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UNITED STATES

Political Outlook For Post-Reagan America
40050025 Beijing MEIGUO YANJIU [AMERICAN
STUDIES] in Chinese Vol 1 No 3, Fall 1987, pp 37-58

[Article by Zhang Yi [1728 3015]: "The Post-Reagan American Political Scene"]

[Text] Ronald Wilson Reagan, the 40th president of the United States, was elected for the first time in 1980, and successfully defended his office in 1984, making him the president who has been in office longest since the World War II war hero, Dwight D. Eisenhower. Opinions and evaluations of Reagan differ; however, critics and supporters alike acknowledge that Reagan's election and performance have had an extraordinary effect on American politics, and have created a "Reagan Era" (and not every president's term in office can be termed an era). Some people even go so far as to say that the importance of the "Reagan experiment" or the "Reagan revolution" is on a par with the New Deal. A year and a half of Reagan's term in office remains, and quite a few people have already begun to ask: In what direction will the post-Reagan American political scene develop? Will the Reagan experiment be able to continue? Will America's next president be as conservative as Reagan, the Reagan era continuing in fact though Reagan has left the scene.

Predicting political affairs is difficult, and predicting American political affairs is particularly difficult. In the congressional election of mid-1986, the Democratic Party showed a net increase of eight seats in the Senate. Following the election, virtually every professional political pundit felt that this had been incredible, much less predictable in advance. Several months earlier, Democrat Gary Hart had beamed with satisfaction at being far out in front in the tussle to be nominated his Party's candidate for president. Who would have predicted that he would withdraw from the race in dejection as the result of personal involvement in a dissolute love affair that would occasion tangled strife among a number of contenders. Nevertheless, so long as one does not try to divine the fortunes of any particular politician, it is possible to make a rough estimate of the future course of development of the American political scene. This article attempts to analyze current political trends of thought in the United States as a means of making a simple exploration of the American political scene for several years following 1988.

I.

Any predictions about what will follow Reagan must begin with an understanding of the Reagan era itself. It is necessary to understand both the Reagan era and also to begin with an analysis of what occurred before Reagan. That is to say that without an understanding of the background to Reagan's rise to power, one cannot possibly predict the course of American political developments after Reagan steps down.

In 1980, conservatism was on the rise in the United States, and this was the main reason for Reagan's huge victory over Carter for the presidency. Historically, feudalism has exerted no powerful influence in the United States, and this, plus America's bountiful natural conditions, have resulted in there never having been any genuine revolutionary tradition to speak of, (both the Communist Party and the Social Democratic Party have found it difficult to strike roots in America). Nor has reactionary ideology found special favor (only an extremely small minority adhering to fascism). (1) Consequently, political infighting among the American ruling class has historically been carried on between conservative and liberal factions. In 1932 when Franklin Roosevelt took over in the White House and instituted a turn toward the New Deal, the liberal faction scored a decisive victory. For the 45 years since the New Deal, the American political scene has been substantially the preserve of the liberals. But at the end of the 1960's, the liberal's monopoly began to break up, and within 10 years it had crumbled. At the same time, there was a sharp rise in the influence of the conservative faction, the most marked testimony to which was Reagan's great victory and the change after 26 years to a Republican majority in the Senate.

In political outlook, Reagan is extraordinarily close to the old Republican right-winger, Barry Goldwater. In 1964, Reagan emerged for the first time as a spearhead in national politics in Goldwater's political campaign. In that year, Goldwater came to grief in the campaign against Lyndon Johnson for the presidency, carrying only six of the 50 states. Sixteen years later, Reagan scored complete victory. Granted that differences in the way in which they campaigned was one of the reasons for the different outcome, of even greater importance was that during the mid-1960's, the belief in conservatism that Goldwater and Reagan share was "not in vogue." By the early 1980's, however, "the tide had turned," and it carried everything ahead of it in the United States.

During the 1970's and the early 1980's, conservatism was, to a very large extent, a reaction against new political liberalism, and it included the following three ingredients. First was economic conservatism. Both the great rise in prices and the slow increase in productivity in the United States during the 1970's set a "peacetime record." The consumer price index doubled, and was three times again as high as during the 1950's and the 1960's, while productivity rose only 15 percent, less than half the rate of growth during the 1950's and the 1960's. Unemployment was also higher than it had been for more than 20 years after the war. (2) Economists are unable to agree about the root causes of the economic slump. Keynesians said that it resulted primarily from imperfections in the market mechanism; thus the government would have to intervene to remedy the situation. The conservatives, for their part, believed that the root cause of the problem lay precisely in too much government interference. The strong tradition of individualism, the rise in prices, and the increase in unemployment inclined most Americans toward the latter

view, and they blamed the economic difficulties on the economic policies pursued by the liberals following the New Deal. Statistics prepared by the University of Michigan showed a decline in the proportion of people who felt the policies of the federal government to be correct from 76 percent in 1964 to 33 percent in 1976, and a further decline to 25 percent by 1980.(3) Reagan played to these antigovernment sentiments. During the election campaign, his furious attacks on government interference in the economy won him many votes.

The second component of the conservative trend was conservatism with regard to social morality. The influence of the puritan tradition during colonial times had made Americans fairly conservative by western standards with regard to social issues and personal life. Surprisingly, the United States, which had become the prime power in the world in the 20th century, still argued vociferously about whether or not to have prohibition. Because of its numerous sexual descriptions, "Tropic of Cancer," which Henry Miller had written during the 1930's, could not be published in the United States until 1961. Nevertheless, following World War II, and particularly since the 1960's, the spread of social liberalism characterized by individual emancipation and doing one's own thing developed into the hippie "counter culture." The Supreme Court also made a series of rulings against organized student prayer in public schools and women's right to abortion, and it also enlarged the rights of defendants in legal proceedings. Granted that these rulings increased the civil rights of American citizens, and made American society more enlightened in some regards, they also made social problems more conspicuous. Crime rose; drug use became commonplace; venereal diseases (including AIDs) became epidemic; the family broke up; homosexuality ran rampant; and religious restraints declined. This provoked strong dissatisfaction among many Americans. Like Nixon in the late 1960's, Reagan repeated over and over during his campaign that he wanted to take strong action against crime in order to improve social order and restore traditional morality.

Finally, foreign policy conservatism played a role in advancing Reagan's rise to power. When World War II ended, America's power was far greater than that of any other country in the world. At that time, the United States threw its weight around, meddled everywhere, and assumed the role of world policeman. But its good times did not last long. The postwar Soviet Union, Western Europe, China, Japan, and large numbers of third world countries got back in shape quickly and America's international position declined dramatically. During the 1970's, in particular, the USSR felt that it had become full fledged. The speed of its development of nuclear weapons had exceeded that of the United States, and so it went on the offensive throughout the world in an aggressive strategic posture. The USSR supported Cuba's dispatch of troops to Angola, egged on Vietnam in its aggression against Kampuchea, and even went so far as to invade Afghanistan itself. As a result of its

having been stymied in its war of aggression against Vietnam, as well as for other reasons, the United States appeared able only to ward off blows without the power to fight back. The small Near Eastern country of Iran held American foreign service officers hostage for a long time, and President Carter was at a loss about what to do. Aircraft intended to rescue the hostages developed trouble that resulted in the destruction of aircraft and a loss of human life, and this made the Americans, who had become accustomed to regarding themselves as "the number 1 authority under heaven," even more frustrated. Reagan's frequent talk during his campaign about restoring national prestige and reviving America's leadership position struck a responsive chord in people's hearts. Though Carter and others in the Democratic Party depicted Reagan as a "western cowboy" spoiling for a fight, most Americans seemed to pay no heed, or even hoped that a strong and decisive person from the hawk faction would make America feel proud and elated.

Reagan's election also drew support from a number of conservative thinkers who wrote books and made speeches that elevated conservatism in the aforesaid three regards to the status of theory, and garbed conservatism in a cloak of "orthodoxy." Like the political realm, the post-war realm of American ideological theory was also the turf of the liberals. The rampant McCarthyism of the 1950's, and the Republican nomination for president of the right wing leader Goldwater during the mid-1960's showed conservative strength throughout the United States. In the realm of ideological theory, however, the number of conservative disciples could be counted on the fingers. The noted American scholar, Louis Hartz lamented that America's lack of ideologues from schools of thought other than liberalism denied Americans the ability to comprehend the true essence of liberalism through comparison.(4) Even in 1970, writer Lionel Trilling acknowledged that "in America today, not only does liberalism occupy a dominant position, it is the only intellectual tradition, because very clearly the market is small for conservative or reactionary points of view." (5) Nevertheless, a very great change took place in American ideological theory after the 1970's. Conservative strength developed rapidly to the point where it was on an equal footing with the liberals. Conservatives prepared public opinion to a large and indispensable extent for Reagan to come to power.

During the 1970's, the tide of conservatism surged ahead, sweeping away the liberalist "public philosophy" (6) that had been established in the wake of the New Deal. By "public philosophy" was meant the overall view and policy orientation toward national affairs of the general public (including political leaders). The main feature of New Deal public philosophy with respect to the economy was increased federal government intervention, an increase in social welfare, and the reapportionment of a certain amount of wealth. On social issues, it emphasized individual liberty; though strongly anti-communist in foreign affairs, relatively

speaking it emphasized moderation. The new public philosophy has yet to be completely established. Without doubt, however, during the past decade or more, American popular feeling has developed markedly toward a turning away from the New Deal public philosophy. It was against this background that Reagan scored his great election victory in 1980.

II.

The tide of conservatism carried Reagan into office, and the conservative climate also helped Reagan complete the Reagan revolution. Following the change in the majority party in the Senate in 1986, there has been considerable debate as to whether Reagan has become a lame duck. Reagan is limited by the constitution from serving another term in office, and both houses of Congress are under control of the Democrats. This, plus involvement in the "Irangate" scandal, makes certain that Reagan has become a lame duck. Even were he to reach an accord with the USSR on the limitation of IRBM's or other weapons before he leaves office, that still would not show that he had turned the situation around, because weapons control is not an important item on Reagan's political agenda.

Though Reagan's power and influence is close to becoming a spent force, this has little to do with Reagan's political achievements. Before Reagan became a lame duck, the so-called Reagan revolution had already been completed. In a nutshell, its main substance was in the following three regards:

A. Reaganomics

Reaganomics differs greatly from traditional conservative economic thought. Its essence is a mixture of supply side theories and monetarism (even though the two are different and even contradictory in some ways). All previous governments since the New Deal have basically put their faith in Keynesian theory, (even Richard Nixon said, "Nowadays we are all Keynesians.") (7) advocating the promotion of economic development by influencing demand. The supply siders do just the opposite. They advocate beginning with supply, using improvement in the supply environment and increasing investment to stimulate economic growth.

The miraculous cure that supply siders prescribe is the lowering of tax rates and reduction of government expenditures. As far as the first part of this prescription is concerned, Reagan's achievements have been astounding. In 1981 at the beginning of his term, he trotted out the "Economic Rejuvenation Tax Code," and proposed a 30 percent cut in personal income tax rates within 3 years, the maximum tax rate falling from 70 to 50 percent. At that time, this was the largest tax cut plan in the history of the United States and the one "that benefited the rich most" since the beginning of the 20th century. It was strongly opposed by the Democratic Party. Even so, Reagan's plan was accepted by Congress,

virtually without revision. In 1984, Reagan announced that complete revision and simplification of the federal tax code would be his top domestic objective during his second term. With his goading, Congress took less than 2 years, fairly rapidly (by American legislative standards), to carry out the greatest reform of the federal tax code since the war: A fourteen bracket individual income tax system ranging from 11 to 50 percent was changed to a two bracket tax system of 15 and 28 percent.

Simultaneous with the tax reduction, Reagan also chopped government expenditures for social welfare. The expenditures most affected included job training, education, food stamps, medical assistance, and assistance to families with children. Federal non-defense expenditures as a percentage of total expenditures fell from 77.3 percent in 1980 to 72.9 percent in 1986, reversing the post-war trend toward continued large increase in non-defense expenditures.(8)

The monetarist faction maintains that the supply of money is the main factor determining economic activity. With the help of the Federal Reserve Board, Reagan took action to tighten money, and the inflation rate fell from 13.3 percent in 1979 to 1.1 percent in 1986.

B. The Reagan Doctrine

The Reagan Doctrine is the cornerstone of Reagan's foreign policy, which has anti-communism at its core. Just as the followers of Mani [circa A.D. 216 - 276] hold that darkness represents all evil, Reagan holds that the evil in the world today stems from communism. He has repeatedly termed the USSR an "evil empire," maintaining that so long as communism exists, the world cannot be peaceful.

Concretely speaking, the Reagan Doctrine has two pillars. The first is vigorous expansion of armaments in an effort to gain strategic dominance over the USSR. After taking office, Reagan changed numerous decisions of the previous president. He ordered a speed up in research and development and deployment of weapons systems such as the B-1 bomber, the MX missile, large naval ships, stealth aircraft, and SDI, requiring the expenditure of trillions. National defense expenditures surprisingly doubled between 1980 and 1986. During the past 2 years, as a result of the startling increase in the federal deficit, national defense budget authorizations have been virtually at a standstill. This standstill has taken place following great strides, however. America's national defense expenditure increases since 1980 have averaged more than 12.2 percent annually, much more than the overall rate of increase in federal expenditures, and greatly surpassing the annual 3 percent increase in national defense expenditures agreed upon by the NATO countries.(9)

The second pillar of the Reagan Doctrine is active support for anti-communist power in other parts of the world. It holds this to be an unshirkable duty of the

United States. This point is manifested particularly prominently in Central America. Though the United States maintains diplomatic relations with Nicaragua, it has constantly meddled in its internal affairs, has laid mines along its coast, has conducted an economic blockade, has violated its air space, and has even provided military assistance to anti-government armed forces. In addition, in 1982 the United States used protection of American students as a pretext for public aggression simply because the government of Grenada was not particularly friendly toward the United States. This was the most glaring example in modern times of the use of force to dominate the weak.

C. Reagan's Social Morality Views

Reagan is the first American president to have been divorced, and his origins are Hollywood, which is not noted for its chastity or morality. Nevertheless, his utterances strongly emphasize a revival of traditional moral concepts, and are cut from the same cloth as the statements of the new right and the fundamentalists.

On issues of social morality, Reagan speaks most frequently about abortions and school prayer. Up until 1973, each state decided whether a woman could have an abortion. Some states virtually allowed abortions to be performed freely, but most states permitted abortion only under special circumstances such as saving the mother's life. In January 1973, in *Roe vs Wade*, the United States Supreme Court ruled that a woman's right to abortion is protected by the constitution, and that individual state laws that are contrary to this are invalid. (10) Quite a few people in the United States, and particularly the new right and fundamentalists, were extremely dissatisfied with this ruling, and clamored for a revision of the constitution to overthrow it. Reagan, for whom writing is not a strong suit, wrote a small booklet supporting the anti-abortion movement in which he termed artificial abortion inhumane.

School prayer was also the subject of a Supreme Court decision. In 1963, in *Engel vs Vitale*, the Supreme Court ruled that public schools may not organize student prayer because this would violate the first amendment to the constitution regarding the separation of church and state. (11) American right wing groups also reacted with extreme aversion to this ruling. They tried not only to revise the constitution, but also wanted to strip federal courts of the right to rule on this issue. Reagan likewise expressed support for this action.

In addition, Reagan also maintained a relatively conservative view toward the "equal rights amendment," the rights of the accused, school education, black and white students attending the same schools, and opposition to drugs.

In criticizing Reagan's political accomplishments, some people maintain that the so-called Reagan revolution is only an illusion, all form and no substance. It must be

admitted that the substance of the Reagan revolution has been exaggerated by some. Despite Reagan's big talk about the benefits of a balanced budget, during his term in office the federal deficit has increased twofold to its highest level ever. Though Reagan expresses opposition to Keynesianism, he borrows on a large scale (deficit spending being a major ingredient of Keynesianism). Though Reagan is actively anti-communist, and expressed a desire to resume "official relations" with Taiwan while he was campaigning, once he took office, not only did he not do this, but rather further developed relations with China. Though Reagan announced he would not shrink from support to right wing dictatorships in order to oppose communism, in the end he abandoned support for Marcos in the Philippines. Despite hard words about induced abortion, he has not made this issue a major component of his legislative agenda. As a result, some extreme right-wingers are rather dissatisfied with him and have expressed disappointment.

As a result of having been checkmated in many quarters, Reagan has not been able to fully implement his desires. Even so, inasmuch as contemporary American society develops through a process of "incrementalism," the political impact on the American government of Reagan's accession to the presidency (both tangibly and intangibly) has been out of the ordinary. To term it the Reagan revolution would not be going too far. In "The Reagan Biography" THE WASHINGTON POST correspondent Lou Cannon evaluated Reagan's influence as follows:

"The California government after Reagan left office was different than when he took office, and the American government when Reagan leaves office will also be different than when he took office. ...Reagan's accomplishments stem from his having decided the political dialogue. Though he has not completed many things that he had hoped for; nevertheless, he has led the nation in a change of course. Some people believe this change to be divisive or even dangerous, and to have destroyed the social accomplishments of the past half century. Others believe this change rescued the Americans' drive and economic freedom. No matter the evaluation that future historians make, Reagan did not serve as president for nothing. Like Franklin Roosevelt, the hero that he esteems, he has striven to lead the country in advance toward what he believes to be the right direction rather than let it drift aimlessly. Ronald Wilson Reagan is a leader; he has changed the world." (12)

III.

Reagan was elected on an upsurge of conservatism, and Reagan's political achievements are attributable to the strength of conservative power. The fate of the post-Reagan American political scene will likewise be determined by the direction of future development of conservative thought. As to the future of conservatism, there are presently two diametrically opposed views. One

school of thought believes it has a bright future. The deputy director of the American Heritage Foundation, Burton Paines made a speech during an early 1987 visit to China on the subject of "America after the Reagan Era" in which he said that "at least for the next generation, America's leaders will be conservative no matter whether they are Republicans or Democrats. ... (Reagan's) point of view, his policies, and his principles — his philosophy and his ideology — will continue to rule American politics for many years after he leaves office just as Andrew Jackson's and Franklin Roosevelt's policies and philosophy ruled America for a long time." (13) Another school of thought believes the American political climate has begun to undergo "fundamental change," that the liberals' "hibernation" has come to an end, and that "spring" is on the way. The noted historian Arthur Schlesinger has noted that the development of American history has oscillated between "individual interest" and the "public interest" in 30 year cycles. During the 1960's and the 1930's, emphasis was on the "public interest"; during the 1980's and the 1950's, the "individual interest" was paramount. To a very great extent, the 1990's will be a return of the 1960's, with the liberals retaking power. Therefore, the end of the conservative era is just around the corner. (14)

Schlesinger is a noted liberal, who was a high level advisor to President Kennedy. The Heritage Foundation is an American extreme right-wing think tank. The views of the two are diametrically opposed, so perhaps this explains why there points of view are so subjective. A look at the present situation shows that for the foreseeable future, the influence of ideological thought cannot be as strong as Paines of the Heritage Foundation says, nor is it likely to be as weak as Schlesinger says. Overall, conservatism has a slight edge over liberalism. This is because conservative power remains very strong in American political circles, intellectual circles, and among the broad masses of the electorate.

Ever since the 1960's, the Republican Party, one of the two main American political parties to hold office, has consistently swung toward the right, and there has been no fundamental change as yet. Previously, the Republican Party had long been under control of the rather strongly liberally inclined eastern power bloc, and the nomination for president between 1940 and 1960 of Wendall Wilkie, Thomas Dewey, Dwight Eisenhower, and Richard Nixon attested to this. In 1964, the right wing staged a comeback, and succeeded in getting right wing leader Barry Goldwater nominated president. It took another more than 20 bleak years before the right wing was able to establish itself firmly in a dominant position in the Republican Party. Some of the former moderate leaders either died (e.g. Nelson Rockefeller), or retired (e.g. Gerald Ford), or left the party (e.g. John Anderson), or were defeated in elections by right-wingers from their own party (e.g. Jacob Javits). Few remained. In 1984, the Republican Platform Committee was made up almost entirely of conservatives of the same stripe, and their promotion of the most conservative election

platform since the New Deal demonstrated that, within the Republican Party, the moderate faction was no match at all for the conservative faction.

During the past 10 years, the Democratic Party has likewise moved to the right on the political spectrum. During the 1960's and early 1970's, as a result of the effects of the civil rights movement, the "Great Society," and the Vietnam War, simultaneous with the Republican Party's movement to the right, the Democratic Party moved slightly to the left. The situation during the 1950's of the conflicts between the two parties being limited largely to the economic sphere had gradually disappeared, and a split had widened to the social and foreign affairs spheres. Since "Watergate," and particularly with the advent of the 1980's, the political center of the Democratic Party began to swing to the left. Carter, who was elected in 1976, was a fairly conservative Democratic president. As in the Republican Party, most of the leading personages in the Democratic Party today are also fairly conservative, and the influence of the traditional liberal factions is increasingly on the decline. In September 1986, the Democratic Party Policy Committee, which was charged with the mission of creating a "new image" for the Democratic Party issued a policy report titled, "The New Choice in Changing America." In comparison with former Democratic Party political platforms, this report was patently much more conservative. It emphasized traditional liberal points of view such as compassion, equality, employment and welfare, but there was not a word about abortion, "positive action" and homosexuality. On the contrary, there was much talk about "choice and opportunity," protection of the family, strengthening of the armed forces, and opposition to the Soviet threat etc., which was extraordinarily similar to the tune of the conservative faction of the Republican Party. (15)

The shift to the right of the Democratic Party is related to changes that have taken place in the population of the United States during the previous 20 years. First was the large scale movement of population from the "frost belt" of the north to the "sun belt of the south and southwest, which gave the latter an increasingly great influence on American politics (both parties deciding to hold their 1988 presidential nominating conventions in the south). Since the "sun belt" is a fairly conservative region in the United States, one of the main consequences of this influence was to strengthen conservative forces inside the Democratic Party. In 1985, some Democratic Party leaders, mostly from the "sun belt," set up a conservative organization known as the Democratic Leadership Conference. During the past 2 years, they have held conferences, made speeches, organized surveys and studies, and proposed policy platforms, becoming an extremely lively force in the Democratic Party that could not be ignored. Second, during the more than 20 years following World War II, the American economy grew fairly rapidly, and a large number of people who had formerly been at the bottom of the social ladder climbed into the middle class, the "haves" exceeding the "have nots" and

weakening the Democratic Party's traditional strength. Middle class thinking is fairly conservative, but middle class participation in politics is fairly active, and they are powerful. They are the main targets in the struggle for adherents by both parties. The Democratic Party, which had traditionally emphasized the interests of the lower classes had to readjust its own policies if it was to gain support. During the past 10 years, the Democrats have repeatedly emphasized the importance of winning over the middle class. The noted Democratic Party campaign advisor Patrick Codell pointed out back in 1976 that economic growth had made most of the electorate middle class, and that maintenance of its majority party position required the Democratic Party to devote its main energies to winning the support of this electorate.(16) Senator Biden said more explicitly that the Democratic Party "has to not only look after the poor, but more important it has to protect the middle class."(17)

The conservative movement outside of political parties is also on the ascendant in the United States today. Conservative organizations of every kind and color have emerged in an endless stream. Up until the 1970's, influential conservative organizations were few and far between in the United States. When Barry Goldwater ran in 1964, only the Young Americans for Freedom and the John Birch Society had any reputation to speak of. Even had Goldwater been elected that year, he would have been unable to appoint sufficient conservatives to positions in the various departments of government. But 20 years later, the strength of the conservatives has changed. A multitude of conservative organizations and think tanks have mushroomed on the American political stage, some fairly prominent ones being The Heritage Foundation, The Philadelphia Society, the Congressional Club, the National Political Action Committee, The Conservative Caucus, and the Moral Majority (which has now changed its name to Liberty Federation.) A generation of conservative leaders has also reached maturity, most of them having held government positions. These organizations and individuals form the foundation for conservatism, and their influence will not disappear as a result of Reagan's leaving office just as the foundation for New Deal liberalism did not vanish when the Franklin Roosevelt left office.

It was said earlier that conservative thinkers had done a lot of work to "legitimize" conservative politicians and policies. Their influence is currently on the rise. Their main representatives are Irving Kristol, Martin Lipset, William Buckley jr., Daniel Bell, Norman Podhoretz and George Will. They possess plenty of drive and are skilled at writing, and are clearly on the offensive in the battle with the liberals. A look at American public opinion shows that except for "THE NEW YORK TIMES," and "THE WASHINGTON POST", and magazines such as "TIME" and "NEWSWEEK," which report mostly news and continue to maintain a liberal complexion, among periodicals that are mostly political commentaries, conservative ones hold the lead. Fairly well known conservative publications include "National Review," "Public

Interest," "Commentary," "The American Spectator," and "Human Events." In recent years, even the "New Republic" has become much more conservative than formerly.

During the 1970's, a trend toward conservatism also developed among the American electorate, giving rise to major changes in the strength of both parties. A survey carried out by the Columbia Broadcasting System showed 48 percent of the electorate as being Democrats and 24 percent as being Republicans in 1979. By 1986, the Democratic Party percentage had fallen to 39, and the Republican Party percentage had risen to 33, putting it virtually on a par with the Democratic Party.(18) The change in political party affiliation and the change toward a conservative outlook was attributable largely to the white middle class majority in the American electorate. There were three reasons why they changed. First, as economic conditions improved and the "cake" steadily increased in size, they did not particularly oppose welfare plans for helping the poor. However when the economy took a downturn, and they found it difficult to maintain their economic position, they shifted to support for reductions in welfare expenditures. Second, in order to eliminate racially segregated schools, since 1970 quite a few parts of the United States have resorted to the bussing of students so that there are both black and white students in the same schools, and this has aroused dissatisfaction on the part of numerous whites. Third, since the time of President Lyndon Johnson, the United States government has adopted a program of "positive action" to look after those who had long been prejudiced against (mostly the blacks). Quite a few white people feel that this violates the principal of "equal opportunity" and is "reverse discrimination."

In discussing the change toward conservatism of the American electorate, there are two points that should be particularly noted. First is the voter turnout rate. One main feature of American elections is the extraordinarily low voting rate. Currently, the voting rate in a major election of a president is approximately only 50 percent, and for an off-year congressional election, it is only approximately one-third. Reasons for not voting differ and those who do not vote come from all walks of life, but mostly from the lower strata of society where life is relatively hard, the educational level relatively low, and where there are large numbers of blacks and Latino immigrants. Failure to vote by this part of the electorate, which is more inclined toward the traditional Democratic Party's liberal viewpoint, means that the make up of the actual electorate is even more conservative.

Second is that the mental outlook of the young American electorate today is more conservative than during the 1960's and early 1970's. Ten-odd years ago, American youth were rather idealistic; ideological freedom was in vogue, and concern for the country and major world affairs was regarded favorably. Youths born after the 1960's are very different. Their view of the world was formed against a background of a slump in the American

economy and a steady decline in America's international position. Consequently, they are extraordinarily realistic and they devote more attention and hard work to their own future careers (such as studying hard). Their view is that except for certain social issues (that have a bearing on their own way of life) about which they are fairly liberal, they are very conservative in matters relating to the economy and foreign affairs. A survey has shown that the 18 to 27 year old age group is the only age group in which there are more Republicans than Democrats. During the 1986 congressional elections, they were also the only age group that hoped the Republican would continue to control the Senate.(19) No wonder quite a few Republicans fervently hope and believe that the Republican Party will replace the Democratic Party as America's majority party tomorrow.

IV.

To say that conservatism will remain dominant after Reagan is to make a qualitative estimate of the American political situation for the next several years, and it cannot answer the question of the extent of dominance. However, for a discussion of the American political scene to have significance, the issue of extent cannot be entirely avoided. Certainly, one obviously cannot provide a precise answer about the degree of dominance (whether 55 or 62 percent, for example). After all, politics is not mathematics. However, use of ordinal number quantitative methods to reach a quantitative conclusion about the extent of dominance remains possible, namely that the effect on the United States of the tide of conservative thought over the next several years will not be greater than during the period Reagan was in office. This is because there are not only factors favoring conservatism in the United States, but factors restricting it as well.

First, there is a great difference between 1980 when Reagan was first elected and 1988 when Reagan will retire. In 1980, the Democratic Party was the party in power. The conservatives could use popular dissatisfaction with the domestic and foreign situations, and lay all the problems at the doorstep of the liberals in the Democratic Party. The conservative faction of the Republican Party has been in power from 1980 through 1988, and though there have been some achievements that deserve to be publicized (such as the virtual elimination of price inflation and an increase in military strength), there are also quite a few embarrassing problems (such as the huge federal deficit, trade deficit and foreign debt). The conservative faction is hard put to lay responsibility for these problems on the Democrats. On the other hand, the liberals can make hay from these problems. The several decades of problems accumulated by the New Deal undermined the rule of the liberals, and the difficulties accompanying the Reagan administration will also impel people to a certain extent to seek non-conservative or not quite so conservative solutions.

The Reagan administration also created another important distinction between 1980 and 1988. In 1980, Reagan talked a lot about tax reduction, cutting welfare expenditures, and increasing military preparedness, thereby gaining support from quite a few people. It will be virtually impossible for the post-Reagan conservative faction to do the same thing again because Reagan has already done just about everything that can be done in these regards. Take welfare expenditures, for example. As a result of Reagan's large cuts and reductions, there is little room for further economies. As David Stockman, the former director of the Office of Management and Budget said, every stone in the stream has been examined. It was for just this reason that the Gramm-Rudman law passed in 1985 prescribed that certain important welfare expenditures not be made a part of automatic reductions. The same is true of tax reform; the maximum rate has already been lowered to 28 percent and cannot be lowered further.

Second, certain conservative (and particularly ultra-conservative) proposals have a marked reactionary character, and can only be rejected by an increasing majority of people. In international affairs, conservatives adhere to a polarized world outlook, maintaining that every controversial issue is in the nature of a confrontation between east and west, and they look with blind eyes at north-south problems and the development of other countries. They long for the past and seek to restore the position of hegemony in the world that the United States enjoyed right after the end of World War II. In matters of economic policy, the conservatives also put too much faith in "laissez-faire" philosophy, ignoring the indispensable role of government in contemporary economic development. In recent years, the American economy has sustained powerful challenges from Japan and the Federal Republic of Germany, and the competitiveness of American products has faced an unprecedented crisis. More and more people in the United States now feel that the success of Japan and other countries is the result of cooperation between government and business. The experiences of Massachusetts and New Jersey also demonstrate that government industrial policy can promote economic growth. Continued conservative faith in a hands-off policy can only further weaken the competitiveness of the American economy. In addition, the conservatives have been extremely unable to capture public support on certain social issues. Results of an American Broadcasting Company public opinion survey show support for abortion "no matter the reason" as having risen from 40 percent in 1981 to 52 percent in 1985. During the same period, the percentage of those opposed fell from 59 to 46 percent.(20) Young people who strongly support Reagan conservatism on economic and foreign affairs issues especially oppose social conservatism. A survey shows that among members of the conservative Hoover Republican Club, 67 percent opposed revision of the constitution to forbid abortion.(21) Conservative attitudes about economic

and foreign affairs matters, but liberal attitudes about social issues seems to be an overall characteristic of present day American youth.

Third, if the conservatives want to consolidate and develop the achievements of the Reagan revolution, they will have to coalesce with other forces to form a majority, but formation of a majority requires sufficient flexibility to be able to reach a compromise. For example, one of the major reasons that the Democratic Party was able to hold the majority party position in the United States after the 1930's was its ability to take in numerous factions and groups such as blacks, southern whites, Catholics and Jews. Today, the conservatives (and particularly the powerful extreme conservatives) have yet to demonstrate sufficient ability to compromise and incorporate people of diverse natures. Their strong ideological coloration acts as a defender of the "purity" of conservatism. They frequently rebuke Reagan's high level assistants for not allowing the true Reagan to shine forth. They even directly criticize Reagan for going back on his word, and for placing too much emphasis on political expedience while sacrificing principles with regard to policies (such as relations with China), and on some social issues. If the conservatives continue to guard their ideological purity in this way, it will be very difficult for them to replace the Democrats as America's majority party since people having a pure conservative ideology are in the minority in the United States. It is for just this reason that some leading personages in the Democratic Party have given special emphasis in recent years to the importance of seeking common ground on major issues while reserving differences on minor ones, and building a conservative alliance. As Thomas Kane, the Republican governor of New Jersey, who became a celebrity among Republicans for a time when he took 60 percent of the black vote when seeking another term in office, pointed out, the Republican Party must strongly reject the image of a "narrow political party and unite with as many people as possible. If we want to become a majority party after Reagan, we must find a viewpoint that encompasses the hopes and dreams of all Americans." (22) Whether the conservatives will really be able to do this is still a question mark.

Finally, when Reagan, "the most important political personage since the war," steps down, a hard to fill "Reagan gap" will be created that will be a great loss for the conservatives. In 1980, after the Republican Party nominated Reagan as its candidate, quite a few people (including President Carter) felt that this would help Carter greatly because this "foolish and dangerous" former actor would be unable to stand up to Carter. The famed columnist James Reston wrote: If Carter and the Democratic Party National Committee had decided on the Republican nominee for president, they would certainly have selected Reagan. (23) Just as in 1964 when the Republican Party selected Johnson's "favorite opponent," Goldwater, this time they have selected Carter's "favorite opponent," Reagan. However, the election results showed that the Democratic Party's wishful

thinking was nothing more than a wishful dream. Not only did Reagan win the elections of 1980 and 1984, he also became one of this century's few rare American presidents to enjoy highest prestige. His natural "grandfatherly" image is a "major treasure" for the conservatives. The "Reagan gap" will be manifested in the following three concrete ways. First, Reagan's departure will mean the loss of a leader who enjoys high prestige and commands universal respect, and one of the best salesmen for conservative ideology. Second, by comparison with the Reagan "colossus," any future conservative leaders will be a "dwarf." They will be unable to escape Reagan's shadow, and they will be unable to either advance or retreat. They will be unable to make a clean break with Reagan's policies and also unable to inherit Reagan's mantle completely without arousing the aversion of the electorate. Third, Reagan's departure may very well bring about an internal split in the conservative faction. Since 1964, the power of the conservative faction has steadily risen within the Republican Party, one of the reasons being their ability to unite and face their enemies together. Now, it seems, during the 1988 election, the Republican Party conservative faction will find it hard to avoid internal strife, and it is bound to be weakened as a result.

V.

Since conservative thought will continue in the ascendant after Reagan (though not to the degree of the Reagan era), what concrete influence will it exert on the next general election and on the policies of the next government?

As was said earlier, trying to forecast the fortunes of any given American politician is a thankless task, and it is not of great importance as well. The important thing is not to look at a specific person's prospects, but rather to look at possibilities for electing a certain kind of person. As far as the kind of person is concerned, the person who takes Reagan's place in 1989 will very likely come from the conservative camp no matter whether he is a Democrat or a Republican. Those who currently have some hope of winning the Republican Party nomination for president include Vice President George Bush, former Senate minority leader Robert Dole, former Senator Paul Laxalt, and Congressman Jack Kemp. Both Kemp and Laxalt are fundamentally extreme right-wingers whose political views on numerous issues are to the right of Reagan's. Bush and Dole are generally regarded as being moderates in the Republican Party. However, so-called moderate means only in relation to the extreme right wing of the Republican Party. In relation to the Democratic Party, the electorate of the whole country, and the Republican Party of more than 20 years ago, they are out-and-out conservatives. For example, in 1986 Dole's ADA index was a surprising zero, making him one of the most conservative of several senators. (24) In recent years, Bush has also consistently swung to the right, and he has formed a close relationship with the fundamentalist "Moral Majority" in an effort to gain

extreme right wing support. Of course, were Bush or Dole to become president, they would not very likely be more conservative than Reagan.

In the Democratic Party as well, prospects are best for a conservative. The traditional liberal leaders, Walter Mondale, Edward Kennedy, and Mario Cuomo have already announced that they do not seek nomination for the presidency in 1988. (Of course, one cannot completely rule out the possibility that Cuomo may change his decision as a result of Gary Hart's withdrawal.) The campaign of the new liberal representative, Gary Hart, had just gotten underway when it crashed. Though "progressive liberal" leader Jesse Jackson has the support of numerous blacks, in the United States where the whites hold a majority, he cannot win his party's nomination much less win victory in a general election. His hope of "carrying out Martin Luther King's dream" in 1988 is itself a dream. Other major contenders include senators Joseph Biden, Albert Gore, and Paul Simon, Congressman Richard Gephardt, Massachusetts Governor Michael Dukakis, and the former governor of Arizona, Bruce Babbitt. (Senator Sam Nunn may also join the race.) Except for Simon, who has openly unfurled the traditional liberal banner, the others have accepted a conservative outlook to one degree or another. During the campaign, they may move further to the right. If one says that the Republican nominee for president in 1988 will not likely be more right-wing than Reagan, then it is virtually certain that the Democratic Party candidate will not be as leftwing as Mondale.

The next government's policies will also be relatively conservative. In the economic field, first of all, the government will find it virtually impossible to institute new plans for a "Great Society" or a "war on poverty." Neither federal welfare payments nor the total government budget are very likely to increase greatly, and government control of the economic sector may be further loosened. In order to bring inflation under control to a certain extent, a tight money policy will be continued. Because of the huge deficit, the incoming administration may have no choice but to raise taxes; however, the increased revenue will be used largely to reduce the deficit rather than to increase expenditures for new programs.

It should be noted that the incoming government will take more positive action than the Reagan government to improve America's international economic position. During the the 1980's, America's balance of payments situation deteriorated sharply. American products lacked competitiveness, the trade deficit increased sharply year after year, and the United States changed from the world's number one creditor nation to the world's greatest debtor nation. During the 1988 general election, the international competitiveness of the American economy will be a major topic for debate by both parties. No matter which political party is elected, it will formulate certain industrial policies.

As regards social issues, women will have the right to have abortions, and public schools will not be permitted to organize student prayer. These are decisions rooted in constitutional law that the Supreme Court made, which government administrative departments may not revise in any way. However, within its own sphere of authority, the government will continue to stress the rights of victims rather than those of the accused; it will advocate strict punishment of crime; and it will attack pornography. Like Reagan, the future president will likely support a revival of traditional morality, and will not be especially concerned about women's rights, the rights of homosexuals, or the rights of minorities. Though "positive action" and the bussing of students to achieve a mix of white and black students will not likely be prohibited, they will not be acted on either.

In the foreign policy field, the next administration will continue to stress vying with the USSR from a position of strength rather than detente (though this certainly does not mean that arms reduction talks will not be held). SDI research will not be halted. Because of the steadily rising federal deficit, military expenditures will not increase as greatly as they did during the early 1980's, but will likely hover at the level of the past 2 years. Anti-communism will remain America's principal foreign policy objective, and Reaganism will be continued to a very large extent. When conflicts with third world countries arise, the United States will likely continue to take fairly strong countermeasures. Overall, however, the next administration will give more attention than did Reagan to non-military diplomatic methods of solving international disputes. Protectionism will increase, and trade frictions with Japan, West Germany and other areas will increase. As regards relations with China, should any major candidate other than Kemp become president, there will be no fundamental revision of the policy toward China that successive governments since Nixon have pursued. Relations between the two countries will develop further, and Taiwan will remain the major obstacle to the development of relations between the two countries. (Should a rebellion occur in Taiwan, and should the United States support Taiwan independence, the possibility of a decrease in the level, or even a rupture, of Chinese-American relations cannot be ruled out.)

It must be emphasized that there are numerous variables in American politics. The various fairly specific estimates provided above are based on the present situation, but, in the final analysis, some variance with the facts is difficult to avoid. Should a serious economic decline occur, or should war or some other major event take place, this estimate may be even farther off the mark.

In 1950, a man was arrested in the United States for disturbing social order. One eye-witness testified as follows: "He was abusing people by calling them conservatives, etc." (25) In 1980, the United States elected its most conservative president in 30 years. Within the short period of 30 years, the word "conservative" had

changed from a dirty word into one of the most fashionable political sobriquets, and the conservatives had developed from a "fringe faction" into an orthodox faction that rules America today in a change that might be called world-shaking. Furthermore, conservative thought will continue to be the main current in American politics after Reagan, and the conservatives will continue to control the American political scene. Of course, there is an ebb and flow in American politics, and the day will come when the liberals will stage a comeback and rule the political roost again; however, this will not happen for at least many years following Reagan.

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Reform Theorist Zhang Xianyang Profiled
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[Article by Liu Mingming [2692 6900 2494]: "Ultra-left Thinking Remains Barrier to Reform"]

[Text]

Pioneer of Reform Theory

As the saying goes, "The words of the lowly carry little weight." That was how the theoretical community on the mainland responded to the purge of Zhang Xianyang [1728 7359 2254], a reform theorist who became the first among the second batch of intellectuals to be criticized and attacked.

Born in 1936, Zhang Xianyang is a native of Taicong Liuhe Town, immortalized in history as the place where Zheng Huo, the Sanbao eunuch, set sail for the West. Zhang Xianyang's father was a longshoreman, his mother a peasant. He graduated from the Philosophy Department of China People's University, majoring in philosophy, and remained there that year to do graduate work in the history of European philosophy. After graduating in 1966, he became a philosophy teacher at his alma mater. In May 1979, he was transferred to the Chinese Academy of Social Sciences [CASS] to help Yu Guangyuan [0060 0342 6678] set up the Marxism-Leninism Institute. At the beginning, the institute consisted of only Yu Guangyuan and Zhang Xianyang, the former as director and the latter as research associate. Before he was purged, Zhang's professional title was research associate, his administrative title director of the Marx and Engels Research Office. He also served as director of the National Marxism-Leninism Society.

Of all the intellectuals purged successively, Zhang Xianyang is the youngest and the most junior in rank. During the ideological liberalization that began in 1978, however, Zhang Xianyang already garnered a formidable reputation, described by the Hong Kong and overseas press as the vanguard of the movement to criticize left socialism in the Mao Zedong tradition. It was said that "every time the de-Mao Zedong movement escalates, Zhang Xianyang will ask a new question." After 1981, Zhang Xianyang became a student and advocate of Hu Yaobang's reform theory and came to be known as the "pioneer of reform theory." It stands to reason that the pioneer is the first to fall. But as a preeminent figure who has given continuity to China's theoretical community, Zhang Xianyang's achievements cannot be written off.

Criticism of "Total Dictatorship" Enlightens the Benighted

As a specialist in Marxism-Leninism, Zhang Xianyang began criticizing the "gang of four's" ultra-left theories as early as 1975.

In 1975, Mao Zedong made the point that all Marx' teaching boiled down to "proletarian dictatorship and the theory of distribution according to work." This prompted Zhang Chunqiao [1728 2504 2890] and Yao Wenyuan [1202 2429 0337] to each cook up a weighty article, titled "On Total Dictatorship Over the Bourgeoisie" and "The Economic Base of the Bourgeoisie: Distribution According to Work Gives Rise to the Bourgeoisie," respectively. From his research, Zhang Xianyang concluded that both articles essentially contained Mao Zedong's very own ideas—anti-Marxist left socialist theory.

In October 1976, the "gang of four" was smashed and the 11-year Cultural Revolution came to an end. What China then faced was the reality of bringing order out of chaos in the political, economic, cultural, ideological, and other arenas. Because of Hua Guofeng's "two what-evers" viewpoint, people across the nation limited their criticism of the "gang of four" to exposing their crimes, schemes and intrigues. The theoretical community had yet to change its thinking. Very typical was this remark by Wang Dongxing [3076 2639 5281]: "What kind of theory did the 'gang of four' have? Now some people are criticizing Chairman Mao Zedong in the guise of attacking the 'gang of four.'" Wang Dongxing was quite right. He would not put up with people criticizing the "gang of four" in theoretical matters precisely because the gang's theories were entirely Mao Zedong's theories. Suppressing any criticism of Mao Zedong's errors in his waning years in effect amounted to protecting the "gang of four."

In preparation for the 11th National Party Congress in August 1977, the Chinese Communist Party sought to work out six theoretical issues relating to the Cultural Revolution and the "gang of four." Five of them were resolved, leaving only one problem—Zhang Chunqiao's "total dictatorship." On 11 June, Xinhuashe ran an article "Proletarian Dictatorship or Fascist Dictatorship?" written by none other than Zhang Xianyang. Seen as an answer to the sixth theoretical problem, the article was carried in all national and local newspapers, aired repeatedly by radio stations, and was translated into six languages and published in BEIJING REVIEW. In 1979, it was incorporated into the book "A Documentary History of the Evolving Revolution of the People's Republic of China" published by the Monthly Review Press in New York and London. In determining the nature of the "gang of four," the 11th National Party Congress adopted Zhang Xianyang's formulation, "feudal fascist dictatorship." But the congress failed to completely set the theoretical house in order: Some of the thinking, policies, and slogans in effect in the Cultural Revolution continued to be used. For instance, Mao Zedong's idea of "the continuing revolution under the dictatorship of the proletariat" was still treasured. Even Zhang Chunqiao's "total dictatorship" was regarded by some people as well-conceived. Only after Zhang Xianyang produced two articles—"Total Revision of the Theory of the Dictatorship of the Proletariat:

A Critique of Zhang Chunqiao's 'Total Dictatorship Theory' and "'Total Dictatorship' is Conceptually Anti-Scientific"—was Zhang Chunqiao's theory completely discredited.

Ideological Conference Criticizes "Continuing Revolution"

The 3d Plenum of the 11th CPC Central Committee, convened by the party in December 1979, was regarded as a turning point where Deng Xiaoping achieved a change in direction. This is because the plenum criticized the erroneous "two whatever" principle, put an end to the use of the slogan "take class struggle as the key link," and decided to shift the focus of party work to the four modernizations. Yet many theoretical issues raised during the meeting remained unresolved. To the CPC, theory has always been a guide. Thus Ye Jianying proposed at the end of the meeting that the party call an ideological conference to discuss theoretical matters. His suggestion was supported by other leaders and it was decided that Director Hu Yaobang of the Central Propaganda Department should preside over the conference.

Hu Yaobang gathered together Beijing's theorists, including Hu Jiwei [5170 4921 0251], Yu Guangyuan, Li Shu [7812 3412], Ruan Ming [7086 6900], Wu Jiang [0702 3068], Sun Changjiang [1327 7022 3068], Guo Luoji [6753 5012 1015], Su Shaozhi [4479 4801 2535], Feng Lanrui [7458 5695 3843] (the wife of Li Chang [2621 2490], a deputy secretary of the Central Discipline Inspection Commission), Yan Jiaqi [0917 1367 0366], Wu Mingyu [0702 2494 3842], Wang Ruoshui [3769 5387 3055], Zhang Xianyang, Li Honglin [2621 3163 2651], and Yu Haocheng [0060 3185 2052]. They were joined by one or two delegates from each province, for a total of 200 people. The ideological conference lasted 2 and a half months, first meeting at Jingxi Guest House on 18 January and then moving on to Friendship Guest House after the Spring Festival.

The first thing Zhang Xianyang did at the conference was to expose and criticize Mao Zedong's theory of "continuing revolution under the dictatorship of the proletariat." As part of Mao Zedong Thought, this theory was once billed as the third milestone in the development of Marxism, Mao Zedong's highest contribution to Marxism as well as the theoretical and ideological guiding principle for the Cultural Revolution. In the days before the 3d Plenum, Hua Guofeng still clung to the "continuing revolution" theory stubbornly. Even the 11th National Party Congress sang this tune. In his foreword to Vol 5 of the "Selected Works of Mao Zedong," Hua Guofeng wrote about the need to continue the proletarian revolution to the very end. If the theoretical discourse skirted this issue, then Mao Zedong's mistakes in his last years and the "gang of four's" crimes could not be corrected. This theoretical issue was not resolved at the 3d Plenum. Before the meeting, Zhang Xianyang prepared a 3000-character outline for the

gathering, criticizing Mao Zedong's errors in three aspects: 1) total dictatorship, 2) continuing revolution, and 3) taking class struggle as the key link. The outline was approved by the plenum, as can be seen from Deng Xiaoping's report.

Analyzing the Source of Mao Zedong's Mistakes in Detail

Zhang Xianyang gave a lengthy speech at the ideological conference titled "On the 'Theory of Continuing Revolution under the Dictatorship of the Proletariat,'" which was adopted and released as a conference document. Zhang Xianyang said, "Like all theories which have had an impact (whatever its nature) on real life, 'continuing revolution' did not appear suddenly overnight. It had its own formative and institutionalizing stage. It was first put forward by Comrade Mao Zedong in his 1957 work 'On Correctly Handling the Internal Contradictions of the People' and gradually became an ideology through the Lushan Conference of 1959, the Beidahe conference and 10th Plenum of the 8th CPC Central Committee of 1962, the '23 Articles' of 1965, the 'May 16 Circular' of 1966, and the string of directives issued during the Cultural Revolution."

Zhang Xianyang's speech was a disaster on three counts. First, it sought to repudiate such a crucial theory in one fell swoop. Second, it traced Mao Zedong's mistakes all the way back to 1957. Those who are observant may recall that a little after the ideological conference, Liu Dingyi, [7120 1353 0001], a veteran Chinese Communist theorist and a former director of the Central Propaganda Department, became the target of criticism and attack in the latter half of 1979 for having written an article in RENMIN RIBAO enumerating Mao Zedong's mistakes since 1958. Third, it criticized a Mao Zedong classic, "On Correctly Handling the Internal Contradictions of the People." An uproar ensued at the conference, with participants split evenly between supporters and opponents. Zhang Xianyang and his supporters got together and argued for an afternoon. While they succeeded in greatly thinning the ranks of the opposition, some people still thought that the slogan itself was good and should not be discarded. Endowed with new content, it would still be usable.

Zhang Xianyang subsequently proposed that "next to proletarian dictatorship, the key issue should be construction." Only then was this important theoretical issue resolved, and in a way acceptable to Deng Xiaoping.

Correcting the Old Habit of "Calling the Left the Right"

The second thing Zhang Xianyang did at the ideological conference was to clarify the nature of Lin Biao's and the "gang of four's" mistakes. On 12 December 1977, RENMIN RIBAO printed a commentary titled "Bogus Left,

Real Right," which sought, without success, to determine the nature of the "gang of four." The upshot was much confusion over what the line should be, something which years of debate in the theoretical community failed to sort out.

Zhang Xianyang published a lengthy article in RENMIN RIBAO on 28 February 1979, "On the Nature of the Line of Lin Biao and the 'Gang of Four.'" Zhang Xianyang wrote, "The line struggle has gone on endlessly since the People's Republic was founded, and almost invariably the struggle has been anti-right. By the time Lin Biao and the 'gang of four' were running amuck, our practice of opposing the right but never the 'left' had reached the peak of perfection. 'Oppose the right' and 'seize power' became the sole objectives. Today it is the 'ultra-right' line that comes under attack; tomorrow, 'ultra-right regression;' and the day after tomorrow, the 'wave of verdict reversals by the ultra-right.' This practice, it is argued, has a basis in theory: Under the proletariat, there can be no 'left' problems, while 'rightist' opportunism forever poses the greatest threat. Hence this commandment on the line struggle: Only oppose the right, never the 'left'; to oppose the 'left' is to commit a cardinal sin. What is the result of opposing the right indiscriminately and obsessively over an extended period of time? Pushing the party and the nation onto the brink of destruction." He added, "This commandment should have been broken after the 'gang of four' was crushed. But speedy liberalization proved impossible following our prolonged ideological bondage. Even as we criticize Lin Biao and the 'gang of four,' we still use such language as the 'ultra-right' line, 'cannot be more right,' and 'the ultra-right nature of the counterrevolutionary line.' In fact, it cannot be more obvious that the line of Lin Biao and the 'gang of four' was not an ultra-right line at all, but a leftist line through and through."

In his article, Zhang Xianyang also corrected the erroneous line struggle theory that to be right is to be counter-revolutionary and suggested that a good person may also commit rightist errors.

The opinion in Hong Kong was that Zhang Xianyang's article had declared "Mao Zedong's line struggle theory is bankrupt."

Zhang Xianyang further suggested at a small group meeting on 13 February that there be a special topic discussion on the Cultural Revolution so that people could air their views. The five outlines he put forward became the basis for the summing-up of the Cultural Revolution, "Resolution on Certain Historical Issues of the Party since the Founding of the People's Republic," that was adopted by the 6th Plenum of the 11th CPC Central Committee.

The third thing the ideological conference did was to wrestle with Mao Zedong's personality cult. Here the key players were Li Honglin and Guo Luoji. Zhang Xianyang

also played a bit part by delivering a speech "From the East is Red to Jiaochengshan." He said, "It is our tradition to regard folk music as the truth and to promote it together with the Internationale. We always open a meeting with 'The East is Red' and close it with the 'Internationale.' But there are no saviors, immortals, or emperors in the 'Internationale,' whereas 'The East is Red' eulogizes Mao Zedong as the people's great savior. Today 'Jiaochengshan' again gives us an enlightened leader of the people."

Deng Xiaoping Puts Forward "Four Cardinal Principles"

On 30 March, Deng Xiaoping made a report at the ideological conference in which he called for strict adherence to "four cardinal principles," namely the socialist road, proletarian dictatorship, leadership of the CPC, and Marxism-Leninism and Mao Zedong Thought. His words abruptly dampened the lively atmosphere which had prevailed at the meeting for 2 and a half months and sent participants like Lin Muhan [2651 7817 3211] and Liu Bayu [0491 4101 5038] scrambling to issue statements taking back what they said earlier. Hu Jiwei was the lone conferee to declare he would continue to oppose the "left."

The situation in the nation then was this. The Cultural Revolution had left behind a welter of problems, including numerous unjust verdicts and trumped-up charges, which caught the CPC Central Committee unprepared. Chanting the slogan "Proletarian dictatorship is the source of all evil," the people of Shanghai clashed with the municipal CPC Committee. Some people on the Central Committee argued that the ideological trend in the theoretical community had nurtured the growth of rightist sentiments in society and that rightist-thinking people wanted to repudiate proletarian dictatorship, party leadership, and the socialist system. Thus Deng Xiaoping was prompted to put forward the "four cardinal principles."

Addressing the small group on 31 March, Zhang Xianyang warned that the primary danger in the days ahead would come from left opposition to the "four cardinal principles" and that if people devoted their energies to opposing the right, they would invite disaster. His speech, which was later printed and issued as a short report, echoed Hu Jiwei's statement.

Zhang Xianyang Becomes Target of Complaint for Criticizing "Transitional Poverty"

Following the ideological conference, Zhang Xianyang continued to sort out Mao Zedong's traditional socialist theories. In November 1980, he published an article "What is the Socialist Road?" in the newsletter of the Society on Marxist-Leninist Works. A critique of Mao Zedong's "poverty as transition" theory, the article said, "So-called 'firstly poor, secondly blank' seems a bad thing. Actually it is a good thing. A 'piece of blank paper'

has no burden, well suited for writing the newest and most beautiful words and for drawing the best and most beautiful pictures. In fact, this kind of thinking has nothing in common with scientific socialism. On the contrary, it is hardly distinguishable from nihilism or anarchism." The article also said, "The theory of 'poverty in transition' manifests itself in practice as 'poverty-induced suffering.' Comrades who subscribe to this theory always seek a quick transition to socialism and communism and make one's readiness to accept this 'quickness' the litmus test of one's adherence to the socialist road." Zhang Xianyang then went on to analyze, "Agrarian socialism is a crude egalitarianism founded on a small-scale peasant economy. Believers in agrarian socialism look at and try to remake the world in accordance with the standards of a small-scale peasant economy. A small-scale peasant economy is a natural economy where the basic economic unit is an individual family, an individual household. Within each such unit, the head of household presides over a relatively simple, thrifty, and egalitarian way of life. To the small-scale peasant with his narrow outlook, politics can only be a system of paternalistic collective leadership and economics, a natural economic system comprising a number of self-sufficient units of varying sizes. According to his way of thinking, if you build a society where three people share the food of two and where five people do the work of three so that nobody goes hungry or idle, then you have probably achieved socialism. Anything beyond that is communism, under which you 'don't have to pay for your meals and where you work without earning work points.' Other than its egalitarian ideal, the political and economic content of agrarian socialism by and large remains stuck in the feudal mold. And its egalitarian ideal is a pipe dream that cannot be realized. In the real world, therefore, the ultimate destiny of agrarian socialism is either total bankruptcy or regression to feudalism in one form or another."

Zhang Xianyang's stinging attack infuriated certain people. Consequently Deng Liqun [6772 0500 5028] sent a report to Deng Xiaoping and Hu Yaobang charging that Zhang Xianyang opposed socialism and was flirting with neo-democratism.

At the same time, Zhang Xianyang also hit out at "both big and publicly-owned" in the press, laying bare the shortcomings of socialist ownership.

Advocating Democracy and Freedom

Another thing Zhang Xianyang did after the ideological conference was to advocate democracy and freedom.

In early 1979, he wrote "Freedom of Speech." The Legal System Commission examined it for 1 week before sending it to GUANGMING RIBAO. GUANGMING RIBAO dared not print it and passed it onto DUSHU ZAZHI, which kept postponing its publication until the last issue in the year. Zhang Xianyang said, "As a citizen's democratic right, freedom of speech, in the final

analysis, means the freedom of the people to express their own wishes, aspirations, and opinions, including dissenting and even erroneous opinions, on major affairs of state."

In October 1980 the editorial department of GUANGMING RIBAO organized a seminar for the theoretical community and later issued a summary of the speeches. Zhang Xianyang's call for an end to bureaucratism and the pyramid-style centralized system and an reexamination of democratic centralism evoked very strong social repercussions. He analyzed in detail the CPC's traditional slogans, "centralization on the basis of democracy, democracy under centralized guidance." He believed that the first slogan was true but argued that the second was a mystery to most people. It was not until one looked at the election methods in the past that one could figure out what it meant in practice: you name the candidate and we endorse the choice by a show of hands. Apart from this kind of democracy, which is basically undemocratic, there is no other kind of "democracy under centralized guidance." Of the two traditional slogans, Zhang Xianyang succeeded in refuting one. His position was endorsed by the party constitution adopted by the 12th National Party Congress.

Prior to this, Zhang Xianyang had published another article. Titled "Proletarian Democracy and Bourgeois Democracy," it zeroed in on the words of the secretary of one municipal CPC committee: "to talk about democracy is to demand democracy from the people." Zhang Xianyang pointed out that this kind of people were actually the dregs of feudalism, worse than even bourgeois democrats, because they could not distinguish between democracy and dictatorship, let alone make out the differences between proletarian democracy and bourgeois democracy. The municipal secretary should go back to school.

A record was being kept of all Zhang Xianyang's opinions mentioned above to be removed as pollutants during the "anti-spiritual pollution" campaign.

Forced To Resign for Criticizing the Two Authorities

On 1 July 1981, Hu Yaobang, who had just come into power, made a speech celebrating the 60th anniversary of the founding of the CPC. The speech was generally well received, but it was not long before Master Deng launched an attack on the theoretical community for its ideological flabbiness and laxity.

Back in spring that year, Hu Qiaomu [5170 0829 2606] had made a speech, saying, "The party makes mistakes, but so do the masses. The party must not be deified, but neither can the masses." Zhang Xianyang criticized Hu Qiaomu at length in a restricted address, calling his

argument "anti-people." Hu Qiaomu responded by issuing a "three-prohibitions" order to the CASS: Zhang Xianyang was to be "forbidden from making outside visits, commenting on professional titles, and mentioning duties."

Zhang Xianyang also was disqualified from attending the second national theoretical conference that opened on 16 March 1982. Only later when Li Honglin, who was still serving as director of the Theory Bureau in the Central Propaganda Department, drew up a name list on his own was Zhang Xianyang able to take part. The opening address of the conference was delivered by Director Wang Renzhong [3769 0117 6850] of the Central Propaganda Department. Wang Renzhong had always been regarded as a "leftist," but he delivered a good speech, having consulted Hu Yaobang about it beforehand. He talked about continuing to liberate ideas, explore new issues, uphold the double-hundred principle, and oppose the practice of coming down with the big stick. Three days later, he was dismissed from office and Deng Liqun became the new director of the Central Propaganda Department. Once in office, Deng Liqun complained to Deng Xiaoping that the theoretical conference preached liberalization. This silenced everybody. The conference got rid of Guo Luoji and Ma Peiwen [7456 3099 2429]. Zhang Xianyang, too, was forced to step down as director of the Marx-Engels Research Office.

A Quiet, Bitter Struggle and the "Last Leap"

From then on, Zhang Xianyang withdrew from the political circle and his name disappeared from the newspapers. He began pure academic research and joined Yu Guangyuan, Su Shaozhi, and others in editing an encyclopedia and "Scientific Socialism Volume 1." In 1983 a book which he helped edit came out. It supported Hu Yaobang's report to the 12th National Party Congress and was regarded as an authoritative work that systematically argued for reform on a theoretical level. In September 1985, the leading party group at CASS conducted a historic examination of Zhang Xianyang's participation in mass organizations during the Cultural Revolution and found nothing amiss. Zhang Xianyang was allowed to register as a party member. In a move that nullified Hu Qiaomu's "three prohibitions" order, Zhang Xianyang was given the title of research associate and was restored to his former administrative position as research office director. He also was made deputy editor-in-chief of "Marxist Studies" put out by the Marxism-Leninism Institute. The editor-in-chief was Su Zhaozhi.

The first thing Zhang Xianyang did after resuming his public activities was to publish an article in RENMIN RIBAO on 1 November 1985 criticizing Deng Liqun for "continuing the class struggle in the ideological arena." This was followed by another article in the same paper the next year in which he attacked Hu Qiaomu's argument that "seeking truth from facts is a non-Marxist

viewpoint." In the report concerning "Marxist humanism," moreover, he took Hu Qiaomu to task for embracing the "Marxist antihumanist viewpoint" of the international ultra-leftists.

The theoretical community jokingly refers to as Zhang Xianyang's "last leap" his promotion of the "Resolution Concerning Spiritual Civilization" of the 6th Plenum of the 12th CPC Central Committee. He wrote an article in JIEFANGJUN BAO arguing that "the double-hundred principle is also applicable to Marxist theoretical research itself." This was taken to mean that Zhang Xianyang was opposed to applying Marxism to guide the double-hundred principle. At a conference sponsored by KEJI BAO, Zhang Xianyang made his celebrated 15-article speech, each article an attack on the ultra-left and all directed at Deng Liqun.

Zhang Xianyang's real "last leap" took place after the anti-bourgeois liberalization was under way. At one of its meetings, the Central Advisory Commission found Yu Guangyuan guilty of 10 crimes. When the news spread to the Marxism-Leninism Institute, the entire staff burst into an uproar. On behalf of everybody at the institute, Zhang Xianyang refuted each and every one of the "ten crimes" and submitted his refutation to the Central Advisory Commission in the form of a paper. Some members on the commission reportedly commented, "They do not call it the Marxism-Leninism Institute for nothing."

An Episode Worth Recalling

There was one episode in Zhang Xianyang's life that was worth recalling. He traveled to Guangzhou in 1980 to preside over the annual meeting on Marxism and was put up at Nanhu Guest House. One of the nation's 98 luxury guest houses in the form of a home-away-from-home for the ruler, Nanhu Guest House was little known at the time, not even to the cab drivers at the airport. Only one driver was willing to join him to look for it. They drove through an expanse of deserted area and then were lost. Finally they spotted a stretch of lush trees far ahead and drove right toward them. A brightly illuminated building—Nanhu Guest House—came into view. Zhang Xianyang stayed in Room 3, for which he paid a daily rent of just 7 yuan. The guest house was a one-story structure but was as tall as a three-story building. There were three rooms, each 90 sq m. Inside each room were a 30-sq m bathroom and a 100-sq m hallway, for a total area of 400 sq m. Everything about the building was big, tall, and heavy. Electric bells were everywhere, at bedside, on the table, near the commode. There were over 20 attendants. The guest house was originally one of Mao Zedong's homes-away-from-home, but he never visited it. It so happened that while Zhang Xianyang was staying at the guest house, the trial of the "gang of four" was being broadcast on television for the last time. Zhang Xianyang invited every conferee to his room and moved the sofa to one side so that everybody could sit on the carpet to watch. On the screen was Jiang Qing, shouting

at the court, "I am Chairman Mao Zedong's dog. I bite whomever I am allowed to bite. What wrong have I done?" She was finally ejected from the courtroom. To be able to see Jiang Qing on trial in Mao Zedong's temporary residence—that was a rare opportunity indeed. Zhang Xianyang and others were so happy that, child-like, they did a triple somersault on the carpeted floor.

During the conference, Zhang Xianyang would go out for a walk in the evening. One day, while turning a street corner, he slipped and fell and hurt his waist. He himself admitted that he was not destined to sleep in a 3-meter wide imperial bed. But his traveling companions had a different idea, "It was the old man making his power felt. Since you are anti-Mao Zedong, the old man naturally would not let you go unpunished."

Is his latest purge another instance of the old man making his power felt?

China is a politicized nation; nothing is free from politics there. Intellectuals like Zhang Xianyang have inevitably gone through a historical process. In the decade since the smashing of the "gang of four," they did their utmost to serve the political struggle and drum up support for certain policies. Their current forced departure from the political whirlpool would enable them to keep a more independent personality as intellectuals. Ten years after the Cultural Revolution, there has appeared a clear line in Chinese history, separating one part from another. When all is said and done, intellectuals must continue the May 4 tradition by searching for Mr. Virtue and Mr. Competition and launch a new ideological enlightenment.

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Economist Qian Jiaju on Initial Stage of Socialism

40050018 Hong Kong CHING PAO [THE MIRROR] in Chinese No 123, Oct 87 pp 52-54

[Speech by Qian Jiaju [0578 1367 7467]: "Overseas Chinese and Foreigners Urged to Support Chinese Modernization"; given at a seminar organized by the Singapore College of Management and the Industry and Commerce Executive Committee; date not specified]

[Text] Chairman, Ladies and Gentlemen,

I feel very honored to have the opportunity today to participate in the seminar organized by the Singapore College of Management and the Industry and Commerce Executive Committee. As a Chinese economic researcher, I would like to take this opportunity to say something about economic reform in China.

Initial Stage of Socialism Will Take 100 Years

China is a developing nation that practices socialism. But our socialism is not the kind of socialism based on mature capitalism as envisioned by Karl Marx. Our socialism is that of a vast Oriental country with relatively backward productive forces, one that grew out of semi-feudalism and semi-colonialism. We may call this the initial stage of socialism. In the past, muddled thinking about "what constitutes socialism" led us to wrongly equate "egalitarianism" and "poverty" with socialism. Also, we took the Soviet Union to be our teacher in the early years of the People's Republic and adopted the Soviet economic system of the 1950's, a rigid system that gave us many a false start. As a result, while the achievements of our economic system during the last 38 years have been considerable, the price we paid was a hefty one. In the late 1950's, in addition, we followed the erroneous "leftist" line and took "class struggle" as the key link. At the end of the Cultural Revolution, a 10-year disaster, the Chinese economy was tottering on the brink of bankruptcy. After the 3d Plenary Session of the 11th CPC Central Committee in 1979, the pragmatic faction, led by Deng Xiaoping, reviewed the positive and negative experiences in economic construction since the nation was founded and proceeded to bring order out of chaos. It boldly freed itself from the bondage of the "left" ideology that had prevailed for 3 decades and laid down a series of new policies and principles revolving around the development of social productive forces as the prime mission of the initial stage of socialism. Only then did the Chinese economy begin to grow in a steady, sustained manner. This series of new policies and principles can be summed up as "reform, opening up, and economic vitalization." So-called "reform" means changing the political and economic systems of the past which had hampered the development of productive forces. "Opening up" means opening up to the outside world, instead of closing the country to international intercourse, as in the past. "Economic vitalization" means vitalizing the domestic economy by breathing life into the urban and rural economies. Opening up and economic vitalization are important components of reform, whose common objective is modernizing China, that is, transforming it from a developing into a developed nation, not a capitalist developed nation, however, but a socialist developed one. This process probably takes about 100 years (or 60 to 70 years from now on.) Such reform is unprecedented in history. Japan is a modernized nation and, in a certain sense, the Meiji Reform was a modernization movement. But Japan took the capitalist, not the socialist, road. The Soviet Union is a socialist country, but it is exactly our imitation of its rigid economic model that caused the Chinese economy to languish for many years. Isn't the Soviet Union's own Gorbachev calling for reform these days? In theory, the socialist system is superior because under it, means of production are publicly, not privately, owned. In practice, all socialist nations, including the Soviet Union, have failed to fully bring out this superiority. This kind of superiority refers to the ability to develop social

productive forces. China today must chart a new path for itself and achieve modernization under socialism. In other words, it must build a modern China on the basis of economic and cultural backwardness. This cannot but be described as a daunting task. We call this the socialist road with Chinese characteristics.

Rigid Political and Economic Systems Must be Reformed

Why reform? Because the rigid political and economic systems in effect in China in the past have hindered the development of social productive forces. The main drawback of these systems is that party and government are fused and the party supplants the government. Government and enterprises are undifferentiated from each other, there is a good deal of fragmentation, enterprises are over-controlled by the state, the law of value of commodity production and the function of the market are ignored, and egalitarianism is rampant. Enterprises eat from the big rice pot at the expense of the state and are treated alike whether they make or lose money. Workers and employees do likewise at the expense of the enterprises; whether or not they do a good job makes no difference. Neither workers nor enterprises show the slightest enthusiasm, creativity, and initiative. It is exactly the purpose of reform to put an end to this situation by separating party from government and politics from enterprises, doing away with fragmentation, expanding enterprise autonomy, and enhancing enterprise vitality, in short, by totally smashing the "big rice pot" and "iron rice bowl" and, on the basis of public ownership, breaking a new path that will lead to the development of social productive forces.

There are two parts to reform, economic reform and political reform. Economic reform, in turn, comprises two aspects, opening up and domestic economic vitalization. "The world today is an open world. China's historical backwardness was exactly caused by its isolation." (Deng Xiaoping) Opening up means more than opening up to the outside world, including socialist as well as capitalist nations; it also means opening up internally. China today has four special economic zones and 14 opened coastal cities. In addition, Hainandao, the Zhujiang delta, and Changjiang delta have adopted preferential policies for foreign investors. Even non-opened cities welcome investment from abroad. Such investment may take a variety of forms, including Sino-foreign joint ventures, Sino-foreign contractual joint ventures, wholly foreign-owned enterprises, processing using imported materials, and compensation trade. We are constantly improving the investment climate and drawing up all kinds of pertinent laws and regulations on foreign investment to ensure that the foreign investor makes a profit. Why must the nation still welcome foreign investment 30 years after new China was founded? Because 3 decades of experience tells us that China still trails developed nations in science, technology, and

management. At a time when the new high-tech revolution is sweeping the world, China cannot achieve modernization without the science and technology of developed countries. Moreover, given China's lack of funds and its backwardness in technology and business management, opening up will help it import foreign capital and absorb advanced foreign technology, science, and management, which are indispensable to the four modernizations. Thus opening up to the outside world is China's long-term basic national policy, a strategic measure to speed up socialist modernization. It will not change now, and it will not change for the next several decades. At the end of that time, China will have become a modernized socialist nation, so the need to change that policy will be even less.

The second aspect of reform is domestic economic vitalization. Domestic economic vitalization is a reaction to the fact that the Chinese economy was controlled to death in the past (a characteristic of the Soviet model). To vitalize the domestic economy, we had to tackle the countryside first because China remains an agricultural society where 700 to 800 million people out of a total population of 1 billion are peasants still dependent on manual work for their livelihood. In recent years, we have popularized the output-related system of contracted responsibility across the board and mobilized the initiative of vast numbers of peasants. The rural economy has begun the transition to specialization, commercialization, and modernization. At the same time, we have channelled surplus rural labor into township and town industry; as many as 70 to 80 million workers in the countryside have moved into the nonagricultural sector either in part or in full. We have also opened up the rural country market to unclog circulation channels in towns and villages. On all these fronts, our achievements have been remarkable. Right now the Chinese countryside is booming and peasants' living standards have gone up significantly, their basic needs of food and clothing being largely satisfied. This is obvious to all overseas Chinese and foreign friends who have visited China.

Cities Adopt Contracting, Leasing, and Other Business Practices

Economic reform in cities, on the other hand, is a little more complex. The most important reform in Chinese enterprises at the moment is the contracted and operating responsibility system. In the past, Chinese enterprises lacked vigor precisely because they were state-owned. Since there seemed to be a feeling that anything owned by the state should be directly managed by the state, enterprises effectively became the appendages of some administrative agency and central and local authorities ended up taking care of many things in which they should not really be involved. All enterprises were directly run by governments at various levels. This combined with fragmentation and inter-agency bickering to complicate enterprise work even further. Other than eating from the state's "big rice pot," enterprises

did not have the slightest autonomy or initiative. Actually, enterprise ownership and management can be properly separated. In a capitalist nation, the ownership of an enterprise rests with the board of directors, which emerges from the shareholders meeting. Management, in contrast, is in the hands of managers. The general manager and manager are hired by the board of directors and can be dismissed if they do not live up to their job. The general manager is the agent of a capitalist but is not necessarily a capitalist himself. This is general knowledge known to all. The same is true for socialist enterprises. Socialist enterprises are not necessarily run by state organs but can be leased or contracted out. Judging from the present situation, the contracted responsibility system, under which contractors are selected through bidding, works better and is applicable to a wider range of enterprises. Whatever the form of contracted responsibility system adopted, we must find the qualified contractor through competition and define the rights, responsibilities, and interests of the state and enterprise through a contract. The economic returns of the enterprise and the increase in assets should be the main yardsticks for rewarding or punishing the operator. The operational responsibility system comes in many shapes and forms, including share-holding and leasing. When an enterprise issues stocks, the controlling shareholder should be the state, while sectors, regions, and enterprises may buy shares in one another. All this is being tried out on an experimental basis. As for some very small enterprises, particularly those in the commercial and service sectors, there is even consideration of selling them to a collective or individual. In short, the purpose of operational responsibility systems is to turn enterprises into genuine businesses that are managerially autonomous and responsible for their own profits and losses and have the capacity for self-transformation, self-accumulation, and self-development. All this is happening under the general premise of separating party from government and divorcing politics from business, which China is about to implement.

Overseas Support for China's Modernization Sought

The contracted and operating responsibility systems are now under way across the board in China. What are their effects? Only practice will tell. But Chinese enterprises have taken the first step. Business management in China, therefore, cannot be mentioned in the same breath as its counterpart in a capitalist country. In the West, business management seeks to further rationalize the way in which enterprises are run and increase economic returns. In China, the goal of business management is, first and foremost, to turn enterprises into autonomous commodity producers and operators responsible for their own profits and losses, in other words, to transform enterprises from appendages of the state administrative machinery into genuine independent businesses, without, however, altering the nature of the socialist system (that is, ownership remains with the state.)

China's structural reform is a revolution with no precedent anywhere in history. While the prospects of China's modernization are bright, the road ahead is a tortuous one. I say bright prospects because it has several things going for it: 1) correct policies and principles; 2) an enlightened leadership; 3) a peaceful international environment. Despite the conflicts between them, both the U.S. and the Soviet Union exercise a high degree of self-restraint, so a world war is not likely in the new future; and 4) the sympathy and support of vast numbers of overseas Chinese and foreign friends. But there are also some hurdles. Illiterates account for one-quarter of the nation's population. The stubborn forces of the "left" die hard, presenting considerable resistance to reform. Feudalism and the idea of the small-scale peasant economy, which are totally incompatible with modernization, remain widespread. Finally, the notion of respecting knowledge and qualified personnel has not been fully realized. That is why I say the road ahead is tortuous. If China succeeds in reform, it will influence not only other socialist nations, but also the entire Third World, the balance of economic forces in the whole world, East-West relations and North-South relations. It will promote world peace and benefit the progressive forces of mankind. I hope all overseas Chinese and foreign friends support China's reform and its open policy. I also hope that enlightened people on both sides of the strait will put aside personal grievances and factional prejudices to support the motherland's unification and its modernization.

That's all. Thank you very much.

September 1987

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Cadres Seen Not Attending to Proper Duties
40050021a Beijing GUANGMING RIBAO in Chinese
6 Oct 87 p 2

[Article by Mao Shuzheng [3029 2579 1767]: "What New Cadres are 'Busy' With"]

[Excerpts] "Mountains of documents and a limitless ocean of meetings" are the first thing they have to tackle. Upward, there are layers upon layers of higher authorities and a multitude of departments; all their leading cadres have to attend whenever a meeting is called, and since it often happens that several higher ranking authorities call meetings on the same day, and no one can split into two, one has to find substitutes. Those in somewhat higher positions, such as mayors of cities or heads of counties, when called to meetings of the various departments in their districts, will always be asked to address the meetings or preside over them. There are also indispensable party committees meetings, business affairs meetings, information exchange meetings, etc. within one's unit. Just think: How can a new cadre break out of this "limitless ocean of meetings" that encircles him? The "mountain of documents" is yet another heavy

burden. Though perhaps feeling uneasy about not reading all these documents and reports, he will find it quite impossible to read them all, so he will only cursorily skim through them, 10 lines at one glance, or merely read the subject headings and sign as having read. It will mean discharging his duties only perfunctorily and at the same time having uselessly wasted much valuable time.

"Welcoming arrivals and sending off departures" will go on as a constant stream. Every small or big cadre sent down from higher authority, including some celebrities, have of course to be welcomed, entertained, given reports, and courteously sent on their ways, no matter what the purpose of their trip. Inattentiveness would of course be impermissible here. Cadres of equal rank coming from fraternal areas or departments must also be welcomed, sent off, and entertained, regardless of what they have come for. Had they come to "gather experiences," the head of the host office must introduce them to experiences, and regardless of the fact that he may have no experiences to impart, he will still have to come up with a few items. Burdensome duties of this nature occur particularly frequently in places of great natural beauty or at points that offer other attractions. There is also a constant coming and going throughout the year of a great variety of investigation teams and inspection and acceptance groups, and in their cases even greater care must be taken not to appear inhospitable. Too much time is occupied by these activities, such as treating people to meals, accompanying people on inspections, entertainments, reporting, and receiving visitors; in fact it has developed into a "calamity" for basic level units.

The line of people "coming, one on the heels of the other, for personal discussions" is unending. As soon as a new cadres starts work, he will be sought out by a particularly large crowd of people to talk, to complain, to ask for favors, to ingratiate themselves, and to flatter and toady up to him. Whatever circumstances and motives, these "marathon" type talks with people who force their way into office and home will become an extremely painful matter and a true dilemma for the new cadre. If he were to tactfully refuse to see them, he must expect that people will accuse him of being one who gets immediately angry at the slightest request and is a bureaucratic snob, while if he does not refuse to see the people coming to him, he will suffer intolerably under such constant "bombardment" by the public.

The exhaustive rushing about to "establish and maintain social relations." Many new cadres find it difficult to cope with the thorny problem of human-to-human relations. If the new official assumes his post without establishing proper relations with those above or below him, or to his left and right, he will encounter no end of impediments and will be unable to move a single step. Although this is not part of his work schedule, and not an item on his working desk, it is a "basic job" that must be performed to perfection by every new cadre. A deputy county magistrate once told me that to accomplish

anything it is necessary to "flatter your superiors and coax your subordinates," otherwise you will find it impossible to get them to move.

As they are thus toiling, under extreme vexations and extreme mental strain, and suffering extreme fatigue, busy with "not attending to their proper duties," when can these new cadres expect their liberation?

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Commentator's Article on Political, Economic Structural Reforms

40050020 Beijing ZHONGGUO JINGJI TIZHI GAIGE
[CHINA'S ECONOMIC SYSTEM REFORM] in
Chinese No 10, 1987 pp 4-5

[Article by staff special commentator: "Political Structural Reform Would Accelerate and Further Economic Structural Reform"]

[Text] The CPC Central Committee has drawn up and put forward a blueprint for national political structural reform, a magnificent undertaking. All party comrades must throw themselves into this great undertaking enthusiastically. For those comrades engaged in economic structural reform, moreover, it has been eagerly anticipated. An accelerated across-the-board political structural reform is bound to promote economic structural reform in every way.

The political and economic systems are closely related to each other. In Marxism, the superstructure must be suited to the needs of the economic base and the relations of productions must be suited to the development of productive forces. The launching of all-around economic structural reform has already caused the old product economy to disintegrate and led to a rapidly growing socialist commodity economy. Social productive forces have been liberated anew. The present political system, however, is suited to the past product economy, not a planned commodity economy, and militates against the further liberation of productive forces. In the absence of total reform, the intensification of economic structural reform will necessarily be hampered. Our reform scored its first breakthrough in the countryside and has spread to the cities. Social development requires reform to extend from the economic realm to the science and technology, education, and politics. This is also what the furthering of economic structural reform urgently demands.

Socialist democratic politics must be achieved through reforms in party and state leadership systems and through a basic vitalization of party and state leading bodies. Bureaucratism in all its manifestations and feudal influences must be eradicated. Work efficiency, particularly administrative efficiency, must be enhanced. Power should be decentralized, the democratic and legal systems improved, and the initiative of the grassroots and the masses unleashed.

The main shortcoming of the existing political system is power over-centralization, the result of putting all power in the hands of the party improperly and thoughtlessly in the past in response to the slogan "strengthen centralized party leadership." Consequently, party and state were fused and the former has come to replace the latter. Party committees at all levels have been bogged down in routinism and cannot free themselves. State organs too lack the vigor they should have. The party's own development has been weakened, which does nothing to help strengthen party leadership. Thus the top priority in reform is to separate party from government and improve, hence strengthen, party leadership. This also reliably guarantees that economic structural reform would proceed healthily.

Strengthening party leadership should mean strengthening party political leadership, that is, leadership over political principles, policies, and direction and party line, principles, and policies. It should also mean putting an end to the integration between party and government and the supplanting of the latter by the former. Party and government must be separated. Party and government leading bodies must stay vigorous, particularly government organs that manage the economy and society. Party leadership must be improved, essentially by changing the party's leadership methods. No longer should the party involve itself in all the detailed affairs of state organs. Instead, it should make suggestions and transform party line, policies, and principles into national aspirations through legally established procedures. It should recommend top cadres to state organs and achieve the party line, policies, and principles through the activities of party organizations within state organs and the work of party members, particularly those in leadership positions. The party's central task is to support and lead the people in being their own masters.

Power decentralization, organizational reform, the overcoming of bureaucratism, and the improvement of administrative efficiency are where economic and political structural reforms converge. In his speech "The Reform of Party and State Leadership Systems," Comrade Deng Xiaoping pointed out, "Our leading bodies at various levels have been running things they cannot and should not run, and do so in an unsatisfactory manner... This can be said to be the root cause of our current special brand of bureaucratism." ("Selected Works of Deng Xiaoping," p 288) Organizational reform is an important part of political structural reform. Comrade Deng Xiaoping has noted more than once that China's economic management is very inefficient because of over-staffing, an elongated chain of command, functional duplication, and over-elaborate procedures. A planned commodity economy demands power decentralization, the augmentation of enterprise autonomy, and a shift from direct state management of enterprises to indirect state management. The establishment of a new socialist macroeconomic management system is a crucial aspect of economic structural reform.

The general principle of power decentralization is that what can be appropriately done at a lower level should be done at the lower level. All governments, enterprises, and institutions should have their own functions and responsibilities. If a task can be handled locally, then the local authority should be allowed to make decisions and carry them out. The same goes for a job that can be discharged by the grassroots unit. After power is decentralized, relationships straightened out, and functions reorganized, government organs at all levels should be reformed and operating mechanisms improved to vitalize them, overcome bureaucratism, and improve work efficiency. A new administrative system compatible with the new political and economic systems should be created. Such a system must perform a full range of functions and be structurally rational, well-coordinated, flexible and highly efficient. The focus of organizational reform is the economic management departments. Specialized departments should be reduced or reduced in number. Specialized offices within comprehensive departments must be streamlined. Decision-making, consulting, regulating, supervisory, and information departments must be upgraded. Work methods should be changed. The ability of government to regulate and manage the macro-economy should be improved, along with the quality of such regulation and management, so that the final scenario is one in which the state regulates and controls the market, and the market guides enterprises. This should be accompanied by reforms in the personnel system of government organs and the establishment of a national civil service system. An environment should be created to encourage the emergence of a large crop of young, outstanding qualified personnel. There should be institutional safeguards for this environment to ensure that government organs at all levels are full of dynamism.

To establish socialist democratic politics and fully mobilize the initiative of the grassroots and masses, we must further improve the democratic system and consolidate the rule of law, which will create a social climate indispensable to the operation of market mechanisms and the enhancement of enterprise vitality. The nature and core of socialist democracy is people being their own masters and really enjoying all kinds of democratic rights, including democratic election, democratic management, and democratic supervision. We must maintain and further our unique characteristics by perfecting the people's congress system, political consultative conference system, multi-party cooperation under CPC leadership, and grassroots democracy. We must create and amplify a system of social consultation and dialogue. The establishment of a socialist legal system assumes special significance because of the need to protect construction and reform. It also assumes particular urgency because of the prolonged impact of feudalism. A legal system provides a basis for reform and reinforces the achievements of reform. The fundamental way to institutionalize grassroots democracy is to safeguard the citizen's rights and freedom through laws and regulations, correct any violations of such rights and freedom in accordance with the law, and curb all conduct that abuses those

rights and freedom for the sake of liberalization. We must stabilize the new economic and political relations resulting from reform by writing them into law, thereby creating a new political, economic, and social order and new solid political and economic systems. Accordingly, we may regard short-term political structural reform as a

transition that may bring us ever closer to the rule of law from the rule of man, a fundamental guarantee of long-term national peace and stability.

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FOREIGN TRADE, INVESTMENT

MOFERT Official on Development of Foreign Trade
40060017b Beijing GUOJI MAOYI [INTERTRADE]
in Chinese 27 Aug 87 pp 7-8

[Article by MOFERT Vice Minister Wang Pinqing [3769 0756 7230]: "China's Foreign Trade Development"]

[Excerpt] The future of China's foreign trade is bright. During the Seventh 5-Year Plan (1986-1990), combined exports and imports will grow 7 percent annually, with exports and imports expanding 8.1 and 6.1 percent, respectively, each year, to reach \$83 billion by 1990. While we should continue to increase the exports of such traditional primary products as oil, coal, nonferrous metals, grain, and cotton, we must gradually step up the share of manufactured products in overall exports. Turning to imports, the emphasis should be on software, advanced technology, essential equipment, and scarce urgently-needed raw materials.

Nineteen eighty-six was the first year of the Seventh 5-Year Plan. As friends gathered here all know, the price of oil, which is a staple export commodity for China, crashed in 1986, greatly affecting China's exports. However, working hard, we still did quite well.

Nineteen eighty-seven is the second year of the Seventh 5-Year Plan. Judging from the situation in the first 5 months, export growth has picked up and the trade deficit has been trimmed. So the trend is good and the goals set in the Seventh 5-Year Plan are achievable.

We know only too well that China's foreign trade is still on a relatively small scale and cannot meet the demands of growing foreign economic relations and our national modernization. We must continue to work hard to bring about more substantial progress. At the same time, we are keenly aware that we will run into an array of difficulties in our push for more foreign trade. However, we are convinced that the difficulties will not block our way.

Export is the basis for foreign trade and economic cooperation. Our first priority has always been to expand exports and enhance our ability to earn foreign exchange. To expand exports, we focus on the production of export commodities. A key step now under way is to establish an export production system as a way of overcoming these longstanding problems: a fragmented system of export production, low technical and managerial standards, lack of coordination among the various links, qualitative and quantitative inconsistency, and inability to compete. An export production system will also enable us to better adapt our exports to the demands of the international market and expand our exports more effectively. In developing export commodities, we stress the improvement of product quality and the acceleration of product upgrading and turnover. As production technology advances in China, we must steadily improve the export mix and gradually shift from relying

mainly on primary products to relying primarily on manufactured products, from relying on simple processed products to relying on sophisticated, multiply processed products. Even as we develop export production, we must exert ourselves to do a better job in marketing and sales, tighten our grip on traditional markets, and strive to open up new markets. We must establish a network in every market consisting of distributors, agents, and provide after-sale services. We must take care to cultivate a business relationship with reputable and powerful foreign companies. By reforming the foreign trade management system, we must separate enterprise ownership from enterprise management and expand enterprise managerial autonomy. Moreover, the macroeconomic management system must be improved and strengthened and the enthusiasm of all parties for export mobilized more effectively.

China is a developing socialist nation. The main reason it must sell more abroad is to be better afford the funds, technology, and materials required by modernization. On the basis of rising exports, imports will go up correspondingly. With its limited foreign exchange incomes, however, it must spend them in the most critical areas. Hence the emphasis in its importation on software technology, advanced technology, and essential equipment. The import of upscale consumer goods and production lines that require imported foreign parts must be curbed.

China has always valued a balanced foreign trade and cared about its reputation in world trade. Its trade deficit in 1986, while smaller than that in 1985, still stands at over \$5 billion. While an absolute balance year after year is impossible in bilateral trade because the two trading partners have their own different needs, China seeks to slowly achieve a basic balance. If the deficit becomes excessively large, it cannot keep up its imports either. China will balance its foreign trade by expanding exports, instead of curtailing imports. As a result, whoever wants to increase its market share in China must necessarily be more accommodating when China seeks to increase its exports. China is a vast and extremely productive land. Every region in the nation has its own unique products and possesses a considerable measure of technology, which enables it to supply some of the products required abroad. Needless to say, we must take effective measures to make our commodities more competitive in light of what the international market wants. It is also hoped that all our overseas friends will actively cooperate to help us establish an export production system and enhance our marketing capabilities. Such cooperation may be in the areas of funding, technology, and management. They can also help by buying more from China through cooperative production and compensation trade. We hope that the governments of the countries concerned remove trade barriers and provide the necessary conditions for increasing China's exports and developing mutually beneficial trade.

AGRICULTURE

Increasing Grain Output in Jilin, Heilongjiang
40060003 Beijing NONGYE JINGJI WENTI
[PROBLEMS OF AGRICULTURAL ECONOMICS]
in Chinese 23 Aug 87 pp 7-13

[Article by the Jilin and Heilongjiang Grain Survey Group of the State Council Rural Development Research Center: "A Preliminary Survey of Problems in the Development of Grain Production in Jilin and Heilongjiang"]

[Text] There is an obvious regionality in the economies of China's three northeastern provinces and their development of grain production differs in quite a few respects from those of the provinces of the interior. This article will attempt a preliminary, systematic examination of long-term pre-production, production and post-production links and interrelationships in Jilin and Heilongjiang during the development of grain production based on a survey of these three provinces, and will propose topics for more study.

I. The Latent Potential and Characteristics of Grain Supplies

A. A key position. With the exception of Liaoning, which has been unable to achieve complete self-sufficiency in grain, the other two of the three northeastern provinces, Jilin and Heilongjiang, both are major grain producing and exporting provinces. Since the founding of the nation, Jilin and Heilongjiang together have produced 6 to 8 percent of total national output of grain and soybeans. The trade grain they have provided consistently has accounted for 12 to 16 percent of the total trade grain in China. They are two of the few provinces in China that ship out grain, and Jilin Province has held first place in grain exports in China since 1984.

The grain production situation in Jilin and Heilongjiang Provinces now holds a key position in China. If Liaoning Province also is considered, the controlling role of the northeast region in national grain output is even more apparent. In 1984, Jilin and Heilongjiang Provinces together increased output by 3.65 million tons, equal to 18.2 percent of the total increase in output in China. Their growth rate was 12 percent, 7 percent higher than for all of China. Output in the three provinces dropped by 12.15 million tons in 1985, accounting for 43.1 percent of the total decline nationwide. Thus, attaining stable growth in these three provinces has a comprehensive and strategic significance.

B. Rich natural resources. The amount of cultivated land per capita for the rural population in Jilin and Heilongjiang exceeds 4 mu. Each laborer has an average of more than 10 mu and each family averages 20 to 30 mu of cultivated land. In addition, Jilin and Heilongjiang have a total of 95 million mu of undeveloped land resources including 41.25 million mu that can be developed. The

organic content of soils commonly is between 4 and 5 percent, 1 percent higher than the national average. Because they have fertile soils, concentrated sunshine, and rainfall at the right times, they are very good for the production of major grain crops like corn, soybeans, wheat, paddy rice, and so on.

C. Definite conditions of production. The overall level of mechanized activities in agricultural production in Jilin and Heilongjiang is higher than the national average and they have a definite foundation of water conservancy engineering and capital construction on farmland that is gradually producing results.

D. A transition from extensive agriculture to intensive agriculture has begun. The most noticeable aspect is that agriculture in the northeast, which traditionally has depended on extensive cultivation and administration, has begun to adopt comprehensive measures to develop intensive cultivation and raise per unit area yields. Unit area grain output in Jilin Province never exceeded 170 kg/mu before 1980 but have stabilized at more than 240 kg/mu since 1983, reaching their peak in 1984 at 311 kg/mu. Before 1983, expansions in the area planted accounted for 67 percent of growth in total output in Heilongjiang Province, but planted area factors have declined by 17 percent over the past few years while unit output factors have risen by 83 percent.

The basic reason for the shift toward intensive cultivation is the initiative of the masses for production. At the beginning of 1983, systems of contractual responsibility for output quotas were put into effect throughout Jilin and Heilongjiang. Peasants were quite enthusiastic about raising their incomes via more production. Many techniques and measures capable of raising output were adopted quickly by the peasants and new breakthroughs were made in operations and resource utilization patterns. Following the application and popularization of dry breeding and sparse planting techniques, a large amount of low temperature easily-waterlogged land was planted in paddy rice.

Leading comrades as well as technical and managerial personnel have played essential roles on the agricultural battlefield.

E. An important status in regional economic development. Grain production remains the main source of economic income for the peasants of Jilin and Heilongjiang Provinces. Given their abundant resources and relatively stable and considerable input/output results, a fundamental change in cropping patterns dominated by grains and legumes in the rural economies of Jilin and Heilongjiang is impossible. From the perspective of regional development strategies, grain production and development not only will be the foundation of economic and social stability in the two provinces, but also will be the main pillar of the local economy. Total

exports of grain and legumes from Jilin and Heilongjiang over the past few years have created the conditions for aiding local economic development.

In summary, Jilin and Heilongjiang are now concentrating their energies on grain production and are moving toward a new stage without an drop in grain production.

The development plans and forecasts prepared for Heilongjiang, Jilin, and Liaoning Provinces show optimistic prospects for the development of grain production. Predictions are that total output in Jilin, Heilongjiang, and Liaoning will rise to 60 million tons in 2000 and will account for 10 to 12 percent of total output in China at that time. This is a total increase of 10 to 11.5 million tons in output in the three provinces compared with their highest yearly figures to date, and they will maintain their present grain production advantages.

Given the lack of substantial potential for total grain production in China as a whole, the most profitable choice is faster construction and resource development of production conditions of the three northeastern provinces, especially in Jilin and Heilongjiang, to guarantee supplies of commodity grain.

Intensive land management has just gotten begun in Jilin and Heilongjiang Provinces, so there is enormous potential. At present, the amount of chemical fertilizer applied per mu of land in Jilin and Heilongjiang is only 15 to 25 kg, far below the national average, so marginal returns for chemical fertilizer inputs are still rising. Added to the coordinated utilization of various types of administrative and technical measures, a substantial increase in unit area yields is entirely possible.

Compared with the interior of China, the land resources of the northeast are even better suited to stable production of corn, soybeans, wheat, paddy rice, and other primary grain crops. Many cash crops do not grow well and it is harder for economic benefits from large scale planting of wasteland and forest management or from digging fish ponds to exceed those of grain crops. This is even more conducive to guaranteed stability in the area planted in grain crops.

There have, however, been substantial fluctuations in grain output in Jilin and Heilongjiang over the years and increases in output have been very unstable. Many factors were involved, the most prominent ones being serious natural disasters and a relatively weak ability to deal with disasters. The three types of natural disasters having the greatest effect over the longest period and covering the widest area were low temperatures and freezing, drought, and waterlogging. Each of these disasters occurred frequently, causing periodic fluctuations in the growth of grain output.

It is possible to strengthen the capacity to deal with disasters and reduce fluctuations in grain output to a minimum, but the tasks are very difficult. The extension

of agricultural plastic film technologies, seedling transplanting and other techniques can to varying degrees reduced the effects of low temperatures and freezing. In comparison, investments in this area can be decentralized and the peasants are interested and have a definite capacity to handle them. The problem is reducing disasters from drought and waterlogging. Capital construction on farmland is weak in Jilin and Heilongjiang, especially the latter. Many projects need repairs requiring large investments, something the peasants cannot undertake now. Comparatively speaking, losses from waterlogging are even more severe than from drought. In the 35 years since the founding of the nation, a total of 400 million mu in Heilongjiang Province were afflicted with drought, and it lost 9.1 million tons of grain. Waterlogging affected 300 million mu of land and caused grain losses of 18.9 million mu. Although drought affected a larger area, the extent of disaster was less. Although waterlogging affected a smaller area, the degree of destruction was much more severe. This makes dealing with waterlogging the most urgent. Compared with water conservancy in most provinces, besides a large number of matching projects, many river control projects on substantial scales must be built in Jilin and Heilongjiang that require several billion yuan in investments. The peasants and local finances cannot shoulder the whole amount, and central financial authorities cannot take it on entirely within the short term. This means that fluctuating growth will continue to characterize the development of grain production in Jilin and Heilongjiang Provinces for a rather long time to come. This should be the starting point for policy decisions, grain supply patterns, and regulations to support the development of grain production.

II. The Contradiction Between Supply and Demand and Stabilized Patterns

The state is investing in building Jilin and Heilongjiang Provinces into strategic grain exporting base areas. Major efforts should be made to study ways to achieve stable growth in grain exports or supplies in the two provinces in the future, how to maintain basic equilibrium between total supply and demand, and how to facilitate the formation of effective demand from the perspective of materials circulation for the grain that Jilin and Heilongjiang can export.

A. Equilibrium between total supply and demand.

1. Supply: total grain and legume output in Jilin and Heilongjiang Provinces will reach 35 million tons in 1990. The predicted population of the two provinces is 60 million. If grain for consumption is calculated at the figure of 400 kg per capita, some 11 million tons of commodity grain can be shipped out. If calculated at 425 kg per capita, 9.5 million tons can be exported. If we also consider fluctuations caused by disasters, Jilin and Heilongjiang together will be able to transfer 5 to 10 million tons of grain to the state by 1990, and the amount of grain they ship out will be 7.5 to 12.5 million tons in the year 2000.

Besides greater capacity to fight disasters and improvement of technical and managerial standards to make stable growth in total output possible, two other factors also should be studied. The first factor is local grain consumption levels in the two provinces. Increases in the amount of grain rations as a portion of total grain consumption are rather easy to control, but more difficult to achieve is the need to have an appropriate hold on the rate of growth in consumption of meat and non-staple foods. In Jilin and Heilongjiang, for example, hog raising consumes a lot of grain and conversion rates are low. Neither of the provinces has yet achieved self-sufficiency in pork and both have adopted subsidies to stimulate hog raising. They are needed, but will begin to encourage pork consumption if continued for any substantial period of time and also may raise total levels of grain consumption. As soon as consumption levels rise too fast and rigidify, there could be a major drop in supplies of commodity grain. The second factor is the amount of grain retained by the peasants. What must be considered here is the selling psychology of the peasants. For the past few years, the peasants have sold in large quantities during times of abundance and sold grudgingly during times of smaller harvests, with regularity. According to a sample survey in Jilin Province, peasant families now have almost 500 kg of grain per person on hand. Changes in selling behavior always are interlinked with changes in market demand. A normal and stable demand environment is essential for overcoming fluctuating sales and improving stability in peasant supply behavior.

In summary, the effects of natural factors as well as various economic factors have led to instability in the amount of grain shipped out by Jilin and Heilongjiang Provinces.

2. Demand: Demand for the grain exported by Jilin and Heilongjiang comes from two areas. One area is from other provinces in China. The second is export sales on international markets. Domestic demand is unstable. Besides the creation of good and bad years by the climate, systems of grain administration also are an important factor. After implementation of contractual responsibility for purchasing, sales and transfers, most provinces seek ways to stimulate local grain production and reduce amounts shipped in. The result is that grain shortages persist, and each of the provinces may select to focus on purchases or even imports to deal with them. Given the great distance from Jilin and Heilongjiang to the grain consuming provinces and problems with communications, transportation and other things, the purchasing choices of the provinces that bring in the grain have been unfavorable. The result is that effective demand for grain from Jilin and Heilongjiang has been even more unstable.

Demand for grain exports also is hard to stabilize. On the one hand, it must be subject to the effects of changing international markets and trade conditions, and on the other hand it is restricted by the domestic supply and demand situation. As a result, it often changes abruptly.

Supply and demand instabilities usually cause opposite changes, and lead to many contradictions. During times of adequate supply, demand was not always great, so Jilin and Heilongjiang experienced problems in selling grain. A situation like 1984 certainly may be repeated often. During years of smaller harvests, however, when demand for in-shipments of grain increase, the two provinces may reduce their exports because of drops in output or other reasons, which would cause problems for maintaining a balance in grain throughout China.

For this reason, a rather realistic means of attaining stability in supply and demand is reserve regulation. Grain reserves in Jilin Province during normal years should account for about 10 percent of total grain reserves in China. This greatly exceeds the amount needed for turnover in Jilin and actually is already playing a regulatory role. From a long term perspective, however, present grain administration systems are not up to the task of undertaking reserve regulation because managerial interests exist in current grain administration systems, and they behave almost like the peasants in the market. The goal of regulation of reserves, however, should not be profit, and they often must behave in the opposite manner in the market, buying when grain is plentiful and selling when there are grain shortages, thereby making no profits when markets are stable. For this reason, we feel that a better method is to establish an independent reserve regulation system with aid from central financial authorities. Corn warehouses can be built in Jilin and soybean warehouses in Heilongjiang. They would be separate from existing grain administration and distribution systems and would have no relationship to local financial administrations. Warehouse construction could guarantee more stable supplies for those with demand and relatively stable demand could be obtained for producers. At the same time, it would improve competitiveness in international trade and provide more stable supplies and an excellent reputation for grain exports.

C. Several patterns form effective demand. Effective demand for grain certainly is not unlimited in each area. Jilin Province can be said to have experienced "difficulties in selling grain" since 1984. If not for the disasters in 1985 and 1986, this problem would have become particularly acute. To date, the peasants of Jilin Province still have about 1.45 million tons of grain they are waiting to sell, while grain and supply and marketing organs have an additional 850,000 tons of grain purchased at negotiated prices that they cannot get rid of. Local cadres and peasants began to fear that a second tide of difficulties in selling grain would appear. For this reason, the most significant thing concerning Jilin and Heilongjiang Provinces was the question of rationally forming stable effective demand for grain to ensure that peasant enthusiasm for production would not be damaged by real difficulties in selling grain. The situation over the past few years indicates that transportation conditions and material circulation patterns are the main restrictions on the smooth transfer of grain out of Jilin and Heilongjiang.

1. Problems with shipping to the south. At present, whether one is speaking of exports and shipments to other provinces within China, all of the grain and legumes produced in Jilin and Heilongjiang are shipped to the south. Without major improvements in the transportation situation in the near and medium term, it will be very hard to expand effective demand via southward shipments. Shipments to the south have been the main way out for Jilin and Heilongjiang corn over the past few years, but this is inseparable from the financial burden on central authorities. Moreover, there have been instances of southern provinces and municipalities rushing to the northeast for quick purchases, but this was tied closely to foreign trade policies that encouraged exchange creation and did not consider costs. Obviously, such phenomena cannot be sustained for long. Following the intensification of system reforms, normal effective demand will be formed through the market and the effects of excessive restrictions and too-high costs will affect stabilization and expansion of demand for shipments to the south.

2. Prospects for exports to the north. The transportation conditions for shipment across the borders of Heilongjiang to the Soviet Union or Eastern Europe are better than those of shipments to the south. Expansion of trade with the Soviet Union and Eastern Europe to export corn and soybeans would be extremely beneficial for Jilin and Heilongjiang, but this concerns a whole series of foreign trade and foreign relations policies. If done appropriately, it could be used to coordinate development of the regulated economy. For example, trading grain for timber could reduce the pressure to cut northeastern forests and offer a new road for using grain to develop forests.

3. Possibilities for conversion. During the 7th 5-Year Plan, the state also established a group of commodity grain and legume production base area counties in Jilin and Heilongjiang. Heilongjiang must export 2 million tons of soybeans in 1990, and Jilin must export 4 million tons of corn. If international markets are comparatively stable, there should be sales outlets for soybeans from the two provinces. The question is how to begin. The situation for corn is different in that arrangements have been made to export more corn and the surplus is smaller. Moreover, fluctuations in corn exports may be somewhat greater. For this reason, the question of how to use corn advantages continues to deserve study. As the food and clothing problem is solved throughout China, the primary use of corn will shift to feeds for conversion into meat, eggs, and dairy products. Jilin and Heilongjiang Provinces have no special advantages in developing pork raising, but they have excellent conditions for developing cattle and sheep. Both provinces have abundant grass resources, with a total of 130 million mu of pastures as well as some superior pastures. Besides serving as a concentrated feed, corn also can be used to develop fresh storage. In addition, the provinces also are rich in sweet bran, rice dreg cakes, and so on.

Cattle and sheep have developed very quickly in recent years in Jilin and Heilongjiang through the use of the

region's abundant feed resources. The most prominent is Heilongjiang's the dairy industry, which has four times more cattle than in 1978 and contains one-fifth of all dairy cattle in China. On the basis of developing dairy cattle raising, developments are proceeding toward integrated animal husbandry, industry, and commerce. Output of processed milk products in Heilongjiang in 1986 equaled 28.7 percent of the national total and the products are being sold throughout China.

Conscientious long-term surveys done by the relevant departments in Heilongjiang Province have determined a principle for animal husbandry that involves gradual self-sufficiency in hogs and eggs and substantial efforts to develop dairy cattle. This is a very valuable idea and in the long term and comprehensive perspectives, the semi-agricultural and semi-pastoral nature of the Jilin and Heilongjiang region should be utilized in a major effort to develop cattle and sheep raising, which in turn would permit appropriate reductions in the pressure on pasture resources in Nei Monggol and provide definite condition for grasslands improvement.

The three patterns outlined above all have specific advantages and disadvantages. There are definite opportunities for choices in the path to take in the future. The choice may favor one type or may take several patterns into consideration. Once a direction is chosen, however, there is a need for the corresponding guidance or regulation measures. For example, departments in Heilongjiang that advocate major efforts to develop dairy cattle resolutely oppose wasteland reclamation because the easiest land to reclaim at the present time is precisely the better pasture land. On the other hand, those who advocate major efforts to develop grain and legume production feel that suitable expansions in reclamation to ensure that the area in grain and legumes is maintained are necessary to assure stable growth in total grain output. A strategic choice must be made to resolve the contradiction, and it will to a substantial extent affect future development patterns, so it must be made carefully.

III. Correct Handling of the Relationship Between Grain Production and Other Aspects

A. Stimulation of the peasants' enthusiasm for producing grain requires the corresponding inputs for production factors. Since autumn of 1986, the state made universal readjustments in the prices of fixed purchases of grain and cotton to encourage the peasants to produce grain. Jilin and Heilongjiang also had to adopt many corresponding administrative measures to encourage peasants to plant grain to the greatest possible extent. Under stimulus from many quarters, the peasants' enthusiasm for raising grain was increased quite a bit. Being enthusiastic, however, is not the same thing as having grain. The thing that is not adapted to the high level of peasant enthusiasm and which restricts grain production is the input capacity for factors of production.

First, there are severe shortages of agricultural means of production. There was a nationwide shortage of chemical fertilizers in 1987, and it was especially acute in Jilin and Heilongjiang. Most of what the peasants needed was highly effective superior quality chemical fertilizer, but domestic production capacity is limited at the present time and some materials even have to be imported. Moreover, a large number of small chemical fertilizer plants were unable to help. Like chemical fertilizers, the amounts of plastic film for agricultural uses entering the market came far from meeting demand. China has the capacity and raw materials to produce agricultural film, but this concerns resource utilization structures and the entire deployment of industry, so a solution is not easy.

Second, it is apparent that agricultural scientific and technical work lags far behind the development of production. The situation of technical backwardness in product varieties is even more in need of solution. Because peasants now lack high-yielding improved varieties adapted to their local areas, the import of high-yield late maturing varieties from the south is widespread. The northward transfer of large numbers of southern varieties will lead to large amounts of high water content corn during the autumn in Jilin and Heilongjiang, which would place enormous pressures on storage and drying. Even more important is that peasants face considerable risks from low temperatures and early frost. To improve effective temperature collection to promote early maturation, the peasants have begun to adopt agricultural film technologies, but the investment in agricultural film per mu of corn land is 30 to 35 yuan, meaning that output must rise by more than 150 jin per mu before there is any profit, which greatly increases the investment risks faced by the peasants.

Third, there are shortages of investment capital. A survey in Heilongjiang Province showed that per capita peasant monetary expenditures in the province rose by 159.7 yuan in 1985 compared with 1983, a 52.2 percent increase. Over the same period, however, peasant incomes from household administration rose by only 51.6 percent. In a sample survey in Jilin Province, capital from surplus peasant income for production expenditures during 1985 met only 26.9 percent of the demand for capital during the year. Most of the shortage had to be made up from long-term savings or loans.

The peasants of Jilin and Heilongjiang, however, continue to have many debts. By 1985, a total of 1.84 billion yuan in loans of various types were outstanding in rural areas in Jilin, an average of 133 yuan for each peasant. Total loans in Heilongjiang for agriculture alone reached 1.76 billion yuan. The gap between peasant incomes and expenditures continues to expand and it has become an inevitable trend for old loans not to be repaid and for new debts to be added. Rural per capita incomes in 1985 in Jilin Province were 413.7 yuan, ninth place nationwide, but agricultural expenditures during that year were 118.82 yuan, more than double the national average of

63.65 yuan. The level of per capita agricultural expenditures in Jilin have remained in first place in China since 1983, with a 29.3 percent annual rate of increase. The enthusiasm for inputs that formed during the spring of 1987 raised total investments of capital by the peasants of Jilin to 420 million yuan. According to a sample survey, cash outlays per peasant household are up by 59.7 percent over the same period in 1986.

It is not hard to see from the input capacity of these factors that although a hard-to-achieve good momentum has been attained in grain production in Jilin and Heilongjiang, its foundation is extremely weak. Peasant enthusiasm has declined and there is a definite possibility of a decline in grain output.

B. Price readjustments should consider coordinated development of the industrial structures of rural areas as a whole. A higher price for corn implies that peasant incomes from raising corn also will increase, which is something the peasants hope for. The role of prices in economic life, however, is not strictly limited to readjustments in income distribution. They also change the original structure of resource deployment.

After the price of northern corn was raised, the peasants everywhere added areas planted in corn to their production arrangements. Doing so first of all placed stress on grain cropping structures. There was a major reduction in the area planted in other miscellaneous grains and wheat. Also receiving a shock were cash crops and supplies of industrial raw materials brought in for them. The effects of the price increases also affected animal husbandry. The universal rise in feed prices starting in 1987 led to a major decline in hog and egg production during the spring in Jilin and Heilongjiang. The relevant departments have predicted that there will be a comprehensive shortage of supplies preceding and following the spring of 1988.

Readjustment of prices for a single product brings about corresponding changes in all levels of industrial structures. They affected not only product supply structures but even more important is that some relatively rational resource utilization patterns were affected. In Jilin Province, the area planted in corn as a proportion of the total area in crops already exceeds the proportion planted in corn in the United States' Corn Belt, and the area planted in corn now exceeds 90 percent in some counties, making crop rotation very difficult.

In a state of the formation of effective demand outside of markets, the demand for grain always is hard to satisfy, and grain prices are beginning to see a permanently sustained and rigid trend toward rising. As a result, after urban residents reacted strongly toward the prices of products supplies and structures of supply and following the restrictions on natural resources following changes in production structures, attention had to be given to raising prices for other products. Most troubling is that as soon as a psychology appears in which there is a

demand for upward readjustment as soon as a low price takes shape, there is no way that all producers will retain their enthusiasm for raising productivity.

C. The Rate of Growth in Grain Production Should Be Identical to Effective Demand and Increased Capacities of Basic Circulation Facilities

There is a difference between demand for grain from the perspective of development of the national economy and effective demand for grain formed during actual operation of the economy. Because of differences among a variety of natural and economic conditions, there are substantial regional variations in effective demand for grain.

In the short and medium term, if reforms in grain management systems proceed gradually, effective demand for grain in Jilin and Heilongjiang will come from two quarters. One source is demand from financial administrations or enterprises in other provinces, and the other is demand generated by central financial authorities. By extrapolating from the methods used to encourage local grain production adopted by most provinces, with the exception of a year of major shortfalls in harvests, rapid growth in demand from the first source is impossible. Moreover, the demand from central authorities mainly involves regulation of supply and demand equilibrium among provinces, so it is quite arbitrary and abrupt.

As a result, the question of how to sustain stable development of grain production given a situation of very restricted effective demand and frequent fluctuations will pose real problems for Jilin and Heilongjiang in the future. The situation in 1985 and 1986 shows that although there was equilibrium in supply and demand or inadequate supplies throughout China, both Jilin and Heilongjiang experienced continuing problems in selling grain.

The state has purchased grain far in excess of existing drying, storage, and shipping capacities and a whole series of problems have appeared that must be dealt with.

Meteorological departments have forecasted normal weather for 1987. Relatively conservative calculations are that grain output in Jilin Province will reach 15 million tons and it will be able to supply 8.5 million tons of commodity grain including 5.5 million tons obtained through fixed and proxy purchases. The province faces a severe drying and storage crisis. Moreover, there are 6 billion jin that the peasants must find ways to sell themselves. The peasants are facing another case of difficulties in selling grain and the outcome is not hard to envision.

D. The Choice of Direction for Construction of Commodity Grain Base Areas

Practice in rural development in Jilin Province has made everyone concerned with long-term commodity grain base area development.

Jilin Province is the most typical example of a high-output poor province with high-output poor counties. Total rural debt in Jilin in 1985 reached 1.84 billion yuan, an average burden of 133 yuan per capita for the rural population. Changchun and Siping Cities, which sold quite a bit of commodity grain, borrowed 518 million yuan and 299 million yuan, respectively, during 1985, a per capita debt of 139 yuan and 153 yuan, respectively. Six commodity grain base areas counties (and cities) have total debts of 604 million yuan, including the maximum figure of 164 yuan of per capita debt in Gongzhuling City. Yushu County, which has a national reputation for grain sales, accumulated debts of 126 million yuan in 1985, which was a per capita average of 128 yuan for the entire population of the county.

Similar problems are seen in financial situations. Jilin financial authorities still receive 396 million yuan in state subsidies each year, and 29 of the province's 59 counties, cities, and regions receive food subsidies. Five of the six commodity grain base area counties require subsidies totaling 35.31 million yuan. The number of commodity grain base area counties is to grow to 28 during the 7th 5-Year Plan, and there will be 677 million yuan shortfall between income and expenditures in these 28 counties.

The reasons behind the serious peasant debt and financial deficits are multifaceted, but the most important reason is the simplistic structure of the economy. Besides grain crops, other industries are very underdeveloped in some high-output poor counties, so the only source of higher incomes is hope for a rise in grain prices. Practice over the past few years has shown that the benefits the peasants receive after a rise in grain prices cannot be sustained, and are quickly eliminated by higher prices for production materials and increased production costs. Moreover, higher grain prices may reduce effective demand for grain. As a result, it always has been hard to make full use of resource advantages for grain production despite their presence. The local price for corn plus shipping costs are quite high in Jilin and Heilongjiang, so it would seem that they have no apparent competitive advantages.

Income levels are higher in some major grain producing counties in Heilongjiang like Zhaodong, Shuangcheng, and others, and the reason is that these counties are precisely those with significant livestock production. The international experience shows that the Corn Belt in the United States is the foundation of animal husbandry. It is apparent that the problems of high-output poor counties are not intractable, and that abundance in industrial structures may be the only road to take.

In the long term, Jilin and Heilongjiang will be able to increase their competitiveness in grain when they are able to hold down prices and capture their own markets. The basic method to achieve these goals is to concentrate on development of the diversified economy and open up more employment channels to shift more of the agricultural labor force into the realm of non-grain production and non-agricultural activities. This would provide the peasants with additional sources of income and could also expand the scale of grain production and lower costs to enable grain farmers to increase their labor productivity via an appropriate scale of administration and increase their economic incomes. For this reason, we must either choose the same old path taken over the past 30 years of simplified production structures and daily reductions in per capita land resources or choose a multi-layered expansion of production avenues to gradually achieve the appropriate concentration of land and administration at a suitable scale. This is the development principle that should receive primary consideration in Jilin and Heilongjiang Provinces during commodity grain base area construction when adopting price, investment, and other economic and administrative measures in the future.

IV. Some Points We Have Come To Understand

A. Practice has proven that the principle of central authorities that there will be "absolutely no relaxation of grain production, with active development of the diversified economy" is an extremely correct one. The development of grain production requires a coordinated and rather prosperous rural industrial structure. Otherwise, advances in grain will be only temporary and will soon fall back. The problem facing the relationship between economic diversification and grain production is not that this is a period of good momentum in grain. The key problem is that this is a period of temporary reductions and shortfalls in grain harvests. Minute shortages of grain are leading to premature restrictions in economic diversification, sometimes at a cost of distortions in

industrial structures making rational use of resources in exchange for an expensive and fragile growth rate for grain. This ideology has not been fundamentally overcome in actual life.

B. The gradual transition toward capital intensive administration of agricultural production will lead to ever-increasing dependence of grain production on the rate of growth in input products. Thus, we have gained an important understanding of the fact that, besides factors related to intensive reforms of the rural economy, the future rate of grain production development also will be determined by the rate of development and benefits in industry. Moreover, growth in grain production in excess of the rate of growth of the national economy cannot be sustained over the long term. In the future, we must avoid proposing goals and slogans that do not conform to the realities of grain production.

C. The behavior of peasant families has changed considerably since the implementation of contractual responsibility for output quotas in rural areas, and there must be corresponding readjustments in forms of macroeconomic regulation of the rural economy. Today's peasants are not just laborers; they are managers as well and they have considerable decisionmaking rights over production and administration. They are extremely sensitive to prices and a minute change in prices can cause enormous rises or falls in production and supply. Taking the old path of excessive stimulation of the peasants inevitably will create severe equilibrium and instability.

(Participants in this survey were Zhu Houze [2612 0624 3419], Yao Linfu [1202 5259 1788], Peng Kunsheng [1756 2492 3923], Shi Zongyuan [4258 1350 0293], Feng Yishen [7458 5030 3947], Wei Wei [7614 0787], Yuan Chongfa [5913 1504 3127], He Daofeng [0149 6670 1496], and Wang Chengde [3769 6134 1795]. It was written by Yuan Chongfa. We would like to express our gratitude to the relevant units in Jilin, Heilongjiang, and Liaoning Provinces for the large amount of work they did for this survey.)

12539/09599

**Procuratorial Organs Tackle
Dereliction-of-Responsibility Cases**

40050008d Beijing ZHONGGUO FAZHI BAO
in Chinese 27 Aug 87 p 1

[Article by Chen Yousheng [7115 0642 0524]: "Dereliction-of-Responsibility Cases Handled by Procuratorial Organs Up Sharply"]

[Excerpts] From January through June this year, procuratorial organs throughout the nation investigated and prosecuted 1,119 cases involving serious dereliction of responsibility, including 217 major cases, up 26 percent from the same period last year.

Early this year, procuratorial organs everywhere decided to tackle cases relating to dereliction of responsibility as a top priority. Over a thousand investigating groups were formed across the country to probe deeply into factories, mines, building enterprises, townships, towns, and other sectors and units. Over 3,000 clues were uncovered.

Following the adoption of the "Resolution Concerning the Huge Forest Fire in Daxinganling" by the standing committee of the National People's Congress and the promulgation of the "Emergency Circular on Strengthening Safe Production Management" by the State Council, procuratorates in 19 provinces, autonomous regions, and municipalities directly under the central government, including Heilongjiang, Sichuan, Anhui, Shanxi, Jiangsu, and Guangdong, have issued notices to procuratorates at all levels on the rigorous investigation of serious dereliction-of-responsibility cases.

12581

Fewer Public Complaints to Procuratorates

40050008b Beijing ZHONGGUO FAZHI BAO
in Chinese 5 Sep 87 p 1

[Article by Xu Lai [1776 0171]: "Communicating Personally and in Writing with Procuratorial Organs"]

[Excerpts] From January through June this year, procuratorial organs nationwide handled 484,000 cases brought to their attention by members of the public personally or in writing, a drop of 2.5 percent from the same period last year, according to the Supreme People's Procuratorate. Of the total, letters accounted for 374,000 cases, down 1.9 percent from the corresponding period in 1986, and visits 110,000 cases, down 4.4 percent. Repeat letters or visits numbered 130,000, 4.8 percent more than their counterpart from January through June last year. Prosecution, appeal, and procuratorial organs at all levels provided the departments concerned with 143,000 clues for the solution of all kinds of crimes. Procuratorial organs also investigated 550,000 cases on their own initiative, including 46,000 old cases the files on which were reopened.

There was a drop in the number of criminal cases brought to the notice of procuratorial organs by the masses in person or writing in the first half of 1987. Meanwhile, however, a number of new problems has surfaced which are worthy of attention. During this period, public complaints in letters or visits led to the investigation of 135,000 criminal cases, a drop of 5.5 percent compared to the same period last year. What these visits and letters brought to light were such major problems as the rise in serious crime and the escalation of civil disputes into criminal cases.

There has been a substantial decline in the number of economic crimes reported by the public, most of them involving the offering and taking of bribes and tax evasion. In the first half of this year, procuratorial organs across the nation received 27,000 complaints about economic crime from the masses, down 35.4 percent from the same period last year, reportedly because the tough crackdown on serious economic criminal activities in recent years has dealt a severe blow to economic criminals. The trend toward soaring economic crime has essentially been checked. Another reason is that many enterprises and institutions have tightened management and laid down rules and regulations to close loopholes. Thirdly, economic criminals are resorting to more tricky and subtle tactics. In the first half of 1987, more people dissatisfied with punishments handed down by judicial and political organs appealed to procuratorial organs in person or writing. Such appeals numbered almost 80,000, up 6.9 percent over the corresponding period a year ago. The increase was mainly caused by the fact that criminals and their relatives misunderstood the effort to review and correct wrong and unjust verdicts in the past and demanded that cases handled since the beginning of the crackdown on crime be reviewed as well. Refusing to plead guilty and obey the law, a handful of criminals seek to have their sentences commuted through appeal. On the other hand, some cases have been handled in a sloppy way; the quality of handling and investigation does vary from case to case.

12581

**Procuratorial Organs Investigate Rights
Violations**

40050008a Beijing ZHONGGUO FAZHI BAO
in Chinese 17 Sep 87 p 1

[Article by Gao Erting [7559 1422 0080]: "Procuratorial Organs More Active in Investigating Violations of Personal and Democratic Rights"]

[Excerpt] As of late June, procuratorial organs throughout the nation had investigated a total of 2,035 cases in which personal and democratic rights had been violated, up 13 percent over the same period last year. The cases fall into 9 categories, including extorted confessions, illegal custody, and trumped-up charges.

Government personnel are usually the target of investigation in cases involving rights violations. In the course of investigation, procuratorial organs firmly uphold the law and courageously and steadfastly wrestle with conduct that seeks to supplant or suppress the law with power. Most county and district procuratorates neither wait for their superiors to declare their position nor depend on the procuratorates above to step in. Instead they go out of their way on their own initiative to extensively look for cases in a variety of ways. They are also expeditious in placing cases on file for investigation and prosecution. Moreover, they have stepped up the investigation of serious or major cases. During the first half of this year, 135 cases were investigated where people were maimed, seriously injured or killed, where extremely mean tactics were used, or which had very undesirable effects, were committed by cadres above the county level or involved the gross violation of personal or democratic rights. Among the criminals were 5 cadres at the county level and 697 policemen and grassroots cadres. Procuratorial organs have also cracked numerous difficult cases which had remained unsolved for more than 8 years.

12581

Commentary Urges Crackdown on Tax Resisters
40050008c Beijing ZHONGGUO FAZHI BAO
in Chinese 3 Sep 87 p 1

[Commentary: "Tax Resistance Must be Dealt With Severely"]

[Excerpts] For some time now, criminal elements in certain areas have openly refused to pay taxes, physically attacking tax organs and beating up tax cadres. Take, for instance, the events in the afternoon on August 28 1986.

A bunch of peddlers from outside Jiangsu had set up shop in Nanhu Yuejin Village in Jianye District, Nanjing. They shipped to the village a large amount of plastic products for sale, without, however, registering with the tax agency or paying taxes. The Jianye District branch of the tax department successively sent out 22 tax cadres to collect taxes. The peddlers gathered together over 300 men and encircled and attacked the tax cadres with wooden sticks, shoulder poles, bricks, and rocks. Six bicycles were totally wrecked and 14 cadres were beaten up. Only a little after 1 am the next morning were the tax cadres able to get away protected by public security personnel.

Other reports show that Fujian Province alone had 88 incidents in 1986 in which 104 tax cadres were beaten up, including one who was killed on the spot. From early 1986 to last May, 56 tax cadres were injured in 120 attacks on tax personnel in Liaoning Province. In Guangxi Zhuang Autonomous Region, tax departments were attacked and tax personnel beaten up in 367 separate incidents just last year alone. One hundred people were seriously injured and the region suffered an annual loss of 150 million yuan in uncollected revenues. The case reported in this paper today, which occurred in Linyi County, Shanxi, is a typical example.

Apart from the fact that profit-driven criminal elements disregard the law of the land and try to evade taxes through violence and intimidation, the longstanding inattention of the agencies concerned to this kind of crime and their failure to deal with it sternly and crack down on it are also a major reason why attacks on tax organs and tax personnel happen all the time.

12581

EAST REGION

LIAOWANG Outlines Cadre Employment Reform in Zhejiang

Ningbo, Wenzhou Initiatives Detailed
40050014 Beijing LIAOWANG [OUTLOOK] in Chinese
21 Sep 87 pp 26-27

[Article by Huang Guowen [7806 0948 2429]: "Broaden Outlook, Defy Conventionality; Zhejiang Reforms Cadre Selection and Appointment Systems"]

[Text] In 1984, with the support of the CPC organization department and the Zhejiang provincial party committee, the Ningbo city party committee pioneered a reform attempt—it turned to society and adopted a method of "appointment through examination" to select five bureau level leaders. Subsequently, Zhejiang's Environmental Protection Bureau and 18 units in Wenzhou and Hangzhou also experimented with the "appointment through examination" process. At the same time, the Communist Youth League's Wenzhou city committee and other units attempted the even bolder system of "appointment through selection."

Two years of experience proved that these experiments have been a success.

Ningbo's "Appointment Through Examination" System

Ningbo is one of the 14 coastal open cities. As the state stepped up key construction and investment, and as reforms and the process of opening up to the outside world became fully implemented, there was an increasing need for cadres. The reform needed cadres who were eager to explore new ideas, who were professionally trained, who were bright and hard working, and who were young and strong. At that time, several key bureaus and major enterprises in the city urgently needed several competent cadres to fill responsible positions, but there were no suitable personnel within the organization department. Should they try to find someone from outside? It did not seem practical. Should they speed up training? But that would take too long. The city was forced to take a new route: it set up base locally; it looked to society, and opened the door to anyone qualified, and set up public examinations to fill the posts.

Step one: through advertising in the NINGBO DAILY and on radio, the citizens were encouraged to recommend qualified people, or recommend themselves, to "compete" for five available positions: chairman of the city planning committee, director of the city commodity price bureau, director of the city bureau of forestry, and positions in two key imported projects—plant manager of a cardboard manufacturing plant, and assistant manager on the Chinese management team of the Huayuan Hotel, a Chinese-foreign joint venture. The personnel

division of the city organization department also solicited more than 70 associations, democratic parties, and mass organizations, and visited more than 70 high ranking intellectuals, and mobilize them to send in their recommendations.

By broadening the outlook, more talented people could be discovered. By looking to society for talents, the result was, within 3 months more than 1,000 letters of recommendations were received by the personnel division. Sample studies showed that these newly discovered talents were characterized by their youth and high educational standard; many of them also have practical work experience. Among the nominees, 36 percent had recommended themselves.

Step two: the personnel division of the city organization department studied and examined the more than 1,000 nominees in the open, at different levels, and from different angles. Based on each person's general background, educational level, and work record, they selected 50 candidates, and began a process of "selection after careful screening".

During the "selection after careful screening" stage, the personnel division of the Ningbo organization department adopted some bold measures based on systems engineering, human resource studies, behavioral psychology, and other modern, scientific principles:

One, quantitative evaluation of the candidate's merits. A multilevel evaluation network was set up in the 50 or so candidates' unit and organization, and criteria were defined. Each candidate was graded on 14 categories, including work attitude, level of competency, and moral standard, by their superiors, co-workers, and subordinates. These grades were averaged out to establish a numerical, tangible, and versatile "personnel profile" to differentiate levels of superiority.

Two, an assortment of tests: besides being tested on general knowledge and basic professional knowledge, the candidates were also tested on their ability to tackle problems.

Three, personal interview by specialists. First the candidates were given one week to prepare an essay describing their goals and plans if given the prospective posts. During the interview, specialists were enlisted as "examiners," and the candidates delivered an oral presentation of the essay, and answered any specific questions the examiners might pose. After this selection process, the personnel division compared test results, appraised the candidates through group discussions to decide on the finalists, and sent their collective suggestions to the city leaders for final decision.

This method of selection is scientific, and the results are relatively accurate. The median age of the five new cadres selected to the city planning committee and other posts via this repeated examination process was 41 years

old (the oldest was 46, and the youngest was 31); 4 of them had college education, and 1 attended polytechnic school; 3 were engineers, and 1 was an assistant engineer. One significant fact worth mentioning is that of the 5 successful candidates, 4 had recommended themselves for the positions but were not originally considered by the personnel division of the organization department.

Wenzhou's "Selective Appointment" Reform

Last August Zhejiang's Wenzhou city CYL committee experimented with a new election procedure for its 10th general election of leading cadres. It was unique because it rejected past practice of letting the leaders choose the cadres, and instead of the old election process whereby appointees were actually "predetermined," the people were given the right to choose the cadres democratically. For example, candidates were not chosen in advance; league members in the city could nominate themselves or others. Among the 565 nominees, more than 100 were chosen in accordance with league regulations in the preliminary round. These candidates were then asked to discuss various problems faced by the city CYL committee before a panel of specialists and comrades from the organization department. During the discussion sessions, candidates were judged by their work attitude, analytical ability, persuasiveness, their receptiveness to other people's opinion, and so on. They also were sent to the grass-roots level to conduct short term studies. Eventually, 43 finalists were selected based on their ability to analyze and solve practical problems.

During the election process emphasis was placed on the principle of democracy and openness as well as on increasing competition: that is, all league representatives who participated in the election process were chosen by grass-roots league committees through secret ballots, and the candidates must introduce themselves to the league representative assembly, and all members of the election standing committee must deliver an "administrative speech." The winners and the losers were determined by the number of votes received in a secret ballot. The final outcome was that the successful candidates were the most competent, and just what everyone had hoped for.

Submit To Tests Through Practice

Whether the cadres selected through these new processes turn out to be the "talented personnel" of the four modernizations is yet to be tested through practice. But we already have some preliminary reports.

The five cadres in Ningbo who were appointed through examination have been on the job for more than 2 years. Based on investigations by the relevant department, since these five comrades took up their respective leadership positions, they have shown relentless energy and vigor; they have already achieved initial "political success," and most reports judged them "competent." For example, Zheng Minggang [1728 7686 1511] graduated from the forestry academy in the 1960's and since then

had worked in a small plant as an engineer in a remote county in Sichuan Province. He was transferred to Ningbo and worked as a technician in a small packaging plant in 1984, shortly before the appointment through examination system was adopted. At the time of the "contest" for the plant manager position in the cardboard manufacturing plant he thought he would "give it a try" and recommended himself, and he was selected because of his excellent test results. After he took office, he immersed himself in research and studies, and promptly familiarized himself with this enterprise which had major import projects; along with other comrades, he solved many important problems in starting up the enterprise; he is showing great promise.

Cheng Puxian [4453 3184 0341] was appointed assistant manager of the Huayuan Hotel. Armed with his self-taught modernized hotel management knowledge and his ability to speak three foreign languages, he has become one of the "commanders-in-chief" in the construction of the 3-Star hotel. Today, the hotel has opened, and he and his entire staff are working together to provide a first-class service.

The new standing committee of the Wenzhou city CYL committee which was elected through selective appointment procedure has been in office for a year, and during this period the cadres have emphasized practical work, and performance has improved significantly. Recently the city party committee convened a meeting to review work progress for the past year and gave the standing committee its unanimous "vote of confidence."

These cadre selection reform experiments not only resulted in the discovery of many ideal "talented personnel," but it also found a "glorious path" which led to "open doors for all people of talent." For example, in the process of selecting the 5 candidates through examination in Ningbo, other talented people were also discovered, and more than 20 of them were employed immediately while others were put on record, and many were later placed in leadership positions of all levels. The even better news is that these new appointment methods make it possible for young people to be assigned important jobs, and give them a chance to engage in "fair competition," so that they can see for themselves that in the arena of the four modernizations there is plenty of room for the virtuous and talented, as well as for the well-educated.

Employment Reforms Lauded

40050014 Beijing LIAOWANG [OUTLOOK] in Chinese
21 Sep 87 p 27

[Short commentary by Tang Tian [0781 1131]: "Opening All Doors To People Of Talent"]

[Text] Zhejiang Province's reform of the cadre selection system has produced many new talents, and has proven to be another success story in cadre system reforms.

We can succeed in our endeavors only if we make good and accurate choices in selecting cadres and talents. Since the 3d Plenum of the 11th Party Committee we have established a correct line of political thoughts, but it is not enough just to have correct lines, we need a group of virtuous and talented cadres to lead the people, and unite the people in the struggle to implement the correct lines established by the CPC Central Committee: this is why people say, after the political lines have been established, it is all up to the cadres.

How do we pick good cadres, good talents? This indeed is a worthwhile question.

Obviously we cannot just depend on the recommendation of the leaders in the high places. High position does not guarantee that the person is an expert talent scout, or that he has the ability to spot the best personnel. Even if a leader, or certain cadres, has the ability, he may be handicapped by limited information and contacts, and he may not be able to pick the perfect choice. Even if the leader of the organization department goes out of his way to meet other cadres, he may not be able to ascertain the person's true conditions from casual conversations. This is because although it may not be difficult to grasp the superficial facts, like age and educational standard, intrinsic qualities are hard to ascertain.

If the cadre who handles the selection is prejudiced, or worse yet, if he misuses his power, the result could be disastrous.

Therefore we cannot depend on a few people to be talent scouts, nor can we rely on speculations. We must create ideal conditions which allow exceptional talents to distinguish themselves. How do we create these conditions?

Comrade Xiaoping provided clear answers to this question in his "Reform of the Party and the State Leadership System":

— "Many comrades only think of the few familiar faces around them; they stay in the same circle, and never go among the people to look for talents: this is one form of bureaucratic mentality."

— "As the construction tasks expand, we must formulate new requirements and new ways in businesses to promote cadres and utilize personnel. In the future many positions, many titles, will be assigned or awarded to those who qualified through examination."

— "In many enterprises and units the cadres who are nominated by the people, and those cadres who have recommended themselves for the posts, or volunteered to take the responsibility, have accomplished much in a short time. Often they have done better than the cadres appointed from above. These facts should have taught us something: there are good young cadres everywhere."

Since "good young cadres are everywhere," we should not worry about the shortage of expert talent scouts; all we need is to reform the method of selecting cadres and talents.

Some cities and localities in Zhejiang Province have tried, in the spirit of reform, and have succeeded.

The hope of getting good talents depends on reform of the cadre personnel system: this is the message sent to us by Zhejiang's experience.

12986

Interview With Fang Li-chih on Unification Issue
40050023b Taipei TZULI WANBAO in Chinese
11 Oct 87 pp 3, 4

[Summary of interview with Fang Li-chih [2455 0536 0037] on 18 Sep 87 by Li Yung-te [2621 3057 1779] and Hsu Lu [1776 3873]: "Let There be Competition Between the Mainland, Taiwan, and Hong Kong"]

[Excerpts] At 3 p.m. on 18 September, we began a 3-hour interview of Fang Li-chih at his new home in a 10-odd-story high building. Fang Li-chih, now 51 years of age, was born to a poor worker's family in Peiping. He had been vice president of the Science and Technology University. Fang is not only an internationally known astrophysicist but also a proponent and practical applicant of democratic ideas. In January this year, he was expelled from the CPC and reassigned to head the Peking Observatory.

In addition to Fang Li-chih (hereafter: Fang) and his wife Li Shu-hsien [2621 3219 8300] (hereafter: Hsien), a reporter of the Kuangming Jihpao, Ms Tai Ching [2071 2532] (hereafter: Tai), was also present at the interview.

Hsu: Taiwan now has a strong economy, its people are also quite advanced in democratic awareness. If, in contrast, the mainland, as you said, has in many respects slowly fallen behind, and if both sides of the Taiwan Strait now open up for mutual visits, will this not, under such circumstances, in your opinion, have some impact on the mainland?

Fang: The impact will of course be quite strong. I personally have indeed all along said that we need not fear this at all, those "three communication links" and all that.

Hsu: You mean nobody needs to have fears?

Fang: I mean Taiwan need have no fear. A very clear example is Hong Kong. Ideologically, and as to the views of its people, Hong Kong is virtually more advanced than the mainland, so it is not at all that Hong Kong follows the mainland, but on the contrary, as things are now, the mainland follows Hong Kong.

In spite of its small territory and population of only 5 million, Hong Kong still exercises so huge an influence on the mainland. Many children in Peking now want to learn Cantonese. This is of course not altogether good, but it shows how great the influence is.

Now, Taiwan's population too is limited, only 20 million, but since its cultural background is identical with that of the Chinese mainland, it will be easy to establish rapport. The language of Taiwan is even closer to that spoken on the mainland and makes contacts even easier to achieve. These influences are even more effective. In my opinion, the size of a certain society is not decisive for the influence it exercises, but in actuality it is being

more advanced that is decisive for its influence. As long as you have caught up and are advanced, you have nothing to fear. If you are lagging behind, that certainly gives reason to fear.

Tai: Chairman Mao once said: "Who after all fears whom?" (Laughter)

Hsien: Yesterday a friend told me of some statistical data, which were very interesting. This friend is compiling statistics on institutions of higher learning. They drew up a statistical table, to show some schools of all of China—mainland and Taiwan all combined under "China"—listed in a certain order, who is first, who is second. Criterion for qualitative order, possibly clearest in the science area, was the frequency of publications in international periodicals of a certain level in particular branches of science, deciding on this basis how the various schools ranked. During the period from 1981 to 1985, which they covered, they found that in the first two years Peking University was first, National Taiwan University was second, and the third was again a Taiwan university, called...

Fang: Chinghua, Taiwan's Chinghua.

Hsien: The fourth was the Science and Technology University. This is a very young university, established only in 1958. The fifth was again a Taiwan university. But the Chinghua University which China's Education Commission praises to high heaven is listed as 17th, practically in an altogether negligible position.

My friend said there are no statistical data yet for this year; these statistics will probably be even more pitiful.

Tai: I believe what could arouse more anxiety among the CPC authorities are the series of news coming from you from Taiwan in 1987, one is lifting the ban on forming political parties, lifting censorship over publications, also removal of party branches from the universities. These three items are something that under no circumstances can be relaxed here. For them, these three items are altogether disturbing news.

Furthermore, while you have that strict blockade over there, we here particularly stress the "three communication links," because you over there don't dare to speak of it. (Laughter) The more times were like this, the louder was the clamor, to show off one's attitude. Now that—didn't you say here—veterans may go visit their relatives? Aiyoh, since you over there are opening up, those here are really beginning to worry. If you don't believe it, wait and see, things are bound to get that way.

Fang: As we who have just recently been in Canton know, during the last anti-liberalization movement, some people proposed to block off or control Canton so as not to receive any TV programs from Hong Kong. Because in Canton it is so easy to receive Hong Kong TV programs, they think this is too dreadful an influence,

one should control it and forbid reception. But they met with considerable opposition; it is absolutely impossible to do it. Even many cadres oppose such a measure. They say, if you assert that the Hong Kong TV is bad, and only your mainland TV is good, then let them compete! In this respect, I, being a Chinese, feel indeed it would be advantageous doing it that way: it would be a good thing to let the three parties compete with each other. (Laughter)

Hsien: The best thing for the common people.

Fang: It would at least make things somewhat easier for the common people. Competition between Hong Kong, mainland China, and Taiwan would take place within the Chinese society, that is one good thing.

Li: We therefore believe that unification, judging by present conditions, is not the main issue. Primarily, everyone should first put one's own house in order, successfully implement the three communication links.

Fang: Relatives and friends should be free to visit each other.

Li: This is a humanitarian affair and must not be restricted by politics.

Fang: Right, right.

Hsu: I personally would very much like to know how people with ideas like yours think about unification? Because by now the whole mainland seems to have strong views on unification, regarding it as a matter of course. How about you? What are your ideas on unification and Taiwan's future?

Fang: Judging by the peculiarity of Chinese culture, I am more likely to tend toward unification. There is possibly this feeling about it, and also out of feelings based on my family upbringing, I would say: Whatever contradictions there are, in the end we are all one and the same. I believe there is really this kind of Chinese cultural influence. But I also agree that at the moment China's primary problem is modernization...

Li: Not unification?

Fang: No, first we must achieve modernization. On this basis, everybody will slowly go on.

Li: When water flows, the channel will be ready.

Fang: When water flows, the channel will be ready.

Hsien: It is my special hope that unification will not be a show staged by the politicians.

Fang: That is what we particularly don't want. I believe those who ruled China, whenever they claimed to represent the people who wanted this or that, have, throughout all of China's history, defiled the people's will most dreadfully, saying that they represented such and such wanting this and that done by today.

The primary issue in China is frankly one of food. Democracy and freedom are what I mostly proposed, but I believe the primary issue is still food; food is more important. Especially in the rural areas, from Anhui right up to the very north, providing the common people with food is a problem that has not yet been fully resolved; things are very hard for them!

Under these circumstances, if you say that they don't need democracy now, but should be given food, I would also support this idea.

Li: Actually, there is no big conflict of ideas here.

Fang: I mean to say that if it were necessary in the interest of solving the food problem, I would also agree for the time being to relax demands for democracy and freedom. One has to have a conscience.

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Acceleration of Democratic Reform Stressed
40050023a Taipei TZULI WANPAO in Chinese
19 Oct 87 p 2

[Excerpts] The competent authority promulgated last year six items of political reform and speedily lifted martial law. Reaction from the general public was excellent, and China gained greatly in international prestige. The political atmosphere at home relaxed considerably, and feelings of identity and unison with the state intensified among the people.

Under these circumstances, many who felt concern for the future of the state wholeheartedly hoped that subsequent reforms, such as the reform of the central organ of the people's will and the legal institutionalization of local self-government, would bring equal results. However, the six principles governing the reform of the organ of the people's will and the measures for the improvement of local self-government, as recently published by the press, inevitably give the impression that the reform contemplated by the competent authority is somewhat like an affair that goes in like a lion but comes out like a lamb.

The said four [as published] principles not only say nothing about comprehensive reelections of long-standing people's representatives, but also do not provide a time limit for compulsory retirements. The so-called comprehensive reform, therefore, only means that supplementary elections will be increased to a somewhat larger extent compared with the past. But supplementary elections have actually been carried out for many years.

How can one speak here of a reform. The fourth principle, allowing two systems for the election of central people's delegates, appears even more fantastic. In China's central organ of the people's will, delegates with the same voting rights are of many different categories as to their bases in the people's will, their terms of office, etc. This state of confusion is also unique in the whole world. We must not again adopt an unequal election system and add a further category of people's delegates. Moreover, representatives of mainland constituencies, elected according to this mixed-up system, are representatives of mainland people only on their identification cards, but not really delegates elected in their respective mainland districts; there are no real delegates from the mainland.

As to the second principle, adopting measures of favorable treatment to encourage retirements: All retirement systems, apart from providing for pensions, have a compulsory element, for instance, that public employees must retire at the age of 65, which would apply to everyone whether willing or unwilling to retire. The measures of favorable treatment for representatives of the people's will do not contain "compulsory" provisions. It is nominally only an encouragement for voluntary retirement, but we are afraid that the actual result of its future enforcement will be, on the one hand, that it will not be able to solve the basic problem (because for a considerable time most of the long-standing representatives in the general assembly will not retire, so that the problem of lack of representative character will continue to exist). On the other hand, those who will voluntarily retire will select a favorable moment to declare their will to retire to benefit their children and grandchildren, without benefiting the taxpayers. We do not oppose formulating measures of favorable treatment for retirees, but they should help us solve the problem, otherwise it will be like the system of national assembly assistants. Some people receive monthly assistance fees without assisting. What is that?

Even less can be said in favor of the legal institutionalization of the local self-government. Even if it is not feasible to have the provincial governor elected by public vote, some believe at least the mayors of the two municipalities should be elected by the people. If the two mayors are not elected by the people, they should at least

be elected by the national assembly. According to the present system, they are still government appointed; the only addition made now is that the national assembly must approve their appointments. Furthermore, we can't see any provision in the regulations as to the term of office of these local top-ranking officials. I remember that a recent opinion poll of a certain large Taipei newspaper, as well as opinion polls carried out by other units, have revealed that the majority of people favor public election of mayors. We really cannot fathom the value of the new regulation. Is it in order to completely ignore the clearly expressed will of the people? Should a change of this nature be embellished with the name of "reform"?

We hope the authority in charge will again carefully consider to substantially replenish the central organ of the people's will an institute a substantial reform of local self-government. Carrying out the measures that were published in the press, we are afraid, will not do at all.

In attempts to gain "liberalization" by lifting martial law and instituting reforms, and in attempts to attain "democratization" by reforming the organ of the people's will, many societies have shown that in reforms carried out from top to bottom, it is easier to "liberalize" than to "democratize." This is so because "liberalization" only requires that the ruling authority reduce its powers and will allow more room for action to the people. If only the members of the ruling authority will assume a somewhat more enlightened viewpoint, if they have confidence in themselves, liberalization can easily be achieved, once the effort is made, and it will be successful. Reforms toward democratization will affect the vested interests in their political governance. Apart from an enlightened viewpoint and firm resolution to reform, the ruling authority must also have a certain force of character to carry it through and great courage to overcome the opposition and obstruction by vested interests. We should be willing to rather endure inconveniences in future governance, only in this way can we carry on without hesitation and implement the reform.

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