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LIAOWANG Reports Results of Cadre System Reform in Harbin

Fixed Tenure System Implemented

40050002 Beijing LIAOWANG [OUTLOOK] in Chinese
14 Sep 87 pp 15-16

[Article by Zu Baiguang [4371 0130 0342]: "Fixed Tenure System Implemented"]

[Text] Almost 2 years have passed since Harbin implemented the fixed tenure and objective responsibility system for cadres in 100 agencies directly under the municipality. What are the results?

Let's first hear the views of several incumbent bureau chiefs:

— "People like us have no claim to any achievements. We must make some contributions while we are still young and strong!"

— "You can't achieve your goals by asking for handouts. Instead, you must roll up your sleeves and work your guts out so much so that you have difficulty falling asleep at night. Look at the municipal engineering bureau chief. One year on the job and he has become balder."

— "I don't intend to quit. I am struggling as hard as I can. If I can't make it, I am not going to blame God and man but will step aside in favor of someone more competent. This is how things should be run in the first place."

Such is the mental outlook of a number of bureau heads in Harbin at the moment.

For years the city's party and government organizations lacked a rigorous, scientific cadre management system. Leading cadres at all levels had ill-defined responsibilities and were not subject to strict assessment. They were treated similarly whether or not they did a good job. Indolence and dilatoriness were widespread.

In the spring of 1985, the newly installed leadership of the municipal CPC committee and municipal government, driven by an intense reform zeal, came to see even more clearly the above-mentioned shortcomings in China's cadre system. They made the institution of a fixed tenure and objective responsibility system for cadres a key link of political structural reform and set about experimenting boldly.

Last August the municipal CPC committee and municipal government selected and promoted 148 outstanding young and middle-aged cadres as part of the overall personnel reorganization in agencies directly subordinate to the municipality. "With new men come new ideas." Harbin implemented at the right moment a cadre management system whose centerpiece is fixed tenure

and objective responsibility and whose guiding philosophy is that not even government officials should eat out of the big rice pot. Without fixed tenure, we cannot eradicate the leadership-for-life system; without objective responsibility, there will be no pressure and motivation. And in an environment where power is not accompanied by pressure, cadres' initiative and dynamism cannot be brought into play fully. Even when a fine person is selected, there is no guarantee he will become a good cadre.

The fixed tenure and objective responsibility system, therefore, requires leading cadres in all bureaus to put forward within 3 months general economic performance goals and social goals for their 3-year term as well as short-range goals for the year concerned. General goals at the bureau level combine with the subgoals of subordinate units and the detailed objectives of individual cadres to form a municipality-wide "objective network." The municipal CPC committee and municipal government assess leading cadres at all levels each year in the light of the cadres' approved objectives and responsibilities, separating the good from the bad, specifying rewards and punishments, and determining promotions and demotions.

As soon as this system was established, most leading cadres felt a sense of urgency and crisis and became motivated to exert themselves to do better. They said that it was as if the municipal CPC committee and government had fired a shot at the starting line; everybody must forge ahead bravely to take the lead. Over the past 2 years, the system has worked like a dose of good medicine, effectively curing all sorts of "bureaucratic ills."

Curing "mediocrity." By demanding that leading cadres put forward their objectives within 3 months after taking office, the new system creates an environment throughout the municipal machinery that encourages people to investigate, do research, and study. To know how things stand, cadres must understand the situation in their own departments, on the one hand, and master domestic and foreign information and trends, on the other. This is because every cadre must work out his detailed objectives around the general goals. With cadres dropping their pretentious airs and conducting thoroughgoing and painstaking studies and investigations and the masses suggesting policies and solutions as masters, leading cadres soon managed to put their fingers on the key problems and weak links. That way cadres have been able to tremendously improve the level of their ideological understanding and grasp what is essential in their work, fundamentally putting an end to the mediocrity and drift of the past when cadres had no goals and did not know where things stood. They attended to one thing and lost sight of another, thus missing good opportunities. Now the mediocre, who are less than diligent in implementing their objectives and achieve no breakthroughs in their work, may be dismissed at any time.

Curing "indolence." After full deliberations, fairly stringent requirements were adopted as assessment criteria. They have a powerful restraining effect. No longer will it do for one to be lazy and take things easy or slow. Instead, one must carry a full workload and work fast in order to get ahead. As a result, leading cadres have generally improved their work style and emphasized efficiency and practical results. Jia Shaoqiu [6328 4801 5941], director of the municipal electrical and metallurgical bureau, often visits enterprises with a group of people to provide practical leadership and resolve all kinds of problems on the spot. Armed with invoices and official seals, some departmental and section chiefs turn up at enterprises to make available there and then funds and materials required by the enterprises. One of the objectives of the municipal public utilities bureau this year is to reduce from 17 minutes to 15 minutes the amount of time the masses must spend waiting for a bus. "Two minutes" seems a short time, but achieving the reduction is no easy task. Leading cadres like Director Su Jide [5685 4949 1795] of the bureau often visit bus routes, even on holidays. During this year's spring festival, 800,000 residents made trips to visit relatives every day, and buses were packed. He took charge at the scene to make sure passengers were transported safely and promptly. He said, "The way we operate these days really makes me realize we are not officials, but the masses' public servants."

Curing "disorganization." Now that there are common objectives, there is a cohesive force and something around which to rally. In the past, people did their own thing, shifted responsibility onto others, bickered over trifles, and undermined one another's efforts. This kind of disunity is now changing. After the municipal foreign trade bureau put forward the objectives of managerial autonomy and earning \$33.5 million in foreign exchange for 1986, all 350 people in the bureau innovated boldly, mounted a joint effort under the leadership of Director Liu Guojian [0491 0948 0256], and earned over \$52 million in foreign exchange last year. From January through July of this year, they again fulfilled the plan for the entire year and earned \$51.21 million in foreign exchange.

Particularly gratifying is that agencies appreciate one another's problems and have stepped up unity and cooperation. Solving the "vegetable shortage" is a municipal priority. In contrast to the past, when agriculture and commerce operated separately from each other, the municipal commerce commission, the vegetable production and marketing office, and the agriculture and animal husbandry bureau have worked together to hammer out policies to mobilize vegetable growers' enthusiasm. The material supply, public security, urban construction, finance, tax, industry and commerce, and price agencies, and the Agricultural Bank also, have done a good job revolving around this objective in their own respective fields. Harbin residents' "vegetable shortage" problem has begun to ease.

Also, cadres' style has changed considerably. Support for unhealthy trends is now dwindling. In the past, the mediocre could keep their jobs by currying favor with their superiors. No longer. This is because the municipal CPC committee and municipal government have declared explicitly that leading cadres are not accountable to a particular leader, but to the people. The rank-and-file cadre of an organization and the masses are the chief examiner in the annual exercise of cadre assessment, while the leaders at the higher level are the invigilator. Mass democratic evaluation to a large extent determines whether a cadre will be promoted or demoted, rewarded or punished.

This also makes it impossible institutionally for the handful of people who have flattered their way up the bureaucratic ladder to continue to muddle through. Jiang Hua [1203 5478], the young female director of the municipal real estate bureau, said, "My heart kept pounding as I reported on my work at the mass evaluation meeting this year. Although I have done my best, I could not help but feel a psychological pressure. In their fairness, the masses finally determined that I am well qualified for the job. I kept my job through sheer hard work."

The fixed tenure and objective responsibility system and comprehensive assessment separate the capable from the mediocre among the incumbents, thus paving the way for the standardization and institutionalization of the development of cadres who can work both at the top and at the grass roots. During cadre reorganization in 1985, the municipal CPC committee and municipal government dismissed a dozen or so incompetent bureau-level cadres. The latter failed to see why they were dismissed and called their superiors to account; they still subscribed to the obsolete notion that one cannot be dismissed as long as one does not make mistakes. On the basis of assessment results, the municipal CPC committee and municipal government have dismissed another seven incumbent bureau-level cadres since last year. This time around there was no questioning of their leaders over the dismissal: the cadres had not satisfactorily fulfilled the targets and responsibilities they set for themselves.

To achieve their objectives, cadres in the various bureaus do not shy away from offending others and have the courage to recall incompetent junior cadres in the light of evaluation results. The municipal textile bureau has successively dismissed 12 incompetent departmental cadres. The municipal medicine bureau has dismissed two plant-level cadres for lack of major achievements. The municipal light industry bureau has dismissed at various times 20 departmental cadres, at the same time selecting a crop of outstanding qualified personnel to bring about a new look in every aspect of the bureau's operations.

"The changes in Harbin in the past 2 years have been spectacular indeed!" This is a common conversation topic among the residents. Over the last couple of years,

people in Harbin can all see that urban administration has been greatly strengthened. In the old days, roads were crowded, it was difficult to catch a bus, vegetables were scarce, water was in short supply, and finding a toilet was a big problem. These numerous inconveniences have now been markedly improved. Urban infrastructural facilities are getting better year after year. Slums are being replaced by row upon row of newly constructed buildings. In industrial production, 1986 saw simultaneous increases in output value, sales revenues, and profit taxes. During the first half of 1987, output value rose at an appropriate rate, and profit taxes even managed to increase 5.9 percent over the same period last year, despite the soaring prices of raw materials and other unfavorable factors.

Did reforms in the cadre personnel system play a role in these tremendous changes in Harbin?

The answer should be yes.

Commentary Commends Progress

40050002 Beijing LIAOWANG [OUTLOOK] in Chinese
14 Sep 87 p 16

[Commentary: "Gratifying Changes in Cadre System"]

[Text] The institution of a scientific and rigorous fixed tenure and objective responsibility system for cadres is a major reform in the cadre management system.

Daqing ironworker Wang Jinxi [3769 6651 0823] said, "Without pressure, a well can produce no oil. Without pressure, a person becomes a drifter." What the ironworker's words reveal is an objective law: if he is not under any pressure, a person will necessarily become unambitious and unmotivated; if he comes under pressure, he will certainly struggle to get ahead with all his might. It was exactly pressure that drove Wang Jinxi and his associates to perform exceptionally meritorious services and become pioneers in a great undertaking in very difficult times.

The fixed tenure and objective responsibility system being tried out in Harbin requires leading cadres at all levels to set clear tenure objectives and responsibilities for themselves and their subordinates and to be assessed at appointed times. The system pays scrupulous attention to rewarding the good and eliminating the bad. This exerts pressure on the cadres. And pressure motivates people to forge ahead.

For years our cadre management system lacked a scientific and rigorous system of personal responsibility. With no clear objectives or responsibilities, cadres passed the buck and shifted responsibility onto others. It was commonplace for papers to be shuffled from office to office endlessly. There was no work efficiency worth the name.

Since cadres' objectives and responsibilities were not well defined, everybody ate from the big rice pot and enjoyed job security. "Sipping tea and smoking, a person may spend half a day reading a newspaper." This kind of phenomenon, which was hard to eradicate, militated against the maturing of cadres as well as negatively affecting work.

As cadres had no clear objectives and responsibilities, those who performed poorly as well as those who did well managed to keep their jobs. Things might get a little "tough" now and then, but when the heat got too much in his office, a person could move to another office and continue to muddle through. In fact, there have been instances where cadres were promoted after creating a mess.

The fact that a cadre has no clear objectives and responsibilities, is free from pressure, and lacks motivation, ambition, and dedication is bound to affect the climate in the entire unit or department under his charge or leadership.

It was exactly the many harmful effects of failing to lay down cadre objectives and responsibilities that prompted Comrade Deng Xiaoping to point out as early as 1980, "The leadership organs in our party and government machinery as well as miscellaneous enterprises and institutions lack strict administrative rules and regulations from top to bottom and have no personal responsibility system. There are no clear and strict regulations specifying the jurisdictional limits of each organization and each individual. The result is that often no regulations exist to guide action in matters big and small." Comrade Zhao Ziyang has also said, "The style of leadership must be corrected in earnest. A strict responsibility system and examination system must be established. The phenomena of buck-passing, procrastination, and shirking responsibility must be brought to an end."

The tenure and objective responsibility system, which spells out the struggle objectives a leading cadre is to achieve within his term of office in the form of a responsibility system, will certainly be a vast restraining and motivating force for every member in the leading group, prompting him to innovate in his work and rouse himself to forge ahead. Harbin's reforms should be described as a gratifying move.

Certainly the tenure and objective responsibility system must be tied together in practice to the cadre assessment system and democratic appraisal system. Vigorous research and reviewing of experience are needed if the tenure and objective responsibility system is to be perfected.

Heilongjiang Improves 'Organizer' System
HK290050 Beijing RENMIN RIBAO in Chinese
14 Oct 87 p 4

[Report by Zhu Yan (2612 1484): "Heilongjiang Provincial Party Committee Improves the Organizer System"]

[Text] The Heilongjiang Provincial Party Committee has in recent years revived and made complete and perfect the organizer [zu zhi yuan 4809 4930 0765] system. It has equipped 1,100 specialized organizers province-wide, and invited more than 2,500 part-time organizers through selection. This contingent of organizers have played a suitable role in strengthening party building in the new historical period, the work of recruiting new party members in particular.

At the initial stage of reviving the organizer system, some of the organizers failed to have a clear idea of what their role was, many of them were not quite familiar with the job of "quality checking" in recruiting new members, and their professional qualities were rather poor. Others did not even know the requirements and routine procedures in the work of recruiting new members. Focussing on such conditions, the provincial party committee organization department adopted three measures. First, doing a good job in training, to strengthen the consciousness of organizers in "quality checking." For 2 consecutive years, the provincial party committee organizational department conducted systematic training of organizers at city, prefectural, and county levels in the form of running training classes or participating in specific meetings as a way of training. Various localities have also regarded the strengthening of the building of the organizer contingent as an important task, keeping it in mind constantly. Some localities adopted the methods of analyzing cases, examining materials, conducting talks to learn from each other, as a result, the political and professional levels of the organizers were improved. Second, improving their talents through practice, and strengthening the sense of responsibility of organizers in "quality checking." And third, building institutions. "The Work Institution for Organizer," "The Institution of Regular Meetings for Organizers," "The Institution of Collective Discussion in Examining and Recruiting New Members" and so on were universally set up in various localities. On this basis, target administration has been universally implemented among organizers throughout the province beginning with early this year, with the tasks, measures and effects of target fulfillment fixed on the organizer in charge, and the specific responsibility of every organizer in examining applicants clarified. Incomplete statistics show, since July 1986, through strict examination and face-to-face talks in the work of recruiting new members, the province has prevented more than 1,000 people who were not up to the standards of party member from joining the party.

To give full play to the role of organizers, the Heilongjiang Party Committee requires them to do a good job in the specific work of "quality checking" in examination

and talks; moreover, organizers are enabled to conduct effective supervision and macroscopic guidance in "quality checking." Since 1985, the provincial party committee has conducted quality examination on new recruits on an annual basis. It organized organizers to conduct a province-wide check-up with concentrated strength and time on the basis of the examination by local organizers themselves into the quality of new recruits. Specific measures for improvement were drawn up directed at the problems discovered in the examination. Serious criticism was made regarding problems of party organizational work. Concerning those new recruits not up to the standards of party members, their cases were promptly dealt with either by prolonging their period of probation, or disqualifying their membership on probation. In early 1986, the tendencies of attaching importance to quantity rather than quality, attaching importance to recruitment rather than training emerged in some party organizations when recruiting new members. Based on the problems reported by organizers of various localities, the provincial party committee organizational department consecutively issued circulars in telegraph entitled "On Several Issues to Be Carefully Settled at Present" and "Guard against the Practice of Recruiting New Members Among College Students in Large Number by Making Use of Festivals and Their Graduation," and promptly resolved the problems of some units. The organizers also paid attention to guaranteeing quality to guide all localities to strictly conduct quality checking while drawing up their plans for work and supervising the implementation of the plans.

Because the provincial party committee attaches importance to giving play to their role, the organizers have earnestly performed their duties and worked in coordination with grass-roots party cells to do a good job in "quality checking in three aspects." First, strictly examining the materials of applicants, being strict with the procedures for recruitment. The organizers would carefully examine and read the materials concerning the applicants and promptly corrected those points that fail to conform to the procedures based on the relevant stipulation of the party constitution. Second, soliciting opinions of the masses both inside and outside the party of applicants, being strict with the observation and examination of the applicants before making a decision whether they be accepted in a truth-seeking way. And third, being strict with quality checking through direct contact and face-to-face talks with the applicants. The organizers should adhere to the principle of conducting quality checking through collective discussion in their specific job, to guard against a decision depending on one's personal feelings instead of the party policies and the criteria for party members.

Structural Reform, Political Democratization
06300820 Beijing GUANGMING RIBAO in Chinese
19 Oct 87 p 3

[Text] A method of parallel development characterized by the combination of the upper levels with the grass-roots levels is involved in realizing political democratization. On the one hand, it is necessary to firmly carry

out political structural reform, to reform the party and state leadership structure, and to make complete and perfect the legal system; on the other, it is imperative to invigorate the grass-roots units, to cultivate the sense of democracy and the ability to practice democracy among the masses, and to encourage the enterprise and spirit of taking the initiative in one's own hands among the grass-roots units and members of the society.

Naturally, the democratization of the political structure is an important component part of political democratization; but the former cannot be regarded as the whole of the latter. Democracy implies that the people are masters of the country, and indeed, ruling it. It also entails the people exercising their rights and running the state. Democracy is not only the form of a democratic state—the organizations and organs, and the political norms, but also the major aspect of democracy—the people. The structure and the masses are the essentials that form democracy. Whether democratization is realized depends not only on the existence of a complete and perfect structure for the democratic participation in political affairs, but also a strong will and high level of ability in such participation; namely, we should not only have the apparatus and institutions for the masses to be masters but the masses should have the qualities and abilities to be masters. Political democratization is precisely the organic combination of the democratic structure with the masses, both of high quality. A high-quality democratic political structure is the important element of political democratization, and indicates the degree of democratic development; while high-quality masses are the condition and basis for political democratization, as well as its motive force and staying power, and is an indication of its foundation and substantive power. The two affect and promote each other; neither is dispensable.

The duality in the definition of political democratization determines the dual tasks of democratic construction, namely, structural construction and the buildup in the quality of the people's democracy should be parallel in their development. Likewise, the road to political democratization based on this can only be parallel in its development; namely, the accomplishment of structural democratization and political institutions of a mass nature through structural buildup as well as the attainment of the intensification of the concept of the people's democracy and the elevation of the ability to participate in political affairs through education, mobilization, and practical tempering.

The road of democratization characterized by parallel development is also determined by China's actual national conditions. The founding of the socialist political system of the people's democratic dictatorship, the CPC leadership, Marxist guidance, the rapid development of economic and cultural undertakings, and the democratic enthusiasm deep in the masses, growing with each passing day, all these are the fundamental national conditions that determine China's political system is

democratic in essence. This is the political prerequisite for the people to be masters of the country. At the same time, we should not overlook the unfavorable factors in democratic construction: China's vast territory, its huge population, underdeveloped economy, and the imbalance in political and economic development, resulting in differences in people's ideological concepts, educational backgrounds, and ability structures; the effects of feudal autocracy of several thousands of years duration, and the existence of the phenomena of bureaucratism in violation of democracy in the political system, because China has never gone through the full development of the bourgeois democratic system. These, in turn, determine the arduousness and complexity in realizing the tasks for political democratization, the gradual and long-range nature of its process, and the different layers and parallel development of its channels. From the structural angle, a high degree of centralization is the most basic problem existing in the political structure, and the crucial point of all other malpractices. To eliminate this root cause, it is imperative to reform the political structure from top to bottom, and at the same time, to improve the qualities of the people's democracy.

The realities of historical development teach us that the replacement of social systems and the revolution in people's concepts are not to be completed synchronously. The founding of a new regime cannot guarantee the ideological change of all its nationals to the level of its requirements. People do not turn to socialism in ideology immediately following the victory salvos of the revolution. The founding of the regime of the people's democracy could only lay a solid political foundation for the people to set up the sense of democracy and to strengthen their democratic ability, but not achieve the setting up and strengthening themselves. The span between founding the political system of people being masters of the country and all the people genuinely plunging themselves into running major state affairs, involves long-term arduous efforts. It is obvious that, compared with the founding and reform of the political structure, the task for elevating the qualities of people's democracy is all the more arduous and complicated. It touches upon the entire society and all the people, and involves all realms of social environment, cultural tradition, national habits, political trends, value concepts, lifestyle, and popular psychology.

The improvement of the people's democratic qualities chiefly includes cultivating the people's sense of democracy, and elevating their abilities for democracy. Their completion depends on a series of measures providing a basic cure. We should be good at finding the motive forces from the economic relations, traditional cultural, and knowledge pattern, and utilizing democratic practice in cultivating the abilities for democracy.

1. Developing socialist commodity economy, creating a sound social foundation for democratic political construction to stimulate people's wishes and demands for democracy. Democracy, as the opposite to autocracy,

was set up and made complete and perfect with commodity economy negating natural economy. Commodity economy and democratic politics have internal links. Exchange in equal value is the law governing commodity economy. The equality in economic relations demanded by commodities when reflected in the political realm is equality and democracy in human relations. Although bourgeois democracy is an apparatus for bourgeois rule in essence, this does not reject the fact that it may set up a comparatively complete form. Its mechanism of participation in political affairs and mechanism of power combination cannot be compared to those of pre-capitalism, and they are worth study and reference in our socialist democratic construction. The role of commodity economy in promoting political democracy is all the more conspicuous under China's socialist conditions. Through the tremendous blows from the commodity economy, the closed economic conditions may be broken through, laying down a solid foundation for democratic politics—socialized mass production, and the traditional ideas of feudalism broken, thus creating a suitable environment for the subsistence and development of democracy. Economic emancipation is the prerequisite for political emancipation. Genuine political democracy will emerge only after the realization of economic democracy. In carrying out socialist democratic political construction, we should warmly welcome the progress in politics, culture, political psychology and environment resulting from commodity economy. We may say, in a certain sense, that we must first go through the lashing of commodity economy before we can speak of accepting the baptism of democratic politics.

2. Overcoming the resistance that forms in democratic construction, realizing the revolution in concepts of the entire society through reviewing traditional Chinese culture. China's traditional political culture is an important component part of the traditional Chinese culture. Admittedly, this traditional culture did play a tremendous role in the long history of China, and a considerable part of it is still of value today; however, as a cultural system chiefly characterized by feudal autocracy, it inevitably has a lot of undemocratic and counter-democratic elements. The concept in which the people are treated like dirt, bureaucratic departmentalism, the concept of the supremacy of kings, the hierarchical frame of mind, attaching importance to the rule of man rather than the rule of law, the patriarchal system, and the three cardinal guides (ruler guides subject, father guides son, and husband guides wife) and the five constant virtues (benevolence, righteousness, propriety, wisdom and fidelity) as specified in the feudal ethical code should all be done away with.

3. Elevating the people's educational levels to train the masses with a high-quality structure for democratic construction through developing cultural and educational undertakings. The democracy to be realized by socialism is democracy for all. To accomplish this, it is imperative to fully consider the reality that the illiterate and the semi-illiterate account for more than half of the

population, and do our best to change this situation. To participate in political activities, the masses must attain a certain level of education, which is a precondition. Educational and cultural undertakings not only provide democratic construction with intelligent support, but also sites for carrying out direct propaganda and education in democracy. Therefore, in democratic construction, we should think of issues concerning democratic construction itself, while doing a good job in ground work, and speeding up the process of democratic construction through elevating the people's educational levels, whereby, improving their qualities for participating in political affairs.

4. Providing a field for the people to temper themselves in direct democratic democracy, and cultivating their abilities for political participation through developing self-rule activities of the masses in both urban and rural areas. The PRC Constitution promulgated toward the end of 1982 explicitly stipulated that the system of autonomy is to be implemented on a mass scale at the grass-roots in both the urban and rural areas. The self-rule organization is called the neighborhood committee in the urban areas, and the village committee in the rural areas; they are the organizational forms of direct democracy among the urban and rural populations, and organizations in which the masses will administer their own affairs, educate themselves, conduct their own buildup, and render their own services; and they are good sites to carry out the training of, and elevate the qualities of, the people's democracy. In the rural areas, the role of implementing self-rule on a mass scale at the grass roots is remarkable, and the peasants may run their own public affairs and welfare undertakings as they wish, elect their own cadres who they trust, formulate rules and regulations for their own village, and accept training in direct democracy. In cities, different policies may be adopted among people of higher educational background, with the democratic rights and the scope of self-rule expanded so that democratic training may be unfolded at a higher level. The implementation of autonomy at the grass roots on a mass scale may enable the organic combination of grass-roots direct democracy with the completion and perfection of the governmental structure with the people being the masters of the country, as well as bringing forward socialist democracy. At present, China has already implemented direct democratic election of people's delegates at and below the county level, and the democratic administration of grass-roots governmental organizations has been gradually expanded. Through the implementation of autonomous activities in the social life at the grass roots, the democratic qualities of all people may be tempered and elevated through democratic practice. This will create a mass foundation for further expanding the scope of direct democratic election of the people's delegates, the scope of democratic administration and making complete and perfect the mechanism for the people to learn about, to discuss, and participate in political affairs.

Theorists' Thoughts on Reform

06290230 Beijing RENMIN RIBAO in Chinese
6, 7 Oct 87

[Article by RENMIN RIBAO reporters Luo Rongxing [50122837 5281], Zhu Huaxin [4376 5479 2450], and Cao Huanrong [2580 3562 2837]: "The Historical Position of China's Reform; the Challenge of the Times and the Thoughts of the Young and Middle-aged Theorists"]

[6 Oct 87 pp 1, 3]

[Text] Part I

".... a market for farm produce. The price of eggplants has again risen by 3 fen. In front of the pork stalls there was a crowd of people, complaining now and then. I thought better of it. Not celebrating the New Year or any festival, I put 5 jin of pork in my string bag at one go and then stored it in my refrigerator. Whoever thought this would happen 10 years ago?

"I had a hard time squeezing through the crowd to get on the bus but there was a traffic jam ahead as the bus just managed to move 200 meters. There have never been so many cars and so many people on the streets before.

"Under the lamp, my daughter was doing her homework, and her grandmother and aunt had to accompany her since we have only two rooms. It is said that in my work unit there are commodity houses for sale. I have to save up.

"We place our hopes on tomorrow."

—Quoted from a contribution to "A Day in New China," carried on 21 May 1987

In the 8th decade of the 20th century, a tidal wave of reform is surging and rolling on China's ancient land.

People who have just woken up from 10 years of nightmare are rapidly engulfed in the waves of reform. Life is changing, values are changing, people are changing, everything is changing. Excitement, astonishment, perplexity, and expectation bother everybody.

Where have we come from? Where are we going?

How will the historians of 100 years hence appraise the great march of the Chinese nation, which constitutes one-fifth of the world population, under the leadership of the CPC?

The Choices To Be Made at the Starting Line of Being Backward

According to the index of the development of various countries and regions published by the World Bank in 1984, China's per-capita GNP was \$310, ranking 20th from the bottom among 128 countries and regions.

This is an embarrassing but stimulating figure (although the figure is not necessarily accurate, as statistical indicators vary from country to country it is embarrassing enough). Through several years of effort, last year our country's per-capita GNP amounted to about \$400, and its position in the world was pushed up a little. Consequently, China began to part with the ranks of low-income countries. However, shaking off poverty and backwardness remains an historic topic for us.

If we have a close look at this little planet on which we live, we will find that the dividing line between rich and poor countries is as clear as the line of demarcation between the sea and the land. According to the 1984 statistics provided by the World Bank, in the world there are 72 low-income or moderate-low income countries, with a population of 3 billion, but the grand total of their gross national products is just \$1,000 billion. On the other hand, there are 19 developed countries in the world, with a population of 700 million, but the grand total of their gross national products amounts to \$8,000 billion. The ratio between rich and poor countries is 1:330 or more in terms of per-capita income. That developing countries are poor is due to historical reasons, among which what is important is that they missed the opportunity of the early development of industrialization. Chen Weishu, deputy head of the Department of World Economics of Fudan University, illustrated with examples: When Britain was moving ahead with capitalism in the early 17th century, China was precisely in the last years of the Ming Dynasty, characterized by factional fighting, chaos caused by war, and a ban on maritime trade and intercourse with foreign countries. Being a step behind others, China was forced into a passive position and became vulnerable to attack. The result of being attacked and plundered was that China became more and more backward. It was only after World War II that the countries which freed themselves from colonial rule and won independence regained the opportunity of rising with force and spirit in the economic sphere.

However, this is no longer a race from the same starting line. As far as developing countries are concerned, at the beginning of their efforts to effect an economic takeoff, they are confronting advanced industrial countries which have an absolute advantage, either in funds accumulation or in technology, from the previous stages of the early development of industrialization. How to narrow the wide gap in development between rich and poor countries has become the most difficult problem of every developing country, and also one of the troublesome topics at every UN assembly.

In the last 4 decades or more, 100-odd developing countries have been exploring the path of development to modernization. However, this path is not easy to find.

Can the successful path taken in the past by developed countries be followed? At the end of last year, a small-character poster was put up on the campus of a university, reading: "We must follow free capitalism's path of

being wealthy and powerful." This is at least a confused idea that shows a lack of knowledge about world economics. With an analysis of the laws governing economic development, Chen Qiwei, deputy head of the Department of Economics of the Huadong Normal University, a 35-year-old winner of the Sun Yuefang Award, said: As history has developed up to this point, the development path of free capitalism has become unworkable in the economic sense.

In the 17th and 18th centuries, the development of capitalism was indeed "free" in its early stage. Modern industry has naturally grown up on the soil of the natural economy. The capital-personifying entrepreneurs contended freely with one another as they were spurred on by the profit motive on the one hand and restricted by investment risks on the other. Hence, there was a market economic order characterized by the "invisible hand," in which the government was well positioned to adopt a "laissez-faire" policy. This process lasted 1, 2, or 3 centuries before it ushered in the industrial society. However, the conditions under which developing countries now start their industrialization are entirely different. Confronted with a fully developed and all-pervasive world market, it has become impossible for any country to catch up with and surpass advanced economic levels behind closed doors and by just relying on the spontaneous role of the market. Because its domestic market is underdeveloped and there is a dearth of entrepreneurs, the government of such a country has itself to organize the economy, and as there is a sharp contradiction between huge investment needs and low national income, the government has to assume responsibility for allocating resources on behalf of society. Shortening the length of the road which developed countries traversed over several hundred years is bound to lead to drastic social changes, which the government has to carry forward and control. Government interference in economic life is not in congruity with the "free" concept at the early stage. Therefore, in postwar years, although quite a few developing countries claimed that their economies were modeled after European and American economic patterns, in reality, none of them achieved their goal in following the path of free capitalism. Sooner or later they have begun to stress, more or less, the government role in economic development. They are, in fact, exploring another path.

Moreover, neither Britain, France, Germany, the United States, nor Japan have very respectable records in gaining fame and fortune. The primitive accumulation of capital is the result of the exploitation of large numbers of people in the particular country and the plunder of its colonies. The British land enclosure movement, the opium trade carried out by the East India Company in China, the large-scale trade in black slaves in Europe and the Americas, and the exporting of Japanese women to other countries as prostitutes, as described in the Japanese film "Longing for Home," were all means for the primitive accumulation of capital. Today, is it not very obvious that we must not, and also cannot possibly, repeat such a road?

It was precisely against this historical background that from the 1950's to the 1970's there emerged a trend dubbed by politicians and scholars the "socialist tide" among newly independent countries in the Third World. With the successful experience of the Soviet planned economy in its early stage as a model, and under the definite influence of the victorious Chinese revolution, there emerged in varying degrees a movement to "nationalize" foreign and national capital in the vast areas from north and south of the Sahara to both sides of the Andes to the coast of the Bay of Bengal, and state-owned economies were established there. The state-owned economy even became the leading force in the urban economy in some countries. Although their economic and social conditions were vastly different from those of the countries which had experienced social revolutions under the leadership of the proletariat and which had abolished the system of exploitation, some countries also modeled themselves on the latter and practiced a one-party political system combining party and government and pursued a highly concentrated, mandatory, planned economic system.

However, generally speaking, this modeling failed even to gain the limited successes achieved in its early stage of implementation by the country which first practiced this economic pattern. Therefore, people began to look around for a new direction. In recent years, a great number of these Third World countries have carried out their own "denationalization" programs, transferring state-owned enterprises to the private sector for operation one after another. Then, for a short while, this way of doing things has become a trend.

Cao Yuanzheng, 33, the first economics professor ever trained by new China, who works at the Research Institute for Restructuring the Chinese Economy, has studied this strange phenomenon in economics. He contends: At the early stage, when industrialization had just started, it was beneficial to rely on administrative mobilization and economic control in using the limited agricultural surpluses in accumulating funds for industrial production and rapidly raising the practical accumulation rates. Government direct organization of investment through mandatory planning helped gain benefits of scale. Therefore, it is not without reason that many developing countries took the same action, without prior consultation, in choosing this road. However, as the economy developed initially, the defects of this economic system, heavily stressing the unique role of the administration, began to reveal themselves day by day and it stifled the economic vitality of the whole society and unavoidably resulted in low efficiency among state-owned enterprises. At the same time, this ossified economic structure very easily neglects a developing country's inherently deficient legal system, the inadequate cultural quality of the whole society, the dearth of talent and technology, and the trammels of traditional natural economic concepts and gives rise to a series of social ills. History has proved that in a country whose economic and social structures have not yet got rid of the

brand of "former capitalism," it is often a thankless task for the government, whose own functions are inadequately sound, to attempt to completely replace the functions of the society and the entrepreneurs. The emergence of the "denationalization" movement in these countries is not accidental. History shows people that "nationalization" is not tantamount to socialism. The socialist road needs exploration, and this holds true for the road of developing countries' economic development.

What merits attention is that some developed countries in the West are energetically encouraging and guiding developing countries in going ahead with their "denationalization" programs with a view to making these countries further attached to them. For the developing countries part, they hope to improve operation and management and to develop their national economies through such readjustments. However, is simple "denationalization" the path to economic takeoff? This is precisely the new perplexing question for many politicians and economists in developing countries.

Since World War II there are indeed instances of some poor countries becoming rich. One type is the oil-producing countries. They enjoy an exceptional advantage, and other countries cannot learn from them in this regard and, moreover, their high revenues come mainly from the sale of natural resources and, therefore, they cannot be considered modern in the true sense. The other is the so-called newly emerging industrial countries or regions, such as the "four Asian little tigers." At the symposium on the economic development of the Asia-Pacific region held in Japan in mid-September, Wang Xingui, deputy head of the Department of Foreign Trade and Economy of the Shanghai Foreign Trade College, strongly felt that we should study some of the methods of economic development of the "four Asian little tigers." However, some of their external and internal development conditions and lucky opportunities cannot all be obtained by other developing countries or regions. For example, they are all very "little" in size and some are only cities. In the 1960's and 1970's, they met with the opportune moment of the structural industrial transfers of such countries as the United States and Japan, and took the chance to establish labor-intensive, export-oriented processing economies. In recent years, with the rapid rise of trade protectionism in developed countries, similar opportunities have become very rare and, moreover, it is difficult for bigger developing countries to take a leaf out of another's book. Can a country with a territory of several million sq km and a population of hundreds of millions of people be turned into a big assembly shop?

Now the PRC, the most populous and largest developing country in the world, which has gone through a good deal for more than 100 years, is seeking the path of rapid modernization through reform. Naturally, this has caught the attention of all mankind. FRG former Chancellor Helmut Schmidt said: "China's reform is the

greatest experiment in the whole history of economics so far." We are exploring a brand new road of planned commodity economy. Having gone through a quite thorough socialist revolution under the leadership of the proletariat, China has an independent, sizable national economic system and has taken the road of Chinese-type socialism. The international significance of the successful completion of the reform—a great social experiment—will be self-evident.

Beijing, the Earthshaking Roar of Guns of the Second Revolution

At the preparatory meeting for the 3d Plenary Session of the 11th CPC Central Committee, on 13 December 1978 in Beijing, speaking with a Sichuan accent, 74-year-old revolutionary Deng Xiaoping said to a number of senior party cadres who had joined the 10,000-li Long March, the war of resistance against Japan, the Liberation War, and the socialist construction: "Our modernization program and socialist cause will be doomed if we do not make reforms now."

Beginning in 1847, when Marx and Engels published the "Manifesto of the Communist Party," the international communist movement has traversed a course of 140 years. In 1917, the year which happened to be the 70th anniversary of the publication of the "Manifesto of the Communist Party," the roar of the guns of the cruiser "Aurora" proclaimed that the proletariat had become for the first time the masters who had social and economic destiny in their hands. Another 70 years have passed since then. After socialist countries in the world experienced rapid economic growth in their early stage of development, their economies stagnated in varying degrees and the superiority of socialism had thus not yet been displayed as expected. On 5 April this year, *The Washington Post* wrote: The results of a West European opinion poll reveal that the problems in the Soviet economy and political structure "have noticeable connections with the rejection of Marxism by European voters." Globally, the socialist cause is undergoing a severe test.

The only way out for all socialist countries in the world is reform.

The conception of socialist economy of the founders of Marxism has only one clear indicator, that is, that it can build more advanced productive forces than those under capitalism. However, in the practice of various socialist countries, some assumptions of the founders of Marxism evolved more or less into a highly concentrated planned commodity structure based on state ownership. Although this pattern has cured once and for all the capitalist chronic malady of "wealth being accumulated at one extreme and the same being true of poverty at the other," the efficiency of operation and modes of development envisaged by the founders of Marxism have failed to emerge and the superiority of socialism has not yet been displayed to the full. Zheng Hongqing, council

member of the Beijing Young Economists Association, contended: "The reasons for this state of affairs deserve our study. According to the viewpoint of the founders of Marxism, socialism is bound to emerge because it can adapt itself to the development of social productive forces which the narrow shell of capitalism can no longer hold. Therefore, it was envisaged that socialist revolutions would win victories simultaneously in the major capitalist countries whose productive forces were then most developed. However, due to various social and historical conditions, the socialist system was established first in countries whose productive forces were relatively backward. This was a leap in historical development. Nevertheless, behind this leap there is still an indisputable logic which had long since been brought to light by the founders of Marxism: The relations of production must accord with the development of the productive forces. Therefore, socialism built on backward productive forces can be nothing but an immature and imperfect socialism. If socialism is to be mature and perfect, above everything else, the central task of developing the productive forces should be undertaken."

However, in the history of socialist development, "leftist" guiding ideology is internationally a persistent ailment that arrests the development of productive forces. It compels practice to yield to fixed concepts and ossified ideas. Therefore, socialist reform should inevitably start with the smashing of the stiff shell of "leftism."

Yang Jianwen, aged 36, associate research fellow of the Economics Institute of the Shanghai Academy of Social Sciences, is now studying the history of economic reforms in the Soviet Union and Eastern Europe. Since the end of the 1950's and the beginning of the 1960's, the Soviet Union and Eastern Europe have attempted to reform their economies. If we say the promulgation by Yugoslavia of the "Workers Self-Government Law" was a relatively special case, the meeting of Polish economists in 1956, dubbed the "Warsaw Spring" can be considered the earliest open demand for reform. Of the various complicated reasons behind the "Poznan incident" in June 1956 and the "Hungarian incident" in October, one is clear: The incidents laid bare the contradiction between the traditional centralized structure and economic development and encouraged Poland and Hungary to take the lead in making partial reform attempts with the expansion of the decisionmaking powers of enterprises as the main content. In September 1962, the proposals of Soviet economist Li Bie Er Man [0448 0446 1422 2581] triggered a great debate on commodity economic theory and planning and incentive mechanisms. In 1965 the Soviet Union pursued a "new economic policy," with material incentives as the core, among state-owned enterprises. In the mid-1960's, the Soviet Union and the East European countries were almost all swept by the waves of economic reform.

The attempts at reform carried out by the Soviet Union and Eastern Europe from the late 1950's to the mid-1970's merit our study and use as reference. Their

practices of "dividing power" and introducing some market mechanisms served as early blows to the "leftist" centralized planned structure. However, the reforms, lasting for more than 2 decades, have been carried out in most countries in an off-and-on manner and there has even been vacillation and regression in their implementation and, therefore, they are far from comprehensive and thorough and are on the whole exploratory.

Since Deng Xiaoping raised the curtain on China's overall economic reform in 1979 and, in particular, since China's rural economic reform scored great successes, there has emerged a new upsurge of reform in the Soviet Union and Eastern Europe, and what is most noticeable is the numerous reform plans worked out by the CPSU since the beginning of this year. Reforms in socialist countries have no doubt become an irreversible trend. If we say the victory in the October Revolution created a new era of the birth of socialist societies, the present-day reforms, so long as they are persisted in and developed to fruition, will pave the road to the creation of a new era in which socialist productive forces surpass capitalist ones. When making an appraisal, historians at that time may say: Reform was the Second October Revolution.

Theoretical workers of the Research Institute of Restructuring the Chinese Economy recently made on-the-spot investigations in Hungary and Yugoslavia. People of the same occupation in the two countries said to their Chinese comrades: "China's reform is in its 'golden age.' This is because 1) China's rural reform has been a great success and China's economic growth is highly conducive to reform; 2) China has leaders such as Deng Xiaoping and a strong leading body with total consensus; and 3) through the catastrophe of the "Great Cultural Revolution," China has a good base of broad masses who wish for reform. We are full of hope for the success of China's reform."

As the world has seen, China's reform is full of vitality and promise but, at the same time, it is also faced with special difficulties.

Our current per-capita GNP is just about one-seventh to one-fifteenth of that of the Soviet Union and Eastern Europe. China's socialism emerged from the womb of a semicolonial and semifeudal society and a seminatural economy with extremely low levels of commercialization, of the use of currency, and of socialized production, rather from the womb of the typical capitalist society envisaged by Marx or from that of the initially industrialized capitalist societies from which socialism emerged in the Soviet Union and Eastern Europe. The party Central Committee has accurately pointed out: Our country is still in the initial stage of socialism. This is our starting point in observing and handling all problems at the present stage. He Jiacheng, 31-year-old associate research fellow at the Economics Institute of the Chinese Academy of Social Sciences, holds: Being different from the Soviet Union and East European socialist countries, in economic reform, China intends not only to solve

such ordinary problems as "planning and the market" and "centralization and decentralization" but also to create the prerequisites and conditions on which the growth of a commodity economy depends, so that planning and market mechanisms will effectively function in this special task.

In other words, as a developing socialist country, our current reform is confronted with the double task of solving the problem of development and of structure. Young economics Professor Cao Yuanzheng points out: We should surmount the common failings of socialist countries, such as bureaucratism, inefficiency, rigid operation, and structural material shortages and get rid of the persistent ailments common in developing countries, such as feudal vestiges, poor quality of administrative personnel, low educational level of the people, inadequate funds resources, expanding population, and developmental material shortages. These are the special difficulties facing China's reform.

However, it is precisely here that the significance of China's reform lies. Just think. Compared with the success of the reforms of the socialist countries initially industrialized prior to the reforms, if a poor and backward China achieves modernization and manages to rise to the ranks of the advanced countries through reform, will this not more eloquently prove that socialism is superior to capitalism?

National Invigoration or Being Expelled From the Ball Game

In Beijing's airport customshouse, every day compatriots with black hair and yellow skin are seen off. Some go to seek knowledge to make the country strong and the people prosperous and some go to live with relatives, leaving their homeland which is not prosperous for the time being....

In July 1987, three young "postdoctoral" talented people resigned their positions, worth several tens of thousands of U.S. dollars a year, and returned home from the United States with their families.

At another crucial moment for the Chinese nation, they have made their own choices....

The Chinese nation created a brilliant ancient history, but it has a modern history of national subjugation and humiliation and of blood and tears. Beginning from the end of the last century, when talking about the world's four major civilizations—the Nile, the Tigris and Euphrates, the Indus, and the Huang He civilizations, foreign scholars argued that they declined helplessly. In recent years, more scholars have discussed the rejuvenation of the Chinese civilization. China's reform has brought new hope to national rejuvenation.

On the track of international competition, we have missed many opportunities to catch up with and surpass others.

In the 1860's and 1870's, Japan's Ito Hirobumi and China's Yan Fu studied in Britain and returned home with aspirations to save their countries through modernization. After returning home, Ito became prime minister in charge of the Meiji reformation, while, after propagating reform and modernization, Yan Fu witnessed with his own eyes the failure of the Reform Movement of 1889. Making use of the existing opportunity, Japan rose to the status of a major power, and China, losing the opportunity, afterward landed itself in greater catastrophes.

In the 1960's and 1970's, taking advantage of the favorable opportunity of changes in world economic patterns, some developing countries and regions achieved an economic takeoff and some Latin American countries and the "four Asian little tigers" were among those who benefited from the situation. What a pity we were caught in the internal disorder of the "Great Cultural Revolution" at that time.

Let us leave our regret at letting slip a golden opportunity to history! Then is there any new opportunity lying before us?

Associate Professor Chen Weiqi put his prize-winning work "On International Competition" before us. He said: "At present the world is in an era of international competition. This era is of course different from the former period of free capitalism and also different from the era of imperialism in the first half of this century." With the rise of the Third World as an important political and economic force after World War II, and in particular after the 1960's, great changes have taken place in international economic relations. On the one hand, international economic institutions, such as the International Monetary Fund, the World Bank, and the General Agreement on Tariffs and Trade, were established and, on the other, a series of economic organizations of developing countries, such as the Group of 77 and the Organization of Petroleum-Exporting Countries, were formed, giving a push to the tidal wave of establishing new international economic relationships. The trend of economic internationalization has broken down national barriers and become international competition on a global scale. In reality, it is difficult for any country to resist the trend. The tidal wave of the new technological revolution has all the more made the economic competition characterized by technological renewal and product upgrading unprecedentedly intense. An international business management specialist said with a sigh: "We were children just a moment ago, but we have become old men in an instant. In the twinkling of an eye, the market may disappear."

In this era of international competition, a severe challenge and a grand opportunity may appear simultaneously.

World economics specialists Chen Weishu and Wang Xingui maintain: A drastic change is taking place in the international economic situation and a new round of polarization between rich and poor is quietly going on. The decline of the supremacy of the U.S. dollar serves as an indicator. Some famous economists in the world are even talking about the possibility of an exceptionally big global economic crash at the end of this century. Although there are differing views on this issue among economists, this kind of prediction merits attention. Once a major crash takes place, it may be accompanied by a serious crisis, and may also create a big opportunity. If we enhance our ability to effect an economic takeoff before the major crash occurs, we will be able to achieve an economic takeoff by seizing the opportunity. If we let slip such an already rare opportunity, we will become weaker under the heavy pressure of the crisis shifted onto us by the parties involved. This is the incisive background against which almost all countries in the world, be they socialist or capitalist, developed or developing, are carrying out structural or policy readjustments spontaneously, without prior consensus.

Some people may think: If we follow the road we took for 17 years after the founding of the PRC, and if there are no longer ups and downs, can we not accomplish modernization, as we scored achievements before? Zheng Hongqing of the Beijing Young Economists Association has answered this question. He said: In the initial stage of socialist industrialization, the development of the national economy took extensive expansion and extensive management as the main forms and the traditional structure could still display its strong points to a certain extent. However, with the expansion of society's productive forces, the defects of the traditional structure, such as that enterprises and laborers lack enthusiasm and initiative, that ever-changing consumption needs cannot be met by just relying on planning in directing production, and that the rigid structure is bound to give rise to bureaucratic practices, revealed themselves in the 17 years before the "Great Cultural Revolution." Especially since the 1960's, when the new technological revolution has played a crucial role in stimulating the modern economy on a global scale, under our traditional structure, our economic operation still lacked the basic force for constantly absorbing new technology and this resulted in an ever-widening gap in labor productivity and in some newly rising industries between ourselves and developed capitalist countries. Although our country has a vast territory and abundant resources, its per-capita possession of natural resources is meager. Compared with average world levels, China's per-capita possession of cultivated land constitutes only one-third, that of exploitable grasslands, 30 percent, and that of forest reserves, 3 percent. With such resource conditions, how can we support in a sustained way an economic pattern

characterized by extensive development which concentrates on quantitative growth and requires more input but produces less output? If we do not find another new road and if we fail to shift to a new economic structure that mainly relies on science and technology and on the mobilization of people's enthusiasm as soon as possible, things may get harder and harder for us and the gap between ourselves and the world's advanced levels may become wider and wider.

Word came from the economic symposia of the Asia-Pacific region, recently held separately in Shanghai and Tokyo, that the next group of nations able to effect an economic takeoff and to enter the ranks of newly rising industrial countries or regions will very likely include Thailand, Malaysia, ...

China, the huge waking dragon, must awaken to this reality.

In the early 1960's, Mao Zedong was already aware that if we failed to rapidly achieve modernization, China was in danger of being expelled from the ball game. It was a pity that the subsequent political movements took the wrong road of climbing a tree to catch fish.

When meeting Armand Hammer, chairman of the American Occidental Petroleum Corporation, in Zhongnanhai on 12 September, Zhao Ziyang brought up again the issue of "being expelled from the ball game." He said: "If we do not make reforms now, we are bound to be expelled from the ball game."

After experiencing repeated sufferings, the Chinese communists and Chinese people have finally discovered the road to national rejuvenation—reform.

Let us play loudly the exciting national anthem! "When the Chinese nation faces its greatest danger...." Our nation has always had the extraordinary cohesive force to rise in force and spirit at a crucial moment.

Speed up the pace of reform. There is not much time left for us.

[7 Oct 87 pp 1, 3]

[Text] Part II.

The Historical Position of China's Reform; the Challenge of the Times and the Thoughts of the Young and Middle-aged Theorists (Part II)

\$400 to \$1,000, a Stage of Instability for a Transitional Society

At the 1987 Spring Festival get-together, Zhao Ziyang said: "Everyone is eager to see the Chinese economy take off, but who can achieve this amid an earthquake?"

With reform playing the role of catalyst, China's socio-economic development has reached a major turning point—moving from a warm-back-and-full-belly economy to a well-to-do economy.

"We can only hope that the common people will have a warm back and full belly." This has been the goal of all enlightened politicians since ancient times, a goal that is within sight but beyond reach. However, the dialectics of society is, sometimes, inexorable. After the problem of food and clothing has been solved, this could possibly lead to a heap of new troubles.

People at home and abroad are following one phenomenon with interest: In most cases, social unrest takes place more easily in developing countries than in developed countries. Moreover, social instability more easily arises in those countries which are in a stage of development where their per-capita GNP ranges from \$400 to \$1,000 (the sums mentioned here are approximate numbers, because the actual value of the U.S. dollar fluctuates from time to time and the quality of life the figures represent is not a fixed and fast index. Therefore, to be more accurate, they should refer to the stage of development ranging from having enough food and clothing to a well-to-do standard of living).

Researchers of the Research Institute for Restructuring the Chinese Economy called this phenomenon "the stage of social instability moving from having enough to eat and wear to a well-to-do standard of living." Wang Huning, 32-old-year associate professor of the Department of International Politics of Fudan University, called it "the state of political instability of developing countries."

Things are sometimes intriguing: When people are busy day and night working for a warm back and full belly, society remains quietly balanced. By contrast, once people have enough to eat and wear, conflicts in society may intensify. Having compared and analyzed the economic and social conditions of more than 100 developing countries, the Research Institute for Restructuring the Chinese Economy found that when the problem of having enough food and clothing remained unsolved, people's social demands were low and their desire was one-dimensional and therefore, it was easier to meet their demands. After people had enough to eat and wear, their demands become diversified. If appropriate readjustments are not promptly made in society's supply structure, more often than not this will cause discontent. This, coupled with the possible intensifying of social injustice resulting from the development of the economy and competition, will lead to discontent among low-income earners.

Having had a broad look at the troubles confronting some developing countries in Asia, Africa, and Latin America, we found that, aside from national disputes, religious conflicts, and other factors, such as strikes, student unrest, civil wars, and even political power

changes, no matter how different the places they occur and how different their outer appearances, most of the troubles have a striking background in which it is not possible to reconcile the social contradictions resulting from economic development in the short term.

What gives much food for thought is that there were also either drastic or relatively moderate social disturbances at the so-called "take-off" stage of the industrialization on which the present developed countries which claim themselves to be prosperous and stable began embarking. Both the Britain of the 1780's and the United States of the 1840's underwent a period of development similar to that some developing countries are now experiencing, a period of widespread corruption and degeneration, intensified contradictions in all social strata, and even civil wars. In his book "A History of a Turbulent 100 Years," former Japanese prime minister, Yoshida Shigeru recorded and narrated the social chaos and sufferings in the wake of Japan's industrialization and modernization.

Gao Liang, head of the Research Office of Comparative Economics of the Research Institute for Restructuring the Chinese Economy, is studying the problems in the stage of moving from the track that stresses enough food and clothing to one that concentrates on achieving a well-to-do standard of living. He contended: this stage is precisely the take-off stage of industrialization, a stage where the traditional agricultural society is moving to a modern society, and a process of social change. From an economic point of view, first, the development of industrialization needs a change in the traditional modes of production in rural areas. This is bound to lead to the movement of large amounts of rural labor force and surplus agricultural labor force to the industrial sector and to give rise to an urbanization trend and as a consequence, it will trigger drastic changes in society, urban and rural. Second, the growth of the market and the development of the commodity economy are bound to deal blows to the existing order and values and to lead to redistribution of interests among different strata and groups in society. From a cultural point of view, as a prerequisite for industrialization, reform will inevitably lead to conflicts between foreign culture and domestic traditional culture. As far as developing countries are concerned, both international and domestic conditions require them to achieve rapid industrialization and not to curtail the long course traversed by developed countries in their early days to a historical process of short duration, because this will make contradictions and conflicts more acute.

However, not all contradictions and conflicts will necessarily lead to social turmoil. It can be seen that some countries have passed quite smoothly through the stage of development from having enough to eat and wear to a well-to-do standard of living while other countries that suffered social unrest found it hard to do so. The background to this state of affairs is worth studying.

Well-known American scholar (Gabriel Almond) advanced one argument. He contended: the state of political instability of developing countries is the outcome of "the dislocation between the capacity of the political system and social demands." This argument contains some truth.

Social demands mainly refer to material and political demands. With the so-called "demonstration effect" of developed countries making inroads in some developing countries as a result of their opening themselves to the rest of the world, the phenomenon dubbed by some scholars "the rise of expectations" can be found almost everywhere in the developing countries but "premature consumerism" and the diverse and confused and complicated "problem of democracy" have brought instability and crisis to society.

In the 1960's the economies of some Latin American countries took off but since the mid-1970's, serious debt crises have emerged among them. At the end of 1986, the foreign debts of Latin American countries totaled \$382 billion. Apart from errors in development strategy, the premature consumerism prevailing among the people of these countries was one of the major reasons behind the state of affairs. While drinking wine, they want to drink whisky and while using cosmetics, they want to use French perfumes. They compete with people in Europe and the United States in everything. Almost all the Latin American countries imported large quantities of high-grade consumer goods. Their people spent \$7.2 billion touring Europe and the United States each year. From 1980 to 1982, the consumption funds of Latin American countries constituted 79 percent of their GNP. High wages and high consumption resulted in vicious inflation. The percentage of increased prices of consumer goods in Latin American countries was 55.2 percent in 1980, 144.9 percent in 1984, and 164 percent in 1985. It is self-evident that all this has led to social unrest.

As for the "problem of democracy," it is a very complicated issue. Associate Professor Wang Huning who specializes in comparative politics held: "The forms of politics and democracy grow out of certain social, historical, economic, and cultural conditions and undergo a process of ecological growth. Therefore, we should refrain from using either the method of grafting or that of trying to help the shoots grow by pulling them upward." After World War II, when many developing countries freed themselves from the colonialist rule and won independence one after another, in one case, some colonialists devised political systems for the newly founded countries they wanted to leave and in other cases, some leaders of the newly independent countries established their own political systems in accordance with the patterns of Western developed countries. For example, the Commonwealth countries mostly copied Britain's parliamentary system while Latin American countries mostly adopted the United States' presidential government. Many people in the West, some with hidden intent, others out of fanatical belief in Western

political forms, and still others out of their ideals of democracy, are doing their utmost to try to practice Western political patterns in developing countries and to make the so-called "experiments for democracy." However, these experiments are mostly far from achieving the anticipated objectives. In reality, few developing countries have so far truly established such a bourgeois "democratic republic" form of government as the one practiced by Western developed countries. From 1962 to 1975, the gunshots of 104 coups staged in Third World countries shattered the dreams of many countries for British and American styles of "democracy." A small number of developing countries did manage with an effort to maintain bourgeois democratic political forms but they have tasted to the full the bitterness of this type of "democracy." Kang Shaobang of the Central Party Committee who studies the problems of South Asia cited one big country as an example. Although the country maintains some features and forms of the Western representative democracy, in effect, its government often has to take measures contrary to the principles flaunted by such a democracy. This contradictory state of affairs has caused the existing and developing social, national, and religious contradictions to continue and even led to tension and unrest. Although the country has a number of high-level economists and politicians and has made certain achievements in some fields of endeavor, it has not yet provided any experience in using this form of democracy to universally solve the problem of having enough to eat and wear, let alone experience in taking the road to a well-to-do standard of living.

Wang Huning has made a brilliant remark: Political forms are not decorations and we must also see their social effect. Democracy of a high level is of course the direction in which a society moves ahead. Only when a society soundly practices democracy can it fundamentally enjoy a long period of order and stability. However, democracy itself takes a process of development. The best political form is the one that is suited to a certain society, economy, and culture.

Both political and social development is bound to be conditioned by the level of economic development. In developing countries, after the problem of having enough to eat and wear is solved and the people's cultural quality has been gradually improved, the demand for political participation will naturally be raised. This demand is the propelling force for establishing democratic politics. Ignoring this demand will unavoidably cause discontent. However, before the problem of political participation forms and of institutionalization of democracy is properly solved, any unduly hasty action will cause social instability.

In the stage of transition from having enough to eat and wear to achieving a well-to-do standard of living, the common problem of premature consumption consciousness among the people and of premature individual consciousness [zhu yi shi 0031 1942 6221] and the social contradictions and the degree of "the ability of the

political system" in this given period are the key to whether social stability can be secured. In his book "Developing Sociology" based on an extensive study of the social problems of developing countries, British Sociologist (Andrew Webster) wrote: "Apparently, Third World countries, no matter in which direction they move ahead, socialist or capitalist, should establish a cohesive and authoritative government. The political flabbiness of Third World countries often leads to economic crises."

Let us look back at the road our country has traversed for 38 years. The reasons we have managed to move from having enough to eat and wear to the brink of a well-to-do standard of living and to correct our mistakes with our own efforts are in the final analysis that we have a strong leadership core like the CPC which has long been tempered and have flesh-and-blood ties with the people and that we have chosen a socialist road of people's democracy as expected by history. Almost all sober-minded observers, regardless of their political stand and ideology, have reached a similar conclusion. Now we are reforming our economic and political structures under the leadership of our party to make our structures more suited to the social, economic, and cultural developments. We have the conditions to raise the people's standard of living and to establish socialist democratic politics steadily. China is completely hopeful of safely passing the unusual historical stage of transition from having enough to eat and wear to a well-to-do standard of living.

Young economics professor, Cao Yuanzheng said that what counts in our present economic and social development is that we should fully use the powerful organizational abilities of the party and government and make the best use of the situation to create a stable social environment for reform to ensure the continued progress of the reform under any circumstances.

Indeed, so long as this is done, even if some troubles crop up, they can be easily remedied. Has the wind of high consumption described as "the warm breeze that has intoxicated sightseers in such a way that they mistook China for the United States," a wind stirred up for a time several years ago, not begun to subside? Because they were almost completely ignorant about our national condition, at the end of last year, some students of an institution of higher learning in Beijing blindly followed others calling for "democracy" and "freedom." This year they were engaged in social practice. They went to the countryside to conduct an opinion poll. On the questionnaire, one question read: "What are your views on campus upheavals among university students?" The replies given in several hundred questionnaires were mostly like this: "It is incomprehensible," "I do not support it," and "I am opposed to it." In practice and among the masses, our young people can grow mature rapidly.

What is important is that no matter what troubles come up, we must ensure the progress of the reform and the stability of policies. In his "Speech at the Meeting of Propaganda, Theoretical, Press, and Party School Cadres" on 13 May this year, Zhao Ziyang said: "The stability of the current policies is essential for economic stability and the public must not be confused. Let me ask: Who would be responsible for the chaos if the current policies were interpreted as liberalization, and people were stricken with panic and gave up production and businesses, and chopped down the trees they have planted and slaughtered the pigs they have raised?" Obstructions from both the "left" and the right can all possibly become factors for social instability. True, obstructions from the right may also turn into problems that warrant attention and solution from time to time in some localities and units at a certain time but in given historical conditions in China, surmounting "leftist" obstructions requires greater efforts. No one should forget the social upheavals during the "Great Cultural Revolution."

As the New Structure Replaces the Old, Efforts Should Be Made To Harmonize the Contradictions Between Different Social Interest Groups

Two years ago, there was a jingle spreading among some workers that read: "While Number One has been shunted aside, Number Two has been given land, Number Nine is soaring to the skies, and people not in these categories have made money."

At about the same time, another jingle was spreading among the intellectuals that read: "While the workers are pleased and the peasants are grinning with delight, the intellectuals, despite their lofty positions, remain poor."

Obviously, these are the results of a biased, distorted study of the situation. However, the resulting social psychological topic is worth studying.

Last year, the Shanghai Statistics Bureau conducted a "survey of 10,000 citizens on reform intentions." One of the questions on the survey scheme was "Which section of people of the same age group as you do you think have slightly higher incomes?" And under the question nine choices were listed including "workers, commercial personnel, attendants, enterprise personnel, technicians, cultural and educational workers, office personnel, managers and directors, and self-employed workers." The findings of the survey were very interesting: The appraisal of their own incomes by personnel of different trades and professions was almost at the bottom of the overall income appraisal line. In other words, in the face of the same amount of incomes, people always underestimate, intentionally or unintentionally, the level of their own incomes and overestimate that of others. Hence, there was a strange social psychological effect: Everybody feels that he has been at a disadvantage. The jingles mentioned above prevailing among the workers and

intellectuals belong to this psychological misconception resulting from lack of proper knowledge about the roles they are playing in society and some are the result of prejudices formed by the traditional structure.

These facts that people can see and feel in everyday life precisely indicate that in the course of the reform there are differences of interest among different social interest groups and a difference of understanding among them on the issue.

In his "Government Work Report" delivered at the Fifth Session of the NPC on 25 March, Premier Zhao Ziyang pointed out: "As the new economic structure is gradually being substituted for the old one, the relations between various interests will necessarily change and readjust themselves accordingly. The old pattern of interests and the old relations of distribution will give way to the new, rational pattern and relations." This is a Marxist study of the present-day society in China.

We have been practicing socialism for 38 years. One aspect of the superiority of socialism is that under socialism, a full agreement can be achieved between the interests of the masses of people and the overall interests of society but on no account does this mean different interests among different groups of people are non-existent. When discussing 10 major relationships, 3 major differences, and contradictions among the people, Mao Zedong was in effect aware of this issue. It was only because the practice of "everybody eating from the same big pot" had been followed for many years, and the interests of all units and individuals were taken care of by the state and their higher-ups, and moreover, because the lateral relationships of interest were relatively simple that the people and leaders found it difficult to realize the existence of the interest groups. Once contradictions and conflicts occurred, they attributed them to "class struggle" in a summary fashion. With the introduction of reforms, with the diversification of public ownership forms and the growth of the economic sectors other than the public sector, with the development of commodity-currency relations and the functioning of the role of regulation by market mechanisms, and with the implementation of the principles of material interests following the smashing of the practice of "everybody eating from the same big pot," there have been drastic changes in the relations between various interests and the relations of interest have become more diversified, complicated, and superficial. Li Jun, deputy director of the Research Institute for Restructuring the Chinese Economy, contended: That interest relations tend to become more rational and clear-cut in the wake of the reform is conducive to social development. Understanding and recognizing the existence of different groups of interests under socialism and further harmonizing the contradictions arising among them is a historic advance and is the application and development of our party's theory on correctly handling contradictions among the people in practice in the new period.

In China's society which is now undergoing reforms, everything is changing and different interest groups in society are also experiencing a rapid process of integration and reorganization.

In the rural areas, the number of the peasants in classical terms is gradually diminishing. The peasants who either enter township and town enterprises, engage in planting and rearing industries or leave their villages to go into business or to work for others, households carrying out traditional businesses, specialized households, economic collectives of scale, associated entities combining agriculture, industry, and commerce, and the privately run economy have their own interests.

In the urban areas, in addition to their classification according to the trades in which they are engaged, workers also have their own interests, whether they work in state-owned, collective, joint-venture, or wholly foreign-owned enterprises or work in individually operated businesses.

There have also been changes in the interests of the ranks of cadres and intellectuals whose interests have always been relatively stable, with the introduction of reform in the personnel system of cadres, the implementation of a public job selection system for technicians and professionals, and with the increased number of people doing part-time jobs and of people who obtain permission to leave their work units to contract township and town enterprises and to run research institutes.

There are also numerous complicated relations of interest between town and country, between cadres and masses, between different trades, between different age groups, between different cultural levels, between central and local authorities, between coastal areas and the hinterland, between raw material producing and processing areas, between the servers and the served, and between producers and consumers. Moreover, these complicated relations of interest are constantly changing. Therefore, constructions and conflicts in this respect are hard to avoid. All this forms a variety of special contradictions and difficult problems in our current reform of the economic and political structures.

Thirty-two-year-old Yang Guansan, in charge of the China Social Survey Institution, briefed us on the findings of dozens of large-scale surveys of social psychological responses to reforms, surveys they had conducted over the last 3 years in a sustained way. The scientific analysis of the large amounts of data eloquently shows: The different interest groups in China's present society have different demands of reform and a distinctly different attitude toward the current situation. Let us take the sample survey of 2,555 people in 20 cities conducted in February 1986 for example. People engaged in commerce and service trades and workers were most dissatisfied with "income inequality"; those who expressed the greatest displeasure over "having too little opportunity

to make money" were university students and postgraduates and then workers; those who were most disgusted at the "excessive demands of some people for income" were persons in charge of units; and persons in charge of units were less dissatisfied with the practices of "seeking private gain by abusing power" and of "appointing people by favoritism" than people of other professions.

According to the findings of another survey in 1986, the cadre group (including persons in charge of enterprises, institutions, and units, ordinary administrative cadres, secondary and primary school teachers, professionals in other fields of endeavor, university students and postgraduates) based their hopes for reform mainly on raising their social status. The stronger their expectations, the lower their appraisal of the current situation of reform. The non-cadres group (including workers, people engaged in commerce and services trade, private businessmen, people without fixed jobs, and middle school students) fixed their main hopes on, among other things, gaining more opportunities in job selection and promotion in wage grade and rank, on money making, and on fair competition and then, on getting a higher income. The higher their hopes in these two aspects, the lower their appraisal of the current situation of reform. University students and postgraduates make the highest demands on reform, ranking first among people in other fields of endeavor while persons in charge of units have relatively low demands on the speed of reform, being second to last in the ranking.

The findings of a sample survey of 11 cities and 16 counties conducted in February 1985 revealed: The ability of social groups to withstand the strain of reform differs. Of the eight trade categories, the ratio of the peasants choosing a lifestyle characterized by great risks but ample opportunities to boost income was 16 percent, ranking first; that of workers doing the same, just 10 percent, ranking fifth; and that of people engaged in commerce and services trade, 7 percent, ranking sixth. Apparently, this has something to do with the psychological influence of the longstanding structure of "everybody eating from the same big pot".

Having made an overall analysis of the findings of the vital surveys, Yang Guansan and his fellow researchers maintained: Currently, the great majority of the people are enthusiastic about and supportive of the reform but at the same time, they are also dissatisfied with the problems that have not yet been resolved. Their dissatisfaction varies a great deal in content and degree. For example, as far as price hikes are concerned, city dwellers are most concerned about non-staple food and capital goods are a headache for the peasants. Of the city dwellers, residents in exceptionally big cities have a relatively strong response to price increases. Again take democracy and freedom for example. Some young intellectuals concern themselves with democracy and freedom mainly from a political point of view while the workers and people engaged in commerce and the service trades are more concerned about the freedom to

move from one work unit to another and to choose their jobs. Yang Guansan and his fellow researchers held that the demands of different interest groups should be made clear-cut so that people will know where their interests lie. This will help people minimize blind discontent, understand the demands of other social groups, and enhance their understanding of and support for the government's decision making.

Marx said: "What people are fighting for has something to do with their interests." Quoting Wilhelm Hegel, Lenin pointed out: "Interests 'give motivation to the life of a nation.'" Understanding and fighting for the interests of the whole nation as well as individuals is precisely one of the prime movers behind China's reform. The reform will surely benefit the whole nation and even make contributions for the whole mankind. However, in the course of reform and especially in the special stage of transition from the old structure to a new one, it is impossible for every single specific reform measure to be received unanimously by every member of the society. As the reform proceeds, a drastic readjustment in the distribution pattern of existing vested interest will be inevitable. In this process, the increase in people's interests will certainly not be equal and sometimes, some people will lose interests in some aspect while gaining some in others. Some of these changes in interest during the course of reform are precisely what we are aiming at in the reform. For example, after the smashing of the practice of "everybody eating from the same big pot," those who are capable and diligent in work will gain more while the indolent will earn less. Being of prime importance and large-scale, these changes ought to be persisted in. However, in some cases, inadequate coordination in reform has resulted in a temporarily irrational distribution of interests, where for instance, the wages of doctors are less than those of barbers. Nevertheless, these phenomena do not represent the direction of reform and can be solved as the reform deepens. Some people reaped staggering profits by capitalizing on the loopholes of the transformation of the old structure into a new one. The masses of people bitterly resent some self-employed workers who amassed sudden huge wealth by illegal means in doing business. This is a temporary negative effect in the process of reform and can be remedied by carrying out reform in a better way.

Reform is an especially complicated social systems engineering undertaking and one should not expect that it will begin only when a flawless plan is worked out. Frictions and collisions between different interest groups in the course of reform are inevitable. Almost all socialist countries in the world are confronted with this problem while making reforms. Hungary is one of the first countries to understand, study, and willingly solve this problem. After the 1960's, in addition to trades unions and the national council of agricultural cooperatives, in the course of reform, there emerged numerous mass organizations separately representing the interests of different masses of people in Hungary, such as "the Private Plot Economic Committee," "the Economic Committee of

Garden Plots Around Cottages," "the National Privately Run Commercial Alliance," and "the National Alliance of Handicraftsmen." Some Hungarian sociologists divided society into 11 groups and some divided it into 8 strata. There were yet other classification practices than the two mentioned above. In brief, people agreed that different interest groups existed and maintained that social interest was the sum total of numerous different, harmonious but conflicting interests. The party and the government should work for a climate of frank exchange and criticism, help society reveal how practical contradictions previously cropped up, and help it develop its ability to solve contradictions and create a necessary climate for so doing while solving contradictions. Practice has proved that this method was a boost rather than a hinderance to reform. We should use their experience for reference.

Shan Guangnai, of the Institute of Sociology of the Chinese Academy of Social Sciences, has studied the contradictions between different interest groups from a sociological point of view. He maintained: In our socialist society, despite their complexity, these contradictions are in general non-substantial conflicts and do not involve society's fundamental system and fundamental values. Being scattered in all sectors of society's structure, if handled properly, these contradictions will not affect social stability but if not handled properly and if contradictions of all kinds converge in a fault point, they could lead to chaos. Therefore, he advocated that dialogues be held between leaders and masses and between different interest groups and that contradictions be regulated through improved institutions, such as opening up more legal channels including mayor's telephones and supervision telephones. This will help the masses learn to use legal and positive means to express their aspirations and even to "air" their grievances. Sometimes, a limited legal "letting-off" of feelings can play the role of a social "safety valve."

One Billion Compatriots in a Boat

UN sources described China's reform with a Western saying: "Sail in uncharted water."]

Despite our successes in reform over the last 8 years which have attracted world attention, we are now still far from being well positioned to announce that we have won a decisive victory. Chen Shenshen, 36-year-old associate research fellow of the Institute of Departmental Economics of the Shanghai Academy of Social Sciences and Fu Gangzhan, 29, associate professor and director of the Institute for Economic Development Studies of the Huadong Chemical College, contended: As the transformation of the old structure into a new one has just entered a stage of substance, both the reluctant moving away of the old structure and the difficult ground holding of the new structure need a fairly long transition process. As for the reform of the political structure, we are just opening the curtain on reform. Zheng Hongqing of the Beijing Young Economists Association divided

the process of the transformation of the old economic structure into a new one on the whole into the "stage of starting" reforming the old structure, the "stage of deepening" the reform, and the "stage of the basic formation of a new structure." In his opinion, at present we are at the crucial point of the first stage moving to the second one. In the "reform-deepening stage," a series of fundamental reforms will be made in the issues crucial to the economic structure and unprecedentedly extensive and intensive readjustments will be made in the relations of various interests in society. In so doing we are bound to be confronted with many more, and greater difficulties, resistance, and risks than those facing us in the initial stage of reform. Experts of the Polish Economic Advisors Committee summed up their personal experience in reform in a report: "The accumulation of difficulties is increasing in geometric progression and our understanding of them is deepening in arithmetic progression." It is hard for us to completely foresee at present what difficulties will actually confront us in the days ahead. An American *Washington Post* reporter stationed in Beijing sent back his study on 17 April of this year: "True, the reform at the initial stage requires courage and imagination but the difficulties in continuing the reform in the days ahead may be greater From now on, every step will be agonizing for some people." These remarks afford much food for thought.

Reform is a second revolution and to make revolution we must pay a price. This is the way dialectics works: The development and progress of anything is conditional to a certain price required as the case of product costs in economic terms. It is a "utopian socialism" to demand that no price be paid in the course of developing socialism and that there be only advantages and no disadvantages in the course of making reforms.

In fact, every reform measure we adopted has its own advantages and disadvantages. When price reform is introduced, some people jack prices up without authorization; when controls over the market are relaxed, some people engage in profiteering and speculation; when a section of people are encouraged to become prosperous before others, an excessively big income gap will inevitably occur; and when the windows of a room are opened, it is hard to ensure not a single fly will enter the room. What a revolutionary should do is to extend the advantages and minimize the disadvantages instead of demanding perfection or refusing to eat for fear of choking.

Currently grumbling has become a common practice. People can be heard grumbling everywhere, on buses and in groceries, offices, workshops, canteens Both non-party and party members are grumbling and so are the masses and leaders. Wang Xingui of the Shanghai Foreign Trade College said: "At the crucial moment of national rejuvenation, everyone must have a sense of participation, shoulder his responsibility, and pay a price. Doing nothing but grumbling is a manifestation of shirking responsibility."

Zheng Hongqing has studied the problem of grumbling and discontent prevailing among the masses and cadres from another point of view. As he sees it, it is true that some people's discontent with the current reforms is reasonable and to the point but there are also superficiality, one-sidedness, or exaggeration behind it. For example, the problems left over from the past are viewed as problems cropping up today; the long- and medium-term difficulties that will face us in the future development are attributed to current problems; the past hidden problems which are exposed or semi-exposed in the wake of reform are all said to be problems in reform, and the unavoidable problems in a certain stage of developing countries' economic development are all summed up as problems unique to the present-day China. Zheng Hongqing maintains that the publicity work on reform should be strengthened and improved and the profound causes for the real situation and existing problems and their solutions fully explained to the masses of people.

Cheng Zhang of the Institute of Marxist Studies of the Central Party School briefed us on the successful experience of Poland in this regard. In 1982 the Polish Council of Ministers adopted a resolution on increasing by 200 to 400 percent the prices of 39 items of staple food including milk, butter, meat, and sugar and raising electricity, gas, and warm water charges by 100 to 200 percent, beginning on 1 February. According to the Polish Press Agency, as a result of the proposed price hikes, the citizens would have to pay an additional 391.5 billion zloty in costs, the biggest price hikes in Poland since World War II. However, the current large-scale price hikes did not trigger troubles and unrest as did the price increases in 1976 and 1980. The country pulled through smoothly on the whole. One of the reasons behind for this was that discussions were held throughout the society before the price rises took effect. The government publicized the economic difficulties then facing the country, worked out many price-increasing propositions, and listed the possible resulting advantages and disadvantages of every proposition and let the ordinary people openly discuss them. It was after a consensus was getting closer that a decision was made to put price increases into effect. At that time a XINHUA News Agency reporter interviewed some citizens in Warsaw. One retired teacher said: "To be fair, the government is indeed in an awkward position. If prices are not increased, it will be hard to keep the economy going but if prices are raised, that will cause much discontent among the ordinary people. Sugar prices have not been altered for 2 decades. This is obviously unreasonable and therefore, they should be changed. However, the current price changes are so big in scope and range that people have to learn to economize on food and clothing." As Cheng Zhang saw it, this is the might of mutual understanding and trust between the government and the people.

The Chinese people have always had the fine tradition of "every one sharing responsibility for the fate of his country." Today it is more necessary for the broad

masses of people to link their future with that of the reform. A sample survey of basic-level enterprise employees conducted in 1985 by the Research Institute for Restructuring the Chinese Economy revealed that 75.3 percent of the respondents said favorably: "So long as the reform is carried out successfully, it will be OK even if the living standards are a bit low for the time being" and 78.2 percent agreed: "Provided reform measures are helpful to socioeconomic development, it will also be proper for us to take greater risks in our livelihood." Extensively developing this custom and spirit of the people is precisely the important foundation for our success in reform.

Sun Hengzhi, associate research fellow of the Research Office of the Shanghai municipal party committee, discussed the results of his recent hard thinking: To achieve rejuvenation, a nation must have a sense of crisis and cohesiveness and a popular spirit of pulling through difficult times together. As the Japanese yen increased in value this year, employees of some Japanese firms worked overtime of their own accord, thus managing to rapidly withstand the first and earliest shock waves. If the Chinese nation is to achieve modernization, it will not do if we do not have a little spirit of sacrificing one's own interests for the sake of the country.

The victory in the Chinese revolution was won at the expense of the blood and lives of our numerous martyrs. If China's second revolution is to succeed, it is also necessary for people with lofty ideals to make their own sacrifices. The CPC members must be the first to do so. If members of a party in office seek private gain by abusing the power they hold, no matter how small their number is, this will serve as a signal to the nation and a hidden destabilizing factor to society. This is the reason "unhealthy tendencies prevailing among cadres" became the masses' first and second concerns as revealed by the several surveys conducted by the China Social Survey Institution and this is also the reason the party Central Committee has repeatedly exhorted the party: The question of party style is a question of life and death for a party in power. Today every communist party member must be conscious that: To be a party member, one must be ready to suffer for something. If 46 million party members vow to bring peace to the country and generously work for the sake of the country, 1 billion compatriots will surely unite and help one another in fighting for the sake of the country.

The 13th National Congress of the CPC will open up a new chapter in China's reform. The whole world will hear the echo of history from the footfall of the indomitable march of the members of the CPC and the Chinese people.

Need for Political Enthusiasm Stressed
06290945 Beijing JIEFANGJUN BAO in Chinese
21 Oct 87 p 3

[Article by Li Chengnian [2621 2052 1628]: "Curing the Disease of 'Political Apathy'"]

[Text] China's social survey departments recently carried out a public opinion poll among more than 2 million people in 8 big cities to make a general appraisal of the reform over the past 8 years. The results show that 91.6 percent of people hold that the people's standard of living has increased since the 3d Plenary Session of the 11th CPC Central Committee, 85.2 percent hold that the legal system has improved, 59.7 percent hold that the people have more democratic rights, and 56.3 percent hold that party style has improved. However, only 44.4 percent hold that the people's political enthusiasm has risen, and 28 percent even hold that the people's political enthusiasm has declined.

I have not made a special investigation on the question of whether the people's political enthusiasm has risen or declined. However, when I talked with some cadres and soldiers in grass-roots Army units, we also discussed this question. For example, at the beginning of reform, some comrades who had placed excessively high hopes on reform thought that reform would bring them a higher income and bring about fantastic changes in their life. They lacked sufficient understanding of the long-term nature and arduousness of reform and had no mental preparation for all kinds of risks. Therefore, when they saw that prices were going up after reform of the price system was carried out and when they saw some loopholes in management, they were soon at a loss concerning what to do and their enthusiasm for reform was affected to a certain extent. Some were full of confidence in rectifying unhealthy tendencies at the beginning when they saw that the central authorities were so resolute in party rectification, but when they saw that the unhealthy tendencies were not completely eliminated or became even more serious in some places after party rectification, they began to lose their confidence in the effort to fundamentally improve party style and social mood. Under the influence of the idea of high consumption, which appeared in the wake of the development of the national economy and the raising of the people's standard of living, some comrades were fond of pursuing material benefits and "household modernization." Having in mind only the benefits of their own households, they did not care much about state affairs. We also discussed a situation that merits our attention: That is, after the 10 years of the "Cultural Revolution," some comrades did not correctly sum up experiences and lessons but rather adopted a negative attitude, thinking that they had seen through the vanity of the world and would not care about anything. When people emphasized the importance of political work, they said they were "saying fine-sounding things"; when people emphasized the study of theory, they said it was "of no use"; when people tried to make greater contributions, they said they were "stupid"; and when people mentioned achievements, they said they were "boasting," as if all the people in the world were dirty and asleep and only they themselves were clean and awake. To them, state affairs and political enthusiasm are not important.

If all that mentioned above shows that the people's political enthusiasm has declined or that some people are

apathetic about political affairs for a short period of time, this apathy is different in nature from that of some people who, after the smashing of the "gang of four," felt their idols entirely shattered and found themselves in a state of utter stupefaction. This is because that since the 3d Plenary Session of the 11th CPC Central Committee, we have achieved remarkable successes on various fronts, which can be easily seen by all. Particularly, with the deepening of reform, more and more facts are proving that the party's line, policies, and principles are entirely correct, that the CPC Central Committee is reliable and enjoys popular support, and that there are bright prospects for building socialism with distinctive Chinese characteristics. The decline in the political enthusiasm of some people is a matter of wavering thinking, resulting from not understanding certain questions. It is nothing to be surprised about. I believe that the spring breeze of reform will surely make our vast land green and warm the hearts of these comrades.

Nevertheless, "political apathy" is a kind of unhealthy mood entirely incompatible with our times. At present, reform has become a historical trend of the socialist world. It is a historical movement jointly participated in by millions upon millions of people under the leadership of the Communist Party. It provides all people of lofty ideals with a very good opportunity to give full play to their talents. It is a call of our times to show concern for, to support, and to participate in reform. This is also our unshirkable duty. How can we remain indifferent toward such a great cause, which concerns the destiny of our state and our nation?

Premier Zhou Enlai once said: "The basic requirement for a cadre, a Communist Party member, is that he must have revolutionary enthusiasm." "When one's revolutionary enthusiasm declines, one will also degenerate politically." It is good for those comrades whose political enthusiasm has declined in varying degrees to conscientiously restudy these remarks of Premier Zhou so that they can cure their disease of "political apathy," bestir themselves, and throw themselves into the current of reform with a positive attitude. In the years of fervent reforms, what we need are enthusiastic reformers. Anyone who remains apathetic about political affairs will certainly fall behind the ranks.

Evolution, Role of Confucianism Discussed
06280221 Beijing RENMIN RIBAO in Chinese
9 Oct 87 p 5

[“Excerpts” of a Speech by Zhang Qizhi [1728 6259 0037]: “The Historical Evolution and Role Of Confucianism”; delivered at the First International Symposium on Confucianism; date not given]

[Text] Confucianism in ancient China was a theorized social ideology. The development of Confucianism was a long historical process.

Early Confucianism was formed in the Spring and Autumn Period and the Warring States Period, during which drastic social changes were taking place. It was founded by Confucius, the great thinker at the end of the Spring and Autumn Period. Confucius placed "benevolence" within the basic category of Confucianism ("benevolence" is a dual concept: On the one hand, it shows that Confucius was politically conservative, and on the other hand, it shows that Confucius raised the question of "man") and began to carry out explorations on such major topics as philosophy, ethics, politics, education, and so on, namely the explorations on the value of man. What Confucius tried to do was to establish a new criterion of perfect human personality.

From the angle of morality, ethics, academic research, education, and so on, Confucius expounded the rational role of man and man's role of creating spiritual property. Therefore, the early Confucianism can be regarded as the "theory of man."

During the Warring States Period, Mencius put forward the question concerning the nature of "man." Mencius believed that "benevolence" was "human." In another word, Mencius believed that "benevolence" meant that man with natural nature should be integrated with the ethical concept so that man's natural nature is to be placed in the secondary position and man's moralized nature is to be placed in the principal position. Xun Kuang [or Xun Zi—FBIS] believed that a perfect man should first be realized in the course of the disintegration of the natural world. Xun Kuang made excellent expositions on man who has consciousness and who deviates from his natural instinct. The Qing State wiped out six other states and established a unified, feudalistic, and centralized state power. The Han Dynasty inherited the system of the Qing Dynasty. During the reign of Emperor Wu of the Han Dynasty, Confucianism was highly respected. It was against that historical background that in the Han Dynasty, that Confucianism, on the one hand, became a school of annotation, and on the other hand, it gradually developed into a philosophy of the ruling class, gradually lost the ideological color of the "theory of man" of early Confucianism, and gradually developed into an arbitrary theory in favor of spiritual oppression. However, in the field of politics, the theory of great unification advocated by Dong Zhongshu, the representative of Confucianism in the Western Han Period, once helped to consolidate the feudal state. During the Western Han Period, the concept of "national dignity," which touched upon a much wider area, emerged. The emergence of the concept of "national dignity" was indeed the enrichment and development of early Confucianism.

The Confucianism of the Eastern Han Period absorbed the best theoretical contents of early Confucianism, namely the "theory of man," through two channels: 1) The spirit of integrating a hundred schools of thought; and 2) the development of the natural sciences. The history of China shows that instead of hindering the

development of the natural sciences, the Confucian rationalism served to push forward their development in ancient China. However, it is also true that because Confucianism laid too much stress on the discussion of moral and ethical questions, it hindered some Confucianists from carrying out explorations on natural phenomena. Sima Qian's theory of "studying heaven and mankind to know about the changes of the past and the present" has absorbed both the Confucian rationalism and certain views of the Taoist School and discarded those Confucian theories which are detrimental to the development of the natural sciences.

Metaphysics, a philosophical sect in the Wei and Jin Dynasties, can be said to have been a reaction to the Confucianism of the Han Dynasty. Although metaphysics did not belong to Confucianism, it contained the contents and elements of Confucianism. Metaphysics, to a certain extent, indirectly reflected the integration of Confucianism with the Taoist School during the Wei and Jin Periods and showed that the thinkers of those periods carried out explorations on the relationship between man and society and on the relationship between man and the natural world from the angle of ontology on the basis of the early Confucian "theory of man." The thinkers of those periods also raised such new questions as: How could the doctrines, rites, and laws upheld by Confucianism continue to exist? How could the doctrines, rites, and laws upheld by Confucianism reduce spiritual oppression and enable people to gain initiative in their free development?

Because Confucian rationalism during the Wei and Jin Dynasties and the Southern and Northern Dynasties absorbed the natural sciences, it greatly deepened man's understanding of the natural world. The outstanding mathematician Liu Wei was deeply influenced by the Confucian "Yi" theory. The "Zhou Yi" Scripture, its expositions on the numerical relations, and its skillful predictions on the numerical law once greatly enlightened China's natural scientists. Enlightened by the "Zhou Yi" Scripture, Liu Wei wrote his "Nine Chapters Of Arithmetic Notes" and founded the well-known "Round-cutting Technique." In the Southern Dynasty, Zu Chongzhi invented the practical round-cutting technique and the 7-digit ratio of the circumference of a circle to its diameter. Zu Chongzhi also wrote "Yi Yi Ban," "Xiao Jing Zhu," and "Lun Yu Zhu." The integration between Confucianism and the natural sciences can also be seen in the field of chemistry and the field of medical science. There was "Bao Pu Zi" written by Ge Hong who was a Taoistic academic specializing in "orthodox Confucianism." In the field of agriculture, the "Qi Min Yao Shu" written by Jia Sixie absorbed the spirit of Confucianism. In the field of geography, "Shui Jing Zhu" written by Li Daoyuan not only talked about the territory under the control of the Northern Wei Dynasty but also talked about the whole of China, including the Southern and Northern Dynasties, so as to have comprehensively summed up China's ancient hydrography and introduced the concept of "national dignity" into geography.

The Tang Dynasty saw the coexistence of Confucianism, Taoism, and Buddhism. Some thinkers tried to restore the dominant position of Confucianism, but at the same time were greatly influenced by Buddhism. This could be seen in the analysis of man as the main body, such as: The object of consciousness stressed by some Buddhist factions is only the object-related consciousness while the establishment of self-consciousness provides people with a strong belief and strong spirit to overcome difficulties. These Buddhist views were absorbed by some Confucianists who developed the early Confucian "theory of man" from a new angle. And this development was represented by Han Yu's "Zhi Xin Theory."

Second, the early Confucian ideology of caring and cherishing people was further developed in the Tang Dynasty. Du Pu, Bai Juyi, and some other great poets of the Tang Dynasty were also greatly influenced by this ideology.

Another trend of development of Confucianism in the Tang Dynasty was the integration between Confucianism and the natural sciences. Sun Simiao's medical science not only absorbed foreign cultures but also absorbed the humanitarian spirit of "sense of pity" advocated by the early Confucianism. In the artistic field, before the Tang Dynasty, Chinese paintings had been characterized by their lines. In the Tang Dynasty, Wu Daozhi began to paint embossed figure paintings. This type of painting originated from India and spread to China's Central Plains via the Western Regions.

The form of expression of Confucianism in the Song and Ming Dynasties was a school of learning devoted to the study of the classics with a rational approach. This school of learning had a dual nature: On the one hand, it strengthened the feudalistic spiritual oppression, on the other hand, it greatly developed the cream of Confucianism. These two sides of the contradiction can easily be found in the school of learning devoted to the study of the classics with a rational approach.

When expounding the question of carrying out scholarly research without adhering to the doctrines of the "Heavenly Principles," some well-known theorists of the school of learning devoted to the study of the classics with a rational approach further developed the early Confucian tradition of paying attention to an individual's independent thinking, integrating a hundred schools of thought, and paying attention to the study of cultural relics. Zhu Xi was a great scholar of the school of learning devoted to the study of the classics with a rational approach. The mentalistic school attached to the school of learning devoted to the study of the classics with a rational approach in the Song and Ming Dynasties also paid great attention to independent thinking. Wang Shouren's philosophy also stressed the individual consciousness of man. His detailed analysis of the activities of man as the main body clearly showed the development of the Confucian theory and ideology.

During the Song and Ming Dynasties, some great politicians and scholars who were not theorists also developed the Confucian concept of running a country to benefit the world and the concept of "national dignity" through their ideological and political practices. Wang Anshi and Wen Tianxiang were two outstanding representatives in this regard. The ideologies of Wang Anshi and Wen Tianxiang were deeply rooted in the then developing materialistic ideology. Wen Tianxiang's expositions on the "innate laws of things" and Wen Tianxiang's transformation of the category of "sincerity" and the category of "respect" of the school of learning devoted to the study of the classics with a rational approach showed that his patriotism had a strong theoretical basis.

From the above mentioned historical facts, we can clearly see the path of the gradual evolution of China's Confucianism. Looking at the development of China's Confucianism, we cannot help thinking about some questions:

First, the core of China's Confucianism is the ideology about the perfection and responsibility of man (which lacks the concept of power and interests). The ideology about the perfection and responsibility of man in each historical period is of dual nature which consists of both relativity and absoluteness. China's Confucianism had developed and evolved in the dialectic unity between such relativity and absoluteness and finally became one of the important components of the ancient culture of the Chinese nation.

Second, Confucianism developed in two directions in the history of China: One direction was that the perfection and responsibilities of man must be subordinate to the feudalistic rule; the other direction was that the perfection and responsibilities of man must be integrated with the knowledge of man and with the raising of man's consciousness. Therefore, Confucianism consists not only of the factor of the historical burden but also the factor of China's fine national culture and tradition. The latter has touched upon an important theoretical question, namely the question of how man can develop from the realm of necessity to the realm of freedom.

Third, the study of Confucianism is closely related to the building of the socialist modernizations in China. The purpose of building the socialist modernizations is to build socialism with Chinese characteristics. To get a clear understanding of China's national situation, cultural tradition, and national character, it is necessary to understand and study Confucianism which has for long had a significant influence over China's culture and history. It is also necessary to discard the dross of Confucianism and select its essence. At the same time, we should also see that when a type of social ideology reflects some aspects of an objective law and contains a certain scientific form, the social ideology itself is a unity of absoluteness and relativity. As far as the absoluteness of the social ideology is concerned, it brings to light certain

elements of truth which will not disappear and the people can only advance and develop themselves on the basis of those elements of truth. For example, Confucius once said that "to be together but not to be identical," "not to do to others the things which you do not want others to do to you," "to learn without thinking causes confusion and to think without learning is dangerous," and so on. These Confucian views are not only needed by China in its efforts to carry out the building of the socialist spiritual civilization but are also needed by world culture. This fact shows that

Confucianism contains certain theories and ideologies which still have great vitality. We should also try to carry out in-depth study on those Confucian ideologies and theories which do not conform to the present life and concepts of the people so as to accurately discard the dross of the Confucianism. In a word, we must make great efforts to develop the psychology and fine qualities of our nation and overcome its backward qualities. The study of the historical evolution of Confucianism will certainly help us to accomplish this task in one aspect.

TRANSPORTATION

Lufthansa To Assist CAAC Overhaul of Management Structure

40060007 Hamburg DIE ZEIT in German
25 Sep 87 p 43

[Article by Burkhard Kieker: "Daredevil Chinese in Flying Crates"/ Lufthansa Helps CAAC Build Modern Management]

[Text] "Thank you for flying CAAC." The voice of the Chinese stewardess sounds a little tinny over the loud-speaker after the packed Ilyushin 62 has landed. A Swiss businessman, one of the many Western passengers on Flight 1502 from Beijing to Shanghai, responds only with a tired smile: "Why thank us, unfortunately we had no other choice." This judgment on the Chinese state airline is devastating, but typical.

With its often disinterested personnel, frequent delays or even flight cancellations, and a catastrophic booking procedure, the airline for years has held the top spot among the number of least popular airlines. CAAC, which is often spelled out as China Airline Always Cancels by long-suffering passengers waiting in vain for departure, so far is not an airline in the usual meaning of the word, but rather a state administrative authority with an adjunct air traffic operation.

Ever since China's opening up at the end of the 1970's brought businessmen and tourists en masse into the country, CAAC has been hopelessly overtaxed. Although the flight plan shows more than 200 domestic flight routes between 90 airports, only a handful of them can be reached by flight at all times. If the weather is bad, planes don't even try to take off. Then the word appears on the ultramodern announcement boards of the Beijing airport which has driven many a businessman to despair: "Cancelled."

Flights often are fully booked weeks in advance; because of a lack of computers, reservations can be made only at the respective central office of CAAC. Among waiting foreign passengers in Beijing it is a favorite pastime to tell the latest anecdotes about CAAC flights.

In addition to the notorious hour-long delays, there are stories about pilots with the mentality of dive bombers, or about sheep blocking the emergency exits of an ancient Ilyushin 12 on a flight to Hohhot in Inner Mongolia. If the pilot then also has to dive in order to drive wild ponies from the landing strip, it is reported as the crowning of an adventure.

Crowding in the Cockpit

Reports about threadbare tires or unplanned landings because of technical problems have become rarer, however. A few years ago, when a mechanic at the Hongkong

airport found metal chips in the oil filter of a jet, the pilot did not seem concerned. Only the control tower's refusal to clear his takeoff stopped him from taking off for home with a defective engine.

The CAAC cockpits are always crowded. In addition to the usual three-man crew, Boeing 707s and jumbo jets also carry a radio operator and a navigator. Since Chinese captains of jumbo jets frequently do not speak English, the radio operator interprets the various directions given by the navigator. A school for civilian pilot training, built in Tienjin with UN assistance, lets one hope for higher standards here, also.

Earlier, CAAC was particularly known for its in-flight servings of lukewarm tea and pulpy biscuits; but the service has improved since the company started working with a Hongkong catering business. The stewardesses are also supposed to become friendlier; they are now being trained by Japan Airlines on how to serve the customer. On every flight, passengers now even receive a small present: a plastic thermometer, bottle opener, or a small packet of green CAAC tea.

In the current Chinese 5-year plan, the airline has absolute priority over all other means of transportation. As in all large countries, in China, also, the plane is the only way to overcome the enormous distances. Since up to now the demand for seats grew faster than the seating capacity (CAAC must leave behind an estimated one to two million passengers per year), great expansion has been pushed in recent years. According to CAAC general director Hu Yizhou, annual growth rates of 14.5 percent are planned for civilian air traffic by 1990.

This year, CAAC is starting a long-announced reform which is to turn the inflexible bureaucratic colossus into an airline with international standards. In the future, CAAC will only deal with administration. Flight operations will be taken over by six newly-founded airlines: China International Airways headquartered in Beijing, and five others in Canton, Chengdu, Xian, Shenyang and Shanghai. The individual provinces can also establish airlines, seventeen of which already exist, such as Air Szechwan. All these airlines are to compete with each other, in line with Deng Xiaoping's reform policy.

The Chinese are willing to spend \$150 million (almost DM300 million) on improving the infrastructure. Booking computers are being installed in Beijing and Shanghai; numerous airports are getting improved navigation and landing aids; present grass landing strips will get concrete runways. The fleet of planes is also being modernized. For years, the People's Republic of China has been an Eldorado for aircraft salesmen. Since the beginning of the 1980's, CAAC has put 100 new airplanes in operation, another hundred are already on order with the manufacturers. In May of 1986 alone, the Chinese ordered new jumbo jets, Boeing 767s and A-310 airbuses for a total of \$850 million.

So far, however, the Chinese have been rather unselective in their buying. The CAAC fleet flies just about every plane offered on the world market. A fleet of 150 airplanes—14 different types—would drive any capitalist airline into certain ruin. The Chinese are relaxed about it.

The Boeing 767 and the A-310 airbus, for example, with approximately the same performance and uses, are the strongest competitors on the world market. True to the old adage never to put all one's eggs in one basket, the Chinese simply bought both. Lately, the air fleet also has a few Soviet Tupolev 154: the Chinese bought them from the Soviets in order to reduce the balance of trade surplus with the big neighbor.

However, there are technical limits in China to the enforced expansion of aviation. At Beijing airport, the modern jets imported for hundreds of millions of dollars often stand around on the ground for days, useless, because a spare part is lacking, or a defect cannot be tracked down. Maintenance and repair are badly organized, and the complicated engine repairs in Japan and the United States swallow up the painfully earned foreign currency. Lufthansa jumbo jets are in the air up to 13 hours a day, while those of CAAC manage only 5 to 6 hours—not enough to amortize the cost.

The planners at CAAC realized that foreign maintenance know-how was needed, if the planned "great leap forward" in aviation was not to end in chaos. For years, the technicians of CAAC had looked around at other airlines. After an inspection of the Lufthansa facilities in Hamburg, they presented their request, couched in Far Eastern terms.

The gentlemen from the technical management of CAAC inquired if Lufthansa could not send an expert of the caliber of Ge Lixi to China. Engineer Ge Lixi—his German name is Werner Gerich—as the director of a small engine factory in Wuhan had battled with an iron fist against sloppiness and incompetence and had become the model hero of Chinese economic reform. The Chinese felt that someone like that was also needed at their airline's maintenance base in Beijing.

In fact, however, this was an offer for large-scale cooperation between Lufthansa and CAAC. A consultation contract was signed, and already in the fall of 1985 a team of ten Lufthansa engineers moved into offices of the Beijing maintenance base. Their task: to introduce tight organization and modern management in order to adapt the technical side of the Chinese airline to international standards.

Pioneering Spirit Needed

Probably still this year, the consultation contract is to become a joint venture, a joint German-Chinese maintenance enterprise. If this agreement materializes, the

Lufthansa commitment, next to the Shanghai Volkswagen plant, will be one of the largest joint ventures of the two countries. On the German side, engineer Werner Hupe, 53, is responsible. In Frankfurt he had been chief of Lufthansa maintenance, where several thousand technicians and mechanics maintain planes ready around the clock. In Beijing the Germans, used to perfection, will first of all need pioneering spirit: there are no special tools and not enough hangars, and spare parts must be ordered through official channels from some other office.

Hupe says, "First of all, we introduced English as the working language, but it costs time and nervous energy until everyone has the same understanding of a given term. The people are well-motivated and technically gifted, but they lack special training." Therefore, at present Chinese mechanics are being trained in the FRG as tire, engine, or electronics specialists.

From the very beginning the Lufthansa people tried to introduce the principle of performance and responsibility, the latter particularly important in aviation. Cultural barriers must be overcome also. "At first, our Chinese colleagues believed they would 'lose face' when we tried to improve their sometimes outdated work methods. We came to an understanding to forget that concept, at least at the work place, otherwise modern management is impossible," says Werner Hupe. "The dust storms from the Gobi desert create difficulties for us, especially with electronics, and we urgently need dust-free rooms for repairs. In winter, the water pipes freeze in the hangars, and of course one cannot paint a plane there at -20 degrees Celsius."

They also had to develop capabilities as road builders: "When I looked out of my office at the base area, horse-drawn carts piled high kept passing by. It was impossible for the mess hall to use up that much food-stuff." It took Hupe a little while to grasp the fact that a normal, ordinary country road traversed the maintenance base. "And then, the jumbo engines, worth DM15 million, were pushed over these huge potholes for repairs," he complained.

"The Chinese bought 10 Boeing 707s with a total of 40 reserve engines," says a technician, "and when we took stock, only 3 of them were functioning; the others were gathering dust somewhere in the corners of the warehouses."

This is not to happen again. Meanwhile Lufthansa, jointly with the partners, has introduced maintenance control. Data on the life of engines are established, maintenance intervals must be strictly observed, and pilots must prepare precise reports on defects and technical problems of their planes. So that planes are not being withdrawn from traffic for every little oil change, mechanics now make repairs right at the exit gates between flights.

For Lufthansa chairman of the board Heinz Ruhnau, the China involvement is almost a hobby. He considers the Far East, and the People's Republic of China in particular, the most interesting growth market. "Our offer to the Chinese partners is to help them in their own development. We don't want to make money with it, but we also don't want to lose any. The planned joint venture is an independent enterprise which is self-supporting, that is, it must finance itself from current income," he says.

For the development of a functioning large-scale maintenance yard, Lufthansa estimates investments of about 2 billion Renminbi (more than 1 billion DM). At present, the size of the Lufthansa participation is being negotiated. It will be between 26 percent and 49 percent. At the Cologne corporate head office, they figure on DM100 million of their own capital contribution which is to be secured by Hermes export credit guarantees.

At peak times, about 70 Lufthansa people will be in Beijing as advisers. "Very close to the limit of personnel bloodletting which even a large company like Lufthansa can afford," says consulting manager Toni Sauer.

The cornerstone for this [relationship of] trust was already laid at the beginning of the 1980's: 40 high Chinese functionaries from technical and sales fields completed training courses in the FRG; in 1984, the entire top technical management of Lufthansa flew to Beijing for a management seminar. "Our offer is open," says Ruhnau. "We make all our know-how and all our experience available. There are no secrets, everything is transparent." The Chinese—after bad experiences with the Soviets—evidently appreciate that.

Of course, Lufthansa is not totally selfless in this matter. Through the joint venture, one hopes to get a foot inside the door of the huge Chinese market or, as Ruhnau puts it, to gain a "face": "Only then are we real partners in the Far East." So far, at any rate, things are working out as planned: Lufthansa is the only West European airline permitted to fly to Beijing three times a week—always with fully booked jets.

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Restructuring of Railway System Described *40060871 Moscow GUDOK in Russian 1 Jul 87 p 3*

[Article by TASS correspondents M. Abulkhatin and V. Tomilin special for GUDOK under the rubric "The Rail Transport of the PRC": "The Reconstruction Continues"]

[Text] Railroads are the principal form of transportation in China today and the main arteries of the country's national economy. And today, during the 7th Five-Year Plan (1986-90), paramount attention is being devoted to the utmost development and improvement of rail transport. After all, some 71 percent of freight shipments and

56 percent of passenger transport in the PRC falls to it. In order to handle such volumes, some three million people in all are employed on the steel mainlines.

Notwithstanding undoubted successes, the rail transport of China continues to be a weak link of the country's national economy. In the words of the PRC's minister of railways, Ding Guanggen, the situation is especially unfavorable on the mainlines in the economically developed areas of the country, where traffic and through capacity are clearly lacking on the lines.

The operational length of the rail network is 52,000 km [kilometers], of which about 10,000 are two-tracked mainlines. The total length of electrified sections is a little over four thousand km, while almost 11,000 are served by diesel locomotives. The share of work executed by progressive types of traction is reaching 40 percent of the total amount of rail shipping.

Taking into account the overall backwardness of rail transport, the leadership of the PRC decided to use all possible financial and credit sources in the 7th Five-Year Plan to increase capital investments in its development. Especially from the state budget and the regional financial resources of enterprises and organizations.

The policy of "multichannel collection" of funds also assumes the attraction of railroad construction by foreign investment in the form of creating joint enterprises or cooperation on a mutually advantageous basis. Thus, work has already begun on an electrified railway from Zhenzhou to Baoji and the laying of a second track on the Hanyang to Guangzhou mainline in conjunction with a Japanese economic collaboration fund. The electrification of the Zhenzhou—Wuhan line and the expansion of the Changchun passenger-car plant will be accomplished with collaboration from the World Bank.

Over the just-concluded 6th Five-Year Plan (1981-85), the amount of shipments of freight and passengers increased by 17.4 and 26.6 percent respectively, while the length of electrified and two-tracked lines increased by 2,480 and 1,870 km respectively. The output of electric and diesel locomotives was up 130 percent. In 1985 for the first time in the existence of the PRC, their production exceeded steam locomotives. According to information from the Xinhua Agency, by the year 2000 the PRC will have 20,000 km of electrified railways, which will comprise a quarter of the total length of the country's rail system. They will carry out at least 50 percent of the total volume of passenger shipments.

Priority is given today to the technical reconstruction of existing mainlines and increasing their traffic capacity along with the construction of second tracks. The laying of second tracks is essential for transporting coal from the provinces of Henan, Shanxi, Inner Mongolia and the Ningxia Hui Autonomous Region to industrial regions.

During the current 7th Five-Year Plan, lines should enter service that link Datong, the coal-producing center in the province of Shanxi, and Qinghuangdao, a port city in the province of Hebei. This line of 600 km will be the first two-tracked electrified mainline in the PRC that is adapted for heavy trains.

In the eastern part of the country, where the economy is most developed, especial attention will be devoted to rail transport. The largest business facilities are located there, and many fields of minerals, including coal, oil and iron ore, are being developed there. Specialists note, however, that the state of the transport network in eastern China does not meet the growing needs of the economy of the region and the whole country. In accordance with the five-year plan, the PRC government has allocated seven million yuan for the construction of new rail mainlines and the reconstruction of old ones in the eastern regions of the country.

It is planned that the amount of passenger and freight transport will grow by six and five percent annually respectively during the current five-year plan. Nonetheless, in connection with the projected rapid rates of development of the road network, air routes and maritime and river navigation, the share of rail transport in passenger service should be reduced to 40 percent, and freight to 60 percent, in the distant future—by the year 2000.

A system of "contract responsibility" will be implemented beginning in the first year of the five-year plan on a sector-wide scale, where the management of the railroads or their divisions will conclude contracts with the state. The management system will shift from excessively centralized to a more flexible one, and rights will be expanded in the localities. According to press testimony, this will make it possible to reject old practices, when railroads surrendered surpluses they created to the state budget and requested allocations from the state for construction. In this manner, the development of the railroads will now be made closely dependent on economic efficiency, while the income of the workers will depend on the results of their labor.

The PRC railroad ministry system includes 12 administrations and over twenty major construction and planning-and-survey organizations, as well as 33 plants for the production and repair of rolling stock. Sector science is represented by an integrated NII [scientific research institute] for rail transport and six specialized research institutes.

Along with their colleagues from the socialist countries, the specialists of the PRC are actively participating in the development of problems on a multilateral basis associated with track facilities and providing for passenger and freight transport on international lines. A program of accelerated incorporation of an automated railroad system was approved at the recently concluded 15th Session of the Council of Ministers of the RCO [Railroad Cooperation Organization] (RCO is one of the few, if not the only, international organizations that China did not leave during the "Great Cultural Revolution").

Great significance is imparted to the development of mutually advantageous bilateral collaboration between the Soviet Union and China in the realm of rail transport. As USSR Minister of Railways N.S. Konarev, who took part in the work of the 15th RCO Session, noted in a discussion with TASS correspondents, the development of Soviet-Chinese economic ties in recent years has predetermined a sharp increase in shipments of foreign-trade freight. Our contacts are becoming more active in the realm of scientific and technical collaboration. There is an agreement to develop a prospective plan for priority areas of scientific and technical collaboration in the shortest possible time.

Providing for international shipments and making mutual use of leading experience and technology, Soviet and Chinese railroad workers are making a contribution to the cause of strengthening collaboration between the USSR and China on an equal footing in the interests of accelerating the socio-economic development of the two largest neighboring countries.

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Unauthorized 'Improvements' to Weapons Prohibited

430050977b Beijing JIEFANGFJUN BAO in Chinese
25 Jul 87 p 3

[Article by Li Qingzhu [2621 1987 4376] and Cao Fucheng [2580 4395 2052] of the Military Affairs Office, Beijing Military Region Logistics Department: "One May Not Without Authorization Modify Weapons and Equipment"]

[Text] When inspecting weapons and equipment in the units, we discovered that some units had blindly made "improvements" to them, "improvements" which seriously damaged some of them and even rendered them useless. For example, without asking permission from the higher level to make a technical improvement, a certain artillery repair fendui refitted the radar antenna of an artillery regiment by adding an automatic elevating device, thus making it impossible for the antenna to be repaired with interchangeable parts. Also, for example, to solve the "windage" problem of the 40mm RPG, the repair station of a certain infantry regiment "reformed" on its own a mechanized sight for the rocket. The improvement was not successful; on the contrary, it damaged the fixed sight base on the tube, which had to be scrapped.

All the PLA's existing weapons and equipment have been finalized in design and produced after approval by the State Design Finalization Commission. Their tactical and technical requirements have a scientific basis, and most of them have been tested in actual combat,

which proved them to be of excellent quality and dependable performance. Also, the models and specifications of the PLA's weapons and equipment are standardized. If they are modified at will, not only will their tactical and technical performance be degraded, but also the universality and interchangeability of equipment parts will be destroyed, causing difficulties in interchanging and maintaining parts. Therefore, the PLA General Headquarters long ago clearly stipulated: "It is impermissible to change at will the performance or use of equipment and weapons or to arbitrarily disassemble and replace them."

Of course, because the existing weapons and equipment were limited by the conditions at the time their designs were finalized, it is difficult to avoid certain defects. We think that if, during operations and training, it is discovered that a certain weapon has a defect or inadequacy, this should be timely reported to the relevant department, but the weapon should not be modified without authorization. If one really needs to start making experimental reforms, one must strictly implement the General Headquarters rule that "when making technical innovations to change the performance of equipment or when using equipment for firing tests, permission needs to be obtained from the military region or the branch or arm of the service, and serial refitting needs the permission of the General Headquarters." A situation in which each person goes his own way must be avoided by all means.

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