviet arms impasse will be broken, at least in this century, but the balance may shift back and forth according to time and circumstance.

First, there are still many unresolved obstacles in the path of the "Star Wars" system. America's strategic defense plan comprises the five general areas of computers, new sources of energy, new materials, space navigation, and biological engineering, and 74 individual research topics, of which the development of mobile and aimable weapons are two major areas. At present these techniques are in the experimental stage, and are a long way from practical military reality. According to scientific demonstrations, to enable mobile weaponry to intercept enemy missiles in the booster stage, they must attain a speed of 100 km per second. However, at present the maximum speed the United States has achieved in experiments is only 8.6 km per second. Problems in the development of aimable weapons are even greater.

Secondly, the past and present of the U.S.-Soviet arms race demonstrate that neither side can maintain a monopoly on military technological advances for long, after one side masters the new technology, the other side quickly catches up. Whatever weapons systems the West creates, the Soviets can duplicate if they feel the need. From atomic bombs, hydrogen bombs, to intercontinental missiles and space weaponry, this has always proved true.

Following the entrance of the U.S.-Soviet arms race into the realm of strategic defense systems, both sides have their eyes on the struggle for national superiority, therefore the conflict between the two countries has been set aside. Because the present burden of armament is severe for both sides, both feel the need to reduce somewhat their already overstocked nuclear arsenals. Most recently the U.S. and Soviet foreign ministers reached an agreement in principle for the destruction of both countries' medium-range nuclear missiles. This agreement is undoubtedly a positive step toward easing the present tense international situation. However, the arms race between the United States and the Soviet Union has not really slowed down, and the nuclear destruction of the human race remains a possibility.

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NORTHEAST ASIA

Huge Trade Surplus Seen Mixed Blessing for Japan

40050076 Beijing RENMIN RIBAO in Chinese 30 Dec 87 p 6

[Article by Sun Dongmin [1327 2639 3046]: "Japan Weathers Currency Appreciation but Faces Trade Friction Overseas"]

[Excerpt] With a mixture of joy and anxiety, Japan bids farewell to 1987. Indeed, for the world's largest creditor nation, the year now making its exit has been a turbulent one, what with the change in government as Takeshita replaced Nakasone as prime minister, the soaring yen, the stock market collapse, the explosion in land prices, U.S. imposition of trade sanctions against Japanese semiconductors, and the Toshiba Machinery Company affair.

Economically, this year saw a sharp rise in the value of the yen. On the last day of 1986, the exchange rate between the yen and the dollar was still 160.1:1. On 28 December 1987, however, it had risen to 123.55:1. When the yen was traded at Y150 to $1 this spring, hitting a "postwar high," the Japanese government and economic community were extremely worried and apprehensive at its negative economic impact. By year end, though, even after the yen had climbed to a new high, the government and people in the economic circles were no longer panicky but were actually "relatively calm." The Economic Planning Agency [EPA] announced that because of financial and fiscal measures taken in time, the unfavorable economic elements brought on by the rising yen are gradually being overcome and that Japan is undergoing a smooth structural transition from an export-oriented economy to one driven by domestic demand. At the same time, prices remain stable, the unemployment rate has been falling, and public investment, plant investment, personnel consumption, and other macroeconomic indicators are all looking up. The economy is expected to grow 3.7 percent in real terms this year. Expert say that the benefits of a more expensive yen for the Japanese economy are like the effects of taking Chinese medicine—slow in coming, but long-lasting. Favorable factors are becoming more and more evident and Japan's economy is emerging from "appreciation phobia."

Another characteristic of Japan's economic life this year is the so-called "surplus capital" phenomenon. The rise in the value of the yen has dampened exports. Faced with an uncertain future, Japan's manufacturing industry has cut back on plant investments. The results: enterprises awash in surplus funds and a large flow of capital into the stock market and real estate, pushing up stock prices and land values spectacularly. NTT shares with a face value of Y50,000 jumped to a high of Y3 million this year while land prices in the Ginza district in Tokyo topped Y100 million per 3.3 square meters. With only 4 percent of the area of the United States, Japan's land is worth 2.5 times that of the United States at current prices, according to EPA estimates. In view of its surplus capital, Japan has sharply increased its investments in foreign financial markets and real estate. Estimates put Japan's net foreign assets this year at $250 billion, up from $180 billion last year, whereas U.S. debts will increase to $400 billion. Based on an exchange rate of Y160.1:$1, Japan's per capita gross domestic product [GDP] was $16,269 last year, but at Y125 to $1, its per capita GDP would exceed $21,000, among the highest in the world.

But it is not all sweetness and light for this economic power. Shipbuilding, iron and steel, coal, and other export-related manufacturing industries as well as small and medium-sized companies have been hard hit by the appreciation of the yen. Runaway land prices and high commodity prices do not make the man in the street feel rich just because the nation is rich. Government statistics show that thus far the benefits of a rising yen "have not been fully returned to society" and that the gap between the rich and poor is widening. It has been pointed out that most of the money earned by Japan's exports finds its way out of the country and little of it is added to domestic capital or spent to improve the people's living standards.

In the area of foreign economic relations, trade friction between Japan and the United States continued nonstop throughout the year and showed signs of worsening. The semiconductor sanctions had not been completely lifted before the "Toshiba Machinery Company affair" broke, followed closely by disputes over bidding for Kansai Airport projects and agricultural imports and exports. The U.S. aside, Japan's trade imbalances with the European Economic Community and some Asian nations also have not been eased.

The Japanese press believes that the nation's "foreign image has deteriorated markedly" this year and analyses have come up with a multitude of reasons: its massive trade surplus, ever on the rise, which has exacerbated the extreme imbalance in world trade; the fact that of Japan's total overseas investments, direct investments that create jobs account for merely 8 percent, compared to the 35 percent invested in negotiable securities; and the fact that even as it pours video cassette recorders, copiers, semiconductors, and numerically-controlled machine tools into the international market, Japan has been tardy in opening up its own market. Moreover, at a time when disarmament receives increasing attention, Japan boosted its military defense budget to more than 1 percent of its gross national product in 1987 and 1988 successively, becoming one of the handful of powers in the world with the most military spending. All this militates against Japan's effort to improve its international image and end its isolated position.

Japanese have mixed feelings as they say goodbye to the year just ending and welcome the new year. While weathering the appreciation of the yen and ensuring

continued economic growth is certainly a cause for satisfaction, they face too many problems ahead to feel optimistic.

12581

WESTERN HEMISPHERE

RENMIN RIBAO Notes Western European Concern Over INF Treaty

40050075 Beijing RENMIN RIBAO in Chinese 30 Dec 87 p 6

[Article by XINHUA correspondent Yang Yuanhua [2799 0337 5478]: "Western Europe: Concern Over INF Treaty"]

[Text] Out of consideration for their own security, the Western European countries are viewing the U.S.-Soviet intermediate-range nuclear forces (INF) treaty with mixed feelings. They are now considering the adoption of suitable policies to ensure their security.

Western European countries universally believe that although this treaty calls for the destruction of only a very small portion of the U.S.-Soviet nuclear arsenals, it nevertheless marks the first real breakthrough in the disarmament talks since 1979. This breakthrough, as they believe, will serve as a means of encouraging further disarmament in other areas and thawing tense East-West relations so that the serious confrontation will be eased to a certain extent.

However, how will Europe's future security be affected by this subtle change in the U.S.-Soviet relations as a result of the INF treaty and the withdrawal of intermediate range missiles from Europe? This is the issue being deliberated in Western Europe.

First, Western Europe feels that the military threat has not been truly reduced. In nuclear weapons, the United States and the Soviet Union are evenly matched; but in conventional weapons, the Soviet Union clearly has the upper hand in their military confrontation in Europe. After the dismantling of intermediate range missiles, Western European countries will have to face threats from the Soviet Union with its superior conventional weapons, such as artillery and tanks. According to a Western estimate, the Warsaw Pact countries have conventional forces that are two to three times that of NATO, and are far ahead in short range nuclear missiles. The Western European countries are concerned over the weakening of the nuclear deterrence required for maintaining a balance of power in Western Europe. In fact, the superpowers' military competition is far from ending; they are turning from a quantitative to a qualitative contest, and from a competition in nuclear weapons to a competition in space weapons.

Second, the West European countries have many worries about the subtle change in U.S.-Soviet relations. While favoring detente, they are also concerned over their own interests. Since the beginning of the 1980's, they have had increasing worries about the possibility of a U.S.-Soviet "overhead diplomacy." During their summit meeting in Reykjavik last year, both countries agreed in principle on the dismantling of the intermediate range missiles, which has a direct bearing on Western European security. The Western European countries are unhappy with the fact that they had no say in the important issue of their own interests, and are afraid that the United States may bargain with the Soviet Union regardless of its allies.

Third, a "decoupling" of U.S.-European defense is another fear lurking among some West European countries. The Western European countries were weakened after the war, and for a long time they had to rely on the U.S. nuclear umbrella and stationary troops in Western Europe for their safety. They are very vigilant against the policy, long pursued by the Soviet Union, of disrupting European-American relations by taking advantage of contradictions in Western Europe. The withdrawal of intermediate range missiles from Europe undoubtedly increases Western European concern over the possibility that the United States may get out of Europe. The United States each year spends about $150 billion on its NATO commitments—about 47 percent of its defense budget and equivalent to the grand total of the Western European countries' defense spending. In the past several years, there have been incessant demands inside the United States for it to get out of Europe. Particularly since the recent agreement between Congress and the White House on a $75 billion budget cut, Western Europe has been even more worried about the U.S. relinquishment or reduction of its commitments.

Fourth, the Western European countries are afraid that the INF treaty would weaken the nuclear deterrence on which Western European security depends. The enforcement of this treaty would leave only two categories of guided missiles. They are particularly worried that future U.S.-Soviet arms control talks would touch on the shorter-range missiles and the nuclear forces of England and France. Therefore, England and France reiterated their need for an independent nuclear force which should not be linked to the U.S.-Soviet talks. They are afraid that the "denuclearization" of Europe would render the nuclear deterrence helpless.

The new situation after the INF treaty has brought Western European leaders together on many occasions for deliberations on their policies in order to work out a common strategy for Western European security and to accelerate preparations for a joint Western European defense. It is noteworthy that the Group of Seven nations adopted the "European Security Platform" in late October, reaffirmed nuclear deterrence and conventional forces as two fundamental props for Western Europe's security, upheld the strategic link between Europe and

the United States, and emphasized the need for allied interests to be immune to any arms control move. The document clearly shows their ardent desire to step up their joint defense cooperation and to improve their political positions. It is a document with postwar European characteristics.

There are many signs that a European defense based upon the nuclear forces of England and France and the conventional forces of Germany and France is now developing. Many countries have put forward specific plans for coordination and cooperation in Western European defense, and for exchange of information, coordination of strategies, and the strengthening of cooperation in arms production. France and Germany have announced the formation of a defense committee in January next year to consider future security from a strategic point of view. These visions and measures are still in the stage of deliberation. Even though they may eventually materialize, the defensive strength of Western Europe itself will be very limited compared with that of the United States and the Soviet Union. Nevertheless, joint Western European defense is one way for European sovereignty to be recognized.

09411

Competition Seen Key to Enterprise Cadre System Reform

40050070a Beijing LIAOWANG [OUTLOOK] in Chinese No 49, 7 Dec 87 pp 16-17

[Article by Zhong Xiaochen [6988 1420 6186]: "Competition Effects Changes in the Enterprise Cadre System"]

[Text] In the course of instituting the contract management responsibility system [CMRS] in all its various forms—a new development—the procedure of inviting public bids for enterprise management contracts quickly spread among the industrial and commercial enterprises throughout the country. Public bidding for management contracts means introducing the mechanism of competition into contracting, conduct bidding by base figures, and employing plant directors by publishing public invitations to apply. This new form of contracting and selecting plant managers has infused much vigor and vitality into our enterprises and effected changes in the cadre employment system in our enterprises.

The CMRS separates ownership from managerial authority in enterprises, guarantees the enterprises a full measure of independence in decision making, improves the management mechanism in enterprises, and lends itself to a more vigorous pursuit of enterprise objectives. The CMRS assumes a great variety of forms, but regardless of which form is chosen, its key elements are the determination of base figures in the underlying contracts and the selection of the particular contractors. Determining the contract base figures in the past was in some enterprises often a matter of negotiating on a "one against one" basis with the state, haggling about the price, always hoping to push the base figures down a bit, and of paying less taxes and profits to the authorities, but those plant directors, managers, and contractors, who had been appointed by the relevant departments of party or government, were under little pressure to do well and were not strongly motivated. It is therefore necessary to introduce the mechanism of competition into the contracting process, i.e., to select managers by the method of public bidding.

Competition in public bidding is open, democratic, and conducted on an equal basis; it is economic competition as well as a competition between talents. What does competition look like? Handan Prefecture of Hebei Province summarized it in the following three phrases: "Having a large army pressing on one's frontier," "Cutting off the enemy's route of retreat," and "Fighting with one's back to the river." The first phrase means letting people from among the entire society exercise competitive pressures when approaching the enterprises, much like besieging a city. "Cutting off the enemy's route of retreat" means that if members of the present management team do not submit a bid and if they are unsuccessful in their bid, others will get the management contract, and the entire force of the original team will be wiped out on the spot; and there will be no transferring them to other places. That being so, the present management team better fight "as if with their backs to the river;" they better rise to the occasion and compete. Selecting managers by means of public bidding must, therefore, of necessity bring with it changes in the system of selecting cadres for enterprises and a whole series of changes in the cadre employment system. When explaining China's enterprise reform to Polish visitors, Zhao Ziyang said on 22 August that the method of public bidding means opening up toward the entire society. It constitutes a revolution in the internal personnel system of our enterprises and is one way that will bring to the fore many true entrepreneurs and capable persons. According to practical experiences in various localities, transformation of the cadre employment system in enterprises has mainly displayed the following aspects:

It has introduced the mechanism of competition. Selecting managers through a method of public bidding has made it possibly to effectively break out of the traditional closed or semi-closed system and static state of selecting cadres, reminding of the way "Bole judged horses." When invitations to bid are publicized, those who want to respond will not sit quietly, waiting to be discovered by a "Bole," but will enter the open competition and make known their own sensible business objectives and plant management programs. This will result in equal competitive opportunities and conditions for true enterpreneurs and capable persons who will venture forth in large numbers. In the case of some of Beijing's enterprises, for which competition is very keen, from 5 to more than 10 groups, each of several tens of people, enter the public competitions. Conditions like these will disclose many capable persons and by comparison show off others to be inferior, or perhaps unsuitable to bear leadership responsibility in enterprises, who will then be eliminated in the competition. Competition of this kind will expand socialist democracy in cadre work, will enhance the say of the masses in the selection of managers, and will also enable effective supervision by higher party organizations and cadre employment departments. The response from employees and workers in enterprises that have adopted the method of inviting public bids has been that since competition is conducted in public, "it will easily show what is mule and what is horse if they are all paraded before the eyes of the public in an open arena," and that it will then no longer be possible to become plant director by merely relying on personal relations, or through personal pull, or getting in by the back door.

It broadens the field of vision in the selection of talents. Competition smashes the fetters of such outdated concepts as ranking a person only according to his service record or seniority, and breaks with the traditional system of personnel employment, as it also does away with many other obvious and less obvious conventions. It will bring to the fore many persons of great dedication to their work and of high managerial capabilities, who in the past had not been able to make themselves known to personnel departments. It will enable some persons, who

had formerly remained inconspicuous, to have their talents noted, and will make it truly possible to abandon the past way of sticking only to one pattern of selecting talents. By publicly inviting bids, the industrial and commercial enterprises in Yanbei Prefecture, Shanxi Province, had 94 workers, 12 peasants, and 125 general cadres become directors (managers) of enterprises. According to statistics for 321 enterprises in Handan Prefecture, Hebei Province, management was successfully contracted for by 260 cadres, 58 workers, and 3 peasants. Some of "lower family status" rose to "higher" family status. Wang Junyi [3769 0193 5030], currently director of a prefectural chemical fertilizer plant is only 26 years of age and a 1982 university graduate. In the opinion of many cadres and other people he would never have been selected director, even if the plant would have employed 30 or 50 directors, were it not for the method of inviting public bids, and if selection of plant director would still have been conducted in the old ordinary way. Hua Jinrong [5478 6855 2837], director of the Wuxi Boilermaking Plant in Jiangsu Province, aged 49, has no university diploma. He was originally deputy director of the plant when the leading team was reorganized, and though originally fully qualified to become plant director, he was not allowed to become plant director because of his age and lack of diploma. Now, thanks to the method of inviting public bids, he became plant director on the basis of his abundant experience and managerial skill.

It forcefully broke with the system of lifetime leadership positions and cadre status. In the past, cadres in enterprises, the same as cadres in other occupations, once appointed, were seated on "iron armchairs;" unless punished for mistakes, they would generally be moved only upward and never downward. To relieve a cadre of his post was very difficult, and to move a cadre from office staff to a worker's job in the workshop was extremely difficult. These problems are readily solved now by instituting public bidding for management contracts and employment of cadres by publicly inviting applications. According to statistics for 135 Beijing enterprises which had publicly invited applications for positions, over 100 cadres of plant director rank and medium level cadres were reemployed only after demoting them to lower ranks. Some were directly returned to workshops as simple workers. Among the 91 who failed to be employed as plant directors (managers) in the Handan Prefecture of Hebei Province, none complained to higher authority or vented grievances; most comrades accepted the dispositions of those who had won open bids. One deputy director who had lost in the public bidding was reemployed as shop foreman by the one who had been successful in bidding for the plant management contract. The loser said: "Not having been successful in the open bidding indicates that I had not been fully qualified. Rather than harboring feelings of resentment, I had better do a good job, improve my abilities, and try to win again next time." During the high tide of transformations, the original leading cadres in enterprises also gradually changed their ways of thinking and their perceptions. A deputy secretary at the Chaoyang Radio Factory in Beijing originally ranked deputy section cadre. This time he applied for the position of department level cadre at the No 8 radio plant. On being successful in his bid, he said, if the party organization may have allowed me to go, advancing me from section rank to department rank, I would of course not have had to go through the process of bidding, but now even if I want to make something of myself, I would still have to be afraid I would not win in the bidding.

There is a fundamental difference between plant directors created by public bidding and those originally in these positions, in that the former have severed all similarities with our present state cadres, and also in that they legally occupy their posts as plant directors for the duration of their contracts. On expiration of their contracts, their status reverts to what they had been before having been successful in their bids. In March this year, one team that had successfully bid for a contract to manage a woolen mill in Feixiang County, Hebei Province, underwent evaluation at the end of June, when it was found that they had not achieved several indices of the schedule stipulated in the contract. The economic commission of the county, therefore, dismissed the plant director from his post, transferring him to a general cadre position in the workshop. After this had happened, the plant director candidly admitted: "Not being kept on as plant director, because obligations had not been met, is not a prohibition imposed by the leadership, but something stipulated in the provisions of the contract."

It promotes an appropriate mobility for talents. The method of openly inviting bids from the general public forcefully puts an end to the system by which talents were owned by certain units or departments; it rather provides the excellent environment and condition that allows an appropriate mobility for talents. The method of inviting bids for plant director positions creates a competitive environment and competitive conditions, allows managers to move about, and allows them to choose between management of either small or larger plants. As a consequence, many talents will surface. Among the managers in Beijing's 135 enterprises, the management of which had been contracted for through open bids, about 10 percent have come from units outside of Beijing. The three managers of Beijing Radio and TV Parts Factory No 2, who got their positions by successfully competing in open bids, have all come from Parts Factory No 8 Zhou Jie [0719 2638] of Linzhang County, Hebei Province, was originally deputy director at the county coal mine. Later, the county appointed him to the post of deputy bureau chief of the county traffic bureau, though his specialty and interests were in the field of coal mining. This time, when the county called for bids for its coal mine, he gave up his post of an "untrammeled official" and made a bid, and successfully so, for the Shangou Coal Mine, about 200 li away. A deputy chief of the bureau of industry in Qianguo

County, Jilin Province, deliberately submitted a bid for the county albumin plant, preferring to be plant director rather than becoming bureau chief.

It improves the procedure for cadre selection. Comprehensive evaluations, scientific examination and approval, and guarantees under the legal system are the essential prerequisites for a system of cadre selection and employment by means of public bidding. As currently observed in various localities, the procedure that has been generally adopted is as follows: First, a commission for checking and evaluating public bids is set up. Its personnel should generally include higher ranking party and government officials and officials from important business departments, such as the finance and audit departments, and should also include representatives of the enterprise party committee, its trade union, and of its scientic and technological staff and workers. Second: open invitations to bid, bidding, responses to queries and arguments, evaluation of bids, popular opinion polls, decision on bids, awarding bids, and determining managers for the various enterprises. Third: signing of contracts for enterprise management and notarization. Announcement shall be made of the assumption of office of the manager as representative of the legal person. This method will, on the one hand, preserve for party committees and departments the checking of qualifications and will, on the other hand, increase examination and verification by administrative, economic, and legal departments, as well as strengthen supervision by the masses, thus have the work of selecting managers proceed in a stricter and more orderly way, have it rendered more institutionalized, and give it a more legal and more open character. Results of actual practice have proven that managers created according to this method will be able to manage with a high degree of authority, and that the masses will to a high degree consciously accept this type of leadership.

It improves the system of personal responsibility of each cadre on his particular post. For a long time, it was not possible to realize a system of personal responsibility at one's job, due to ill-defined functions and powers of office of the cadres at all levels, the absence of any ideological pressure, and the lack of work motivation, all factors which seriously stifled the full development of enthusiasm, initiative, and creativity among cadres. Public bidding for management contracts sets fixed limits on the duration of service of cadres, makes clear provisions as to the responsibilities of office, and sets out strict and clear provisions as to rewards and penalties. Successful bidders are all filled with a sense of urgency and feel a pressure to succeed in their jobs. There is "no need to wield the whip, the hoofs are moving fast of their own accord." Many plant directors and managers, who have been successful in their bids, assert thatit is now no longer higher authority that makes us work, but it is we ourselves who want to work, to exert ourselves to excel. It was not easy to come up this far, the positions were won only by "overcoming many obstacles and defeating strong hostile forces," won only by the joint efforts of many brave men; if the job is not done well, it will be the end of us. The method of public bidding will also prescribe for each successful bidder in the form of a contract his term of office, the objective to be achieved, and his various obligations. The contract provisions have legal force, the various indices in the contract are the result of thorough deliberation; they are very scientific, easy to master, and absolutely realistic and feasible.

Public bidding for management contracts will also facilitate fulfilment of all particular responsibilities at each post of the entire managerial group and of the cadres at all levels; it will be beneficial for the joint struggle. In the past, chiefs and deputy chiefs were appointed by higher authority, and their authority was bestowed on them by the organization of higher level. Frequently, leading groups in some enterprise were not well coordinated and wasteful in their internal operations. Presently, chiefs are the top successful bidders for management contracts; they are truly in key leadership positions. Deputies are employed by the chiefs; they ought to ensure execution of their chiefs' authority and should work well in close coordination with their chiefs.

Judging by the results of initial practical experiences, introducing the mechanism of competition into bidding for management contracts and introducing it simultaneously into the personnel management of enterprise cadres is a new breakthrough, which provides a new direction to our thinking in the matter of transforming the cadre system in enterprises. As long as we shall courageously go on experimenting in the spirit of the 13th CPC National Congress, and repeatedly reviewing our practical experiences, we shall certainly be able to establish at an early date a comprehensive new employment system for enterprise cadres, filled with abundant vigor and vitality.

9808

Article on Significance of Public Opinion Poll

40050071a Beijing LIAOWANG [OUTLOOK] in Chinese No 49, 7 Dec 87 pp 11-12

[Article by Lu Fu [7627 1133] and Xu Keao [6079 0344 2407]: "The Public Opinion Poll; An Important Channel for Dialog"]

[Text] The policy of reform and opening up adopted by China after the 3d Plenum of the 11th CPC Central Committee has resulted not only in deep changes in the economic field, but also in an acceleration of political democratization. With the growing perception that the masses should participate in government and voice opinions on government, they have become more and more interested in exercising an influence in the great political events which affect their personal interests. In concepts and ways of thinking, the leadership too has begun to attach importance to the mood, the demands, and opinions of the masses, and to their responses to policy decisions. This has caused the leadership to seek various

ways to establish channels for dialog. It is under these social conditions, that a new channel for dialog between leaders and the masses—the public opinion poll, began unobtrusively to appear all over China from the end of the 1970's to the start of the 1980's.

A Passion for Opinion Polls

Opinion polls began to appear in China quietly and unobtrusively; they originated at the basic levels. They were originally started by factories, mines, and other enterprises, to test, for instance, opinions regarding the selection of plant directors. Later, some government organs, mass organizations, institutions of higher learning, and units of the press also instituted public opinion polls and tests to get an idea of the demands of the masses and in order to improve their own work performance. To a certain degree, these opinion polls played a beneficial role in providing linkages to actual conditions, but they were still beset with many deficiencies, such as their unscientific framework and method of investigation, limited focusing on only one system or one unit, and limited coverage, so that all these polls had little general social significance and did not attract general social attention.

It was only between 1986 to 1987 that opinion polls were developed in China in a more comprehensive way and became effective voices of society's opinion. During the said period, several specialized opinion poll organs were set up at different times, and several large-scale opinion polls were conducted one after the other, in a way that immediately attracted widest interest among the general public.

On 1 November, toward the end of the 3d Plenum of the 11th CPC Central Committee, that attracted worldwide attention, the National Social Research Bureau conducted a sampling investigation among 1 million of the floating population on the streets of Beijing to test public opinion on the reform of the political structure, involving the participation of a huge crowd of people. The said bureau was established October 1986 as the first Chinese scientific research organ of public service nature, specializing in social research. Still during the time from August to December 1986, the bureau had arranged setting up a national social investigation network in cooperation with the National Research Center for Science and Technology for Development, the publishers of ZHONGGUO QINGNIAN [CHINA YOUTH] and of ZHONGGUO FUNU [WOMEN OF CHINA], and other relevant units, establishing the first joint interorganizational entity for scientific social research and investigation. Up to now, the National Social Research Bureau has completed 20 research projects which different sectors of society had entrusted it with, and has established cooperative relations with almost 60 units.

Publication of the China Social Research Group's findings, "Investigation of the Public Opinion Among the Urban Population" and "Investigation of Public Opinion on the Reform of the Political Structure" in the first column on the front page of the GUANGMING RIBAO of 18 August 1987 attracted widest attention. The China Social Research Group was the first official nationwide public opinion research organ established 2 May 1987 by the China Economic Structure Reform Research Institute with the approval of the State Commission for Structural Reform. After its establishment, it conducted four large-scale nationwide opinion polls. The State Commission for Structural Reform is an important organ providing data for the central authorities' policy decisions on structural reforms. Its subordinate China Economic Structure Reform Research Institute has set up a special social research office to conduct polls on public opinion in society. Up to now, the China Social Research Group has set up its first line urban social investigation network and has prepared setting up in the near future a rural social investigation network and a second line of its urban investigation network.

In October 1986, the journalism department of the China People's University established a public opinion research institute, which is a Chinese public opinion research organ, specifically researching the reaction of the masses to the mass media. The institute has so far completed eight large-scale opinion polls of society. In June 1986, it conducted a reader's opinion poll for the BEIJING RIBAO and BEIJING WANBAO and produced four reports, which were made part of the "1986 Hsinwen Nianjian" [1986 News and Information Yearbook].

In addition to conducting large-scale opinion polls by specialized public opinion research organs, some state agencies, mass organizations, and scientific and technological organs conducted their own opinion polls. In March 1986, the All-China Federation of Trade Unions instituted an investigation among the 770,000 employees and workers throughout the nation and received 640,000 valid responses. The Center for the Development of the Rural Economy under the State Council, the Sociology Institute of the Chinese Academy of Social Sciences, and other institutions have all conducted large-scale opinion polls.

Units of the news media have reported on the setting up of specialized opinion poll organs and published news of a series of large-scale opinion polls, a fact which evoked strong responses from society. At one time, the whole country had developed a general "passion for opinion polls," and the results of opinion polls "sold like hot cakes."

A New Channel for Mass Participation in and Mass Opinions on Government

Before opinion polls had appeared, the methods by which the masses would voice their opinions, would be either to submit written suggestions and criticisms, or talk directly face to face with leaders, or express their opinions through the news media. However, a mechanism to transmit a large volume of jointly expressed

mass opinions was essentially nonexistent. Opinion polls provide ample means for mass participation in and mass opinions on government, as also for deliberations and comments on social issues.

The masses have welcomed the arrival of opinion polls with great enthusiasm. Currently, innumerable large and small-scale opinion polls are conducted all over the nation. They are extremely broad in substance, touching on many aspects of all strata, while the masses subjected to these investigations give them enthusiastic support. The specimen forms used by the China Social Research Group in conducting their first investigation of the social public opinion of the urban population throughout the country were sent to 2,576 persons and were all returned. The opinion poll on the question "What are your views on reform, opening up, and future changes," conducted last winter and this spring by the China Social Research Institute and the National Research Center for Science and Technology for Development, involved 42 cities and was targeted on 4,244 persons, composed of workers, professors, cadres, students, science and technology personnel, also businessmen, individual entrepreneurs, cadres in retirement, and reaped over 700,000 research data. From an "Investigation of the political psychology of citizens" the first lot of research data amounting to 150,000 items.

Whenever the masses responded to the investigations, most could express their own opinions and attitudes in a straightforward and earnest manner, which becomes sufficiently evident in the end reports of these investigations. The opinion poll conducted by the Public Opinion Research Institute of the China People's University on the question of the reform of the political structure addressed its question to over 1,200 Beijing city dwellers, above age 18, and the result of the investigation indicated that 81 percent believed that the time had matured for reforming the political structure, 82.4 percent indicated that they were extremely concerned about the reform of the political structure, 64 percent expressed the opinion that efficiency was rather low or very low among the leading sectors of their units or groups. To the question, which problem should be given priority in the reform of the political structure, the replies were in the following order: organizational retrenchment, raising efficiency, overcoming bureaucratism, reforming the cadre employment system, enhancing the vitality in leading organs of party and state, strengthening the buildup of the legal system, separation of party and government ...all these responses truly reflect the opinion of the masses regarding the reform of the political structure.

Data for Policy Decisions of the Leadership

Before opinion polls came on the scene, channels through which the leadership would get an understanding of society and would obtain realistic data on which to rely for policy decisions had mainly been reports submitted by grassroots units, reports in the news media, impressions gained by leaders on their visits to the grassroots, and whatever friends, colleagues, and children would report to them. With the advent of opinion polls, another channel has been opened for the leadership to get an understanding of the actual conditions of society.

After starting on the reform of the economic structure in the cities, Research Office No 4 of the China Economic Structure Reform Research Institute has conducted, since 1984, 14 large-scale social opinion polls, namely on social psychological reaction to price reform, social psychological reaction to reform of the labor system, changes in the value concepts during the reform, standards of action during the reform, and on other issues. The result of a poll on social psychological reactions to the two price reforms carried out from the end of 1984 to the beginning of 1985 provided data for the State Council to formulate relevant policy decisions. In May 1987, the Public Opinion Institute of the China People's University was entrusted by relevant departments of the central authorities to do research in connection with China's reform of the news media structure, and the relevant departments indeed attached great importance to the report resulting from this research.

On the eve of the 13th CPC National Congress, the specialized public opinion poll organs and relevant departments conducted several opinion polls regarding the reform of the political structure. The results of the research indicate that over 85 percent are demanding reform of the political structure and believe that the time is ripe for reform of the political structure. This indicates that decision of the 13th CPC National Congress to place reform of the political structure on the agenda conforms to the aspirations of the masses.

When reviewing the role of public opinion polls in China, experts in the field assert that conclusions derived from opinion polls reflect to a certain degree the desires and the mood of the masses, and from one direction have enabled the leaders to gain an understanding of the national condition and the will of the people, also provided data on which the leaders may base their policy decisions. Experts also predict that with intensification of reform and opening up activities, opinion polls will be further expanding.

Awaiting Further Perfecting and Upgrading

Public opinion polls are widely in use in the developed countries, where they have, furthermore, become highly specialized. In China, where opinion polls have had only a short history, they have already shown gratifying achievements. The criterion for conducting public opinion polls in China at the present stage is an emphasis on authenticity. Most opinion polls in China are now conducted by means of sampling questionnaires, based on the condition of personnel at different levels, seeking out research targets through multifaceted sampling; it strives to accurately reflect the entity of which the target is

representative. None of the data of these popular opinion polls are passed through any kind of administrative links, coming from the research group or investigating unit, they are directly compiled and transmitted for scientific processing, to avoid impairing the authenticity of the data. In addition, all the various research organizations that presently exist have set up investigation stations and networks to enhance the authenticity of investigations. The nationwide social research network established jointly by the China Social Research Institute and other relevant organizations has set up sampling investigation stations in 60 cities. The China Social Research Group depends on the structural reform commissions (offices) in 40 cities. In these 40 cities they have designated special investigation assistants, thus forming a complete urban investigation contingent. All these measures ensure very effectively the scientific accuracy and authenticity of research results.

However, public opinion polls are after all a novelty in China, and in some aspects still await perfection and upgrading. Considered objectively, we have to admit that the broad masses of China have only just now been confronted with opinion polls. At times they fail to give deep thought to the questions they are asked to answer, or when asked to give opinions, consciously or unconsciously reply according to what they think is general public opinion. This would appear to make it necessary to explicitly tell the persons being questioned at the time of investigation to answer the questions according to their own independent judgement. Furthermore, in view of the vast territory of China and the difficulties of communications, conducting a single opinion poll under present conditions may require several months or even longer, and makes it impossible to obtain an immediate and quick reflection of the public sentiment as it has become apparent in society. Further study is therefore necessary as to how to conduct public opinion polls speedily and effectively.

From a subjective point of view, we see that in the opinion polls as they are now being conducted, most departments engaged in the work of investigation lack specialized research personnel that has been trained by experts. The China Social Research Institute and the China Social Research Group have conducted several short-term investigation officers training classes with very good results. This is an experience worth emulating. Furthermore, due to various constraints, several research organizations have to cope with great difficulties at the start of their operations. For instance, the Public Opinion Research Institute of the China People's University, although having conducted several large-scale research projects, finds itself still without personnel establishment, without operating funds, and without office space. It is also still without the most urgently needed computer system for statistical purposes and has no telephones. All work is concurrently done by teachers of the journalism department of the university. Its opinion polls are mostly limited to Beijing.

At present, public opinion polls in China are mostly investigating such concepts and sentiments of the masses that relate to political affairs. For opinion polls, economic fields, such as commercial circulation, conditions in the financial market, commodity market information, etc. are still fields that have remained untouched. It is necessary to expand also into these directions in order to render service to China's economic construction.

We have made a start in public opinion polling in China. It is safe to assert that as these undertakings develop and are further improved, they are bound to play an increasingly important role in China's political, economic, and social life.

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CASS Scholar Outlines Civil Service Reform

40050096b Beijing LILUN XINXI BAO in Chinese 28 Dec 87 p 1

[Article by Wang Jianguo [3769 1696 0248]: "New Civil Service Should Stress Democracy and Equality"]

[Text] The goal of personnel reforms in China should be the establishment of a modern civil service. Director Tan Jian [6223 0256] of the Political Systems Office of the Political Science Institute under the Chinese Academy of Social Sciences made this proposal at a recent seminar on political structural reform.

The so-called modern civil service should abide by the following basic principles: 1) The principle of democracy, as manifested in these three major ways. First, a citizen's right to elect administrative officials. Second, his right to recall incompetent civil servants. Third, his right to serve as civil servants in accordance with the law. 2) The principle of equality. The citizen has an equal right to take part in the state's civil servant recruitment examination and compete and be selected under equal conditions. 3) The principle of openness. The recruitment, examination, results, and hiring of civil servants should all be made public through the press and radio to let the people know. In addition, personnel regulations and policies also should be made public. 4) The principle of merit. That is, hiring and promotion should be based on public examination results and actual work performance, respectively. 5) The principle of selecting the best. This means two things—selecting those who are qualified from among all applicants and selecting the best from among the qualified. 6) The principle of separating administrative from executive officials. An administrative official makes policies. How long he stays on the job depends on the effectiveness of his policies and administrative performance. A system of fixed tenure must be applied to administrative officials. Executive officials implement policies and legislation. They should enjoy permanent tenure in order to maintain policy continuity and stability and ensure that work is

done efficiently. 7) The principle of putting experts in charge. It requires officials in leadership positions to be proficient in their fields, not novices with no experience.

Based on the above principles and goals, personnel reform in China should focus on the following. 1) The appointment system, which includes initial hiring and subsequent promotion. To ensure the quality of civil service entrants, we must recruit through open examinations, which offer these advantages: equal opportunity, objective criteria, open procedures, prevention of favoritism, elimination of unhealthy trends, and cost savings. 2) The promotion system. Promotion should be based on merit. Its advantage is that it is fair to everybody—young and old, those who are highly educated and those with little education—and is free from the shortcomings of a promotion system based on seniority which always favors those who are more advanced in years. In addition, it is not subject to the influence of leaders' personal likes and dislikes or personal relationships. It will help encourage each worker to improve his work constantly and do a good job. 3) The wage system. We should introduce a merit pay system so that what a civil servant earns is directly proportional to his performance. Also, the principle of awarding pay increments at regular intervals should be adhered to so as to reflect steady improvements in the quality of work of civil servants. 4) Training system. Training should be speeded up. Localities and sectors should be strongly supported in offering training with their own funds. Cadre training curricula also should be revised promptly. Duplicated courses should be eliminated and urgently-needed new subjects instituted. 5) Further improve the allocation system to ensure the sound circulation of qualified personnel. Basic to solving the circulation problems of cadres and qualified personnel is to gradually restore the citizen's right to choose a job and move freely. To meet the needs of reform in all sorts of systems, personnel transfer methods should be diversified and procedures simplified. 6) Introduce classified management and establish a job classification system. One shortcoming in China's personnel system is the uniformity in management methods. Personnel in different specialties doing different kinds of work were simplistically managed in the same way as administrative personnel. A job classification system will be an important base for a scientific personnel management system. 7) Safeguard civil servants' legitimate rights and interests, including entitlement to salary and benefits; the right to resign, take a part-time job, and appeal; freedom from insult, slander and retaliation; the right to demand compensation, and the right to demand that penalties be revoked at regular intervals. All these rights should be protected by the agencies at higher levels and judicial departments. 8) Formulate sound personnel legislation and regulations and write the personnel system into law. General personnel management laws and regulations should be prepared and basic principles of personnel management established.

12581

Recent Developments in Press Reform

Wang Furu on Necessity for Leadership

40050073 Beijing ZHONGGUO BAOKAN BAO in Chinese 12 Dec 87 p 1

[Article by Wang Furu [3760 4395 1172], director of Information Bureau, Propaganda Department: "Press Reform Should Proceed Systematically under Leadership"]

[Text] Today's meeting is a great success. I would like to take this opportunity to express my views on three points.

1. I agree with the view that now is an excellent opportunity to proceed with the press reform. The political report of the 13th Party Congress have shown the direction for press reform, and the press coverage on the congress itself has set an example for us. The leading comrades of the Central Committee called on us to carefully sum up the experiences of this coverage for further improvement, and to reform the press on this basis. The Propaganda Department is now conducting investigations and study, and listening to related views from various quarters. Press reform touches on many problems. The problem of social consultation and dialogue, for example, concerns many departments and the press units alone cannot solve it. We should let the people know about important events, and the people want to know about what has happened with the policy decisions on party and government activities, what are the differences of opinions about them, how have they been reported in newspapers, radios and televisions, and how much has been publicized. There is also the problem of people's discussion of important events. Some problems may be discussed in the press without risk, but not all problems can be publicly discussed. This matter should be further studied.

2. How should we begin with press reform. In my opinion, we should begin with an in-depth study of the 13th Party Congress documents, so that we can understand the spirit of the congress, the direction pointed out, and the tasks laid down by it. This should be the proper way. The two most essential tasks during the primary stage of socialism are, first, to develop socialist commodity economy, and, second, to build socialist democracy. Furthermore, during the press reform, we should also consider the way to use our strong points to good advantage. Socialist commodity economy means commodity economy under macroeconomic guidance, while socialist democracy means democracy under party leadership. That is why our press and the capitalist press have both common and special features. We must develop our strength and give prominence to our specialty. This is the long-range goal of press reform. For the short-range goal, we should first promote social consultation and dialogue, and develop the role of the press as an instrument of democratic dialogue and public media supervision.

3. Press reform, like political structural reform, must be conducted systematically under leadership. With regard to political structural reform, the cadres and people hold two different views. Some of them do not quite understand it, and others think it is too slow. The same situation exists in press reform. Some of them attribute the present problem to excessive control, and hope for an early removal of the restrictions, while others believe that the control needed is not sufficient. For the success of the press reform, we must win the understanding and support of the society, and first of all the understanding and support of the leadership in the government departments at various levels. Only thus can the press reform proceed smoothly. This reform takes time. We must be positive and yet cautious in handling this matter.

Legal Aspects

Beijing ZHONGGUO BAOKAN BAO 12 Dec 87 p 1

[Article by Wang Xianghua [3769 4382 5478], director of State Administration of News and Publication: "Question of Press Legislation Discussed"]

[Text] The first task given the State Administration of News and Publication by the State Council was about legislation. We are now proceeding with the preparations of press legislation.

There are three different views in the press circles on the guiding thought for press legislation, as we understand. The first is that in order to protect freedom of the press, the press law should be a cardinal law to provide this protection. The second view, a diametrically opposite one, is that the press law should restrict freedom, and that the freedom stipulated in the constitution, namely, the freedom of speech and of the press, can be protected through restrictions by the press law. This is the view of a small number of comrades. The first view is shared by many who also base their argument on the constitution. They hold that the constitution represents the "master law" and the press law is a "sublaw" which must be subordinate to the "master law," and that the press should actually enjoy the freedom of speech and of the press. People in the press circles also have different views. Some comrades hope that the press law will restrict the indiscriminate use of press freedom by the reporters. Recently we held a symposium of legal workers in Shanghai and heard of many court cases involving Shanghai's press. A law court in Huangpu District recently tried 14 cases, and most of the plaintiffs complained about "unfounded news reports." In one of these cases, two reporters were punished and deprived of their political rights for 1 year and half year respectively because of their purely unfounded reports. The third view held in press circles is that the press law should exercise the functions of both protection and restriction. It should protect the news correspondents' rights in press interviews, reports, and commentaries, and this should be the main function. However, it must also restrict the indiscriminate use of press freedom for private gains. Comrades in press circles hold that law has been all along a doubled-edge sword. It tells us what should be done, what can be done and what cannot be done. This is true of the constitution as well as other laws. It is a basic issue in legal theories. There can be bias toward either protection and restriction, but specific problems should be specifically analyzed. The focus can be shifted according to the persons involved, the nature of the case, and the time and place it takes place, and should not be determined in absolute terms. The press law should reflect the pattern of changes in journalism as well as the essential and basic features of law. We must not talk about the press purely from the standpoint of the press, but also from that of law.

Since the State Council has given us the authority, we must actively and responsibly carry out press legislation well, conscientiously consider various views, choose the good ones, and solicit everyone's support and assistance.

Enthusiasm, Caution

40050073 Beijing ZHONGGUO BAOKAN BAO 12 Dec 87 p 1

[Article by Li Zhuang [2621 8369], special adviser of State Administration of News and Publication: "Enthusiasm Should Be Combined with Cautiousness in Press Reform"]

[Text] Now is the best time for press reform ever since the founding of New China. The 3rd Plenary Session of the 11th CPC Central Committee paved the way for this reform, and the 13th Party Congress has pushed it on to a new stage.

The press must be reformed; otherwise, it will be devoid of vitality and incapable of fulfilling its glorious mission of this age. This reform must keep pace with the state's all-around reform, and cannot be accomplished overnight. To organize a socialist press with Chinese characteristics, many past experiences have to be reviewed, and many new issues have to be explored. Press reform is a component of the political structural reform which it should serve with every possible effort. However, we can hardly hope that the former can be ahead of the latter. Press reform is expected to take a long time. What we should be concerned with is not what "should be" done, but rather what "should be and can be" done. In reforming the economic and political structures, we invariably encounter a problem with the power to withstand the economic, political, and psychological pressures and this problem cannot fail to affect the press reform. We often said that we must proceed from reality in everything. The correct line, principles and policies of the party after the 3rd Plenary Session of the 11th CPC Central Committee; the great success of the reform and the open-door policy; and the program of reform, including the press reform laid down by the 13th Party Congress are all realities and the main current in the country. On the other hand, the weak productive forces, the backward culture, the influence of remnant feudal ideas, the inadequate democratic traditions, the fairly serious

unhealthy trends, the 2 decades of "leftist" errors, and particularly the 10 years of "cultural revolution" which still leaves blemishes on the party's prestige, are also realities which cannot be taken lightly, although they may only be side issues.

Press reform is a sensitive task which cannot be accomplished by the press personnel alone. It involves many spheres and naturally brings about contradictions and divergent views. In dealing with such matters as, say, criticism and self-criticism, or in handling certain problems which are not yet solved as they should have been, there are sometimes real difficulties, and the views of the press may be different from those of certain departments and cadres. On the other hand, in dealing with assuredly real and correct issues, the press must act in the spirit of serving the party and the people, and firmly defend its stand. However, a correct judgment must be based on an overall consideration of the main current as well as the side issues, and one-sided judgment may have untoward results. Some people said: The press now must never say anything that is not true; nor must it say all that is true at once. It must consider the questions of opportunity and public reaction. Since we are striving for the best social results, I quite agree with this argument.

In reforming the press, we must be enthusiastic and yet cautious. We must not have any hesitation in ascertaining and reforming any shortcoming within the sphere of the press. Some taboos set up by ourselves or imposed by others cannot be easily broken. If there is any problem that is not within the sphere of the press, we must be cautious and prudent, and discuss it repeatedly so as not to take any backward course. That is why we need publicity work in order to gain the understanding and support of various social sectors. Without this work, the press reform will meet with many difficulties.

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Scientific, Utopian Socialism Differentiated

40050061a Shanghai WEN HUI BAO in Chinese 22 Nov 87 p 1

[Article by Zhao Bin [6392 2430], Zhu Wei [2612 0251]: "Studying 13th Party Congress Documents"]

[Excerpts] The theoretical department of this newspaper convened a forum for some of Shanghai's young and middle-aged theoretical workers a few days ago.

Everybody agreed that theoretical workers should have a clear understanding of the great development in Marxism, which is historically inevitable and represents a major trend in our times. Professor Deng Weizhi [6772 0251 1807] said, "If the 'Decision of the CPC Central Committee Concerning Political Structural Reform' passed by the 6th Plenum of the 11th CPC Central Committee represents the Chinese version of political economy, then Comrade Zhao Ziyang's report to the 13th Party Congress is the Chinese version of scientific socialism. It enables us to really see the difference between scientific and utopian socialism. The 13th Party Congress' thinking on the initial stage of socialism is an important contribution by the CPC to Marxist theories."

Associate Professor Yu Wujin [0205 0710 6855] of Fudan University believed that theoretical workers must adopt new thinking if they are to take up this heavy responsibility. They must unburden themselves of the dogmatic understanding of Marxism and the utopian mode in which they see socialist society. They must draw a clear line between scientific socialism and various forms of utopian thinking, rid Marxism of the many mistaken ideas that have become attached to it, and arduously set their theoretical house in order.

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Yu Guangyuan Foresees Research on Initial Stage of Socialism

40050061c Shanghai WEN HUI BAO in Chinese 21 Nov 87 p 2

[Article by Zhou Fuyao [0719 1381 5069]: "Research on Initial Stage of Socialism Will be a Daunting Task"]

[Text] Yu Guangyuan [0060 0342 3104], the well-known economist, discussed freely what he learned from studying the report on the 13th Party Congress at a forum organized by the Shanghai Economics Society and other units.

Comrade Yu Guangyuan said, "The important theory of the initial stage of socialism is a long-term research topic, for two reasons. First, the initial stage of socialism itself is a constantly changing stage. The enduring nature of this object of study means that the content will be enriched and renewed constantly over time. Second, society is an extremely complex object, to be studied horizontally from all angles as well as vertically through its history. To study the initial stage of socialism, we must master complex phenomena and explore the nature behind the phenomena in order to deepen our understanding of the laws by which it operates. Hence this piece of research is a daunting task."

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Yu Haocheng, Feng Lanrui Discuss Initial Stage of Socialism

Yu Commends Congress Report

40050074 Beijing XIN GUAN CHA [NEW OBSERVATION] in Chinese No 23, 10 Dec 87 p 15

[Article by Yu Haocheng [0060 3185 2052]: "An Important Development in Marxism"]

[Text] The 13th CPC Congress emphatically pointed out in its report that China is now in the initial stage of socialism. This is the first time for this important topic

being correctly expounded from a theoretical point of view. The report pointed out: It is not the initial phase in a general sense, a phase that every country goes through in the process of building socialism. Rather, it is, in a particular sense, the specific stage China must necessarily go through while building socialism under conditions of backward productive forces, and an underdeveloped commodity economy. This thesis, we may say, "gives people an entirely new concept." Looking forward to the promising future of China's modernization, we now have a much better understanding and greater confidence.

A correct understanding of our national conditions is the essential basis on which to implement a correct line, and correct principles and policies. When a doctor treats a patient, for example, he must prescribe according to a correct diagnosis in order to cure the patient; otherwise, he may kill instead of curing the patient. However, as proved by historical experience, a correct understanding of our national conditions could not be easily gained; and for this understanding, we usually paid a heavy price. During the new democratic revolutionary period, for example, we did not discover the truth that to make revolution in China, we must go through the process of an armed struggle and surrounding the cities with the countryside until after many setbacks including the defeat in 1927. Similarly, a correct understanding that China is now in the initial stage of socialism was not gained until after many setbacks after the 1950's culminating in the "Great Cultural Revolution." Were it not for our efforts in restoring things to order when the Party had smashed the "gang of four," in remedying the chronic "leftist" maladies of many years, in restoring the correct Marxist line of "seeking truth from facts," and in properly summing up the lessons from experiences of success and failure in China and in other countries, it would be unthinkable for us to understand correctly that China is now in the initial stage of socialism, and to advance a correct theory and an optimal program that are compatible with the realities for building socialism with Chinese characteristics. If we act like those who stick to certain stock phrases used by classical Marxist-Leninism writers, and who rather cut their feet down to the size of their shoes instead of tailoring their dresses according to their physical stature, and persist in the "leftist" errors, we would have wasted even more precious time and met with more tragic failures. Therefore, we have good reasons to say that the theory concerning the initial stage of socialism in China is an important development in Marxism and also a great victory for Marxism in China.

The lesson we learn here is a profound one. We must develop Marxism before we can uphold it. On the contrary, if anyone does not proceed from objective realities and link theory with practice in developing Marxism, then all his outcries and oaths to uphold and defend Marxism can only show his ossified dogmatism. Marx and Engels said time and again that their doctrines are not dogmas, but guidelines for action. Comrade Mao Zedong also told us: "The movement of objective reality is never-ending and so is man's cognition of truth through practice. Marxism-Leninism has in no way exhausted truth but ceaselessly opens up roads to the knowledge of truth in the course of practice." ("Selected Works of Mao Zedong" Vol 1, p 272) To uphold and develop Marxism, we must conscientiously implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," and the principle of "not seizing on others' faults, not putting labels on people, and not using the big stick," and give the theoretical workers full freedom in theoretical study and discussions. As the report aptly put it: "Without exploration, without innovation, and without comparison between different experiments and contention between different views, our cause will be lifeless. The hope for constant growth in our theory and our cause as a whole lies in our determination to give full play to the scientific spirit and creative vitality of Marxism and to arouse the courage of the whole nation to experiment and innovate." 2 November 1987

Feng Encourages Expanded Research

40050074 Beijing XIN GUAN CHA [NEW OBSERVATION] in Chinese No 23, 10 Dec 87 p 14

[Article by Feng Ruilan [7458 5695 3843]: "Some Views on the Intensive Study of Initial Stage"]

[Text] The question of a socialist society's stage of development, no matter how important it might be, was, for some time in the past, a forbidden subject for discussion. It is true that China's present stage was mentioned twice in the documents of the 6th Plenary Session of the 11th CPC Central Committee and the 12th Party Congress, but it was not until after the 6th Plenary Session of the 12th CPC Central Committee that more people studied this question. The programmatic thesis on the initial stage of socialism given in the report of the 13th Party Congress is undoubtedly a great inspiration to this study. In our theoretic study hereafter, I hope efforts will be made for a comprehensive and intensive study of the initial stage.

The so-called comprehensive study deals with not only the economic, but also the political, cultural, and various social aspects, and the "intensive study" means studying not only the superficial phenomena, but also the deeper structures of these aspects. For example, in studying the social structure of China's initial stage of socialism, we must study such acute and yet unavoidable problems of classes, social strata, and social groups.

We all know that the economic relations in any society are invariably relations of interests. What are the classes, social strata, and social groups with divergent interests in the initial stage of socialism? To answer this question, we must conduct careful investigations and study and proceed from realities instead of abstract concepts. The first problem to be encountered here is that of methodology.

If we proceed from the traditional concept that in a socialist society, there can be only the system of public ownership, we may think that in a socialist society, there can be only workers and peasants as two major class, and the intelligentsia as a social stratum, all of which combine to form a social group with identical interests. This methodology and viewpoint are already outdated.

Fact have proved that in the initial stage of socialism, the social structure is far more complex. The society here included many social groups with divergent interests. These social groups, despite their divergent interests, have also their common interests: a strong and prosperous nation, a flourishing economy, cultural development, higher living standards, personal advancement, and so forth. These basic factors are compatible with individual interests. The report of the 13th Party Congress emphatically states that the development of productive forces in a socialist society is conducive to the common interest of all classes, social strata, and social groups. Yet we must look at the other side of the picture.

There are divergent interests among the working class, the peasantry, and the intelligentsia. These divergent interests also exist in each of these classes and social strata; among workers of different systems of ownership and different sectors of the same system of ownership; and among people of different trades. Social groups with divergent interests also exist in the same trade. In agriculture, for example, there are divergent interests between the peasants practicing the system of family contracts in a strict sense and the large specialized households with hired help. In large specialized households with hired hands, (the individual industrial and commercial households in cities), the same divergence exists between the employers and the employees. In short, divergent interests exist between the young and the old, among the intellectuals of different categories and professions, and among people of different tastes and hobbies.

It is not my intention, and not within my capability, here to conduct a detailed analysis of the classes, social strata, and social groups in the initial stage of socialism. These examples are cited only to show the existence of different classes, strata and social groups of divergent interests. The task of theoretical workers is to analyze and study this complex social structure, and to intensify the study in the initial stage. If this study can bring about the methodology and criteria for classifying the classes, social strata and social groups in a society in its initial stage, there will be a new important development in Marxism.

The practical significance of studying a society in the initial stage of socialism lies in ascertaining the difference of interests between different social classes, strata, and groups, recognizing and protecting their legitimate interests, harmonizing the relationship between them and the state as well as among themselves, and fully arousing their initiative. This will greatly help promote the development of economy, culture and education, and science and technology, as well as the increase in social productive forces and social progress.

6 November 1987

9411

National Party Congress Seen Key Player in Democratic Centralism

40050061b Beijing ZHONGGUO FAZHI BAO in Chinese 6 Nov 87 p 1

[Interview with Wang Houde, deputy secretary general of the standing committee of the National People's Congress, by ZHONGGUO FAZHI BAO reporter Yan Jun [7051 6511]: "Democracy Pays Off in the Long Run;" date and place of interview not given]

[Excerpts] True Democratic Centralism Is Real Strength

The conversation began with this statement in the report, "Our characteristic and strength is that decisions are made and carried out in accordance with the principle of democratic centralism." Comrade Wang Houde [3769 0624 1795] believes that our real strength is democratic centralism. The prerequisite for centralism is a serious effort to practice democracy, without which centralism will lack a base and tend to degenerate into formalism. The problem now is not that we have too much democracy, but too little. Instead of practicing real democratic centralism, some areas and sectors still let the leaders have the final say subjectively when deciding a major issue, without listening to the opinions, especially opposing opinions, of a wide range of quarters. Major decisions are taken in the absence of repeated verifications. This kind of democratic centralism is no strength.

No Lively Discussions On Major Issues

As far as furthering socialist democracy is concerned, we have not gone far enough today, instead of overdoing it. There are no lively discussions when it comes to deciding important affairs of state. Instead, in some localities and sectors, the masses have no say. The absence of regular channels for a dialogue is widespread. Comrade Wang Houde said, "Accordingly, the report specifically calls for regular channels for democratic consultation to enable the demands and voices of the public to be heard at the top frequently and without obstruction. It is very important that there be a forum where the masses can put forward their opinions or lodge a complaint."

Comrade Wang Houde said, "I work on the National People's Congress [NPC]. We often hear stories about the standing committees of some local people's congresses making sound realistic suggestions only to be ignored by the party committee or an administrative department because they do not see eye to eye. The party committee or department sometimes does not even have

the patience to listen to them. Certainly, what the people's congress thinks is not always right. Still, wouldn't it be great to have somebody viewing an issue from another perspective to enable the leaders to consider it in an all-around way? Right now we are engaged in economic and political structural reform and lack experience in many areas, which makes it all the more important and necessary for us to listen to all sides and go through repeated verifications before taking a decision."

The Efficiency of Long-Term Interests

There was a heated discussion in the group over the relationship between democracy and efficiency. Comrade Wang Houde was quite moved by it. He said, "We must consider the broad picture and long-term interests when we assess efficiency. In making a major decision, some of our leaders often do without repeated democratic verifications and are unaccustomed to discussing with people above and below. They want to avoid trouble and are used to giving the chief the final say. Superficially this seems very efficient, but actually it often leads to mistakes and wrong turns. We should learn from our mistakes in the past."

On the surface, encouraging democracy is a time-consuming process, but it will vastly benefit decision-making by rendering it more realistic and less prone to errors, thereby avoiding even greater losses. In the long run, and looking at the situation as a whole, only decisions that are in line with realities are most efficient.

NPC Adept At Weathering Storms

In drawing up the constitution in 1954, Comrade Mao Zedong said, "The institution of the NPC has a knack for weathering storms." Recently Comrade Deng Xiaoping also said, "The NPC is a good system within democratic centralism." Recalling these words, Comrade Wang Houde was very touched. He said, "In real life today, some comrades have not put the NPC in its proper position in their ideological understanding in accordance with the constitution and the law. The situation is worse in some localities. After the 13th Party Congress, with government being separated from party and government work substantially strengthened, NPC supervision over government work became even more necessary. Under the constitution, the NPC and its standing committee are the supreme organs of state power. The State Council is their highest executive arm, elected by, subject to the supervision of, and responsible to the NPC. The NPC and government carry out their work within constitutionally prescribed limits, neither neglecting their duties nor overstepping their authority. By reinforcing this kind of supervision, we can bring government work more in line with realities and popular wishes, which in turn would speed up the construction of socialism with Chinese characteristics and make it more successful."

12581

Outstanding Achievements of People's Mediation Work Applauded

40050061d Beijing ZHONGGUO FAZHI BAO in Chinese 20 Nov 87 p 1

[Article by Jiang Hanyue [1203 3352 2588]: "47.6 Million Disputes Settled in 8 Years"]

[Text] According to statistics, people's mediators nationwide mediated a total of 47.6 million miscellaneous civil disputes in the 8 years since 1979, preventing hundreds of thousands of citizens from being driven to committing crimes or suicide, reducing litigation, and preventing crime.

Born during the new democratic revolutionary era, China's people's mediation system has had a tortuous course. After the new age began, the people's mediation system has been able to flourish, with mediation organizations springing up across the nation, in cities, villages, factories, and mines, and forming a network. They have become an important part of China's legal system and been praised by the foreign judicial community as the "Eastern experience."

Because of destruction and interference wrought by 10 years of disturbances, mediation organizations in many areas were in a paralyzed or semi-paralyzed state before the 3d Plenum of the 11th CPC Central Committee. After the 3d Plenum, people's mediation work entered a new stage of development. Adhering to the mediation principle of "combining mediation with prevention and emphasizing the latter," millions of mediators have vastly increased the mediation rate and mediation success rate. Judicial and administrative organs throughout the country also have aggressively overhauled mediation organizations, establishing an appropriate evaluation system and personal responsibility system to strengthen them gradually. The constitution promulgated in 1982, in particular, confirmed the legal status of the people's mediation system, enabling urban and rural mediation organizations to develop rapidly and reach into every corner of society. Today there are over 957,000 mediation organizations, including 127,000 in factories, mines, and enterprises.

The in-depth implementation of reforms and the policies of opening to the outside world and economic vitalization have promoted the development of the commodity economy, with an increase in interregional, inter-unit, and inter-industry (the three "inters") disputes. To adapt to this new feature, many localities have gone in for joint mediation by setting up joint mediation committees, thereby stimulating the growth of the horizontal ties of people's mediation work.

Judicial and administrative agencies at all levels have made it a point to step up the training of mediation personnel and improve their political and professional

standards. In the process of adjusting mediation organizations, they also have gone out of their way to recruit elderly retired cadres, teachers, and workers into the ranks of people's mediators.

In the wake of economic structural reform, with the urban and rural collective economy and individual economy pursuing specialization and developing in the direction of a commodity economy, civil disputes have taken on new substance and displayed new characteristics. Disputes of a production nature that revolve around the output-related system of contracted responsibility, such as those over farmland, water, and farm machinery, and economic disputes between contractors, specialized households, and joint bodies have risen significantly. Over the past 5 years, people's mediators mediated 3.83 million production and economic disputes, playing a constructive role in consolidating the gains of economic structural reform.

12581

NATIONAL AFFAIRS, POLICY

Journal on Categories, Causes of Shortage

HK020735 Beijing JINGJI YANJIU in Chinese No. 12, 20 Dec 87 pp 69-71

[Article by Wang Songqi (3769 2646 1142), doctorate degree research fellow in the Finance Department of the People's University of China: "On Categories and Causes of Shortage"]

[Text] Under the traditional economic structure, shortage is a universal and common phenomenon. If we wish to look into the causes of the creation of shortage and the methods to eliminate it, first of all we should analyze the categories of shortage. In my opinion, shortage can be generally divided into five categories. They all have different causes.

I. Relative Shortage in Supply Caused by Too Rapid Growth in Demand

Social reproduction is always in a continuous process of operation, while total supply and total demand are also in a continuous state of growth. Be it shortage or surplus, it always describes the comparative relations between supply and demand. When either the supply or the demand side grows too rapidly and the other side grows relatively slowly, this unbalanced situation will appear.

The growth of supply and of demand both have their own determinant mechanisms. Regarding demand, it is composed of consumption outlay and investment, and the material medium of demand is money and the capacity to pay. As for the ultimate source of the creation of demand, it is the expansion in the volume of the money supply, causing an increase in the volume of gross demand. This point holds true for all countries, despite their different economic structures. The point of difference lies in that there are glaring disparities between the main consumption outlay body, and the main investment body, and between their behavior. For example, in countries with prosperous market economies, the enterprises constitute the principal investment body, whereas in our country the state is the main investment body and the enterprises owned by the whole people act only as the agents of state investment. Under such circumstances, if the independent economic interests and economic responsibilities of an enterprise are not respected and at the same time not restrained, then in all probability the enterprise will not care about investment benefits and inevitably an inflationary trend in investment demand will be generated. Moreover, under the traditional structure, due to the effects of the guiding thinking of purely seeking speed of growth, the state tends to fix, in the budgetary expenditure, too large a share for investment, resulting in the phenomenon of "capital construction pressing finance, finance pressing the banks, and ultimately the banks issuing notes." This is an important causal factor in excessive increase in investment outlay, causing gross demand to become overly large. It is different from the manifestation of the hard fact of an increase in the output volume of material goods causing an increase in demand. Social gross demand is created by the use of money in different areas. Increases in demand through use or input of money in various areas ultimately can be satisfied by increases in the money supply [as published]. Thus, under the traditional structure the possibility of demand exceeding supply can ultimately be converted into reality through compulsory easing of finance and credit. As a result, this gives rise to relative shortage in supply caused by too rapid growth in gross demand.

II. Shortage Caused by the Economy Being Backward and the Productive Forces Being at a Low Level

In reality, this is a category of shortage possessing an absolute character. A backward economy is principally manifested in the level of per capita national income, whereas the development level of productive forces is manifested in the index of the per capita equipment in the realm of material production. The common features of developing countries are a low level of per capita national income and a poor level of equipment for workers. Both of these correspond to the actual conditions in our country.

Developing countries face a common task, that is, seeking rapid economic growth. If a country's potential resources are not very great, then, in respect of the demand for enormous capital funding for rapid economic growth, shortage in the supply of material production elements will be exceedingly obvious. If, in the areas of manpower, materials, and other resources, a country possesses an adequate level of potential supply power, then, despite the existence of the problem of supply shortage in economic operations, it may be considered that the shortage is due to the low level of macroeconomic management impeding the function of transforming potential supply into actual supply.

Seen from the actual conditions in our country,after more than 30 years of socialist construction, science and technology and the standard of enterprise equipment have all acquired considerable strength, except that due to the enormous population the per capita equipment coefficient in the area of material production is still rather low. Moreover, the traditional unilateral planning structure has greatly suppressed the production enthusiasm of the microeconomic units, caused the enterprises, in expanding production, to lack a spirit of initiative and a corresponding capacity in terms of capital, and formed an invisible impediment to transforming potential supply into actual supply. It should be pointed out that supply shortage of this character is different from the relative supply shortage caused by too rapid growth in general demand. Although this category of shortage also arises in a fixed economic structure, it seems to characterize more outstandingly the general feature of a difference in degree of development between the commodity and monetary economies. Consequently, its removal will

have to depend on changes in structural factors, and more importantly on pushing forward the general factors concerning, the growth of the economy.

III. Shortage of the Frictional Type caused by Ineffective Management and Control of Funds

The extent to which supply satisfies demand is not only based on the difference in total volume between the two, but also depends on the movement on time of supply factors, thus avoiding the appearance of the phenomenon of the existence, or coexistence, in the partial sense, of shortage and surplus, or stockpiling.

Partial shortage caused by ineffective management and control of funds may be called frictional shortage. Under the traditional structure, this kind of shortage is a common phenomenon. Generally speaking, there are two causes generating this category of shortage: 1) The state adopts the method of the planned distribution and allocation of material resources. Material resources follow the track of the production plan and the allocation of monetary funds is linked with the distribution plan for resources. Once a particular enterprise attempts the overfulfillment of the plan, first of all it meets with the problem of supply shortage caused by the planned distribution structure, which is highly lacking in flexibility. 2) shortage of a partial character also plays the role of self-acceleration. The motive force of the acceleration is not the reduction in supply caused by a falling of the production level. Rather, the stockpiling practices, particularly of raw materials, caused by the various enterprises' psychological fear of shortage constitute the principal motive force. Under the conditions of a fixed gross volume level of monetary funds and a distribution pattern, particular partial storing up of materials will definitely cause other partial shortages.

IV. Institutional Shortage Caused by Ossified Prices

The difference between social total supply ahnd total demand is a relative relationship between concrete resources represented by fixed monetary prices and money with definite purchasing power. In the course of this comparative process, if no change occurs in price levels, then the contradiction between supply and demand is determined generally by the difference between the growth rates of the two sides. If prices can follow changes in the difference between supply and demand, and change and posses, as it were, relatively great flexibility, then we may say, given the meaning of price balancing, that supply surplus or shortage, through the adaptable readjustment of prices, can be automatically eliminated. If it is assumed that in actual economic operations there truly exists a price system which can follow the difference between supply and demand and automatically make the necessary adjustments, and also that corresponding to this there exists a facility for the free entry and exit of investments, then obviously the role of prices is not limited to balancing operations of a pricing nature, but also can, through the rise and fall of prices, lead investments to flow to the most advantageous sites and thus automatically solve the problem of balancing supply and demand of concrete resources. In other words, under such conditions, shortage or surplus of concrete resources may be solved by means of the following guidance line: Shortage—rise in prices—increase in investments—increase in supply; or surplus—fall in prices—decrease in investments—decrease in supply.

If the objective conditions of prices which can freely fluctuate according to supply and demand relations and the free outflow and inflow of investments do not exist; that is, if prices are subject to state control and are in a kind of ossified state, then inevitably a supply shortage of the ossified type will appear. This is because: 1) Total social demand cannot increase at a lower speed than total social supply and, as is seen from history since the establishment of the PRC, the rate of increase in the annual supply of bank credits and loans is always faster than the speed of growth of production computed at constant prices. 2) Even though the money supply and social production both increase at the same speed, the problem of an automatic reduction in the purchasing power of money does not necessarily arise. Just as Marx said: Once banknotes enter circulation, they will not automatically withdraw from circulation, but in the material production comprising social total supply there is the possibility of their losing use value, and this, in turn, will lead to changes in the difference between the total volumes of supply and demand. 3) The demand structure may, with the passing of time, automatically change direction or become readjusted. But the corresponding changes in the supply structure have the problem of a time lag. If prices remain unchanged, then the total volume of prices of products that can be realized may, because of this, show a disparity compared with the gross volume of demand. This is because particular constituent items of total outlay are at times determined by extrtmely complex factors. For example, a particular commodity, if its price level remains unchanged, may become a stockpiled commodity. However, if its price falls sharply then it may be sold, and may even sell as a commodity much in demand. The converse is also true. In the case of a commodity labeled for a time as being in short supply, if a large-scale rise in its price is effected, then the problem of excessive demand for it may be solved. In realistic economic operations, truly and desperately short commodities are scarce. Shortage and stockpiling or surplus are frequently closely related to the ossification of prices.

V. Shortage Caused by Lack of Effective Substitution Between Labor and Means of Production

Labor and means of production jointly form the production factors. Usually, when we speak of shortage of resources, principally we refer to shortage of material resources, and in reality give no thought to labor, and in particular to the problem of flexible substitution

between labor and means of production. This is principally due to the fact that ours is a country with plentiful labor resources, which compels a labor system which is practically devoid of mobility. The problem of the rational movement of labor and its substitution for means of production being capable of releasing potential productive forces has still not attracted people's attention. It may be said that under the old economic structure, there is also no practical foundation for research on this problem.

Under normal conditions, mutual substitution between labor and capital is governed by definite conditions. When a factory manager carries out the choice of substitution, first of all he must consider the situation regarding the rise or fall of wage rates and interest rates in the production cost of products. If the cost of hiring more workers is lower than the cost of using more capital to produce the same results, then he will not hesitate to adopt this method of substitution. If the situation is reversed, he will choose the other alternative of employing more capital and fewer workers. In making this choice, there must be the requisite conditions of the existence of a relatively developed labor market and a means of production market, otherwise there will be no way of making a choice of factors. Quite obviously, before the reform of our economic structure, basically we had no such macroeconomic conditions. At that time, we enforced rigid planned management in the system of use of labor, the means of production came under the state's unified allocation and did not enter the market, and the fruits of enterprises' operations were not linked with enterprise' own interests. Under such circumstances, the conditions for the existence of available factors for substitution were lacking and there was no operation motive power for the microeconomic main bodies to carry out substitution choice. Hence, naturally, a special shortage caused by the lack of effective substitution between labor and means of production was created.

As we all know, so far as reproduction is concerned, the true significance of actual production factors lies in their ability to display their role in value transfer and value increase. Although particular production factors already exist, if in quantity or in structure they cannot meet the requirements for being brought into use, they still cannot become actual productive forces. Under the economic conditions of a universal shortage of labor but possession of a relatively large supply of the means of production , or plentiful labor resources but a relative shortage of capital, if effective substitutive choice cannot be realized—this choice being not one of selecting the minimum production cost but one of making up for the shortage of a particular major factor—then there is bound to appear a shortage caused by the main factors lacking the structural character of mutual complementarity or coordination.

FINANCE, BANKING

Problems in, Ways To Improve Specialized Banks

40060083a Beijing JINGJIXUE ZHOUBAO in Chinese 13 Dec 87 p 4

[Article by Ren Shaomin [0117 4801 2404]: "Problems in the Effort To Run Specialized Banks as Enterprises and Ideas on How To Reform Those Banks: Sidelights on the Symposium on the Effort to Run Specialized Banks as Enterprises Convened by The Tianjin Finance Association"]

[Text] The Tianjin Finance Association convened the Symposium on the Effort to Run Specialized Banks as Enterprises 21-22 October 1987 at which 40-some theoretical and practical workers held a serious discussion of the reasons for the sluggish transformation of specialized banks into enterprises and of ideas on the ways to reform those banks.

I. Reasons for the Sluggish Transformation of Specialized Banks into Enterprises

Comrades attending the symposium unanimously agreed that the campaign to run specialized banks as enterprises is an important link in the reform of the entire financial system, is consistent with the specific needs of the preliminary stage of socialism and is an important way by which to effect macroscopic financial control and to invigorate the economy at the microscopic level. Yet enterprise reform has had a difficult time getting started and thus has proceeded sluggishly. The principal reasons for this are as follows.

1. The reform is fettered by traditional ideas. For a long time, China's socialist banks were defined both as government agencies and as enterprises. With this dual nature, state banks had administrative functions and thus, unlike industrial and commercial enterprises, could not be operated for the purpose making a profit. If we do not break free from this traditional conceptualization, we will have no theoretical basis for our effort to transform specialized banks into enterprises.

2. In terms of fiscal policy, we still do not treat specialized banks in the same way we handle enterprises. For example, enterprises get to keep all the profits they have left over after paying income and regulatory taxes, whereas banks must, in addition to paying income and regulatory taxes, deduct a certain ratio of credit funds, which leaves the banks with a low ratio of retained profits. From these, the banks must make payouts for such things as employee bonuses and welfare benefits, which leaves the banks with very little capacity to finance their own growth. That makes pilot reforms, such as contracting to fund single and multiple projects, very difficult to implement on a large scale.

3. Industrial and commercial enterprises, the major foci of bank service, still are not run as real enterprises. State enterprises' tendency to eat out of the same big pot has not fundamentally been altered, for these units bear responsibility only for their profits, not for their losses. The relationship between specialized banks and industrial and commercial enterprises is not yet a true lender-borrower relationship but rather is merely one between someone supplying and someone needing capital.

4. The contradiction between the microscopic returns earned by banking enterprises and the macroscopic benefits accruing to society has not fundamentally been resolved. With the price of capital (i.e., interest rates) still being set by the state, if we were to make profits the goal of specialized banks, these banks would ignore projects mandated by state policy and scramble for projects promising profits. And these banks would earn more profit when enterprises are run poorly and capital turnover is slow and less profit when enterprises are run well and fund recycling is accelerated.

5. Banking legislation has not been perfected, which leaves no legal basis for specialized banks to operate as enterprises.

II. Policies To Accelerate the Transformation of Specialized Banks into Enterprises

Comrades attending the symposium agreed that the transformation of specialized banks into enterprises will involve a complex process of systems engineering and that we must break free from the shackles of traditional ideas, create the necessary external and internal conditions and establish a complete organizational system for the management of specialized banks as enterprises, while avoiding huge shocks to the economy in the process. Thus, the comrades agreed, "one-shot" approaches are not practical. What we must do is to proceed one level at a time, step by small step, from bottom to top, in an orderly, gradual fashion. The following approaches were suggested to accomplish this.

The first proposes that we begin by further reforming the current banking administrative system. Once the central bank's macroscopic regulatory capacity is improved, specialized banks should be transformed into commercial banks, and administrative and enterprise operations should be separated. We must eliminate specialized monopoly and run commercial banks that are multipurpose and that are run for profit. Then we should set up a bank that upholds state policy or have the central bank perform this function. This bank would not be run for profit, would handle low-interest loans provided for in state policy and would be treated as a state organ. After the new banking system is established, we would then carry out partial transformation of banks into enterprises. That is, so long as banks are not completely independent of the central bank for supply of funds, we should have the banks continue to remit profits upward and sign contracts to assume increasingly larger projects, for which we would establish target responsibility systems. Later, once external conditions have completely matured, the banks can complete their transformation into real enterprises.

A second approach suggested is that we begin reform by separating bank enterprise authority into two types, then contract separate operations over to banks and finally contract general operations over to the entire system. This contract management responsibility approach would use operational targets as the criteria with which to assess bank operations, set forth the rights and responsibilities of contractors at every level, ensure that everyone's interests are realized and provide for a greater range of bonuses so as to mobilize the enthusiasm of bank employees. Some comrades at the symposium expressed the belief that, under current conditions, this approach would be easy to implement in some operations, such as deposits, accounting and receipts and payments, but more difficult in other areas, such as in the contracting of responsibility for specialized handling of loans. The reasons the latter area would prove difficult is that enterprise ability to fulfill targets is conditioned by a variety of objective factors, such as the amount of current funds enterprises have tied up in finished goods, enterprise circulating fund turnover and the of enterprises need to replenish their circulating funds. Conditions in these areas vary in each enterprise. In addition, most enterprises are unable to fulfill their targets. Under these conditions, contracting of responsibility for specialized handling of loans would be liable to become a mere formality.

The third approach proposed making district (county) banks the basic unit of accounting in the finance industry, fully decentralizing general authority and beginning by invigorating the operations of district (county) banks. Decentralization would basically include the following: the downward transfer of operational authority, which would involve the distribution of a certain share of loan funds, the establishment of loan approval systems and permitting the lower-level banks to decide on their own, on the basis of general policies for each industry and for the banking sector, whether or not to grant loans; the downward transfer of financial control authority, which would entail allowing district (county) banks to keep their profits and to control the fruits of their operations; the downward transfer of authority to maintain floating interest rates, which would give district (county) banks the authority to allow interest rates on their circulating-fund loans to float 20 percent; the downward transfer of authority to manage personnel affairs, under which proposal branch banks would be empowered to appoint cadres only to the district (county) level, authority to appoint or administer the affairs of all other cadres would be transferred to the district (county) banks and a reasonable amount of mobility would be permitted for bank personnel; and the gradual implementation of all the other elements involved in the transformation of banks into enterprises—independent accounting, independent operational management and responsibility for all profits, losses, risk and for balancing budgets.

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Promotion of Shanghai's Stock Market Discussed

40060079 Shanghai SHIJIE JINGJI DAOBAO in Chinese 30 Nov 87 p 5

[Article by Jiang Xiang [5592 5046]: "When Will There Be Both Stocks and a Market for Shanghai's Stock Market? For Over a Year the Stock Market Has Seen a Steady Stream of Patrons While Trading Has Remained Dull."]

[Text] During the second half of September 1986, the Securities Department of the Jing'an District Branch of the Shanghai Municipal Industrial and Commercial Bank took the lead and began consigning trading of shares in two stock-owned enterprises, Feiyue Sound Corporation and Yanzhong Industrial Corporation. For over a year since then, securities have been issued at a relatively fast pace in the Shanghai stock market, and stocks and bonds have become the most popular items for sale among Shanghai people. So far, six enterprises have formally issued 16.2 million yuan worth of stock and 9.67 million yuan worth of various kinds of bonds to the general public. They have used banks as issuing intermediaries. Additionally, eight securities exchange points have been set up to handle the consigned trading of marketable securities such as stocks and bonds. In the first 7 months of this year, 3.24 million yuan's worth of transactions were concluded. Add to this the consignment of large denomination certificates of deposits by the Bank of Communications and by the Industrial and Commercial Bank of China, and the grand total reaches 15 million yuan.

However, the Shanghai stock market is still immature. Several days ago, this writer visited the Securities Department of the Jing'an Ward Branch and saw nothing but a steady stream of patrons and very dull trading. On that day, none of the patrons was trying to sell off any of his own stocks. Many of them were, however, making inquiries about the prices of stocks for sale. This situation was described as a "stocks-but-no-market" phenomenon. The manager of the Securities Department thought that three things brought about the phenomenon: 1) Currently, only 10 kinds of stocks and bonds are permitted to be issued for consigned trading within the municipality, and the volume of these issues is low. In spite of this fact, there are more than eight securities exchange counters providing consigned trading services for individuals and this has led to the prevalence of the "stocks-but-no-market" phenomenon among these securities exchange counters. 2) The only reason why individuals purchase such marketable securities is so that over a period of time they can make a profit from the difference between the buying and selling prices. As a result, only a few people were willing to cash in by selling off stocks over the securities exchange counters set up by various financial organizations. 3) Stock prices face certain restrictions; they cannot freely fluctuate with market conditions. The present policy stipulates that the floating price of a stock cannot exceed 15 percent, and that when both the buyer and the seller entrust a securities exchange counter to perform transactions, the transactions will not go through if the price of selling off the stock is higher than the price at which the exchange was entrusted to purchase it.

The securities exchange is a specific economic form within commodity economy development; its emergence and development follow a fixed pattern. We must also adhere to an objective economic pattern when handling this affair. First of all, we should draw up a securities law and a securities exchange law as soon as possible. The issuing and trading of stocks could then be governed by dependable laws and regulations. Secondly, we must help people develop a correct understanding of stocks. At present, the psychology of most people investing in stocks is to preserve the stock's value and to see it earn an income higher than can be had from the interest earned on bank savings deposits held over the same period of time. Everyone wants to buy in and no one is willing to sell out; stock trading is not very active. Thirdly, stocks at present are issued both to ensure yields and to distribute dividends—they ensure a steady income "despite drought or excessive rain." Stocks have come to be no different than bonds. This furthers people's desire to purchase more stocks. So, we must once again seriously consider whether or not treasury notes should be traded across stock exchange counters just as government bonds are. Treasury notes circulate more widely and in greater volume. If they can be traded in the market, they could increase the bargaining powers of the markets and enliven their trading.

12669/9604

INDUSTRY

Qinghai Light Industry, Textile Output

40060144a Xining QINGHAI JINGJI BAO in Chinese 4 Jan 88 p 1

[Excerpt] As of the end of November, the gross value of industrial output of the light and textile industries in Qinghai Province was 649,801,100 yuan, a 21.65 percent increase over the same period in 1986. Sales income was 594,930,000 yuan, and profit taxes were 110,570,000 yuan, increases of 21.7 percent and 25.43 percent respectively over the same period in 1986.

FOREIGN TRADE, INVESTMENT

Fuzhou Customs Set Up Inspection Office in Shenzhen

40060146 Fuzhou FUJIAN RIBAO in Chinese 22 Jan 88p 1

[Text] To aid Fujian's efforts in developing its externally-oriented economy and further promoting the "Three Imports, One Compensation" policy [processing imported materials, manufacturing imported models,

assembling imported parts and engaging in compensation trade], the Fuzhou Customs Service has assigned an inspection team to Shenzhen's Wen Jin Du port to begin conducting customs inspections on 11 February at the apporoach of the Spring festival.

This inspection team's responsibilities will be to seal crates of incoming raw materials that enter China at Wen Jin Du for final destination in Fuzhou's export processing factories. Having sealed the crates, the team will then be responsible for dispatching them directly to the factories in Fuzhou where Fuzhou Customs officials will be present to first examine their contents and then release them. Once these materials have been processed into value-added goods ready for export, Fuzhou Customs officials will return to the factories to examine them and seal them in crates and send them directly to Wen Jin Du where they will be received and inspected by the inspection team before being released for export. This will thus help keep activities involved in importing raw materials for processing and re-export above board.

AGRICULTURE

Hebei Corn Seed

40060143b Shijiazhuang HEBEI RIBAO in Chinese 20 Jan 88 p 1

[Excerpt] In 1987 the area planted to corn seed in Hebei Province was 760,000 mu, and seed output was 145 million kilograms. In addition to supplying 45 million kilograms of seed to other provinces, Hebei used 1 million kilograms. In an average year, the area sown to corn in Hebei is 28 million to 30 million mu, and needs 80 million to 90 million kilograms of seed.

Hunan Fertilizer Output

40060138c Changsha HUNAN RIBAO in Chinese 8 Jan 88 p 1

[Excerpt] In 1987, chemical fertilizer output in Hunan Province exceeded 5 million tons. In 1988, the province will need about 6 million tons.

Jiangxi Sugarcane Output

40060138b Nanchang JIANGXI RIBAO in Chinese 12 Jan 88 p 1

[Excerpt] In 1987, Jiangxi Province produced 1,606,200 tons of sugar, a 20.77 percent increase over 1986; the per unit area yield was 4.14 tons, an increase of 0.83 tons over 1986.

Jiangxi Pig Procurement

40060138a Nanchang JIANGXI RIBAO in Chinese 11 Jan 88 p 1

[Excerpt] In 1987, Jiangxi Province procured 2,396,000 pigs, a 35.2 percent increase over 1986, and 1,285,000 head were sold, a 27.4 percent increase over 1986.

Jiangxi Agricultural Loans

40060143c Nanchang JIANGXI RIBAO in Chinese 18 Jan 88 p 1

[Excerpt] In 1987 agricultural banks and credit cooperatives in Jiangxi Province provided 7.4 billion yuan in loans, a net increase of 1.4 billion yuan over 1986; agricultural loans totaled 3.9 billion yuan.

Shanxi Rural Savings

40060143d Taiyuan SHANXI NONGMIN in Chinese 16 Jan 88 p 1

[Excerpt] By the end of 1987, rural saving deposits in agricultural banks and credit cooperatives in Shanxi Province totaled 4,598,240,000 yuan, a net increase of 116,070,000 yuan over 1986. Per capita savings were 220.2 yuan, a net increase of 55.53 yuan over 1986.

Shanxi Grain Harvest

40060143e Taiyuan SHANXI NONGMIN in Chinese 14 Jan 88 p 1

[Excerpt] In 1987, output of summer grain in Shanxi Province was 2.396 billion kilograms, a decrease of 718 million kilograms from 1986. Output of autumn grain was 4.729 billion kilograms, an increase of 519 million kilograms over 1986.

Sichuan Fruit Exports

40060143a Chengdu SICHUAN RIBAO in Chinese 8 Jan 88 p 1

[Excerpt] In 1987 Sichuan Province exported more than 19,400 tons of citrus fruit, a 33 percent increase over 1986. Fruit exports earned more than $10 million in foreign exchange.

Qinghai Rural Savings

40060140a Xining QINGHAI RIBAO in Chinese 14 Jan 88 p 1

[Text] In 1987 rural savings in Qinghai Province totaled 800 million yuan, an increase of more than 100 million yuan over 1986.

Military Computer, Communications Systems

Naval Microcomputer Network

40050049a Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese 8 Nov 87 p 1

[Article by Du [2629]: "Naval Units Build Wide-Area Communications Network"]

[Text] A microcomputer communications network, which covers various places along the mainland coast and which combines wired and radio communications, has been built by Chinese naval units. Experts recently gave it a formal technical certification.

This communications network is the Navy's subsystem of the PLA's information processing system. With high-grade computers as its nodal links, it is relatively independent of the general network. It has three subsystems itself: network, message processing, and security. The parts of the network system are application, transmission, network, information links, and physical. It provides various services for the other subsystems, and it insures the timely transmittal of all types of messages, data, and information. The functions of the message-processing subsystem are drafting, editing, receiving, transmitting, storing, searching, monitoring and controlling, and message printing. The security subsystem does its work through software programming. The structure of the entire network is of the scattered-star type.

The system's design is appropriate, its software efficiency is quite high, its communications regulations are strict, and its levels are distinct. It can be conveniently adapted to other communications networks. The security of the subsystems is good. Trial operation, use in training exercises, and assessment tests have showed the system to be stable and reliable. During the try-outs, personnel who used it welcomed it and commented favorably on it.

The experts who attended the certification meeting held that the following functions of the system showed originality: microcomputer modular network, local network access, software encryption, radio automatic message transfer, and unmanned duty watch. The system is uses the most appropriate military series computer (Series 0500). China has taken the lead in using microcomputers as the nodal point computers in a wide-area network. The completion of this system not only provides a modernized means of information processing for the Navy's system, but also makes an important contribution to the modernization of the PLA's information processing system.

AAA Automated Command Network

40050049b Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese 8 Nov 87 p 18

[Article by Min Qing [2404 3237]: "AAA Group Automated Command Computer Network Is Extremely Efficient"]

[Text] To accelerate the modernization of our AAA units, the Wuhan Automation Work Station in the Guangzhou Military Region and a certain AAA unit have cooperated in successfully developing an automated command computer network for an AAA group. The network has been technically certified.

The network has a support environment of centralizer-type long-distance microcomputer networks, and the microcomputers are the information terminals. It is a transmission medium for the existing field communications networks. By using an entirely duplex asynchronous communications mode, a cycle redundancy check mode, and a repeat error-correcting mode—all of which conform to communications regulations—an error-free clear transmission of information is effected. The network comprises communications control procedures, communications regulations, an air intelligence decison-making subsystem, an operational document subsystem, a message-handling subsystem, a data storage subsystem, as well as a keyboard dialogue subsystem. It has the following functions: one-to-one and one-to-many messaging, and message priority levels; real-time breaks; and all-station processing. For an AAA group it can transmit operational orders, automatically compute and display firing data, and automatically plot aircraft speeds and manually computed commands. It will greatly improve the air defense operational capability, and it is several dozen times more efficient than manual operations.

Automated Long-Distance Communications System

40050049c Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese 8 Nov 87 p 18

[Article by Liu Bin [0491 2430]: "Computer Unmanned Duty Watch Long-Distance Communications System Put Into Operation"]

[Text] Following the gradual but universal application of the microcomputer, there is now a more widespread use of it for the long-distance transmission of messages and data. However, because long-distance communications are conducted at any time that actual work requires them, the side receiving messages needs to organize special personnel and special-purpose equipment to be on duty to receive the messages. In addition, the two sides need to perform manual operations, which tie up communication lines for a long time and waste manpower and computer machine-time. All of this has a highly adverse effect on the accuracy and dependability of computer communications. To solve this problem, the Jiangxi Provincial Military District and the Nanchang

Army College jointly developed a "computer unmanned duty watch long-distance communications system." The system has already been put into operation.

The system is controlled by an intelligent single-chip computer. During the off-time unmanned duty watch at a long-distance receiving station, the transmitting station, through a special line or an ordinary telephone line, by remote control turns on a microcomputer at the receiving station for processing messages, after which the computer's power source is automatically switched off. Also, under circumstances in which the receiving station is performing another operation (like editing messages), this operation is not adversely affected. After a message is received it is stored on a magnetic disk. An operator is timely prompted to receive the message and required to process it, after which there is a reversion to the original operation.

The successful development of this computer unmanned duty watch long-distance communications system is a breakthrough in computer long-distance communications technology. It will improve to a fairly large degree the microcomputers's operating efficiency and will save manpower and machine-time, and it will increase the utilization rate of communication lines. It is of important significance for raising the degree of automation in computer communications.

Real-Time Target Tracking Display

40050049d Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese 8 Nov 87 p 18

[Article by Li Xin [2621 2500] and Sang Jianwei [2718 1696 0251]: "Real-Time Target Tracking Display System"]

[Text] For an operational graphic system of a military command simulation, in public security, traffic real-time command, and industrial control systems, there must be regular processing and display of real-time data, such for targets like moving ships, aircraft, and motor vehicles. The data on them when they are moving, such as position, speed, direction, altitude, type, and identification as enemy or friendly are analyzed and studied by means of real-time reception by radar or other receiving facilities. A base map displays their movement locii and other types of information. To this end, the Systems Department of the China Electronic Technology Research Institute has developed a real-time target tracking and display system.

The system comprises a radar, a high-speed information processor, an IBM-PC/XT computer, a large screen, a graphics display system, as well as an RS232 interface. The system's software is written in C and assembly languages. Its characteristics and functions fully reflect a high degree of real-time nature and of accuracy and flexibility in target data processing. It can simultaneously handle 100 target groups and display at high speed the targets' movement locii; at the most frontal point position, it displays their types. The display speed is more than 60 target groups per minute. Based on signals received by many radar or receiving facilities, the type of target may be changed at any time, and during this process the real-time data will not be lost. On the background base map one can directly see the situation with respect to the movement of many target groups; their positions, altitudes, speeds, and identification as friend or enemy can readily be grasped. After the receiving process is completed, all the data is stored on disks. The system can perform multiple tracking operations on a single group, a double group, and all the signals, thereby making a more thorough study of the targets' movements. The system's graphic system uses the high-speed, high-performance AGC graphics control board and a high-resolution scope with a resolution power of 1024 x 1024. The system meshes with a two-dimensional graphics system to form a real-time graphics system, which can perform military command, public security, traffic control, and industrial control missions.

Logistics Local Area Network

40050049c Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese 8 Nov 87 p 18

[Article by Dong Liang [5516 0081]: "Logistics Department of Xinjiang Military Region Makes Use of Local Microcomputer Network To Develop Microcomputer Civilian War Service Information Query System"]

[Text] The Logistics Department of the Xinjiang Military Region recently successfully developed a microcomputer network civilian war service information inquiry system. It makes use of applied software for armed forces command automation developed by a local microcomputer network. According to experts, the system has advanced design methods and instruments, and the development and application of the microcomputer network are at China's advanced level, so that automation of command in the armed forces has taken a big stride forward.

This result was effected by the transformation of the Huada AST PCNET local microcomputer network. It has 13 work stations, nearly 40,000 statements, 98 shared modules, 49 dedicated modules and 8 common modules. It also has 6 special-purpose file libraries, 96 user menus, 1,500 user commands, and the applications software is of a fairly large-scale network in 9 subsystems. Adopting the method of dispersed- and centralized-type integration, the system set up 49 network data banks. It can both store data and share network programs. It uses the method of "automatically composing dictionary chain-controlled menus." It automatically develops support for the instrument environment and sets up a freely expandable dispersed-type shared program library. Thus, conditions have been created for safeguarding and expanding the system and for its gradual development by separate stages.

The system has already been formally put into use. It has changed the state of affairs in which civilian war service information depended on manually gathered temporary situations, in which time and effort were wasted and in which accuracy was poor. Within several minutes or less, it can gather, process, and transmit information to help command personnel swiftly make strategic decisions. It increases the speed of feedback on civilian war service information, and it strengthens the capability of logistics in command and strategic decision making, thereby making a gratifying step for the automation of the units.

Military Standard Character Input

40050049f Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese 8 Nov 87 p 18

[Article by Liu Bin [0491 2430]: "China Develops Computerized Standard Military Terminology Library"]

[Text] Following the constant and deepgoing development of automation in the PLA's command, because operational command possesses a fairly high degree of effectiveness over a given period of time and of accuracy, we must accelerate the transmission and processing of operational messages. First of all, what is needed is a Chinese character coding plan that suits the PLA's actual situation, that is simple, easy, and fast, and that is convenient for popularization and universalization. With the vigorous assistance of the Jiangxi Provincial Computer Factory, the Jiangxi Provincial Military District enlisted personnel to assiduously tackle key technical problems, and they developed the "First Three, Last One" Chinese Character Input System (Military Edition), which has solved the problem fairly well.

This system has been in actual use for several months. It provides the functions to simply code high-frequency characters and phrases. It accelerates their input, the automatic production of phrase bank files, and context marked printing. It has good coding efficiency. Input is fast. In particular, the input of military terms is superior to that of other Chinese character input methods in China. The system is convenient to use, easy to study, and convenient for universal application. The system provides the units with a phrase bank that contains standard military terms and phrases. It increases the speed at which Chinese characters are entered into computers. For the PLA it provides a powerful means for automating military professional management. With regard to the input speed of military terms, it is at the leading edge in China. The system has been recommended for popularization and application in the PLA.

9727

Combat Potential of Prop-Driven Aircraft

40050085 Beijing JIEFANGJUN BAO in Chinese 9 Oct 87 p 3

[Article by Xue Ningbing [5641 0413 0393] in column "Wide-Ranging Discussion of Military Affairs": "The Rebirth of the Propeller Fighter and Other Matters"]

[Text] Since jet fighters appeared in the world, propeller fighters, one after another, have been withdrawn from the battlefield. Because of the effect on warfare of the development of military technology, there will be a bipolar development of the new generation of fighters toward high-altitude supersonic cruising and low-altitude subsonic breakthroughs of defenses. This cannot but make us think: Will the propeller fighter remount the "aerial stage?"

Without the slightest doubt, high-altitude high-speed jet fighters will still be the indispensable force in the air for carrying out territorial air defense missions and strategic and operational missions. However, it should also be seen that the cost of manufacturing a jet fighter is too high, it has great difficulty in conducting low-altitude operations, the demands for its takeoff and landing conditions are high, pilot training is difficult, and its logistics support is quite complex. By comparison a propeller fighter possesses the following merits: its manufacturing cost is cheap; in a low-altitude operation its aerial mobility, stability, and operability are good; its takeoff and landing are simple and convenient (it can take off and land on dirt runways); it is not very difficult to train pilots for it; it has a long navigational range; and its support is a simple matter. Although its flight altitude, speed, and climbing rate are not as good as those of a jet fighter, they are much better than those of a helicopter. In particular, its cost and operating expenses not only are far lower than those of a jet fighter, but also are lower than those of helicopter. Generally speaking, a propeller warplane possesses a fairly large superiority in low-altitude operations.

In a future air-land integrated operation, a large number of airborne weapons of various types will appear on the battlefield, activity in the lower atmosphere will increase tremendously, and battlefield reconnaissance and long-range combat firepower will markedly heighten the vulnerability of airfields. This situation will require a large number of inexpensive airborne weapons suited to low-altitude operations. The performance characteristics of a propeller fighter gives it plenty of scope in this respect. It can perform the following missions: close-range fire support, limited battlefield interdiction, combat against armored targets, combat against helicopters, strikes at various types of low-flying targets, combat against and support of airborne operations, as well as tactical reconnaissance. The aerial combat of the future will be divided into four levels of deployment—high, middle, low, and ultralow—and the propeller fighter will fill the firepower gap between the jet fighter and the helicopter.

Perhaps people will worry: Is there any guarantee that the propeller fighter can survive on the high-tech battlefield of the future? This question requires comprehensive analysis. Rust, a youth from Federal Germany, flew an old-style propeller aircraft that penetrated the Soviet air defense system—called the finest in the world—and landed safely in Moscow's Red Square. Not long after this incident, another "adventurer" flew a propeller

aircraft that broke into a U.S. Air Force base in Panama, similarly without being spotted by anybody. These two cases were not fortuitous. They show that propeller aircraft possess a very strong capabilty for the low-altitude penetration of defenses. The development of modern science and technology will make the performance of the new generation of propeller warplanes far superior to that of the piston-type warplanes of the World War II period. The U.S. (Rotec) Company has announced that it can supply to the military a light propeller attack plane that can destroy the Soviet Mi-24 helicopter series. This plane has stealth, noise suppression, and camouflage functions, and when breaking through defenses at low altitudes it is not easily detected by radar or the naked eye. Moreover, by comparison with the helicopter, the propeller warplane flies faster at low altitudes and maneuvers better in the air. It is relatively small. It is not easy for ground fire to destroy it. If expensive sophisticated weapons are employed to attack this kind of inexpensive aircraft, the loss will outweigh the gain. In addition, it can take off and land on dirt runways, a fact that makes concealed deployment convenient and that avoids losses when an airfield is attacked. Furthermore, only if the entire efficacy of weapon systems is fully displayed on the battlefield of the future will it be possible to improve the survivability of all types of weapons. As the propeller warplane is one of the weapon systems, its survivability depends on the survivability of the weapon systems as a whole.

China is a great nation with a vast territory but limited financial resources. The development of the PLA's weapons and equipment must not be a blind pursuit behind others for the high-grade, the precision, and the advanced, but should be suited to our national and military condtions and form our own system with its distinguishing features. It is true that war is a contest between various kinds of forces, but for weapons and equipment it is not the case that the more high-grade, precise, and advanced the better. Once the propeller fighter returns to the battlefield, its strategic value will not be inferior to that of the helicopter, in the sense of changing from being a "hired hand" to being a "hatchetman." This is because it can coordinate with the jet fighter and the helicopter to better display the entire efficacy of the airborne strike forces. A thing always develops in an ascending spiral, and what is important is to see through the phenomena to its essence and laws of motion. This, I am afraid, is what we need to grasp when we think of the question of the modernization of the armed forces and of the entire national defense development strategy.

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EAST REGION

Work Conference Calls for New Kind of Party Members

40050072b Beijing RENMIN RIBAO in Chinese 23 Dec 87 p 4

[Article by Zhang Mingqing [1728 6900 3237]: "Party Secretary Calls for A New Kind of Party Members"]

[Text] At a work conference held at the middle of this month, the Fujian CPC Committee emphasized that comrades who have the courage to reform and experiment must be supported and protected firmly, that experiments beneficial to the development of productive forces must be allowed and nurtured, and that comrades who have made mistakes should be warmly encouraged to start afresh and given help in reviewing their experience. Reform does not shrink from hardship. The party must be run strictly.

During the last 9 years, Fujian has made steady progress in reform and opening to the outside world. But there also has been a continuous run of hardships and challenges. Following the Jinjiang fake medicine case and the Du Guozhen [2629 0248 2823] swindling case, in particular, some comrades have become over-cautious, having lost the courage to go in for bold experimentation. "Even as they work, they are often filled with fear." With this situation in mind, Secretary Chen Guangyi [7115 0342 3015] of the Fujian CPC Committee stressed at the conference that the party must be run strictly and take up the challenge of reform and opening to the outside world. To run the party strictly, we must begin by educating party members in party style, discipline, and spirit, enforcing party rules and discipline, and firmly resisting decadent phenomena. But running the party strictly means more than party organizations that are devoid of problems and party members free from errors. What we need today is not the kind of party organizations that are conservative and stodgy, not the kind of party members who are incompetent, worldly wise and play safe. Instead we need party organizations and members who have a strong devotion to their work, a heightened sense of responsibility, and a fearless, pioneering spirit of innovation, not people who do nothing but criticize reform left and right in an arbitrary, fault-finding manner and who put up obstacle at every turn, but people who enthusiastically support and protect reform and facilitate it in every way.

Fujian's leading comrades believe that reform and opening to the outside world cannot be separated from supervision and management. But supervision and management must promote reform, the policy of opening to the outside world, and the development of productive forces. Supervisory agencies and economic agencies must cooperate closely and act in unison so that the relations between supervision and opening to the outside world, between management and economic vitalization, and between punishment and education are handled properly. Supervision and management must become part and parcel of reform and opening to the outside world to ensure the latter's success. In investigating cases, we must stick to a seek-truth-from-facts attitude and strictly stay within our policy limits. We must be careful to preserve the cadres' and masses' enthusiasm for plunging into reform and opening to the outside world.

12581

Nanjing Residents' Reaction to Reform Surveyed

40050072a Beijing LIAOWANG [OUTLOOK] in Chinese No 50, 14 Dec 87 p 23

[Article by Su Yan [5685 4282]: "Survey Reveals Hope, Confidence among the Public"]

[Text] What is the public reaction to the 13th Party Congress? What do they think about the prospects for reform? On 7-9 November this year, four units—Jiangsu Broadcasting and Television Journalism Institute, Provincial Broadcasting and Television Science Institute, the Sociology Institute of the Jiangsu Academy of Social Sciences, and Nanjing Broadcasting and Television Bureau—jointly conducted a sample survey on these issues in Nanjing. Of the 800 questionnaires sent out, 782 valid responses were received, for a return rate of 98 percent.

The convening of the 13th Party Congress has significantly enhanced the cadres and people's confidence in the correctness of the line of reform and opening to the outside world put forward by the party. According to the data:

81.62 percent of the people surveyed expressed confidence that the goals of the second stage of the economic development strategy would be realized; 81.94 percent were confident that economic structural reform would be furthered and accelerated; 77.53 percent had confidence in political structural reform, and 76.01 were confident that party work would be intensified. Among people who experienced a drop in living standards over the past 9 years, a higher proportion, about 50 percent, expressed no confidence.

The overwhelming majority of people were satisfied with and supported the new central leading organizations, on which 72.98 percent commented, "Much younger. Trustworthy. Shows that there is now no lack of successors to take up the cause of the party. Very encouraging." Only 8.33 percent said, "Too many proletarian revolutionaries of the older generation have been removed."

Most urban and rural residents had positive comments about the several press conferences held during the 13th Party Congress. To 51.39 percent of the people, "the conferences are a sign of the democratization of political life. They show the party's self-confidence and are a gratifying thing." The conferences were described as

"lively, interesting, and appealing" by 36.87 percent. Only 3.54 percent thought that it was "not worthwhile killing time with foreign reporters."

Over 70 percent thought that Comrade Zhao Ziyang's handling of reporters at the press conferences was most impressive and praised his speech and style. Many people watched the press conference on videotape more than once and enjoyed talking about it.

The survey asked "what are the most urgent problems in political and economic life today that have to be solved." Prices were cited by 58.21 percent; lack of coordination among reforms, 12.75 percent; the fact that large and medium-sized enterprises have yet to be vitalized, 5.81 percent; and the appearance of exploitation, 1.26 percent. Asked what was the "most urgent issue in political life," 11.11 percent mentioned party-government separation; 26.26 percent, opposition to bureaucratism; 8.8 percent, cadre system reforms; 5.05 percent, expanding socialist democracy; and 33.21 percent, enforcing party and political discipline and thoroughly rectifying unhealthy trends.

The statistics above make it clear that after the 13th Party Congress, prices and the rectification of unhealthy trends remain the biggest problems and the top concerns of the people. Such is the public perception. Whether or not the two problems are resolved will have a direct impact on the successful implementation of the line of the 13th Party Congress.

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Wuxi's Experiments With Open Selection of Cadres

40050039a Beijing LIAOWANG (OUTLOOK) in Chinese No 43, 26 Oct 87 pp 21-22

[Article by Yuan Yanghe [5913 7402 0735]: "Wuxi Experiments with Open Selection of Cadres"]

[Text] This year Wuxi's municipal party experimented with the open selection of cadres. In late July a list of the selected cadres was published in the WUXI DAILY NEWS. This attracted the attention of the entire municipality.

"This movement is the real thing!"

The prologue for the open selection of cadres in Wuxi commenced in late July. Members of the municipal party committee responsible for organizing this task publicized the selection process in the WUXI DAILY NEWS, the HUADONG NEWS, and other newspapers, as well as on television and radio broadcasts. Candidates were sought for the posts of vice-chairman of the municipal economics committee, vice-chairman of the urban and rural construction management committee, assistant chief of the cultural bureau, and vice-chairman of the foreign affairs business office. This was the first time cadres had been openly selected in Wuxi; however, for several days, the response from the people was not at all enthusiastic. While letters and visitors arrived in an endless stream, there were few genuine suggestions as to worthy candidates. Some of the people's opinions on the public request for nominations:

"They're only announcing the job openings so insiders can grab them!"

"Haven't officials always been selected by the higher-ups?"

"I'm afraid they're just putting on an act for the people."

To counter these doubts among the masses, Wuxi's municipal organizing committee sincerely expressed their intentions to the people of the municipality. In the WUXI DAILY NEWS and on television a "Questions and Answers" format was employed to give clear replies to a number of separate questions, and to reiterate that the open selection procedure would "not involve seeded players or clandestine appointments from higher up, but hold firmly to the goal of openness; the conditions, rules, and testing process would all be made open and public." The open selection of cadres was an experiment in the reform of the cadre system, the purpose of which was to place the process of selecting talented individuals under the control of the masses.

Like a stone dropped in water, these announcements caused quite a stir. As many cadres and citizens said, "We never imagined the municipality was serious about this movement."

When the masses perceived the determination behind the reforms, they became greatly excited about the open selection process. A steady flow of people came forward to nominate themselves or others for office, and nominations also came from all quarters by mail. Older cadres recommended younger cadres, secretaries recommended factory managers, officials recommended citizens, parents their children, husbands and wives their spouses. Some people away on business trips returned to find they had been nominated by comrades in their absence. Some people studying in Beijing received repeated telegrams from home, urging them to return and take part in the selection examination. One high school principal who had recently transferred to Wuxi was told by his daughter, "Dad, you certainly have the ability to become an assistant bureau chief." The father considered the matter with care, then happily accepted his daughter's nomination. Father and daughter came together to the reception office...

Comparatively speaking, those who nominated themselves required greater courage, yet the self-nominated far outnumbered those nominated by others. Some young people said, "It's better to be an actor on stage than to sit in the audience; we young people can gain experience by plunging into the reform movement."

Some cadres said, "By undergoing the examinations, we can gain our own measure, and emulate the worthy and able people." One worker came to join the line at the municipal headquarters several times, and finally screwed up his courage to enter the organizing committee's office and nominate himself. He said, "If the wave of reform hadn't swept me in, I'm afraid I would have never been able to enter the municipal party office's front door in my entire life!"

The reforms stirred the spirits of tens of thousands of people, who threw their minds and bodies into the campaign. The local urban communications business office was already very crowded, nevertheless two rooms were set aside as reception stations to facilitate the work of accepting nominations. The reception station had no telephone, so a comrade at the telegraph office went into action and within 24 hours a phone was installed. The selection examination required a class room, and a cadre from the municipal cadre school said, "Leave that to us, no problem!" They not only arranged sufficient classroom space for the examination, but also assigned a set of personnel to assist in the testing process. Some nominees were afraid that their units would not allow them to participate, but just the opposite proved true. Some provincial and subordinate factories set up their own primary elections, and the individuals selected were then nominated to the municipality. The organizers of the open selection process were deeply moved, and commented, "This reform truly accords with the will of the people and the general trend of events."

Talented Individuals are Selected

Out of more than 450 people, self-nominated or nominated by others, Wuxi selected four leading cadres to fill each of the previously mentioned positions; by a process of requesting nominations, investigation, and written and oral exams. In addition, nine other comrades were appointed to other managerial posts. Their appointment had already been officially approved by the people's municipal government of Wuxi and by the relevant bureaus; but after the people learned of their qualifications, and the specific reasons they had been selected, it was generally exclaimed that people with true ability and solid learning had indeed been selected.

Truly, the reformed cadre selection system created an excellent environment for the emergence of a great crowd of outstanding individuals.

In the spring of this year, not long after Chen Yufeng [7115 1342 6912] transferred to Wuxi from Xian, Wuxi opened nominations for bureau-level cadres. Chen volunteered for the process and entered his own name as a candidate. When the time came to select a research topic, he resolutely tackled the subject of "The Condition of Wuxi's Water Supply and Pollution Control." This topic gave him the opportunity to make a thorough investigation of the causes of pollution of the local canal water. Riding on his bicycle, he examined the canal's edge section by section. He gained a detailed understanding of water quality in the Wuxi area, rate and direction of flow, etc., and obtained a great measure of first rate practical knowledge. In two week's time he wrote a 7,000 character investigative report. At the committee review meeting, the investigative report caused a great stir. Although Chen had not been in the Wuxi area long, his explanation of Wuxi's hydrology was so clear, and his analysis of the cause and cure of canal water pollution was so well-adapted to actual circumstances, that the report amply demonstrated the young cadre's practical approach and keen intelligence and talent. In accordance with the principle of hiring the talented, Chen was made assistant manager of the Bureau of Environmental Protection.

Wuxi's municipal bureau of culture lacked an assistant manager to take charge of cultural work among the masses, and for some time had been unable to find a suitable candidate for promotion to the post from within the bureau. Hence it was decided to conduct a pubic selection process. Surprisingly, the name that emerged from the crowd of competitors was that of a long-term grass-roots level cadre in the economic sector—Ji Weiming [0679 4850 2494], assistant secretary of Wuxi's machine tool and electrical appliance plant. People were openly astonished, but after the community understood the "inside story," everyone approved.

Although Ji Weiming worked in a factory, he had always possessed great artistic talent, and was constantly researching popular culture. He was on the staff of the Jiangsu Folk Art Society and was director of the Wuxi branch Society. Ji had created a great number of folk-art objects, and commonly associated with a wide range of leading local artists, with whom he maintained warm relationships. He managed mass culture in the electrical appliance plant; the cultural activities in the plant were lively and vigorous, in many forms and styles, and had won prizes many times. Upon the nomination of his plant manager, Ji entered the competition. An assistant municipal chief was in charge of the oral portion of the examination. The young assistant secretary had a well-crafted plan in mind, which he presented with great fervor. He expressed original viewpoints on how to promote Wuxi's traditional style of opera, how to develop cultural work among the masses, and other problems. The board of examiners was completely overwhelmed. The revelation of Ji's great talent was an emotional experience for the comrades who organized the selection process. They commented, "In the past it was always said that talented people are hard to come by, but when the selection process is reformed, talented people appear at once!"

A Startling Impact

A notable consequence of the movement for open selection of cadres was the stir it produced in the minds of the people of Wuxi.

The greatest shock was felt by cadres in office. They examined their own consciences; If I were a candidate, would I show the courage and ability of these that have been selected? If cadres were all publicly selected, and the best were chosen, would I be able to retain my post? A leading cadre who had observed the oral examination said with deep feeling, "In the selection process, other men were tested; how is it that we ourselves are not being tested? If we cadres appointed by the higher-ups don't exert ourselves to catch up with the latest knowledge and concepts, it's quite possible that the wave of reform will sweep us away." A government cadre said, "Reform is a sobering remedy and an invigorating tonic. It impresses on you that if you don't study diligently, you cannot work vigorously. The kind of job attitude where you start work by sitting down with a cup of tea, a cigarette, and the newspaper cannot continue."

Most of the cadres chosen by the reformed selection process were in their thirties and forties. Tang Hongliang [0781 7703 0081], a worker in the municipal government's public utility company, was only 22 years old. He was selected to be assistant manager of the waterworks. By bravely committing themselves to the reform movement, these people set an example for others their age, giving encouragement and stimulus to the younger generation.

The success of the initial experiment in open selection of cadres brought the benefits of reform to the organizers, and also gave them a lesson in vigor. It caused them to understand that "a luminous pearl is not only to be found in a stream crossed by Mencius, nor is a fist-sized jade only found in the distant Kunlun mountains." The emergence of a great number of talented people is a direct result of the reform of the cadre personnel system.

The field of people's vision was broadened and a chain reaction commenced. A number of local councils, departments, committees, bureaus, and even corporations rushed to experiment, discussing how to obtain able and talented people, breaking old conventions in selecting qualified personnel. A factory worker said, "We can do this at the grass-roots level too!" A number of teachers and educational cadres took part in the municipal examinations and reviews, and were greatly inspired. They said, "The testing methods in schools also need reform!"

13403/12913

Taiwan Human Rights Report Issued

40050065b Taipei TZULI WANPAO in Chinese 10 Dec 87 p 2

[Text] "Taiwan Human Rights Report 1987," issued today by the Taiwan Human Rights Promotion Association, points out that this year has been a particularly important one in the history of human rights in Taiwan. Many activities aimed at securing human rights and breaking down taboos are under way feverishly. At long last, a wide variety of under-powered groups whose rights and interests used to be ignored or trampled upon in Taiwan society began to fight for their rights and interests and mounted an effort to safeguard basic human rights. This progressive development should command our attention and interest.

The report was written by the association's outgoing president, Dr Chen Yunghsing, who is stepping down from the presidency today. It covers the period from December last year to this November and sums up the association's comments after reviewing the human rights situation.

The gist of "Taiwan Human Rights Report 1987" includes the following:

—The right of appeal of political prisoners after the lifting of martial law. In the 10 days after the martial law was lifted on 15 July, a total of 27 political prisoners filed appeals with or contested charges to the Supreme Court, including Yao Chiawen, Huang Hsinchieh, and Chang Chunhung. In accordance with the national security law, however, the Supreme Court rejected all appeals, thereby totally depriving them of their right to appeal.

—Prisoners' human rights. Unreasonable and inhumane methods are still extensively used to extort confessions from prisoners and people on trial, sometimes even resulting in death. Blatant violations of prisoners' rights are commonplace.

—Judicial issues. So-called "judicial independence" and "fairness" came under a good deal of suspicion this year. The appearance of many self-help groups in society shows that the masses have no faith in the fairness of the judiciary or the rule of law.

—freedom of movement. Problems concerning freedom of settlement and movement occur not only among homecoming overseas Taiwanese when they enter and leave the country, but also among people inside Taiwan. Blacklisted by intelligence units, many members of the opposition on the island are subject to unreasonable delays and obstruction when they apply to go abroad. Their every move is known to and under control by intelligence units.

—Popular political participation. For 40 years no elections have been held to the National Assembly, Legislative Yuan, and Supervisory Yuan. Despite the constitution, the president's term of office has been changed, the governor and mayors are appointed, and local self-government legislation has not been drawn up. As a result, while the people of Taiwan have been paying their taxes in full for 40 years, they have been able to elect only 17 percent of the central people's representatives and cannot elect the governor of Taiwan Province or the mayors of Taipei and Kaohsiung.

—Press freedom. TZULI WANPAO sent reporters to the mainland to do a report. Despite arguments by the newspaper that it was only responding to government policy allowing people to visit their relatives on the mainland and protecting the people's right to know and press freedom, the Information Bureau still took harsh punitive measures and had the publisher Wu Fengshan and the reporter arrested.

—Environmental rights. Their environmental consciousness raised, people everywhere in Taiwan have been setting up environmental protection organizations and anti-public hazard groups and taking all kinds of actions to fight for their environmental rights and the right to life.

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Political News on Taiwan TV Surveyed

40050065a Taipei TZULI WANPAO in Chinese 7 Dec 87 p 2

[Text] Taiwan's three TV stations devote a relatively small portion, about 10 percent, of their evening news broadcasts to political news, according to a sample survey by this newspaper. About 70 to 80 percent of news sources are conference notices and foreign news agency dispatches. The survey shows that TV news reporting avoids political issues in its coverage, depends on outside sources excessively, and lacks the initiative to go out and uncover stories on its own.

The survey was based on evening newscasts from 9 to 14 November. We studied the mix of news during the 7.30 pm evening news broadcast on the three stations along with the sources of news. We also did a case study on political news on 14 November and compared it with the way political news was reported in TZULI WANPAO, CHUNGKUO SHIHPAO, and LIENHE PAO to verify the attitude of TV stations toward news reporting, which has come under widespread criticism.

As far as news content is concerned, political news makes up an insignificant part of news broadcasts. Even China TV, which had the highest proportion, devoted just 10 percent (see Table 1) of its broadcast to political news during the 6 days surveyed. Compared to other media such as newspapers or radio stations, TV stations show a clear tendency to shy away from politics.

Take, for instance, political news on 14th. The only political item aired on Taiwan TV concerned the appointment of a new director for Tuifuhui. Central TV, which did not even mention this event, had no political news at all. China TV carried only two other political items in addition to the appointment. (For details, see Table 3).

Had we opened TZULI WANPAO that evening or the dailies (CHUNGKUO SHIHPAO and LIENHE PAO) the next day, however,we would have noticed that they all focused on the welcoming of the "sacred flame" by the Democratic Progressive Party. Each carried more than three news items, complete with pictures and features, which gives us an idea of the importance the press attaches to them. As if by coincidence, all three stations were mum on the event.

Of the three stations' news programs, evening news is the most important and attracts the most viewers. And what receives the most extensive coverage in evening news is general social news, including assorted community activities (the International Confucian Society was featured in the news 2 to 3 days in a row,) sports, natural or man-made disasters, and crime. It is obvious that when it comes to selecting news, newspapers and TV stations have their eyes on different things and apply different standards.

Let's further analyze the sources of TV news. Half of TV news comes from event or meeting announcements (including provincial and municipal assembly meetings). Central TV depended on such sources for 57 percent of its news, while Taiwan TV had the lowest percentage, but still a high 47 percent. (See Table 2) The second most important source is foreign news agency dispatches. The percentage of news stories actually uncovered by the stations was minuscule, a mere 3 to 4 percent.

Concerning the characteristics of the three stations, we can see from Tables 1 and 3 that China TV has more extensive coverage on domestic politics and economic affairs than the two other stations.

Another characteristic of evening news on China TV is that it carries more news items but spends relatively little time on each. From 9 to 14 November, Taiwan TV and Central TV each covered only 100 news stories while China TV carried exactly 20 more.

As far as news sources are concerned, however, Taiwan TV is clearly less dependent on meeting announcements and also features more news derived from reserve reporting and its own investigations (16 and 5 percent, respectively).

Ratings surveys over the years have consistently put Taiwan TV in the lead among the three stations. Thus it can be seen that what makes one newscast better than others is not quantity, but substance.

Table 1 News Content (by type)

	News Categories				
	Domestic Politics	Domestic Economics	International	General	Total
Taiwan TV					
Items	8	11	28	56	103
Percentage	8	11	27	54	100
Central TV Items	9	9	28	58	100
Percentage	9	9	27	55	100
China TV Items	13	22	33	56	100
Percentage	10	18	27	45	100

Note: Excluding weather.

Table 2 Analysis of News Sources

	Sources				
	Announcements	Newspapers	Foreign Dispatches	Unscheduled Reporting	Self-initiated Reporting
Taiwan TV					
Items	48	7	28	16	5
Percentage	47	6	27	16	4
Central TV Items	59	6	28	8	3
Percentage	57	6	27	7	3
China TV Items	68	5	33	14	4
Percentage	55	4	27	11	3

Note: Stock market, exchange market news included in reserve reporting.

Table 3 Comparing Political News on TV and in Newspapers

Political News Headlines on 14th (TZULI WANPAO)
1. Labor law will not explicitly prohibit strike.
2. Citing structural factor, police bans fire-lighting in airport.
3. Legislative Yuan demands Liang's daughter be allowed to attend funeral.
4. Police to separate crowd from "sacred flame;" troublemakers may be arrested.
5. Issue of "guest-welcoming" permits suspended. Passport required for admission to airport.
6. Wei Chingsheng rumored to have died in prison.
7. Procedural arguments rife in Legislative Yuan.
8. Kuan Chung, a more subdued man, enters race to start anew.
9. Cacophony of election talk. Huang Chuwen steps on brakes.
10. Wang Yihung's one-man struggle.

Evening News Summary on 14th (Taiwan TV)
1. Hsu Linung to run Tuifuhui.

Political News Headlines on 15th (CHUNGKUO SHIH-PAO)
1. Madame Chiang Kai-shek's remarks after reading "On War and Peace."
2. Strengthen central people's representative organizations, open up decision-making process.
3. Hsu Linung takes up directorship of Tuifuhui; Chang Kuoying to be strategic adviser.
4. Hsu Linung shares weal and woe with associates.
5. "Democratic flame" flown to Taipei yesterday. Flame and sportswear in police care.
6. Crowd stages parade to Tiaoyuan, disbands after 8 pm.
7. Wang Tsungsung, Chang Chunhung issue statement.
8. Mass movements' new calm, rational image. Control personnel's "cool handling" keeps crowds under control.
9. Take Jungmin case seriously; resolve personnel issues resolutely.
10. Incidents avoided amid calls for calmness.

Evening News Summary on 15th (Central TV) (No political news)

Political News Headlines on 15th (LIENHE PAO)
1. Wei Temai's "On War and Peace;" Madame Chiang Kai-shek's remarks.
2. Approval expected for Liang Wenhsi, Liang Shih-chiu's daughter, to attend funeral in Taiwan.
3. Education Department to launch comprehensive review of status of military training officials.
4. "Democratic Progressive Party" personnel, welcoming arrival of "sacred flame," confronts for 5 hours with traffic personnel.
5. Experience in crowd control, mutual self-restraint ensure peace.
6. Minor scuffles, injuries in noisy confrontation.
7. Beijing denies rumors of Wei Chingsheng's death in prison but otherwise says little.

Evening News Summary on 15th (China TV)
1. Hsu Linung assumes directorship of Tuifuhui.
2. Madame Chiang Kaishek releases remarks after reading "On War and Peace."
3. Overseas Chinese Affairs Committee of the Legislative Yuan meets.

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CHING PAO Views Prospects for Democracy in Hong Kong

HK020830 Hong Kong CHING PAO (THE MIRROR) in Chinese No 126, 10 Jan 88 pp 6-12

[Article by Ku Hsing-hui [0657 2502 6540]: "1987 in Retrospect and 1988 in Prospect—the Future of Democracy Lies in Integrating With Hong Kong's Conditions"—boldface as originally published]

[Text]**There has been much debate on the proposed 1988 direct election in Hong Kong. Proposing direct elections in Hong Kong in 1988 could be a simulated attack, as the real purpose of such a proposal is to seek the "through-train" transfer of Hong Kong's political power in 1997.**

Britain has arranged the development of a representative government in Hong Kong as it has always done when withdrawing from its colonies. However, each of the past British colonial withdrawals finally resulted in the establishment of an independent country unrestricted by an agreement.

The Chinese nation has the tradition of identifying itself with its mother culture and has a strong cohesion. For several thousand years, although China has experienced many dynastic changes and civil wars, China has never been split up.

"The snow is melting quietly because the spring is stealthily arriving." There have been debates and worries in Hong Kong, but "all signs in the city show that next spring will be more beautiful."

China and Britain Tended To Hold More Dialogue and Consultation in 1987

The year 1987 has passed. Recalling all the major events from 1987 we can see that China and Britain tended to cooperate more closely and hold more dialogues and consultations in 1987. When the stock market plunged in October 1987, China and Britain immediately took unified action to deal with the situation. When a big forest fire broke out in northeast China, the Hong Kong Government immediately sent clothes and medicine to the disaster area. China and Hong Kong's British Government also took immediate, effective, and coordinated actions in dealing with many events and problems such as the large-scale illegal outflow of Chinese cultural relics to Hong Kong; smuggling; water supplies; poisoned vegetables; arresting wanted criminals who flee China to Hong Kong; building Shenzhen Airport; and building a communications line between Hong Kong and Guangdong Province. Through the Sino-British Joint Liaison Group, China and Britain also successfully solved the problem of Hong Kong civil servants' pensions and the question of raising the salaries and improving the conditions for Hong Kong judges. Since the exchange rate peg between the Hong Kong and the U.S. dollars was established, the Hong Kong dollar has fluctuated along with the U.S. dollar. The Japanese yen, West European currencies, and the Australian and New Zealand dollars have all appreciated against the Hong Kong dollar. Only China has allowed the exchange rate of its renminbi yuan to fluctuate in light of changes in Hong Kong dollar exchange rates, thus stabilizing the prices of staple and non-staple foodstuffs and low-priced industrial products which China exports to Hong Kong. As a result Hong Kong entrepreneurs have been able to produce their products at a low cost.

The issue of representative government at one time caused misunderstanding. However, China and Britain quickly settled the issue and ingeniously balanced their respective interests through mutual understanding and mutual accommodation. Today, the prospects for the convergence of Hong Kong's pre-1997 political system and Hong Kong's post-1997 political system are brighter than ever before, and the holding of partial direct elections in Hong Kong in 1991 has now become a possibility.

Beijing has already held talks with the majority of Hong Kong's democratic organizations to deepen the understanding and trust between China and Hong Kong's democratic organizations. The correct measures adopted by Beijing in handling the visit by the delegation from the Hong Kong Association for Promotion of Democracy resulted in a response characterized by the slogan "Love the Motherland, love Hong Kong, and love democracy." This shows that people in Hong Kong have realized that Hong Kong and China cannot but develop side by side.

The Main Trends in 1987 Were Cooperation, Dialogue, and Harmony

There were complications, misunderstandings, and disputes in 1987 but all these were minor aspects in Hong Kong's overall development. The main development trends in the Hong Kong situation in 1987 were cooperation, dialogue, and harmony.

For a period of time some people in Hong kong were appreciative of the street politics practised in South Korea and the Philippines.

However, when the Hong Kong people looked at the entire Asian situation they finally realized that the situation in Hong Kong is much better than that in South Korea and the Philippines.

There were no serious disturbances in Hong Kong. This situation is by no means accidental. Hong Kong's most precious wealth is still the political stability. Since all sides in Hong Kong have benefited from the stability and prosperity, no one wants to rock this boat. China does not want to see drastic changes in Hong Kong and neither does Britain. The majority of Hong Kong people hope to see perpetual political stability. It was for this reason that the people who had been campaigning for direct elections in 1988 were the gentlest and most

moderate people in Hong Kong. None of these people have ever resorted to extreme and antagonistic measures during their campaigning. So, these people did not cause any disturbances in Hong Kong.

In an era which is full of drastic changes, such a harmonious atmosphere is very valuable. Hong Kong is an extraordinary city and many people who have left still miss it. The reason is that Hong Kong has a special type of freedom, tranquility, vitality, and harmony which cannot be found in any other part of the world.

The review of developments in representative government conducted in 1987, was promoted by the Hong Kong Government. Such discussions triggered off a round of heated debates on the timing of Hong Kong's direct elections. The heated debates finally ended when the Hong Kong Government issued its Survey Office Report. The Hong Kong Government had good control of developments in the situation, skillfully guiding public opinion and setoing a timely tone for the Survey Office work. The people who asserted that the Hong Kong Government was a "lame duck," could not explain the flexibility demonstrated by the Hong Kong Government in tightening and relaxing its control over the development of the situation in Hong Kong. Although no direct elections will be held in 1988, the Hong Kong Government has already made proper arrangements for holding direct elections in Hong Kong in 1991. The tone of the White Paper to be issued next February has already been set. Before direct elections are held the Hong Kong Government will conduct another review in 1990 of the Hong Kong political system in order to guarantee the smooth progress of the promised direct elections.

It Is Difficult To Realize a "Through-train" Transfer of Hong Kong's Political Power in 1997

There has been a lot of debate on the proposed 1988 direct elections in Hong Kong. Proposing direct elections in Hong Kong in 1988 could well be a simulated attack, the real purpose being to seek a "through-train" transfer of Hong Kong's political power in 1997. However, if someone wants to bargain, he should have some bargaining counters in the negotiations. The British side already plans to elect a deputy Chinese governor, a deputy Chinese financial secretary, a deputy Chinese attorney general, a deputy Chinese commissioner of police, and so on, and then let these officials and the members of the Legislative Council automatically board the "through train." Although the flag is to be changed in 1997 these people will still control the future political system and personnel arrangements in Hong Kong's Government. This is a probing attack and also the bargaining counter in the negotiations aimed at enabling pro-British personages to enter the future Special Administrative Region Government. Once the British side realizes this goal it will discard this bargaining counter.

However, people who have ever boarded a "through train" clearly know that when the "through train" reaches the border, it will stop. And only when all the policemen and staff on the train are replaced will the train be allowed to go on its journey. When one British Government is replaced by another, the the tenure of office of all key government officials and legislative organs expire at the same time and are replaced by new officials and new legislative organs. The same situation will occur when political power is transferred from one government to another. Therefore it will be difficult to realize a "through-train" transfer of Hong Kong's political power in 1997.

Article II of the "Joint Declaration" explicitly points out: "The United Kingdom Government declares that it will restore Hong Kong to the People's Republic of China with effect from 1 July 1997." From 1 July 1997 onwards, the constitutional document of Hong Kong will be the Basic Law formulated by China. How can a government formulated on the basis of "Letters Patent" and the "Instructions in Council" conform with the demands of Chinese sovereignty? How can the specific articles of the Basic Law, such as those concerning sovereignty, the formation of the government, the conferment of authority, and loyalty be realized? If we look at the Sino-British agreement once again we will find it difficult to realize the "through-train" transfer of political power in Hong Kong in 1997.

Recently, Chinese official Lu Ping said: "China will not implement the principle of sovereignty at the expense of a smooth transition. The key officials in the Hong Kong Special Administrative Region will not be replaced after 1997. We do not want to see a large-scale reshuffle. What we want to see is a minimum change in personnel. Will future members of Hong Kong's Legislative Council become the members of the future Hong Kong Special Administrative Region legislative organ? Of course, they can be candidates for membership of the future Special Administrative Region legislative organ, but they should go through a procedure." "For example, the Central People's Government will set up a preparatory committee which will establish a consultative organization or an election organization in Hong Kong. The consultative or election organization established by the preparatory committee of the Central People's Government will elect the Chief Executive and a legislative organ for Hong Kong. This is not a big reshuffle."

This is a compromise. Beijing has promised that there will be no big reshuffle in the future Special Administrative Region government but has reserved the right to make personnel changes. This means that pro-British personages will still be allowed to occupy key posts after 1997 so long as the British side cooperates properly with the Chinese side. Since Britain will still be able to exercise its influence in Hong Kong before and also after 1997, how can we call the Hong Kong Government a "lame duck" government?

China and Britain should trust each other and cooperate with each other so as to guarantee a smooth transfer in 1997. This has been determined by the long-term interests of both sides. Since 1997 is approaching, in order to maintain its authority in Hong Kong, Britain should carry out more cooperation with China. On the other hand, in order to maintain the stability of public opinion in Hong Kong in 1997, China should also carry out cooperation with Britain. Cooperation will benefit both sides whereas non-cooperation will cause losses to both sides. In order to carry out cooperation, both sides are bound to exchange some of their interests, give way to each other, and make some compromise because they are willing to do so. This does not mean that one side will yield to the demands of the other. If some people regard such activities as intervention or regard the Hong Kong Government as a "lame duck" government, we can say that these people have failed to see the real nature of the situation. Even before the 1997 issue was raised, China and Britain had tried their best to maintain the prosperity of Hong Kong by making various compromises. To apply the concept of "one country, two systems" to the settlement of the Hong Kong question is the highest embodiment of the idea of maintaining the prosperity of Hong Kong.

There Are Different Views About Hong Kong's Future Within the Democratic Faction

In debates on holding direct elections in Hong Kong in 1988 there have been different views towards the natural future of Hong Kong within the democratic faction. Democrats have advocated different goals and different methods of achieving these goals. One view is that holding direct elections in Hong Kong in 1988 is an opportunity for the people to express their views. Hong Kong should regard China as its enemy and should resist China. To hold direct elections in Hong Kong in 1988 is the first battle in "opposing communism with democracy." It is for this reason that some people vehemently shouted the slogan that "If direct elections are not held in Hong Kong in 1988, there will be no direct elections in the future" and called on the Hong Kong people to use the methods used by people in South Korea and the Philippines to promote the development of representative government in Hong Kong, so as to resist the influence from the sovereign state after 1997.

Another view is that to hold direct elections in Hong Kong in 1988 is the starting point in eliminating colonial politics and also an opportunity for Hong Kong people to elect a democratic government. China is the sovereign state and it is impossible to reverse the fact that Hong Kong will be returned to China. Therefore the people of Hong Kong will sometimes have to seek and sometimes have to demand things from China in order to seek common ground while reserving differences. To hold dialogues with Beijing conforms with this trend. Direct elections will not be held in 1988, but will be held in 1991. After the direct elections in 1991 Hong Kong will still be able to push forward with its democratic process. To abandon dialogues and consultations with China will only be detrimental to the people of Hong Kong and to the motherland. It is for this reason that some people now shout the slogan "Love the motherland, love Hong Kong, and love democracy." This slogan is a new understanding reached by the people of Hong Kong after over 2 years of exploration. Such a slogan has also opened up bright prospects for the road to democracy.

After the heated debates on "direct elections in 1988," the various democratic factions in Hong Kong are now entering the review stage and will probably become more mature and more moderate. However, the democratic factions will also probably split up and reorganize themselves. The result will probably be that a small number of people will become more radical and more divorced from the masses, and the majority of the people will sum up their experiences, explore a new road, and accumulate strength. People will make different choices and have different thoughts. The result will be: The clean ones will remain clean while the dirty ones will remain dirty.

Representative Government Has Stimulated the Democrats' Illusions

The democrats have only passively and unconsciously taken part in the debates on holding direct elections in Hong Kong in 1988. The Hong Kong Government's accelerated implementation of representative government in Hong Kong has encouraged many people to advocate unrealistic democratic ideals and increased these people's desire for power. As a result, there has been an excessively tense popular interest in politics in Hong Kong. The democrats who are involved in this wave ofdemocracy believe in the authority of the Hong Kong Government. They also believe that the democratic process will finally realize its goal and democracy and power will be easily attained. They have analyzed Hong Kong's situation according to the Hong Kong Government's Green and White Papers on representative government. They have not analyzed and observed the real intentions and counter stratexy of the British, and nor have they analyzed and observed any flexible measures the British will probably take in the future when the situation changes. In a word, all their actions have been misguided. As a result, at the very beginning they confidently pressed forward with an indomitable spirit but ignored the social basis, the theoretical basis, campaign strategy, and organizational preparations. They also ignored the fact that China has always adhered to the Sino-British agreement and stressed that the post-1997 political system in Hong Kong will be stipulated in the Basic Law to be issued by China, and all laws violating the Basic Law will not be considered legally binding. Some democrats believe that China's theory of convergence is not a key problem and that so long as the British dare to have a representative government fully established in Hong Kong before and beyond 1997, "what's done cannot be undone," and all questions will be settled. As a result the representative government will

be the reality whereas the Basic Law will only be something nominal and will have to conform with the representative government in Hong Kong.

Thus, the democrats have carried forward the democratic process by totally relying on the strength of the British. The democrats have shifted the focus of their work to populayizing their campaign through the mass media and creating topics for their propaganda. Such a democratic idea is based on the top-to-bottom situation of "returning the power to the people." So, as soon as they heard that the idea of "holding direct elections in Hong Kong in 1988" was rejected, they felt that "all has been lost" and that it was hopeless. Finally, they turned to complaining about the weakness of the British Hong Kong Government, about the Survey Office report, and sent petitions to London to ask the British to resist the pressure from Beijing.

Is It True That What Can Be Done in South Korea Can Be Done in Hong Kong?

It is time to calmly review what has happened. Why did the democrats complain that the British Hong Kong Government had "betrayed the Hong Kong people"? Why did the democrats complain that the British Hong Kong Government had "played with public opinion"? Were the democrats aware of this situation in the beginning? What lesson should the democrats learn from this situation? What are the dependent and coexistent relations between the various political forces? What are the opinions of the Hong Kong people? What does democracy rely on? What type of strategies and measures should be formulated? If the democrats have loraightened out their thinking, they will no longer be afraid of "being distorted" and "being played with."

It is necessary to review the following aspects:

1. The Survey Office has issued its report. This report is not perfect but it reflects the strategic rearrangement of the British Hong Kong Government. Simply not recognizing and defying this report is not enough. It is necessary to calmly observe and analyze all the responses to this report. What responses did the entire society give to this report? What responses did the entire society of Hong Kong give to the democrats. To mechanically list some figures is to deceive oneself as well as others. The Survey Office report is actually that part of public opinion that was stimulated by two major factors: One is that the British side assumed the posture of accelerating implementation of a representative government system in Hong Kong; the other is that China tried her best to advocate the theory of convergence and oppose holding direct elections in Hong Kong in 1988 because the Basic Law had not yet been formulated. It is unrealistic to ignore these two factors. The Survey Office report reflected several types ofemotion: Without the Sino-British agreement and without the intervention of Britain and China, direct elections could be held at any time in Hong Kong. To hold direct elections is a good thing. However, the disagreement between China and Britain over the question of holding direct elections in Hong Kong is detrimental to the present and the long-term stability of Hong Kong. It is because of this that the majority of people in Hong Kong do not agree with holding direct elections in Hong Kong in 1988. Such an emotion is quite natural and is not the result of intimidation and pressure. The democrats in the Legislative Council at one time shouted: "Since South Korea can do it, why cannot we do it in Hong Kong?" If the people of Hong Kong had originally had such a demand, such a call would have caused an explosion like an atom bomb, and public opinion would have responded strongly to it. At the very least the Hong Kong citizens would have sent more letters to the Survey Office to express their support for direct elections in Hong Kong in 1988. Since the South Koreans have been seeking democracy without fear of death, I cannot see any reason why the Hong Kong people could not send letters to the Survey Office. Obviously, the Hong Kong people are realistic. Although holding direct elections in Hong Kong in 1988 is good, in order to maintain prosperity and stability in Hong Kong it is better to postpone direct elections until 1991. Most people, the silent majority in Hong Kong, are not interested in holding direct elections for the time being and have never thought about participating in the debates on the issue. The upper circles in Hong Kong society do not want to see any drastic changes. The pro-China forces do not want to see immediate changes. The middle classes have not been entirely mobilized, only a small number of them playing a vanguard role. So, when the Survey Office report was issued, debate on the question of "holding direct elections in 1988" quickly calmed down. The reason is that some people in Hong Kong had believed the democrats' propaganda: As long as the Hong Kong Government took action, direct elections would naturally be held in 1988. If the Hong Kong Government says that there will be no direct elections in Hong Kong in 1988, then these people believe that there will not be direct elections in 1988. The democrats once adopted tactics to arouse the righteous indignation of the people, hoping once again to mobilize the 230,000 people who had previously signed their names at the MTR stations to voice their complaints so as to demonstrate the strength of the democrats. However, only several hundred people took part in the two marches. "Why cannot Hong Kong do what South Korea has done?" This is a good question. It will be good for us to carry out strategic discussions and analysis on the situation in Hong Kong according to this train of thought.

The Majority of Democrats Clearly Upderstand How Democracy Will Develop in Hong Kong

2. The relationship between the Sino-British agreement and the representative government has restricted the development of "Westminster-type" politics and democracy in Hong Kong. Hong Kong's democratic movement must be carried out in the light of the political reality and should not be built on the sandy beach of Utopia. For over 100 years there has not been democracy in Hong

Kong. It was the the signing of the Sino-British agreement that raised the curtain on democracy. The Sino-British agreement stipulates that Hong Kong will be returned to China in 1997. As for the future political structure of Hong Kong, the Sino-British agreement contains such wording as "The People's Republic of China declares," "The Basic Law of the Special Administrative Region of the People's Republic of China stipulates," and so on, thus outlining Hong Kong's future development. Just as Governor David Wilson pointed out in his Administrative Report, the formulation of the Basic Law will affect the development of the future political structure of Hong Kong. This is the basic orientation for the future development of Hong Kong and the future development of democracy in Hong Kong. The situation in Hong Kong has always been controlled by both Britain and China. Now that Britain and China have reached an understanding and the wrestling atmosphere has faded away, so that the environment in which some people in Hong Kong can advocate a "Westminster-type" political entity by taking advantage of the temporary contradictions between Britain and China, no longer exists. Hong Kong's road to democracy will be combined with the return of Hong Kong to China and also with the formulation of the Basic Law. So, the majority of democrats in Hong Kong have clearly seen the orientation of the development of the general situation in Hong Kong, have proposed holding dialogues with Beijing, and have therefore put forward the slogan: "Love China, Love Hong Kong, and Love Democracy." This is a progressive tendency which conforms with the historical trend. However, this tendency is inevitably opposed by people who advocate "resisting China with democracy."

The Principle of "One Country, Two Systems" and the Theory of Initial Stage of Socialism Are Beneficial to Hong Kong

3. Beijing's principle of "one country, two systems" and its theory of the "initial stage of socialism" have opened up broad prospects for the development of a high degree of autonomy and democracy in Hong Kong under Chinese sovereignty, and for implementation of the Sino-British Joint Declaration on the future of Hong Kong

The strongest argument by those people who advocate "resisting China with democracy" is: Socialism is practised in mainland China while capitalism is practised in Hong Kong. These two systems are as incompatible as fire and water. If socialism does not annihilate capitalism, then capitalism will annihilate socialism. And because mainland China is large and Hong Kong is small, mainland China will eventually change Hong Kong's system. Therefore, the five million people in Hong Kong vust be mobilized to resist intervention by China and build a political system which is free from the influence and intervention of mainland China. This type of political system is the "Westminster-type" political entity. What China says at present is false, cannot be trusted, and is only an expedient measure by the CPC aimed at persuading Hong Kong people and money to remain in Hong Kong. When 1997 comes, mainland China will reveal its true face of intervention. Because they do not know the actual situation in China and lack confidence in the principle of "one country, two systems," these people have placed their hopes on "resisting China with democracy." However, two different systems in one country are not necessarily as incompatible as fire and water. Some people have picked up dogmatism which has been discarded by the communist parties and observed the great changes in China with a dogmatic view. It seems to them that what has happened in China will naturally happen in Hong Kong. This is an outdated view.

Mainland China has carried out a series of profound economic and political reforms in a planned way for nearly 10 years. The members of the CPC and scientists can establish factories and contracted enterprises; many of them have become red capitalists; a certain degree of exploitztion is now allowed in mainland China; a stock system has been developed; factories now have the right to dismiss workers; land can now be sold and transferred; various economic components are allowed to coexist; villagers' autonomous committees have been established in the rural areas (the villagers' autonomous committees are not power organs, but have the right to carry out civil administration, production, welfare, and security and have the right to refuse to accept the tasks assigned by the township people's governments); and direct elections have spread from the villages to the townships. Hainan Island will soon be built into a province which will implement the policies of opening up to the outside world and lower tax rates. The policies to be implemented in Hainan Island will be more flexible than those implemented by the other four special economic zones. Hainan Island will also allow funds and foreign exchange to flow in and out freely. The administrative management method to be used by Hainan Island will not be the same as that used by other parts of mainland China. This is an experiment by China in order to further carry out political and economic structural reform. If Hainan Island's experiences prove to be successful, Hainan Island will become a reform model for other Chinese provinces. To build Hainan Island into a province can be regarded as a practice in China's theory of the initial stage of socialism. It will change the one billion Chinese people's old concepts and old ideas about socialism and will certainly have a profound impact on changing the political and economic face of China.

The so called "initial stage of socialism" is naturally a period characterized by backward productive forces. It is a period in which efforts must be made to raise the standard of the productive forces. During this period there are no set doctrines or ready models for our country to follow. Therefore, we can apply any methods during this period so long as these methods are conducive to liberating the productive forces and arousing the enthusiasm of the scientists, professionals, cadres, workers, and peasants in creating the social wealth. It is under

such circumstances that during the period of transition from capitalism to socialism we must recognize a certain degree of private ownership, capitalist civilization and management technologies, and individuals' freedoms and rights, and we should develop democracy.

Hong Kong is not in the initial stage of socialism. Hong Kong is a totally capitalist society, so it is quite natural that Hong Kong's democracy possesses capitalist characteristics. It is also quite natural that Hong Kong holds direct elections. Mainland China will respect Hong Kong's original capitalist system and management characteristics and will not change or intervene in them at least during the 50-year period characterized by the "one country, two systems" concept. Through Hong Kong, China will be able to observe capitalist laws and management methods and study the trends and the entire process of development of capitalist productive forces. This will be beneficial to the self-perfection of socialism and to enriching the contents of the "initial stage of socialism" theory.

China's socialist system can allow the existence of Hainan Island which is extensively opened up to the outside world. And China's principle of "one country, two systems" can of course allow the existence of a capitalist Hong Kong Special Administrative Region which is free from interference by mainland China. Hong Kong's high degree of autonomy and democratic development do not contradict the interests of China's four modernizations. On the contrary they are mutually related and complement each other.

China's NPC will hold elections in March of this year. The upcoming National People's Congress will mark the beginning of a series of major reforms in China. After the functions of the party are separated from those of the government, the NPC will be the supreme state legislative organ which will undertake the task of systematizing the reform and will also become the supreme state organ responsible for promoting overall reform in our country. The next NPC will also announce various changes, including State Council personnel changes, and the reform measures for Hainan Island. Even Chiang Ching-kuo in Taiwan has ordered Taiwan's intelligence department and decisionmaking department to study the possible impact that the Hainan Island changes might have on Taiwan Island. Why shouldn't the democrats in Hong Kong study the changes in China before forming their strategy on seeking democracy?

Propaganda Should Not Degenerate Into Self-Delusion

4. It seems that we should think about whether or not our propaganda is likely to degenerate into self-delusion. There are a lot of mass media in Hong Kong. When the Hong Kong democrats first entered the political arena they exerted a lot of effort in publicizing their views and political stance using the mass media. They also tried their best to make a breakthrough by publicizing their views on Hong Kong current affairs in order to participate in government and political affairs. Such a strategy of expanding social influence through the mass media is a correct one. However, this is only the first step. To win the support of the broad masses of the people, the Hong Kong democrats still need to do a lot of painstaking work. A small number of radicals can be seen on television almost every day and are often front-page figures in Hong Kong newspapers. These radicals think that they can arouse the sympathy of the broad masses of the people by making speeches. They think that if they appear often in the newspapers and television programs they will be able to get more supporters in society and thus represent more people. Therefore, they are seemingly very "outspoken" and subjectively think that they represent the people of Hong Kong. After some time they will degenerate into self-delusion and will be unable to listen to the real responses from the wgole society. Doubtless there are bound to be people who idol-worship and shake hands with these radicals, congratulating and encouraging them. Under such circumstances, these radicals think that the whole society supports them and thus become blind. As a matter of fact it is the same as any movie star and his or her fans. When the fans of movie star A meet movie star A, they will ask for his or her autograph. However, this does not mean that movie star B's fans also like movie star A, nor does it mean that everyone in the audience is a fan of movie star A.

Recently some signed articles were published in the newspapers, accusing certain Hong Kong mass media of being "self-disciplined" and accusing the Hong Kong intellectuals of fearing power and influence. Some of these signed articles also accused Hong Kong lawyers of paying attenion only to earning money and not making any political commitment, and accused Hong Kong's university students of showing no concern for politics and only burying themselves in books. This phenomenon shows that some people have overestimated their influence and that when they cannot achieve their goals in reality, they become disappointed and make a lot of complaints. This is unbalanced psychology. If they cannot free themselves from such unbalanced psychology they will be unable to change the situation whereby "the speakers speak loudly, but the listeners are very few."

The Democratic Movement Should Hold High the Banner of Nationalism

5. All the democratic movements in various colonies should hold high the banner of nationalism so as to mobilize the largest number of allies and expand the scale of the democratic movements. Especially in Hong Kong, since China will recover its sovereignty over Hong Kong, there are bright prospects and increasing possibilities for implementing democracy in Hong Kong. The Chinese nation has the tradition of identifying itself with its mother culture and has strong cohesion. For several thousand years, although China has experienced many dynastic changes and civil wars, China has never been split. If Hong Kong's democratic movements lack the

ideological support of nationalism they will neither be able to last long nor develop further. Some people with political views have for a long time advocated: Not identifying Hong Kong with China; isolation from China; regarding democracy as a measure for resisting China's intervention; regarding the last 10 years of British rule in Hong Kong as a period for building an anti-intervention political structure; and placing the future of democracy on the "moral commitment" of the suzerain state of the colony. Such a way of thinking has determined that such "anti-China" democracy will die away along with the withdrawal of the colonial government. As a matter of fact these people plan to risk everything on a single venture during the next 10 years. If they cannot realize their goals they will emigrate. This shows that these people lack a far-sighted view. And the democratic movement initiated by these people is not associated with the destiny of the Chinese nation. Since such democratic movement does not conform with the development of China's history, it is impossible that such a movement can be deeply rooted and spread its influence among the broad masses of the people. Therefore, such a democratic movement lacks vitality.

The principle of "one country, two systems" provides bright prospects for the development of Hong Kong's democracy. China only opposes the "Westminster-type" independent political system, but does not oppose the establishment of a local democratic political system under the sovereignty of China. Nor does China oppose freedom and human rights under the capitalist system. China does not oppose the elimination of the autocratic system left over by Hong Kong's colonial system after 1997. Some "stars" in the democratic movements have directed the spearhead of their criticism at China but not at such aspects as the low consciousness, political indifference, lack of national consciousness, and lack of the spirit of being masters of the country among the citizens, left over by the political and educational structures of the more than 100-year-old colony. As a result they have not been able to mobilize the majority of the Hong Kong people to participate in their democratic movements.

The Idea of Super-Democracy Is Divorced From Reality

6. The question regarding the balance of interests between democrats and various social strata. The democrats have always laid stress on the will and interests of the middle class and have put forward the idea of super-democracy. Such an idea is divorced from the social reality of Hong Kong and is divorced from the objective reality of Hong Kong people governing Hong Kong. Hong Kong society is composed of various social strata. The one who rules Hong Kong has to balance the interests of all circles in Hong Kong society and has to take into consideration the present feelings of the various social strata. Within the middle class there may be different views. For example, the Hong Kong Government has implemented for years the democratic consultation system and the civil servant system and absorbed a large number of middle class into the government to participate in its operation. These people like to see the executive making decisions and prefer a political system which coordinates the executive and the legislative. If the government does not take into consideration the wishes of these people, the civil service department might lose its confidence and the idea of Hong Kong people ruling Hong Kong might not be realized. If these people are excluded from government the democrats might lose a batch of strong supporters. During the transitional period the civil servants will shoulder a heavy burden. Today, the democrats have assumed an exorbitant posture. This has made it more difficult for civil servants to identify themselves with the democrats. As a result the middle class has begun to split up. The people at the grass-roots level mainly hope that Hong Kong's economy will continue to develop so that their present living standards will be guaranteed. Drastic actions might cause instability in Hong Kong's political situation and might result in the closing of factories and a drop in people's incomes. If such a situation did indeed happen, it would be difficult for the democrats to get the people at the grass-roots level to join the democratic movements. The upper circle of bourgeoisie is conservative and is trying to minimize the scope of changes and develop democracy. So, it is impossible for the upper circle bourgeoisie to totally support the demands of the democrats. However, it is necessary for the upper circle of bourgeoisie to support the democrats' mentality of gradualism.

Of course, the democratic movements should be acceptable to both China and Britain. Britain hopes that it will withdraw gloriously from Hong Kong. Today, Britain realizes that drastic political changes and the implementation of a model centered around the legislative power will only cause more difficulties to a government which is alreadg losing its administrative control. Not long ago, the senior Hong Kong Government officials became ill in turn, and some of them even died. This situation shows that the drastic political changes in Hong Kong have increased the workload of Hong Kong Government officials. The new challenges and contradictions have also weakened their health. The British side has acknowledged that in the future Hong Kong Special Administrative Region the chief executive having greater power, the executive and judicial organs coordinating and restricting each other, and the implementation of a comprehensive electoral system, will neither jeopardize Hong Kong's stability and prosperity nor cause social disturbances. Such a "common understanding" has not only been shared by the top level in the Hong Kong Government but also by the Hong Kong members of the Basic Law Drafting Committee. Such a "common understanding" has now become the main trend of public opinion in Hong Kong.

The Chinese side believes that there should be stability and tranquility during the transitional period, and that the principles of the Basic Law should be taken as the orientation of political reform in Hong Kong. The reason is that such a situation will be conducive to convergence

between the transitional period and the future Hong Kong SAR. The future Hong Kong SAR Government run by the Hong Kong people will certainly absorb pro-British forces, representatives of the industrial, commercial, and professional circles in Hong Kong, and representatives of the democrats and the people at the grass-roots level of society, thus forming an administration containing a variety of forces. The Chinese side will certainly not rely wholly on pro-China forces. Even if the pro-China forces get involved in Hong Kong's politics in the future, it is estimated that they will occupy only one-fifth of the elected seats. The pro-China forces will only act as a force of balance. However, it is impossible for the Chinese side to agree tolthe emergence of an anti-China government in Hong Kong. During British rule no anti-China government had never emerged in Hong Kong. Maclehose, Youde, and David Wilson have all followed a line aimed at promoting peaceful coexistence with China. It is for this reason that Hong Kong's stability and prosperity have been maintained up to the present. If the democrats carefully study the relative strengths in Hong Kong, the characteristics of Hong Kong Government operations, and the economic and actual interests of various social strata in Hong Kong, they will certainly come to know which direction the democratic movement should take, and will certainly be able to absorb a large number of people into their ranks.

Is It Right To Take the Democratic Movement Into the Streets?

The radicals within the ranks of democrats have always been selected as the public image for propaganda purposes. The radicals are not necessarily the people who can grasp the orientation of the entire movement. Inside the democratic camp the radicals lack a sound basis. When some pragmatic democrats tried to take measures more rational and acceptable to the masses, criticism emerged inside the democratic camp. Some people publicly criticized the moderate democrats: "It is a pity that powadays the democrats are very timid and are exceptionally conservative. They always call on people to take the interests of the whole into account and not become divorced from the masses. The problem is that until now the democrats have not yet integrated themselves with the masses. So, how can the democrats divorce themselves from the masses? Some people are very timid and do not favor radical action. Hong Kong needs political leaders who have imaginative power and political wisdom and can shoulder the responsibility to lead the people in advancing toward the future." "The whole world knows that the only obstacle to Hong Kong's democratic process is Beijing." "The escalation of the democratic movement is the only way out for Hong Kong." "Efforts should be made to develop more resources to take the democratic movement into the streets and safeguard such freedoms as holding demonstrations, marches, assemblies, distributing leaflets, and so on." To take the democratic movement into the streets is the radicals' strategy for the next period. Will such a strategy help the radicals to condense their political strength? Or will such a strategy cause more damage to the democratic movement? As a matter of fact, if the radicals cannot even unite the "comrades" inside the democratic camp, they will certainly be unable to unite more people by "taking the democratic movement into the streets."

A very "outspoken" man has also talked about the basis of his democratic movement. He said: In a public opinion poll conducted in August of this year, some 48 percent of the people said that if they could change history they would prefer Hong Kong to remain part of Britain after the year 1997; some 11 percent of the people hoped that Hong Kong would become a dominion within the British Commonwealth; some 11 percent wanted independence for Hong Kong; and only 16 percent hoped that Hong Kong would become a special administrative region of the PRC according to the present arrangements. The accuracy of this public opinion poll's results can be doubted. However, some radicals have indeed anaesthetized themselves. They have firstly miscalculated the views of the masses and then taken such miscalculations as the guide for their action. Originally they argued that in Hong Kong there is no one trying to "resist China with democracy" or trying to "win independence for Hong Kong." However, now they present the results of a "public opinion poll" to verify their proposition on the political system for Hong Kong. It seems that this is an unwise move. How many people in Hong Kong are willing to give their support to "changing history," "winning independence for Hong Kong," and "taking the democratic movement into the streets"? Can a leader with such strong "imaginative power" attract enough people to join his movement? Perhaps he had temporarily lost control of his mind and spoke without thinking. As a result he made some inappropriate remarks. If such a leader can sit down and think more carefully now, he will probably revise his future strategy future and appear as a peace-loving and pragmatic man when seeking the support of the masses.

"The democrats have not yet integrated themselves with the masses, how can it be said that the democrats are divorced from the masses?" Such a judgment is rixht to the point. Today, the question is how the democrats should integrate themselves with the masses.

Only by taking into account and accommodating the interests of the various social strata, and absorbing the views from all sides, will a political force be able to integrate itself with the masses and represent the interests of the broader masses. If a political force cannot do these things, it will be impossible for it to lead the masses in advance toward the future.

It Is Necessary To Find a Way Out for Democracy in the Basic Law

What Hong Kong people seek at present are freedom, stability, and prosperity. What they are trying to do is to prevent their present living standards from deteriorating. Why have the majority of people in Hong Kong

remained silent towards the demands for democracy and the demands on Hong Kong's future political system? Somebody has suggested that the reason is that the majority of the people in Hong Kong are afraid of the communists and are afraid of being punished in 1997. So the majority of the people in Hong Kong have been worldly wise and have played safe. Such a judgment is apparently right but actually wrong. Since people are not afraid of death how can you threaten people with death? It is unlikely that the Hong Kong people will yiebd to the use of force. Many of the people in the upper circles of Hong Kong society have already obtained foreign passports or green cards. It is these people that have opposed holding hasty direct elections in Hong Kong in 1988. The majority of the people at the grass-roots level in Hong Kong have not expressed their views in the review of the development of representative government. An acceptable reason is that Hong Kong has long been under colonial rule and has never carried out education among its citizens. So, most Hong Kong citizens are ignorant about politics. Under such circumstances, although the Hong Kong Government once advocated election politics, the Hong Kong people showed no interest and adopted a wait-and-see attitude. Such a situation should be changed and democracy should be promoted. However, is it possible to eliminate within 2 or 3 years the sequelae left from over 100 years in the past? Of course, it is impossible so to do. It seems that it will take some 20 to 30 years to accomplish the democratic process in Hong Kong. People should keep sober-minded and realistically estimate the arduous and protracted nature of the democratic process in Hong Kong.

The real democrats will certainly turn their attention to formulation of the Basic Law and try to find a way out for democracy in the Basic Law. The year 1988 will be a year full of heated discussions on the Basic Law. The first version of the draft Basic Law will be promulgated next April and public opinion will be consulted next May. The revised first version of the draft Basic Law will then be submitted to the NPC for examination and approval. Then the second version of the draft Basic Law will come out, and public opinion will again be consulted. It is hoped that more realistic and more rational debates will be held on the relevant issues in the year 1988.

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