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7 NOVEMBER 1988



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# ***JPRS Report***

# **China**

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# China

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## NORTHEAST ASIA

### SHIJIE ZHISHI Assesses Takeshita's Foreign Policy

40050437 Beijing SHIJIE ZHISHI [WORLD AFFAIRS] in Chinese No 15, 1 Aug 88 pp 16-17

[Article by Geng Di 5125 0966: "Characteristics of Takeshita's Firm Policy"]

[Text] When Prime Minister Takeshita took office in November last year, some sectors of public opinion held that according to his political career, he "lacked diplomatic experience" and the "international touch" despite his capability in domestic administration. They doubted whether he could cope with the serious international situation and conduct his diplomacy in a way consistent with Japan's economic power.

However, Takeshita's activities on the international stage turned out to be contrary to their expectations. Last December, he went to Manila to attend an ASEAN summit meeting, and then toured the Philippines. This year, he visited the United States and Canada in January; attended No Tae-u's "presidential" inauguration ceremony in South Korea in February; visited the Vatican, Italy, England, and the FRG from late April to mid-May; and attended the Third Extraordinary UN Session on disarmament in late May. Then he met U.S. President Reagan again in England, visited Holland, Belgium, France and the EEC, attended the Seven-Power Summit Meeting in Toronto in June, visited Australia in early July, and will visit China at the end of August.

Thus three quarters of his 37-day visiting period from 5 May to 5 July were spent on a tight schedule abroad, leaving only 10 days for his work in Japan. Besides making these dizzying visits, he even created his own diplomatic slogans. In the speech on his administration delivered in January this year, he set the goal of "Japan's contribution to the world." Then in May, when he was visiting England, he presented his "vision of international cooperation" which deserves to be called the "Takeshita Doctrine." The substance of his vision was that Japan should contribute to the maintenance of world peace and the solution of regional problems; make positive contributions to mutual understanding in various cultural fields; and increase its responsibility for economic aids.

Public opinion in Japan is that while following the diplomatic line of the former cabinet, Takeshita's diplomacy also has characteristics of its own. His predecessor stressed "Japan as a member of the West" and the "Japan-U.S. link of destiny," but Takeshita takes the basic stand that "Japan is a member of the West as well as an Asia-Pacific nation." In the ASEAN Summit Meeting, he talked a great deal about "the native village of Asia," and expressed his willingness to form a new partnership with ASEAN countries as his "natural

allies." His positive diplomatic approach to such hot issues as those of Cambodia, Korea, and Afghanistan indicated Japan's desire to increase its influence in these regions.

Public opinion in Japan also believes in economic cooperation as another highlight of Takeshita's diplomacy.

At the ASEAN Summit Meeting, he made it clear that Japan wanted to step up its economic cooperation with ASEAN, and will in the next 3 years supply \$2 billion to set up an "Asia-Japan Development Fund." At the summit meeting of the seven Western powers held in June, Takeshita offered to expand his government's development aid program to include the following: First, from 1988 to 1992, an amount of more than \$50 billion will be provided in aid of developing countries. Second, Japan's loans to the poorest countries (Bangladesh, Burma, and Nepal in Asia and 14 countries in Africa) in Japanese yen (equivalent to \$5.5 billion in capital and about 1 billion in interest) will be written off as gifts.

The establishment of a stronger bond between Japan and the "four little Asian dragons" (South Korea, Taiwan, Hong Kong, and Singapore) is also a noteworthy trend. In late January, the Reagan administration announced that as of 1989, the United States will abolish the preferential terms under which part of the commodities imported from the "four little Asian dragons" would enjoy tax reduction or exemption. As a contrast, Japan decided in the middle of March that besides preserving its preferential tax rates for these "little dragons," Japan will increase the quota for this preferential treatment. An official of the Ministry of Foreign Affairs said: "Being an Asian member, Japan should serve as a coordinating link between Europe and America on the one hand, and the newly emerging industrial countries on the other, thus implying that Japan actually considers itself the spokesmen for the 'four little Asian dragons.'"

Why does Takeshita adopt these policies? According to some commentators, his "vision of international cooperation" may help alleviate the pressure on Japan for more international contributions because of its economic power, and may also show that while continuing to strengthen its military forces, Japan is also aiming at its objective of a more influential position in the world as a great political power.

Public opinion in Japan is that Takeshita has been fairly successful in his diplomacy. Economically, Japan has succeeded in increasing its home consumption and reducing its favorable foreign trade balance. Furthermore, Japan has made some concessions in its trade talks with the United States. Since the recent summit meeting of seven Western powers, Japan has got out of its passive position as a public target, and this achievement may add to his political assets in domestic administration. However, Takeshita has also brought home some urgent problems. The fulfillment of Japan's spectacular commitments will be a heavy burden to Takeshita, and his

concessions made in the Japan-U.S. trade talks for reducing frictions between the two countries entail no small difficulty in implementation. Western Europe and other countries in the world may follow the U.S. example in requesting Japan to keep its market more open. It will be quite a problem in meeting these requests.

No much headway has been made by the Takeshita cabinet in improving Japan-Soviet relations. At the summit meeting of seven Western powers held in June, Takeshita raised the question of the northern territories between Japan and the Soviet Union, and made a strong plea for the Soviet military threat in the Far East to be included in the meeting's political manifesto. Public opinion in Japan believes that by turning the Japan-Soviet territorial question into an international issue and raising it to the plane of East-West relations, Takesita hoped to enlist Western help to strengthen Japan's position in its talks with the Soviet Union. This action may have negative effects on Japan-Soviet relations.

The press has made many sharp comments on Japan's efforts to join the ranks of great powers and especially its obsession with "leadership" in Asia. A Japanese magazine said: While every country in the world wants Japan to undertake its "international responsibilities," and the United States wants Japan to bear more "relevant responsibilities" in economic aids and military spending, there is also an undertone of vigilance against a revival of militarism in Japan. International views on Japan are becoming very complicated. Another magazine mentioned that Japan's position in the present world was first assessed at a ministers meeting on economic cooperation and development held in Paris in

the middle of May this year. The "picture of Asian countries flying like a formation of swans" left a sense of apprehension among the ministers of the major countries. The picture showed Japan taking the lead and being closely followed by the newly emerging industrial countries and regions of Asia, such as South Korea, Taiwan, Hong Kong, and Singapore, and then the ASEAN countries, all in a huge formation. The "swan formation" of Asian countries as an economic phenomenon is being viewed by Western countries with concern and apprehension. According to one newspaper, investigations by Japan's Foreign Ministry have shown that the growth of Japan's economic influence has led to certain distrust by the Southeast Asian countries, because they worry about a revival of militarism in Japan.

In Japan's diplomatic relations with China, Takeshita has on many occasions expressed his desire to promote Sino-Japanese cooperation. In April and May this year, Masayoshi Ito, President of Liberal Democratic Party and special envoy of Prime Minister Takeshita; and Foreign Minister Uno Sasaki visited China in succession. Their visits have helped promote mutual understanding between the two countries. On the whole, relations between the two countries are developing favorably, and friendly cooperation forms the main current. However, there are also some urgent questions, such as that of Kokorio, to be settled. People hope that through Takeshita's visit in August, relations between the two countries will be further cemented on the basis of the Sino-Japanese joint declaration and the Sino-Japanese treaty of peace and friendship.

### Political Economy Courses Contradict 'Reality' of Reform

40050434a Beijing GONGREN RIBAO [WORKERS DAILY] in Chinese 15 Jul 88 p 15

[Article by Feng Shangbao 7458 0006 0202: "Let Us Talk About 'Political Economy'"]

[Text] I have a friend who teaches political economy at a university. Whenever we met and I asked him how he was doing with his teaching at school, he always frowned as if there was something he was embarrassed to mention. I am an inquisitive person and I asked him so many times that he finally gave up and told me what was bothering him.

—It is very difficult to teach political economy. Since our textbook "has been the same for 40 years" and traditional theory is divorced from the reality of society, even we teachers cannot offer a tenable argument standing on the platform not to mention students who have all kinds of doubts as soon as they pick up the book.

—"The chapter on capitalism" greatly exaggerates the bloody role of "commodities" and the crime of "capital" and dwells on "the cycle of economic crisis" and "the corruption, dying, and decline of capitalism"; while "the chapter on socialism" devotes page after page to the "superiority" of the perfect "public-ownership system" and "planned economy" without consideration of the national conditions of the initial stage of socialism.

—If you teach by the teaching material, many contents contradict the practice of reform. If you teach according to your own understanding, students won't know how to prepare for tests.

My friend's complaints about the "difficulty of teaching" were actually not totally unheard of. My son is in high school. His political course teaches basic knowledge in political economy. This kid always likes to split hairs. Sometimes he would attack me with one or two weird questions such as "if capital export has the nature of imperialist economic invasion, why does our country still try so hard to improve the investment environment to attract foreign investment?" How do I answer questions like this that are hard to explain in clear language if the theory in the textbook obviously contradicts the reality of reform and the open policy? Fortunately all I have to face is my son. When I don't know the answer, I can moan and groan to deliberately mystify the question or stall him off by telling him "to think independently." Professors at institutions of higher learning are responsible for "propagating doctrines of the ancient sages, giving professional instructions, and removing doubts." Facing quick-thinking and fast-talking college students, there is no way they can get by with what I did.

Universities and colleges are cradles for nurturing competent people for society, and political economy is a required course for both liberal arts and science students. If the content of the textbook contradicts so drastically

the practice of economic reform, repeating what the book says would lead young people astray, not to mention harm the quality of teaching.

"Throes" in teaching "political economy" explain that in over 10 years of reform our theoretical guidance has failed to lead the practice of reform, that conventional theories still restrict to a serious extent people's thinking; and that the new theories which are in line with the reform cannot yet supersede the old in a broad area. It is because of this that we are still overcautious like walking on thin ice when it comes to adopting new ideas and changing concepts in many areas, thus slowing the tempo of reform. This cannot but attract the full attention of all of society, especially the personages of the theoretical circle, and make them stand up for it.

In my opinion, we should quickly adopt the following remedy: Screen all conventional theories with the criterion of whether it is conducive to the development of social productive forces and firmly do away with those old theories, thinkings, and views which contradict the practice of reform and restrict the development of social productive forces. Needless to say that reform is nothing but an ideological struggle between the old and the new and between the advanced and the backward. If we do not have the courage and resolution to do away with those obviously wrong theories and outdated thinkings and concepts (even including the errors and outdated theories in the classics of ancestors and works of great and famous people), how can we even talk about liberating our thinking, reform, and innovation? When can we expect to fulfill the great cause of reform which our whole party and nation are striving to fulfill?

Without sorting out and discarding conventional theories, there will be no creation and development of new theories. This is also a basic principle of Marxism.

12302

### Public Complains About Current Wage System

40050434b Beijing GONGREN RIBAO [WORKERS DAILY] in Chinese 15 Jul 88 p 15

[Article by Xin Changxing 0207 7022 2502: "Why Are the People Angry About the Wage System?"]

[Text] In the past few years, the public's anger has grown in general. Why? Because they are unhappy! What makes them unhappy? Prices, wages, and the low-transparency problem. This is the answer provided by the article "Why Is the Public Unhappy?"<sup>1</sup> But, I think this article has failed to explain one question, that is: Why is the public angry about the wage system? The author of this article said it is because current price and wage relation is not smooth and because wage increases fall behind price increases. Yes, this is indeed a reason, an important one as a matter of fact, for the public to be angry about the wage system. However, that price and wage

relation is not smooth is by no means the only reason for the public to get angry about the wage system. There are a lot more reasons for the public to get angry.

For example, is the public angry about the current wage system itself? Yes, very angry. Not long ago, the Jiangxi Provincial Statistical Bureau conducted a survey among 5,583 workers of 13 prefectures and cities on the question of "what is the factor that restricts the enthusiasm of the broad masses of workers." The findings show that a third of workers think that the failure to implement the principle of "to each according to his work" is the main factor restricting the enthusiasm of workers. This shows that the public is angry at the phenomenon that the current wage and bonus distribution does not conform to the principle of to each according to his work. What worries us more is that it is not just the workers of a certain trade or department that are unhappy; it is the workers of all fields that are angry. The only difference is the degree and cause of anger. Intellectuals complain that "mental and manual labor incomes are reversed," claiming that "those who make atomic bombs are worse than those who sell eggs with tea leaves," "brain surgeons are worse than barbers," and "piano players are worse than piano movers." Government officials also have complaints, saying that statistics show that the wage increase of government workers has been the slowest in the past few years and that their average wage is lower than that of other units. Quite a few senior cadres complain that wages are "flat," saying that it is not fair to have "several generations" on the same wage scale. Then, how about workers? Do they complain too? Yes, they do. Some say you intellectuals and government officials complain about the reverse of mental and manual labor, but we envy your seniority allowance. Your wage increases at least 5 jiao each year, but ours doesn't. Others say you government officials don't get paid very much, but the "gold content" of your wage is much higher than ours, and there is no comparison. Don't you agree that these are also reasons for the public to be angry?

For another example, is the public angry about the unfair distribution? Yes, they are furious! But their anger is mainly caused not by the unfair wage distribution but by the excessive income of non-salaried people. Wage disparities have somewhat increased in recent years, but generally speaking, they are quite insignificant and egalitarianism still remains the main problem. Unfairness does exist in distribution, but it is not very serious. The real cause of the public's anger is unfairness outside the sphere of wage distribution. Workers say: we are all for the policy that allows some people to become rich first but we must not be confused by the order in which they are allowed to get rich. Some say that the past few years have actually made "law-abiding citizens poor and speculators rich." Unfairness outside the sphere of wage distribution should not be considered a problem of the wage system itself. Normally, the people should not get angry about the wage system. But the fact is that they are mad at those who have excessively high income that they are also mad about their own low income. These are the

two sides of this issue. Therefore, without solving the problem of unfairness in social distribution, the public's anger about the wage system probably will never cool.

Another reason for the public to be angry about the wage system is abnormal wage increases. Enterprises do not have a normal promotion and wage increase system. We always hear that they are going to increase enterprises' decision-making power, but they never increase enterprises' power to distribute wages. Even a plant director, who is considered as the representative of a legal person, has only 3 percent promotion power. If a plant director happens to be unscrupulous, he probably will "second his own motion" (promote himself) and totally forget about the workers. Employees of government organs and institutions are paid according to the structural wage system under which wages conform to position, but the order of promotion from one position to another or from one title to another is abnormal, they are quick to impose a scary "freeze," and there is much malpractice in the process of evaluation for promotion (or hiring). How can wage increases be normal? No matter how good a wage system is, if it is not properly enforced, the public still will complain. Judged from the situation as a whole, wage increases have not been really slow in the past few years. Some people have even cried out in alarm on many occasions, saying that personal consumption funds have expanded. Shouldn't we ask what caused such an expansion? Isn't it because enterprises issued bonuses and material awards indiscriminately? We have repeatedly emphasized the need to stop such an evil tendency over the years, but why can't we stop it? Because healthy tendencies are overwhelmed by evil ones. If a normal set of wage increase systems had been established a long time ago and workers' wages increased according to a normal wage increase process, who would want to take the risk and get involved in evil practices? If there were any, they probably would have been just few isolated cases. The problem is that we don't have such a normal wage increase mechanism. If the front door is not open, isn't it the same as forcing "a nice girl" to become "a prostitute"? If there are not enough healthy tendencies, how can we suppress unhealthy ones? The public is unhappy about this, but what can they do? Can you blame them for being angry?

How can we cool the public's anger? It is quite easy: reform. Although their anger stemmed from the process of reform, the public is angry not because of the reform itself but because of the "by-products" of reform or the irrational phenomena in the process of reform. As the saying goes, "Whoever started the trouble should end it." To cool the public's anger, we should further deepen the reform. There are too many problems to be solved all at once. However, to cool the public's anger, we must solve the problems of the irregular price and wage relation, irrational wage system, abnormal wage increases, and unfair social distribution. This is of course very difficult. The solution lies in comprehensive treatment. We have to take great risks, but not taking any risk is the same as taking greater risks. This is not bluffing. Imagine if you

don't take this risk to cool the public's anger, how can you guarantee long-lasting order and stability for society? How can you fulfill the great cause of reform? Remember, reform and social stability are major issues concerning the fate of our nation!

12302

**Footnote**

SHEHUI ZHISHENG No 169.

**Structure of Democracy Within Party Defined, Analyzed**

40050420 Shanghai SHEHUI KEXUE [SOCIAL SCIENCES] in Chinese No 7, 15 Jul 88 pp 32-34

[Article by Lu Wenhui 7120 2429 1920, Shanghai Municipal CPC Committee Party School: "A Brief Analysis of Democracy Within the CPC"; passages in bold-face as published]

[Text] Guided by the principle of democratic centralism, so-called democracy within the party is a systematic structure of many links, such as the democratic consciousness and literacy level of party members, democratic institutions and procedures within the party, and party resolutions. Only when all of these links are integrated into an organic whole and interact with each other can systematic and comprehensive democracy within the party evolve. Thus, an analysis of the structure of democracy within the party will be of great significance in improving democracy within the party and strengthening the party.

**I. A Democratic Consciousness Is the Basis for Democracy Within the Party**

The democratic consciousness of party members is the ideological basis for democracy within the party. If party members did not have a democratic consciousness, democracy within the party would be out of the question. Raising the democratic consciousness of party members is necessary to strengthen the party and carry out its basic line in the initial stage of socialism. Raising the democratic consciousness of party members includes the following three major components:

**1. Improving Party Members' Sense of Equality:**

"Democracy means equality."<sup>1</sup> Equality within the party refers mainly to personal and political equality among all party members, equality in carrying out commitments and enjoying rights, equality in party discipline, and equality in the right to take part in party leadership and run party affairs. No one has the authority to place themselves above others or the party organization. Stratification, feudal patriarchy, arbitrary individual decisionmaking, flattery, and blind obedience are all violations of a democratic consciousness.

**2. Raising the Consciousness of Party Members To Act According to the Will of the Majority:** Lenin said that "All affairs within the party are handled either directly by all party members as equals or by their delegates."<sup>2</sup> No one has the authority to make unauthorized decisions on major issues within the party or change resolutions made by the party congress. For party members who hold positions of leadership, acting according to the will of the majority means developing the consciousness that major issues must be discussed and decided collectively and that arbitrary individual decisionmaking and refusal to carry out collective decisions must be opposed. For the masses of party members, it means opposition to disregard of party principles and resolutions, to knowing only how to act blindly according to a certain person's will and direction, and to obeying a leader instead of the organization.

**3. Raising the Consciousness of Party Members To Take an Active Part in Making Decisions and Running Party Affairs:** A democratic consciousness among party members is basically a spirit of enthusiasm, initiative, and responsibility in taking part in making decisions and managing major affairs within the party. Party members must take the initiative to understand party affairs, take an active part in discussing all major issues within the party, state their views and make suggestions conscientiously and responsibly, take part in voting, and seriously and conscientiously elect party delegates, leading organs, and party leaders at all levels. They must supervise leading party organs and leading cadres in enforcing resolutions made by the party congress, make positive suggestions and proposals on party committee work, take a conscientious and responsible part in criticism and self-criticism, and boldly fight all corruption within the party. These are the rights that party members should have and the duties that they should discharge. Lenin pointed out that "The party should supervise its responsible members in enforcing the provisions of the party constitution. This 'supervision' should not be simply verbal reprimands, but must be active correction." "Whoever is not good at making the entrusted fulfill the party duties that they are entrusted with is unworthy to be called a party member."<sup>3</sup>

**II. Literacy Is a Prerequisite for Democracy Within the Party**

According to Marxism, literacy and knowledge are prerequisites for disseminating communist ideas, and a communist society cannot be established in a country where the masses are illiterate. Illiteracy precludes government. If party members are illiterate, they cannot have a universal concept of equality, a broad sense of independence, a strong sense of responsibility, or the ability to improve democracy within the party. Illiterates can only spread rumors, hearsay, and prejudice but cannot govern. However, we have long neglected party members' literacy and scientific knowledge. Although attention has been paid in the past few years to admitting

outstanding intellectuals to the party and the composition of party membership has been effectively changed, the overall level of literacy is still low. Recent statistics from a certain province show that 75 percent of party members throughout the province have less than a junior high school education, 7.66 percent of whom are illiterate. Thus, improving the literacy and scientific knowledge of the masses of party members is an indispensable prerequisite for improving democracy within the party and is urgently needed to strengthen the party. If literacy is not improved, democracy within the party will be a mere wish.

### III. Democratic Institutions Are the Guarantee of Democracy Within the Party

Democratic centralism is the party's basic organizational institution. Our party has a fine tradition of democratic centralism, but it has often not been conscientiously enforced in party affairs and sometimes has even been violated. This is certainly related to the ideas and workstyles of certain leaders, but it is an even more important indication that democratic institutions within the party are imperfect. Strengthening and perfecting democratic institutions within the party will be a major way to strengthen the party and will require hard work in many areas.

**1. Perfecting the Party Congress Institution:** The key to this is improving the quality of delegates and their ability to deliberate and not regarding them as having an honorary or patronage status in name only. The party congress should be reaffirmed as having the highest status in party affairs, its authority and functions should be increased, and the powers, duties, and rules of procedure of congresses at all levels should be clarified.

**2. Perfecting the Election Institution:** "Choices" must be gradually increased, i.e., through democratic nomination, links such as the ways of introducing candidates and resolving election disparities must be changed, enabling party members' democratic rights to be fully exercised.

**3. Perfecting the Voting Institution:** Party decisions on major issues should be made democratically, fully discussed, and decided by ballot in line with the principles of majority rule and one person one vote. Voters should carefully, responsibly, and independently indicate whether they are voting for, against, or abstaining. Their votes should be fully respected and voting ways and means must be gradually improved.

**4. Strengthening the Party's Collective Leadership Institution:** As the party in power, the issue of leading party cadres, high-level leaders in particular, placing themselves above the party organization must be avoided and eliminated. A system of regular work reports, work rules, and face-to-face meetings must be set up for leading party organs, collective leadership and decisionmaking

must be institutionalized, and supervision and restriction of party leaders must be improved. The mutual relations among party secretaries, party committees, and committee members of party organizations at all levels must be clarified and powers of office and duties must be divided.

**5. Improving the Supervision Institution:** On one hand, it will be necessary to formulate essential rules, improve democracy within the party, and advocate and ensure that the vast numbers of party members and the masses supervise leading party organs and leading cadres at all levels. On the other hand, it will be necessary to improve the status and increase the powers of the party's supervisory organs, and ensure that they have the authority to supervise party committees at the same level and major responsible people of party committees.

**6. Strengthening the Organizational Affairs Institution:** Democratic channels within the party must be dredged, democratic affairs must be strengthened, and party members must be given more opportunities to understand and take a direct part in party affairs. Only by regular and widespread participation in democratic affairs within the party can vast numbers of party members and cadres fully display their initiative, independence, and creativity.

**7. Implementing the Institution To Publicize Party Affairs:** Party members' "right to know" about party affairs is a basic requirement for democracy within the party. Implementing the institution to publicize party affairs can greatly improve party members' understanding of party affairs, encourage the free airing of views, and invigorate the democratic atmosphere within the party. Moreover, it will also make major party decisions more democratic and scientific.

**8. Establishing an Institution To Ensure the Democratic Rights of Party Members:** Party members' democratic rights as stipulated in the party constitution must be conscientiously ensured and specific provisions must be formulated to ensure them. Violations of party members' democratic rights are violations of party discipline and must be punished as such.

### IV. Democratic Procedures Are an Expression of Democracy Within the Party

Democracy within the party is not only a static description, but is also a dynamic development and is expressed through democratic procedures. Democratic procedures within the party have the following two major characteristics:

**1. Open Democratic Procedures:** Democracy within the party should be widespread and its procedures should be open. Lenin thought that complete openness was a fundamental prerequisite for widespread democracy.<sup>4</sup> Only when party members have full knowledge can they fully judge and conscientiously deal with all matters. Party

members should be allowed to discuss at party meetings the issues of formulating and carrying out party policies, express dissenting views, and point out their criticisms at party meetings or in reports to party organizations. Where a higher level organization is involved, these reports must not be pigeonholed by anyone, but must be reported up level by level. Appraisal and punishment of party members must be discussed with party members in basic-level organizations in the presence of the members involved. Dissenting views should be reported up level by level according to democratic procedures for examination and approval. Candidates should be selected according to democratic procedures. It can be seen that acting strictly according to democratic procedures necessitates the characteristic of openness and precludes being tightly closed or having any hint of mystery.

**2. Legal Democratic Procedures:** Legal democratic procedures refers to acting according to the limits and procedures stipulated by party laws and regulations. Democratic procedures should be based on and consistent with the spirit of the "Party Constitution" and the "Party Activities Code," and unorganized and undisciplined actions should not be taken.

#### **V. Party Resolutions Are the Life-Force of Democracy Within the Party**

Party resolutions are the basic principles that are formulated to resolve and deal with specific issues within the party. Each link, from raising the issue to resolution to enforcement, involves building democracy within the party. Specifically, all issues that need to be resolved must originate in the wills, wishes, and demands of the masses of party members. The issues that are raised must go through legal democratic procedures within the party. This requires establishing a mechanism and channels that can promptly and smoothly convey the wills, wishes, and demands of the masses of party members. Resolution is the key to all the links and must be democratic and scientific. In order to realize widespread democracy within the party, party resolutions are no longer made "impulsively" or through minority "fiat," but are based on legal democratic procedures and in line with the principle of democratic centralism. When party resolutions enter the enforcement stage, they become voluntary actions of the masses of party members. Moreover, after feedback is acquired through enforcement and implementation, they are revised or improved. Only in this way can ideological and political unanimity among the masses of cadres be reached on party resolutions. Party resolutions are the result of democracy within the party and directly affect the party's interests. In this sense, they are the life-force of democracy within the party.

#### **Footnotes**

1. *Selected Works of Lenin*, Vol 3, p 256.
2. *The Collected Works of Lenin*, Vol 11, p 418.

3. *The Collected Works of Lenin*, Vol 8, p 197.

4. *The Collected Works of Lenin*, Vol 5, p 448.

12267

#### **Strengthening of Civil Rights Consciousness Urged**

40050006 Beijing GUANGMING RIBAO in Chinese  
31 Jul 88 p 1

[Article by Cai Dingjian 5591 1353 0494: "Strengthen the Sense of Civil Rights Awareness"]

[Text] A heightened civic consciousness is an important part of what we teach the citizen about the legal system. In my opinion, the core of civic consciousness is civil rights consciousness. It is civil rights consciousness that lies at the heart of the notion that the people are in charge.

So-called rights are in essence a kind of freedom. This freedom means that one can engage in any activity that does not harm another person. The constitution provides for freedom of person, freedom of speech, freedom of religion, freedom of assembly, and freedom of the press. Once these freedoms were legally established, they became known as civil rights. A right is a legally affirmed freedom.

We need not worry that by advocating the raising of civil rights consciousness, we are encouraging the people to avoid their obligations and discipline. On the contrary, a proper civil rights consciousness would lead the citizen into doing things permissible, rather than impermissible, under the law. The reason is quite simple. A person with a sound civil rights consciousness cherishes his rights and respects the rights of other people because he understands that if he is free to encroach upon the rights of another person, so will others be free to do the same to his rights. It follows that as long as everybody respects his own rights, society will be orderly and harmonious with full range of freedom. In contrast, by willfully trampling upon the rights of others, a person shows he has lost the minimum civil rights consciousness.

Marx and Engels said that there are no obligations without rights and no rights without obligations. So some people wonder whether raising civil rights consciousness is consistent with this Marxist viewpoint. As I see it, what Marx and Engels said above only shows that rights and obligations are inseparably linked, not that the two are equally important. In arousing the consciousness of the proletariat, Marx and Engels consistently educated them in understanding their own rights and inspired them to fight for them.

The basic Marxist position that stresses educating the proletariat and the masses about their rights has not become obsolete. The struggle of the people for more rights did not end with the seizure of power; it has only

begun. A full expansion of civil rights is an essential aspect of the introduction of socialist democratic politics. The ultimate goal of legal construction is to fully safeguard and expand civil rights, instead of merely emphasizing the imposition of more obligations on the people. The necessary obligations were written into law primarily to protect and expand rights in practice.

Raising civil rights consciousness has enormous practical significance. It will lead to profound structural changes in China's traditional political legal culture and help foster the notion that the people are the master and the sense of responsibility that goes with it. China's traditional political legal culture is a typical obligations culture. The Confucian philosophy of governance: "three cardinal principles and the five consistent virtues" and Confucian ethics that exhorts one to cultivate one's moral character, attain mental tranquillity, eschew selfish desires, seek no personal gains, and work selflessly for the public interests constitute a set of social values centered on obligations that teach us to tolerate. Permeating the advanced ancient legal system was the idea that "the law is written by the authorities for promulgation among the common people." As far as the common people are concerned, the law was the "imperial law," which shackled them. The effect of this obligations-oriented culture was popular alienation from and distrust, even fear, of the state and those who run it. This is the reason why generation upon generation of the Chinese working people feared officialdom, feared the government office, and feared going to court. This is the reason why they held a hostile and destructive attitude toward the law. The best cure for the obligations culture is to strengthen civil rights culture and genuinely expand

civil rights in action. A full-blown civil rights consciousness denotes a citizen's closeness and sense of responsibility to the state, a feeling that he is in charge. The present reform drive needs nothing more badly than popular participation as master.

A strong civil rights consciousness will also spur the improvement and modernization of the legal system. The purpose of reform is to establish a democratic political order, a commodity economy, and a stable social order. In the process of creating the new order, the legal system serves as a base. And at the heart of the legal system are the rights protecting the citizen in all fields. A sound civil rights consciousness guides the establishment of the new order and the perfection of the legal system. Without civil rights consciousness, the leader will not be able to handle the plethora of democratic demands increasing by the day in the course of reform and the citizen will not be able to create a new commodity economy. If civil rights consciousness is fostered, the law-maker will take it upon himself to write laws to protect and expand civil rights, instead of looking upon them as a mere "instrument of dictatorship," and the law enforcer will not emphasize crackdowns and overlook protection, will not stress punishment and belittle the people. Moreover, the number of mistrials would drop significantly. Only when the citizen feels the law is there to protect his rights would he respect and defend the law. Only then will he rise up to the task of using the law against those who violate it.

12581

**Footnote**

Complete Works of Marx and Engels, " Vol 1, p 438.

## NATIONAL AFFAIRS, POLICY

### Improved Transportation System Proposed for Weihaiishi

40060457 Beijing ZHONGGUO JIAOTONG BAO in Chinese 6 Jul 88 p 2

[Article by Zhu Yezi 4376 2814 3320: "Transportation Plan for Weihaiishi Stresses Foreign Trade and Cooperation With Interior"]

[Text] Weihaiishi is a leading experimental area in Shandong Peninsula's comprehensive reform. Located at the confluence of Liaoning Peninsula, the Beijing-Tianjian-Tangshan region, and the Changjiang Delta, all key industrial belts in China, Weihaiishi occupies a vital economic geographical position. As the coastal development strategy got under way, it became Weihaiishi's important mission to import from abroad and cooperate with the interior, that is, link the interior of Shandong Peninsula and the heartland of northern China with the international market. This requires the creation of an open, comprehensive transportation system connecting the interior with the outside world. Thus the development of transportation and communication in Weihaiishi should concentrate on the following:

—Establish a thoroughfare for foreign trade featuring the port as the hub and ocean shipping as the link. To implement the coastal economic development strategy and ensure that "raw materials are imported and finished products exported on a large scale quickly," we must rely on the port and make ocean shipping our link. While the ports along the Weihaiishi coast are well distributed, the largest among the 21 berths at the 6 ports in the entire city has a capacity of only 5,000 tons and their annual handling capacity, less than 2.5 million tons. Citywide, there are three county-run shipping companies: Wendeng, Rushan, and Rongcheng. Their combined fleet consists of 16 freighters with a total tonnage of 6,000. They mainly handle small-batch cargo along the coast and are not equipped for ocean-going transportation. Thus a major part of the development of a comprehensive transportation system is to improve port facilities and develop marine transportation.

—Create a railway-based artery to link up with the interior. In accordance with the strategy of the state to open east China to the outside world, develop central China, and open up western China, all in a big way, economic cooperation between the coast and the interior will intensify considerably. This is especially true for Weihaiishi, which lacks natural resources and depends on the interior for the supply of basic raw materials such as coal, oil, iron and steel, and timber. Hence the need for an artery connecting the city with the interior. Since there are no railroads in the city and the capacity of highways is strictly limited, the city lacks a convenient unimpeded transportation environment that links economic development with cooperation with the interior

and connects ports handling exports with the economic hinterland. Consequently, railways must be built, as must a coordinated railway-based network of highways.

—Upgrade highways, adjust the direction of traffic, and eliminate mixed traffic. Highway transport has the advantage of flexibility and is the mainstay serving ports functioning as distributing centers and economically linking cities with the countryside. Technologically, 1,454 kilometers, or 91 percent of the city's total mileage of highways, are below Grade 3. As far as the direction of traffic is concerned, all the highways were originally built to bring traffic into and out of Yantai. After the new redistricting plan is carried out, there will be too many circuitous roads and the existing highways will not be able to meet the needs of Weihaiishi as an urban center and distributing center. As for passableness, right now all vehicles are allowed on the city's highways, where the average speed is a mere 30 kilometers and traffic accidents occur continuously. In the future, therefore, highways must be upgraded technologically and should be built to connect the various ports along the coast and traverse the Shandong heartland. Restricted or semi-restricted roads reserved for the exclusive use of vehicles should be built to the greatest extent possible. Roads should be constructed like spokes radiating from the hub—Weihaiishi. Similarly, networks of county-township roads should be built to fan out from county towns and join the various townships and towns. Furthermore, a tourist road network should be created to link all the tourist spots in the city.

—Highway transportation must highlight its diversity. As the export-oriented economy and commodity economy take shape, there will be a good deal of goods and materials with special transportation needs. As far as the development of vehicle types is concerned, we must develop a variety of special vehicles such as container vehicles, heavy-duty vehicles, insulated vehicles, and refrigerated vehicles, to name a few. In passenger transportation, comfortable, diversified, luxury, and upscale tourist buses suited to the tourist business must be built without delay.

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### LIAOWANG on Achieving Equity in Individual Income

40060010 Beijing LIAOWANG [OUTLOOK WEEKLY] in Chinese No 33, 15 Aug 88 pp 8-10

[Article by Jin Xiaoming 6855 1420 2494: "Observations and Reflections on the Problem of Individual Income in China"]

[Text] The Chinese people, usually known to exercise self-restraint and "happy to lead a simple, virtuous life," now do not seem so content and happy. When counting

their little hard-earned money, many people can't help glancing at other people's purses. Then all happiness, because of a little increase in their incomes, is supplanted by a new feeling of injustice. Where there is an injustice there will be an outcry, and this will produce much discontent and resentment.

One must say that the government has made great efforts to repay historical debts by smoothing out income relations, increasing salaries, and readjusting the distribution system. But just as one gourd is pushed under water another bobs up, every time the living standard is raised, a succession of events occurs with the unwanted consequence of causing bewilderment, discontent, and resentment...

What is the cause of the problem? Maybe....

### Start With the Inverted "Scissor Effect"

People will find this hard to believe: a junk collector's annual income was almost 10,000 yuan! But this is true. Peasant Qin Rusong [5355 1172 2646] of Jiangzhou township, Enping County, Guangdong Province, recently changed his occupation to scrap dealer, and his annual income is in that range.

In such cases, what will the feelings be among the people at large, making only 100 or 200 yuan?

In Guangzhou, a chief brain surgeon told a reporter of two diametrically opposed cases of the "scissor effect." Both men work with scissors. An individual barber makes 3.5 yuan for each haircut and 6 to 8 yuan for one permanent; his daily income is 60 to 70 yuan. But a surgical operation, which requires at least 2 or 3 doctors, 1 or 2 anaesthetists, surgical nurses, blood bank people, ward nurses, an operation which requires about 6 to 8 hours, the charge is only 80 to 100 yuan, and this is paid to the hospital. For an operation that lasts more than 12 hours, each person involved will receive a meal ticket worth 0.80 yuan. In both cases scissors are used, but the barber runs no risks, while the surgeon does. Although the barber has some professional training, he does not spend 5 to 8 years in professional training at a university, which for the doctor is indispensable. There is a big "scissor differential" between the two. No wonder the doctor will sigh: "Knowledge is not worth anything!"

In actual life, it is not only the doctor's knowledge that is worth so little! A newspaper reported that the song "Moonlight on the 15th" was extremely popular throughout the country, but the composer Wang Liping [3769 4539 1627] was paid only a little over 10 yuan. For the best-seller book *Tolerance*, which people scrambled to buy, the two translators received only 9 yuan per 1,000 characters. The writer Ba Jin [1572 6855] only got 20 yuan for every 1,000 characters of his book *Records of Random Thoughts*, which was written in his old age, and into which he poured his very life and soul.

A statistical survey of one department revealed: Presently, the wage level in knowledge-intensive trades is lower than labor-intensive trades. In 1986, in enterprises owned by the whole people with a majority of personnel doing physical work, the average annual wage of the staff was 1,428 yuan, which was 49 yuan higher than in units with a majority of mental workers, and 64 yuan higher than in public agencies and organizations. From 1970 to 1975, the average starting monthly pay for cadres and specialized technical personnel was 10.2 percent lower than that for new workers. From 1976 to 1978 it was 4.9 percent lower, and from 1980 to 1986 5.9 percent lower.

On the one hand, appetite for consumption has grown, and, on the other hand, wage incomes have declined. The psychological balance of the "stinking ninth category" is unavoidably hanging askew, because "existence determines awareness," and that brings forth a chain of....

### Variegated Social Phenomena

(Scenario 1) At a university in Guangzhou, a young instructor wants to leave, but his application for transfer is denied. He tries "wasting time" by slacking off on the job, also unsuccessfully. He has another plan, he formally transfers to a certain company. After his term of 2 years was over, the school would still not release him. Because the school leadership knew that once they opened that possibility, the consequences would be too awful to contemplate. The instructor was therefore left with no other alternative than to employ the same method of transferring to a company, and for 3 or 4 years has been living an "exile's" life, without being released from his teaching job.

(Scenario 2) In Ningde Prefecture, Fujian Province, 148 schools have closed, leaving 2,800 students in uncertainty, with no other schools open to them to pursue their studies. The reason is that more than 850 teachers have left their jobs to make a living in other ways.

(Scenario 3) In Sichuan Province, in the western part of Shifang, the county seat, on Shuncheng Street, there is a small eating place. Recently, when it gets dark, one can hear a salesman's voice seductively singing out: "Comrade, take a seat, how about something to eat? We have dumplings, peppery wonton, rice noodles..." That is old man D. from the county party committee office learning the arts of a waiter. He and others opened the little eating place. Daytime he sits dignified in his "yamen," but after office hours changes into a waiter. His new income has quickly gotten his family finances out of the red.

(Scenario 4) In front of the fruit stand in the free market opposite Beijing's Friendship Hotel, a woman, about fiftyish, in clean simple dress, was about to buy peaches. But when she heard the price of 2.50 for one jin, she drew a deep breath, turned and left, grumbling: "How ruthless in making money! I have to work hard all day, and don't

make enough to buy two jin of peaches." The peach seller held his tongue and without any rancor in his voice asked: "Comrade, if you are not a cadre, you must be a teacher? If you say I make money ruthlessly, would you let your children work at a job like mine?"

There are many cases like this. How would this not cause dissatisfaction, bitter disappointment, and indignation among those who with all their scholarly abilities have been living in poverty for almost 20 years?

However, if we only look around, we will easily discover that in today's China the people who are full of resentment are by far not limited to the intellectuals. It seems that some evil spirit has taken possession of them. Those who have liquid food don't like liquid food, those who have solid food don't like solid food, even those who have meat and fish are dissatisfied! University professors compare themselves to street vendors selling roasted sweet potatoes, government officials compare themselves with hotel clerks, bus drivers compare themselves with taxi drivers, factory workers compare themselves with individual households, with all these comparisons, the worse the general anger!

With this cloud of resentment covering everything, people who want to know the reasons for all of this, perhaps ask....

#### What Is the Matter Here?

A well-known fact is that compared with the time before the reform, the last 10 years have been a time of the most rapid increases in average incomes in China.

Another well-known fact is that the last 10 years have been a time of the largest and most complex changes in the income relations among people. There has been an "inverted relation" between the income of mental workers and physical workers. Increases in the income of peasants have exceeded increases in the income of urban residents. The disparity has widened between different trades. Even within the same trade, earnings of enterprises are also no more the same...

If we say that the former changes have induced a general rise in the standard of living, thus more or less compensating for the Chinese people's feelings of having missed out, a feeling created during the long period of low living standards, then the latter change to a certain degree has brought about a new psychological imbalance at the new level of material living standards.

Why should this have occurred? Trying to unravel this mess, we may find the following few threads as our clue:

First, the conflict between the fixed state of mind formed under the traditional distribution system as against the new distribution system. A fundamental characteristic of the traditional distribution system was that it resulted in "an overall even level," the state of mind thereby formed

was one of "not worrying about how little there was, but worrying lest it be distributed unevenly." In recent years, with the steadily progressing reform and development of the commodity economy, the overall distribution of income shifted from "the same for everybody," and "no changes over long periods of time," to "different for everyone" and "tomorrow may be different from today." Perhaps many people find it difficult to adjust to the change, and this may have caused resentment.

Second, the ultimate objective of reform is to provide "benefits" for all the people, but in that endeavor there has to be a stage of adjustment between the interests of various people, in order to create a fair and rational developmental environment. In that stage it is impossible to increase everyone's income at the same rate. Those whose incomes, for the time being, did not rise, or rose comparatively slowly, will have the feeling of being "disadvantaged," and will therefore complain bitterly. For instance, comparing themselves with the peasants, some people in cities and towns feel that in the last few years peasants have gotten richer, while they are getting poorer. They don't realize that in the past, due to the vagaries of prices, we had been unfair to the peasants in the distribution of income. It is therefore right that recently the income of peasants should increase somewhat faster, the more so since their average income is still far below that of urban people. It is the same with some of the employees and workers who like to compare themselves with individual households, and feel that they are at a disadvantage. They only see the high income of individual households, but don't consider the long hours, hard work, and the various risks that these people have to take.

Third, China's reform is being undertaken in an economic environment which is not one of abundance. In addition, limited knowledge and ineffectual measures have prevented prompt rectification of obvious irrational phenomena in the income distribution, and this is one reason for popular dissatisfaction. One glaring example of this is the "inverted correlation" between the income of mental workers and physical workers.

Fourth, China is still in the process of reform, but has not gained a decisive victory. Without having so far developed a perfect new system, the old system is still being used, and there is bound to occur a "vacuum" in management which some persons take advantage of to amass undeserved riches. This is a major reason for the anger of the people. As for "official speculators" who cannot be stopped, they took advantage of the double track system during reform of prices for the means of production when market procedures were not perfected, or used the power in their hands, or worked through various connections, to buy up and resell at a profit commodities in short supply, thereby amassing immense riches.

The Changjiang River flows eastward, and mud and sand are carried along. What exists inevitably exists, but what inevitably exists need not be rational. This is the reality in the present state of income distribution in

China. It is precisely this unfair situation that calls for further reform. Hence, a new topic confronts us—

### The Search for a New Fairness

We had been emphatically proclaiming “distribution according to work.” In 1956, when we fixed the wage system according to the model of a planned economy, we intended to implement this principle. But in following years, we did not proceed along this path, and at one time criticized “distribution according to work” as a “bourgeois right.” Although several wage adjustments and promotions were instituted, the general trend was: A constant reduction in income disparity; and only slight increases for low wages. If we say of that historical phase that the principle of “distribution according to work” was incorrectly implemented, but that merely an overall equality in the effective distribution was being maintained as before, then the great onrush of the commodity economy, opening up new gates in the traditional system, further complicated the system.

The development of commodity economy, not only widened income disparity, but also fundamentally destabilized the traditional distribution system. A major precondition of commodity economy is that every production unit becomes an independent commodity producer, there is fair competition, and each unit is responsible for its own profits and losses. In this way, one's earnings depends on the successful operation of the enterprise, and in the case of each worker, earnings will also show a disparity according to the amount of value created in his work, and will even determine whether he can continue holding the “rice bowl.” A distinctive characteristic of the commodity economy is that the ever changing supply and demand relationship in the market is allowed to determine everything. It will determine whether a commodity will achieve value in the market, and will determine prosperity or failure, life or death, of enterprises and even of entire trades. In the same manner, it will to a certain extent determine the amount of income of the workers. To sum up, having the government, as centralized distributor, exercise all powers of distribution will, following the demise of the planned economy model on which that system had relied, not exist any longer.

How can fairness be achieved in the personal income distribution under the conditions of socialist commodity economy?

A researcher of the Chinese Academy of Social Sciences said: “Even if some feelings of unfairness is in part due to obsolete concepts of fairness, there is no need to hide the fact that many more reasons are found in the defects of the real state of things. The irrational income of trades, confusion in the allocation of housing, privileges of those in favorable positions, selection of cadres on the basis of family relations, evaluating and granting official titles on the basis of seniority and by discriminating against the younger generation, with one stroke setting up a lifetime employment distribution method, all these things are like yeast that brings to a rise feelings of

unfairness. Ten years ago, we restored the principle of equal opportunity to recruit students, but we did not extend this principle to other benefits.”

Reviewing history, we once shed blood and laid down lives to achieve fairness. To protect that so-called fairness in the equality of distribution we also sacrificed an inordinate measure of efficiency. But we have not been able to arrive at an ideal state of affairs! Painful lessons of the past compel us to reflect: What kind of a fairness are we after? If we say that history has proven that seeking fairness in distribution will lead nowhere, then we must redirect our attention and select as starting point in the matter of distribution: opportunity. If society can provide each person with full opportunity: allow anyone who wants to get rich strive for that goal according to law; allow anyone who wants to become a public servant take the public examinations; allow anyone who wants to obtain an advanced degrees devote himself wholeheartedly to academic studies...In brief, if every benefit is offered with the same fairness as is practiced in recruiting college students, people will perhaps have less to complain about and display more self-exertion, and our society would be full of competitive vitality.

We can gain the following enlightenment from this: Rather than making an effort to readjust the income disparity, when one thing may be achieved while another thing is being lost, we should direct our major energy to the creation of more opportunities. In this sense, we should perhaps write on our banner: “Equal opportunity, fair competition.” Obviously, establishing an environment of “equality” and “fairness” is precisely what is required to reform the area of distribution.

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**Dai Yuanchen on Inflation, Price Reform**  
*40060011 Beijing LIAOWANG [OUTLOOK WEEKLY]  
in Chinese No 33, 15 Aug 88 p 16-17*

[Article by Wu Ming 0702 2494: “The Main Stumbling Block In Price Reform: Chronic Inflation—An Interview With Economist Dai Yuanchen 2071 0954 2525”] pinion, chronic inflation is the main reason for the present price increases in China.

Chronic inflation is the product of the following factors: 1. Continuous increase in wages. 2. Increased product costs. 3. Revolving changes in exchange rates and prices. We must tackle these areas to solve the price problem.

Accompanying the State Statistical Bureau's announcement that China's rate of industrial growth topped 17 percent in the first 6 months of 1988, Beijing's taxi fare per kilometer jumped 50 percent, and motorcycle parking fees rose from 2 cents to 5 cents. How should we view this high rate [of growth] accompanied by runaway inflation? For the answer, this reporter recently interviewed Dai Yuanchen, researcher at the Economic Institute of the Chinese Academy of Social Sciences.

### **An Inescapable Law**

Dai Yuanchen said, this year's high rate [of growth] is second only to the year of the "great leap forward" in the history of the PRC. In 1958, however, prices were basically stable, but today, we are looking at double-digit increases in the price index. From the point of real economic development, developing countries practicing market economy or starting a market economy inevitably will experience continuous price increases, or inflation, at the early stage. While setting up a new system of planned commodity economy, China cannot escape this law.

### **Reasons for Revolving Price Increases**

In China, open discussion of the concept of inflation is in itself a big step forward. The theory behind inflation is excess demand over supply. In recent years, we have constantly tried to balance supply and demand. Why have we failed?

In Dai Yuanchen's opinion, price increase resulting from excess demand is only one facet of inflation. The reason we have failed to control price increases is because we have not noticed the other facet of inflation, and that is, not only do we have inflation in China, but we have chronic inflation. In recent years, prices have continued to rise, and the inflation rate has not come down. This is proof.

He said that we can find many examples abroad too. The inflation rate in Yugoslavia has climbed from single digit to double digit, and last year, it reached 140 percent. Brazil's inflation rate also has been climbing steadily. Last year, the inflation rate topped 600 percent. These are the result of chronic inflation.

What is chronic inflation? Dai Yuanchen explained: chronic inflation is characterized, on the one hand, by higher prices resulting from the government's printing too much money, and on the other hand, product prices are being pushed up by higher costs resulting from revolving increases in wages and prices. The combined forces of the two create chronic inflation. In the past, Chinese economic theoreticians paid more attention to the type of inflation caused by excess demand and overlooked inflation pushed by costs. Therefore, whenever demand exceeded supply, prices rose and the economy overheated, we rushed to control the money supply and curb overall demand in society. This can only cure demand-pull inflation, but it cannot stop cost-push inflation. Despite lower demand and a slower rate of economic growth, prices will continue to rise. This can lead to recession and economic crisis, and eventually we will have to stimulate demand again. This is why price reform and a balanced supply and demand have failed in recent years.

### **China's Situation Is Even More Complicated**

Dai Yuanchen further analyzed the situation and said, for many developing countries and some socialist countries, revolving price and labor cost increases are the

main reasons for chronic inflation. But the situation in China is more complicated. Two phenomena warrant special attention: one is that the living standards of the staff and workers in government organs, scientific research institutions, and educational institutions who share "the same big pot" have been affected by higher prices, and government subsidies have become imperative. However, the rate and the amount of increase in wages, bonuses, benefits and other wage-related income for people holding the "clay rice bowl" are beyond government control. Individual households in particular have no qualms about raising prices. In other words, the kind of labor cost which can be controlled must increase, and the uncontrollable kind is rising too. At present, we do not have a complete set of mechanisms to encourage competition or deal with unemployment, and the result inevitably is the surge in the overall price level. We can conclude from this that chronic inflation caused by labor costs has become a part of China's economic life, and it will gradually become the main form of inflation.

Furthermore, under the contract responsibility system, raising prices can help enterprises over-fulfill their contract base quota and thus allow them to retain more profit and earn a bigger bonus. When localities implement financial responsibility contracts, raising the price of local products will expedite over-fulfillment of contract duties and increase local revenues and secure more local benefits. These two aspects tempt people to seek what benefits themselves and coincide with their desire for higher income and a better life. This exacerbates labor cost-push type chronic inflation.

In addition, at present, many exporting enterprises are raising prices to outbid each other for export goods. This makes it difficult to stabilize domestic prices, and raises the cost of foreign exchange which in turn makes it necessary to adjust the exchange rate, but this makes the export enterprises even more competitive when they buy export goods in the domestic market, and inevitably, this will lead to another round of price increase and higher cost for foreign exchange. In other words, chronic inflation caused by revolving changes in the exchange rate and price is evident, and even ordinary citizens are rushing to purchase foreign exchange and foreign exchange conversion certificates.

### **Carefully Seek Solutions to These Problems**

Upon demonstrating the effects of chronic inflation driven by the price parity adjustments, higher wage bills, and the exchange rate, Dai Yuanchen explained his stand on price reform:

He suggests that, first, we should more pay attention to the labor cost-push type chronic inflation, because it is the main impetus behind future inflation in China. Today, China still has no unemployment mechanism to regulate the overall wage level. While the government must consider subsidies when prices rise, it must prevent the kind of chronic inflation caused by surging labor

costs. For a proper yardstick, theory suggests that, at the lower limit, the increase in nominal wages should not fall below the amount of price increases, and at the upper limit, the increase in real wages must not exceed the increase in labor productivity. The link between price reform and wage reform is crucial. The problem does not lie in subsidies for those who hold "the iron rice bowl" but in containing the trend of price increases caused by higher wages. This trend cannot be controlled easily by administrative measures; therefore, we must put the emphasis on a set of reform measures which lets enterprises themselves form the mechanisms to restrain their own behavior.

Second, price reform should proceed in stages to cure the cost-push type inflation. Dai Yuanchen said, if the price structure can be changed once and for all, then we can have a one-time price increase, and there will be no chronic recurrence. But this is not right for the conditions in China because of its violent social impact. Therefore, reform of the price structure should be broken down, but we should avoid making the process so tedious as to change one department or one industry at a time and end up in circles and only manage to raise prices and perpetuate the vicious cycle of the old price parity relations. For example, in mid-May of this year, Beijing Municipality raised the price of meat, eggs, sugar, and some vegetables. In a chain reaction, the second commercial bureau system had to raise the price of 3,800 categories of food, covering 90 percent of all product categories. This shows how inadequate, or basically how unwilling, enterprises are to absorb cost increases. In these circumstances, to continue the traditional "slight adjustment" method obviously cannot stop the upward price spiral. Therefore, Dai suggests that to implement price reform all at once is unrealistic; reform procedures should be broken into relatively large parts upon accurately calculating enterprise ability to survive the price reform.

The issue of exchange rates should be studied in conjunction with the coastal economic development strategy. The foreign trade system should be overhauled to overcome the tendency to maximize foreign exchange earnings regardless of cost.

Dai Yuanchen suggested that we pay attention to the following question: at present, independent enterprises are not the market impediments, but the monopolistic enterprises are. Monopoly is also responsible for higher prices resulting from stiff competition for agricultural products and the widening gap in the double track pricing of industrial capital goods. Therefore, we must especially prevent letting enterprise monopoly replace state monopoly in setting prices.

Finally, Dai Yuanchen said, in short, to arrive at the conclusion that chronic inflation is dangerous does not mean that we should stop or slow price reform. The objective of putting this issue forward is to remind others

of the difficulty of price reform and let them know where the danger and difficulties lie, so that a complete set of reforms can be implemented.

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## PROVINCIAL

### Beijing Achieves Steady Economic Development During First Half of Year

40060486a Beijing BEIJING RIBAO in Chinese  
20 Jul 88 p 1

[Text] During the first half of this year, Beijing achieved coordinated and steady economic development. There were significant increases over the same period last year in major economic goals met in industrial and agricultural production, foreign trade exports, urban construction, and market buying and selling.

There was comprehensive development of the rural economy. Total summer grain output is estimated at more than 800 million kg for the first half of the year, up approximately 50 million kg over last year. Per mu output amounted to about 285 kg. Both total output and per mu output were the highest on record. There also was new development in production of non-staple food products. The number of mature sows on hand totaled 100,000 during January-May, a 21 percent increase over the same period last year. Fresh egg production continued to increase; at the end of May there were 24 million layers on hand, up 23 percent. Total egg output was 83.71 million kg, of which 73.60 million kg were commodity eggs, up approximately 40 percent. Due to the effects of a spring cold spell, the amount of vegetables which went on the market in the suburbs during January-May was on a par with the same period last year. Township industry also maintained a high rate of growth. In the first half of the year, output value for township industry increased 54 percent over the same period last year, a higher rate than the overall urban industry average.

Industry continued to develop steadily. Gross value of industrial output for the first half of the year topped 20 billion yuan; it amounted to 20.04 billion yuan, a 14.7 percent increase over the same period last year. Within the industrial system, a significant proportion of the industrial output value for the city as a whole was accounted for by the automobile, electrical, and chemical industries, which enjoyed quite rapid rates of growth; specifically, these rates were 24.5 percent, 29.4 percent, and 18.5 percent, respectively. The increases in the instruments and meters industry, agricultural machinery, and arts and crafts trades also were above 16 percent. There was an increase in the output of 80 of 110 major products over the same period last year.

There was expanded opening to the outside and accelerated development of an export-oriented economy. In the first half of the year, the city entertained approximately

530,000 tourists from abroad, up 12 percent from the same period last year. Income from tourism amounted to \$310 million, up 29 percent. Foreign capital was utilized more readily. In the January-May period, city-approved large and medium-sized foreign-invested project proposals increased 23 percent, while total investment increased 78 percent. During the first half of this year, reform of the foreign trade system was actively carried out throughout the city, which promoted foreign trade exports. Exports for January-June totaled \$550 million, which amounted to 70.6 percent of the annual state plan, up 22 percent from last year and a new record. Average monthly exports totaled more than \$90 million, up more than \$17 million over last year's monthly average. Exports for June totaled \$110 million, an all-time record for exports in a single month.

Construction on priority projects, and large and medium-sized projects progressed more rapidly. In the first half of the year, construction on 174 buildings, halls, hotels and offices resulted in the completion of 6,937,000 square meters of floor space. A decision was made to halt construction and cancel 24 projects covering a total of 765,000 square meters, while construction continued on 9 projects with a total floor space of 375,000 square meters. Financial resources were amassed, emphasis was placed on ensuring material resources were available, and project completion was guaranteed. Infrastructure completed throughout the city in the first half of the year represented an investment of 2.38 billion yuan, up 23.6 percent over the same period last year. The construction investment completed for priority projects, and large and medium-sized projects amounted to 880 million yuan, or 37 percent of total infrastructure investment for the city as a whole, up 29 percent.

The scope of commodity circulation expanded rapidly, and the market was relatively stable. Market buying and selling flourished in the first half of the year. The gross value of social commodity purchases increased 23 percent over the same period last year, while retail sales of social commodities totaled 10.52 billion yuan, up nearly 28.2 percent. Sales of food, clothing, consumer goods, and fuel were up across the board.

12513

#### **Bank To Invest 1.2 Billion Yuan in Shanghai Economy**

40060486b Shanghai JIEFANG RIBAO  
in Chinese 19 Jul 88 p 1

[Article by Shi Saizhu 2514 6357 3796: "Shanghai Transportation Bank Official Announces Bank To Invest Additional 1.2 Billion in Second Half of Year To Support Development of Shanghai Economy"]

[Text] An assistant manager of the Shanghai branch of the Communications Bank revealed at a branch manager meeting convened in Suzhou today that in the second half of this year the bank would invest an additional 1.2

billion yuan to support Shanghai enterprises' efforts to generate foreign exchange through exports, and to get important projects started.

The assistant manager said that developing an export-oriented economy in Shanghai is an important task, but that resources are limited. The Shanghai branch of the Communications Bank, backed in large measure by the local government, should contribute all it can to Shanghai in the way of funds. This bank put up 1 billion yuan in the first half of the year toward developing an export-oriented economy in Shanghai. The plan for the second half of the year is to institute various approaches, including further capitalizing on the strengths of the multi-purpose bank, actively circulating funds at home and abroad, investing an additional 1.2 billion yuan, and approving directed and fixed loans, which will enhance Shanghai's capacity to earn foreign exchange through exports. At the same time, in order to resolve as soon as possible the transportation problems which are of concern to people throughout the city, the Shanghai branch of the Communications Bank also has been involved in providing loans for projects such as Shanghai's Huangpujiang bridge, Chinese-manufacturing of parts for Santana vehicles, construction of port facilities, and aircraft renovation or replacement. The bank is doing what it can to benefit the people of Shanghai.

In the second half of this year, the bank will do even more in the way of providing a full range of services under one roof. An enterprise can send someone to the Communications Bank's Shanghai branch bank building, and that person will be able to conclude 10-plus types of business having to do with such items as Renminbi and foreign currency, circulating funds and fixed assets, insurance and real estate.

12513

### **FOREIGN TRADE, INVESTMENT**

#### **Necessity, Suitability of Externally-Oriented Economy to Reform**

40060025 Beijing SHEHUI KEXUE in Chinese  
No 8, 15 Aug 88 pp 32-34

[Article by Ma Bohuang 7456 0130 3552 of the Economic Research Department of the Shanghai Branch of the Chinese Academy of Social Sciences. "Externally-Oriented Economy Yesterday and Today"]

[Excerpt]The Second World War led S&T to a further frontier of development. The use of thermonuclear power, the expanded applications of electronic computers, and so forth brought about corresponding changes in economic production and the way of life. S&T became an important determinant of national quality, the rise and fall of nations, and the world's destiny. From an economic perspective, those nations that were able to master and apply S&T had the fastest routes to economic

recovery; those that sat back and were complacent were left behind the times. Japan and the FRG both suffered defeat but were able to capitalize on the opportunity by lucidly summing up their situations, achieving across the board unity, and immersing themselves in hard work. They were thus able to become major economic powers in the world. This merits people's soberheaded self-examination. Advanced countries today are no longer in the situation that existed at the end of the First World War. At that time, having been through the shock of economic crises, they all tended to close their doors and develop clique mentalities forming small alliances, and acting out of self interest in monetary and financial matters. Now they all pay attention to new technological breakthroughs and future technologies, using all aspects of economic production and lifestyles to bring a new impetus to social production and new changes to the way of life. This presents a beneficial opportunity but also a serious challenge to us as we carry out reform, the policy of opening up to the outside world, and the four socialist modernizations.

Generally speaking, economic transformation is a suitable task when reforming an economic system, and external aspects of economic activities also are an inevitable trend of carrying out the policy of opening up to the outside world. From the perspective of each phase of the above-mentioned development of an externally-oriented economy, the external orientation of an economy is an historical inevitability, it is also appropriate for the current times. Closing one's door is already a thing of the past, the alarm bell of the new era has already stirred the lethargy and quietude of the initial stage of socialism. In particular, many forecasts and arguments have already cropped up in both domestic and foreign circles over the economic and cultural role of the Pacific region in the next century. China is one of the most important countries in the Asian-Pacific region and regarding the future development of this region, it possess rights and responsibilities that are not easy to dismiss. For this reason, the first target of China's externally-oriented economy must be to "join hands" with the countries of the Asia/Pacific region and commonly promote the economic/cultural prosperity of the region.

To be sure, historically speaking, China's commercial revolution has been negligible, and its agricultural revolution has not reached its goals, its industrial revolution is as yet unrealized, and its S&T revolution remains a distant dream. Furthermore, the revolution against the bourgeoisie still has not achieved total success. Although China was on the winning side during the two world wars, it actually lost rights and powers reminding people of a sad chapter from history. For this reason, our foundation was weak, and the situation was far from adequate. Our externally-oriented economy did not attempt to make other countries serve as its commodity markets or suppliers of raw materials, and did not attempt to use its superiorities in S&T to supply foreign labor service. China is a Third World country and its externally-oriented economy can only jointly advance with Third World countries according to the principles of equality and mutual benefit. This is the first point.

China is still a backward country in terms of S&T, and from an economic standpoint is also a poor country. On the international stage, its ability to respond to all countries' economic activities is very limited. The Pacific region facing China has a foundation that has already been subject to the economic, political, and military expansionary forces of other countries. However, we also have our own endemic advantages. Since the Yuan and the Ming dynasties, overseas Chinese have existed for generations in countries all over Southeast Asia. Currently they are estimated to number 30 million. Chinese culture has thus penetrated this region where it has not only not been discarded but has actually been promoted and moreover applied to the economy and political administration with marked results. There are some celebrated overseas Chinese who have already become economic/political authorities in their own rights in these countries. They possess talents to establish themselves and also enjoy international prestige. These people can be of tremendous help to China's development of its externally-oriented economy. We must look for ways to create opportunities for overseas Chinese working in Southeast Asia to invest in their motherland. Naturally we must also treat overseas Chinese in other countries in the same way. This is the second point.

The same applies to imports of capital and S&T from other advanced countries. We must eliminate all obstacles to opening up and importing, and we must remove all irrational market restrictions when opening up areas and cities. For example, in opening up cities where circumstances permit, we must establish domestic and international financial markets (including stock markets, discount markets, foreign exchange markets, etc.) In markets that can engender corruption and negative consequences, however, we must implement economic controls that will result in benefits and savings. With countries with whom we have economic and trade relations, we should conclude agreements specifying reciprocal treatment for taxation, establish vibrant urban districts, build comprehensive transportation networks, build port-side warehouses, etc. In sum, we must carefully address the new economic and social issues resulting from the opening up of our cities to the outside world. However, we must not shut ourselves off from new ideas by sticking rigidly to certain a priori assumptions based on the way things were done in old China. We must employ historical viewpoints to analyze things based on seeking truth from facts. This is the third point.

The externally-oriented economy that we speak of today does not resemble the externally-oriented economic activities of the initial historical period in which the only issues were transportation and sale of individual commodities but should include the overall development of the externally-oriented national economy. Actually, in international economic relations, both the externally-oriented and internally-oriented economies are carried out simultaneously. Solely limiting the externally-oriented economy to the exporting of products to earn foreign exchange in order to attract capital and import

technology is too one-sided and simplistic. Today our products have captured only part of the international markets. Our foreign capital inflow and technology imports are only beginning to show an inkling of their potential. The reason is that we have poor conditions and too many restrictions. If we do not proceed from specific policies, the development of imports will not be at a fast pace.

### **The Issue of Benefits and Savings in an Externally-Oriented Economy**

Recently, the question of a socialist externally-oriented economy was raised overseas. The raising of this question reflected differences of opinion on the difference between a socialist externally-oriented economy and a capitalist externally-oriented economy and the matter so far remains unresolved. Nevertheless, from an economic standpoint, its current social foundation, objective existing conditions, and specific policy goal implementations are important factors that make its emerging social role possible and inevitable. The conception of things often surpasses their reality. Since the goal of the economic activities is external, external conditions/possibilities and internal conditions/foundations thus become a unity and coordination issue of motivation/goal and reality/conception. Here, the following three points should be raised

1. Knowing strength, retain softness; use Sunzi (Sun Bing's) method of "employing your best horses to deal with middle-grade enemy forces, and your middle-grade horses to deal with the dregs of the enemy forces" i.e. taking one step backwards to take two steps forward. China's Lao Tzu said: "Know your strength, but retain your softness, like the mountain stream." That is to say, human virtue lies in knowing one's strengths and weaknesses and being able to maximize one's strengths and avoid one's weaknesses, using the method of "taking one step backwards to take two steps forward" in order to gain the upper hand in the competitive market situation. This is one of the first things upon which we should focus. The quality of many of our goods differs from that of other countries' goods. Formerly, the method of using steamed meat buns to attack the dog, sacrificing one's lowest goals in order to win one's mid-level and highest level goals was carried out effectively in foreign markets. If we use this "one step backwards to take two steps forward" method in our exports, and lose some money, it would not be of great concern. However, if we lose a considerable amount of capital just in order to earn a small amount of foreign exchange, then in this case we should rethink our strategy.

2. There is a difference between one's own interests, rights and benefits and those of others. Trade is only a complete exchange when it is based on mutual interest. It is the same for both socialism and capitalism. The so-called "fraternal aid" of the past was a foreign policy issue and not externally-oriented economic aid. In the past we used to confuse external economic issues with

foreign affairs issues, addressing the questions of rights and benefits and ignoring the differences between them. This resulted in the mixing of the two and caused a great deal of losses, and some unwise things were done. Only by making a distinction between rights and benefits can we have genuine benefits and savings.

3. Pay attention to cultural exchange, and have a definite target in view. Economics and culture are two closely related areas. Stockpiling goods for a market without knowing one's consumers' cultural habits will lead to imbalances in supply and demand and result in failure. We need to give careful consideration to this when shifting from an internally-oriented economy to an externally-oriented one. We need to identify and locate our externally-oriented targets and know what we should inject into the external market and how we can hold our ground in expanding and satisfying this market. This is one aspect. We need to look at our original domestic market structure, what its product mix was, how stable the foundations were, what the external impact was, and what the proportion was between the commodity circulation and total consumption. Once the origin of state-produced commodities is shifted outside, will the domestic market be left with empty shelves? How will we supplement this market? Moreover, due to economic shifts in the areas of commodity production, circulation, and consumption structure, major changes will be inevitable. How to meticulously examine and adopt specific, ordered measures to deal with these changes is yet another aspect. In particular, the externally-oriented economic activities are part of the overall struggle in trade markets, tariff barriers, S&T, enterprise mergers, international finance and even extending to culture/ideology. It is the synthetic development of each instance in history of shifts towards an externally-oriented economy; and in essence show a new type of modern international commercial warfare. This is another important aspect that we should focus on.

Shanghai, as a major open city and center for the externally-oriented economy, is in keeping with its historical, traditional role, its geoeconomic position and its function in the nation's development. Opening its doors wide to the outside world, developing the externally-oriented economy, having trade flow in and out, banking remittances, transfers of funds, cooperation between enterprises, introduction of technology, and cultural exchanges will all contribute to a prosperous scene. However, it seems that this economic transition has created a vacuum in the domestic market and thus created an opportunity for the import of foreign goods. Unscrupulous elements, under this state of abnormal market conditions, will attract the external strength of other countries' economies, and may cause the collapse of the Chinese market. This could hinder the development of our economy's external orientation, so that by first exporting and then importing, we find ourselves in a dilemma.

We are accustomed to placing great faith in old almanacs and engaging in empty talk about principles. Regarding

future or potential problems, we lack the drive to do advanced studies or the spirit to learn through analogy. We only know how to annotate current policies, summarize what is already fact, and follow precedent. In other words, we stop short of performing theoretical analysis

of the actual problem itself, and are unable to appropriately do comparative analysis, move forward, or anticipate things. Trapped in this deadlock situation, we will continue to be backwards compared to other countries and will fall too far behind to catch up.

### Chronology of Reserve Force Formation

40050385 DONGBEI MINBING [NORTHEAST MILITIA] in Chinese No 6, 4 Jun 88 pp 6-12, 39

[Article by Yuan Shengjiang 7086 3932 3068, and Gao Mingsheng 7559 2494 3932: "The Rise of China's Reserve Units"]

[Text] One day in 1986, the Xinhua News Agency sent out a dispatch to the world: China has formed reserve units, which have been placed in the PLA's establishment. They have a unified establishment and are vested with military designations and army flags.

The ordinary person did not pay attention to the Xinhua dispatch, but it had a great impact on the leading military organizations in various countries of the world. Those big-nosed, blue-eyed, tall and short generals had different feelings—either joy or sorrow—as they gently turned the great globe. Finally their gaze fell on the People's Republic of China and its natural domain, and they sighed deeply: The Chinese armed forces have made another major reform.

On the morning of 6 August 1983, to the scenic district of Mudan River and Jingbo Lake, which is famous throughout the world, came a great man. He was our beloved Comrade Deng Xiaoping. Gazing at it from the guesthouse's lake-view tower, Jingbo Lake seemed like a delicate young girl snuggling close under green hills. A "hill reflected on calm lake water." The leader seemed very happy. He asked Li Desheng [2621 1795 3932], commander of the Shenyang Military Region, to come to him. Commander Li reported to him on the situation in the Northeast in building reserve units.

Comrade Xiaoping smiled. He concluded that the formation of reserve units indicated that the PLA is being further modernized and that another step has been taken in regularization. He could not but nod his head and speak approvingly: "The formation of reserve divisions is good; reserves are good, good!"

Reserves are good! The leader said this.

Reserves are good! This writer says this.

Reserves are good! I believe all people in contact with this unit would say this.

## I

### 1. The Call of the Times

The wheel of history had just rolled into the eighties when all over the land of China a powerful wind of reform was raised. Over the vast expanse of fertile land, like a spring tide the reform unfolded on a magnificent scale.

Beijing. In 1980, the Central Military Commission held in succession two important conferences—"801" and

"802"—in which several teachers and the leaders of the Central Military Commission gathered together in one hall. In line with the international and domestic political and economic situations, they conscientiously studied the PLA's strategic policy. On the foundation of analyzing the characteristics of a future war, they clearly called for the study and the solving of the problem of the major program of reform for wartime rapid mobilization.

August. Cao Yuguang [2580 1342 0342], director of the Mobilization Department of the PLA General Staff Department, in a report entitled "Initial Ideas for and Problems Requiring Solutions in the Plan for Troop Mobilization in the Initial Stage of a War" to the Strategy Committee of the Military Commission, boldly put forward an opinion of a constructive nature: "Integrate the militia system and the reserve system by revising the Military Service Law, readjusting the militia organizations and the demobilized army men's reserve registration, and restoring the officer and enlisted men reserve system."

On 9 March 1981, the CPC Central Committee, State Council, and Central Military Commission issued a document in which were written comments on the General Staff Department's and General Political Department's "Report on the Question of Readjusting Militia Organizations," pointing out with emphasis:

We must integrate the militia system and the reserve system, integrate militia work and the preparatory work for wartime troop mobilization, further enhance the building of reserve forces, and gradually perfect China's troop mobilization system.

Seek truth from facts. The party Central Committee put the subject of reform before the entire party. It called on people with lofty ideals, in order to break away from the several decades of the same situation in China's reserve forces, to accelerate the modernization and regularization of national defense forces, and to foot the bill for this.

### 2. Deep Thinking by a General

When the spirit of the Military Commission's sessions and the Party Central Committee's document was spread throughout the PLA, it was like ring upon ring of ripples caused by a stone throw into a river.

In Shenyang, a general sank into deep thought about this. For more than 10 years Sun Yunhan [1327 0061 3352], deputy chief of staff of the Shenyang Military Region, had done militia work. For the building of national defense reserve forces, he had rushed here and there and taken great pains. Three times he stayed at selected grassroots points in southern Liaoning Province to gain firsthand experience. Together with the comrades of the mobilization department he summed up experiences in the "three implementations" of militia work, which reverberated throughout the PLA and China. Together

with comrades in the organizations, in the Anshan Military Subdistrict he gained experiences in troop mobilization work in which the troops answered the call by themselves. At this juncture, the reform tasks set by the Military Commission for achieving rapid mobilization made him think hard.

Unable to sleep at night, in his heart he always had a feeling of "bills due." Although responsible for militia work for so many years, he had never dared set foot on the path of reserve duty. Now the central authorities had spoken. No—this was a bugle call to advance, a bugle call to advance in a major reform by the armed forces! The more he thought the more excited he became. Lighting up a Red Pagoda Mountain cigarette, he then smoked one cigarette after another.

He is a man with seniority. In 1936 he did mass work in the liberated areas. After joining the PLA in 1938, he worked steadily and made solid progress as he became in succession a company commander, battalion political construction, regiment commander, and division commander. In the War of Resistance Against Japan, he was immersed in "the glint of cold steel and the reflections of blood." In the War of Liberation, he left traces of his youth in the Laiwu, Menglianggu, and Huai-Hai campaigns. During the war years he personally took part in troop mobilization work. At that time the units mainly depended on militia in the liberated area and prisoners on the battlefield to replenish themselves, and there were both successes and lessons in this. To liberate all of China Chairman Mao proposed that "militia divisions be set up on a big scale" and that "one rifle be issued for every four persons." Even though this was not all that realistic, there was a dynamic situation in this respect for more than 30 years. It should be said in its support of the front and participation in battle, and its cleaning out of bandits and opposition to local tyrants, the militia performed immortal deeds for the cause of the Chinese people's liberation. Now, the times are changing, and the situation and the weapons and equipment on the battlefield of a future war will also change. Obviously the mobilization method of "millet plus rifle" will not do. China is still very poor. Although the units have been streamlined again and again, there are still many troops, and this situation without a doubt is detrimental to state economic construction. On the basis of his scientific analysis of the structure of the international struggle, Chairman Deng Xiaoping set forth the thesis that "for a relatively long time it is probable that a large-scale world war will not occur, and there is hope that world peace will be upheld." In line with this idea, the guiding ideology for building the PLA had to undergo a strategic change, so that the building of the armed forces are subordinate to and serve the overall situation in state economic construction in the period of peace. Thus we must reduce the standing army, strengthen the reserve forces, and blaze a new trail of "maintaining fewer soldiers in peacetime and using more soldiers in wartime."

The general could not sit still. Rummaging through the reference materials filling his room, he sought his own

sense of responsibility from the reference materials on foreign armies.

In World War II, France was routed on its own territory by the German Army after 17 days of fighting; in less than one month Poland was completely occupied by the German Army. In both cases they suffered losses because their mobilization work did not keep pace. After the war, all countries took seriously the building of reserve units.

Soviet Union: A total of 50 to 70 percent of first-class reserve personnel are put in streamlined divisions and skeleton divisions, and there are also mobilization divisions. In wartime, within one week and one month respectively, their mobilization and replenishment will be completed.

Yugoslavia: It has reserve divisions composed of 1 to 60 percent active personnel; the rest of the personnel are reserves. It also has territorial defense units, which in wartime can be mobilized in a short time and take part in the war.

United States: It has 7 kinds of reserve units, with about 800,000 men. They are composed of demobilized military men. In wartime they can rapidly reinforce active units.

France: It has reserve divisions in which the military officers at the regiment level and above are active military officers. In wartime the divisions can reinforce the regular units within 48 hours to 5 or 6 days.

The reference materials widened his field of vision. He closed his eyes and thought carefully. Every year in China several hundred thousand officers and enlisted men are released from military service. These men are not fully utilized and organized. A large amount of manpower and financial resources are used year after year to train a large number of militia, and the situation is like that in which sesame seeds are scattered all over. Villages form militia companies and townships form militia battalions. Millions upon millions of militia are carried on the rolls, but a ready-made militia force is overlooked—demobilized and retired militarymen.

A way of reform that is suitable for achieving rapid mobilization given China's national condition must be found! He made up his mind to break through this "dangerous and difficult road" and to get some new results in the militia—this "hereditary domain."

He thought back to several days previously, when Li Guangjian [2621 0342 0313], director of the Mobilization Department who had returned not long ago from a visit to Yugoslavia, reported to him on the situation in which the Yugoslav Army was vigorously developing reserve units. Would it be feasible to draw lessons from the experience of the Yugoslav Army?

How can you catch tiger cubs without entering the tiger's lair?

Enduring the hardships of a long journey, Deputy Chief of Staff Sun rushed to Jinzhou. He is 61 years old. He is neither tall nor short, fat nor thin. His sturdy physique always glows with youthful vigor. Accompanied by Political Commissar Shao [6730] of the Jinzhou Military Subdistrict, he went to several counties and several dozen military units in western Liaoning. There he investigated the present state of affairs in militia organizations, the situation of demobilized and retired military men, and the situation in the units with regard to streamlining and reorganization; and he listened to the opinions of figures from many quarters.

One day Deputy Chief of Staff Sun strolled over to the offices of the mobilization department, where he sought out Deputy Director Qi Hanglin [7871 3163 2651] and the relevant section chiefs and staff officers, with whom he discussed his ideas and his repeated studies and disputes and exchanged ideas. In the end, there appeared a tentative idea of a "three-level mobilization" for reforming the armed forces system, namely, that the province would form reserve armies and special arm divisions, cities would form reserve divisions and special arm regiments, and counties would form reserve regiments and special arm battalions and companies.

### 3. High-Yield "Experimental Plots"

The key to whether "three-level mobilization" can work is to look at the reserve special arm units. If the special arm can form them, ideally they will be able to put on real wings and spread and flap them.

Practice is the sole criterion for judging truth. Jointly with the leaders of the mobilization departments and several staff personnel, Deputy Chief of Staff Sun studied and formulated a "three-level mobilization" experimental-point plan. The plan allowed three provincial military districts, with demobilized military men and specialists with local matching specialties as the subjects, to form respectively in Fuxin, Tanghua, and Nenjiang prefectures a reserve tank regiment, signal communications regiment, and motor vehicle regiment.

As expected, the experiments went smoothly. At the beginning of 1981, an experimental-point instruction was issued, stating that the experiments were carried out speedily and vigorously. At the end of August, the formation was completed, and in a comprehensive exercise and assessment of a testing nature, the general mark was "excellent." Careful Department Director Li Guangjian organized personnel to make a spot check and assessment. From Beijing people of the General Staff Department and the Academy of Military Science were invited to be invigilating officers. The examining officers went to 3 regiments, where they tested a row of 13 examinees, and in no case was there nitpicking.

Conclusion: It is feasible to form a special arm regiment and even an infantry division within the scope of a city.

If the troops are given a little retraining, their quality will also be insured.

These successes gave the mobilization department a ray of hope for reform, and they also made Deputy Chief of Staff Sun extremely gratified. With redoubled enthusiasm they worked under lamplight one sleepless night after another. Following one study, dispute, and demonstration after another, a reform experimental-point plan emerged: at the beginning of 1982 an experimental point for a reserve-establishment reserve division will be set up in Jinzhou City; in the second half of the year Heilangjiang and Jilin provinces will also set up such a division, and other areas can trial-form reserve regiments. This plan was submitted to the senior officers of the military region.

### 4. Policymakers

There is no time that the senior officers of the Shenyang Military Region are not concerned about and take seriously the question of reforming the reserve forces. No matter whether it is Deputy Commander Xi Zhenhua [6200 2182 5478], who is in charge of militia work, or the senior officers in charge of other work, they all go where needed, and make the reform of reserve forces a problem that urgently requires solution. The two principal senior officers from first to last consider the reform of reserve forces to be an important piece of work.

In 1929, Political Commissioner Liao Hansheng [1675 3352 3932], who fought as a guerrilla in Sungzhi of Hunan, was always concerned about the question of the reform of reserve forces. In 1981, at a military district militia work conference, Political Commissioner Liao proposed three changes: military district and military subdistrict work should shift to militia and reserves; the focus of militia work should shift to rapid mobilization; and the work style should be changed to "hard and solid." At the end of the year, at the Eighth plenary session of the fifth CPC Central Committee held by the military district, his ideas became clearer: study measures for rapid mobilization and test methods for reserve-establishment reserve divisions.

The senior officers of the military district fully endorsed the experimental plan for reserve-establishment reserve divisions. At three special meetings, they listened to reports and solved difficult problems.

Commander Li Desheng [2621 1795 3932], who had been in the Red Army and who paid a great deal of attention to reform, on the afternoon of 14 February 1982, at an administrative meeting of senior officers to hear reports on the experimental-point situation, made a long key statement:

"The question of rapid mobilization has already been deliberated for a very long time.... In peacetime we cannot maintain a very big army. If we were to maintain

a bigger army we would adversely affect economic construction. This means that we must solve the problem of maintaining a smaller army in peacetime and using more military forces in wartime. In addition, for the units to be streamlined and reorganized, a solution to the problem of rapid mobilization is imperative. This problem and the units' streamlining and reorganization are closely linked. If we increase the number of personnel on active duty we must increase the number of personnel on reserve duty, and if we streamline the units we must strengthen the building of reserve forces.... All countries have some good experiences in war mobilization. We can draw lessons from and about these experiences, but we must not copy them mechanically. We must have our own characteristics and sum up our own experiences.... In 48 hours Israel can mobilize 300,000 men and throw them into a war, and this is something that is far from simple. We must study the experiences of others and find our own good methods to effect rapid mobilization.

"Experimental points for rapid mobilization should be set up and tests made before reaching any conclusions. Failures should not be feared; they only mean spending a little 'tuition fee.' Of course we must work hard to do a little better and pay a little smaller price.... In some things we must be a little bolder; otherwise, nothing can be done in them."

Like something that sets one's mind at ease, what the Politburo member said filled the comrades taking part in the reform experimental points with joy. Deputy Chief of Staff Sun became even more free from anxiety and even more calm. Holding the "imperial sword" they charged the commanding height of reform.

## II

Everything is hard in the beginning.

In 1982, the atmosphere of joy and merrymaking of the Spring Festival had not yet dissolved when on 10 February a more than 40-man work team was jointly formed by the Shenyang Military Region and the Liaoning Provincial Military District. Led by Zhang Jiecheng [1728 4550 6134], deputy commander of the Shenyang Military Region, Deputy Chief of Staff Sun Yunhan, and Zhang Shenghua [1728 3932 5478], deputy commander of the Liaoning Provincial Military District, it made a long, arduous journey. The work team arrived in force at a battleground of the Liaoxi-Shenyang Campaign of former days—Jinzhou City—where they began the longest period of basic-level work since history began—2 months and 4 days. They had pinpointed Jinzhou after a careful study and demonstration: Jinzhou's strategic position is important, and its wartime mobilization task will be arduous; its militia work is lively and it has many demobilized military men; its economy is developed and its products are abundant; the Liaoxi area has a glorious tradition of supporting the army and supporting the front; and its mass foundation is good.

The members of the work team were the first batch of "crab eaters," and they all brought courage with them. But in the final analysis, nobody had the background in his mind on how to eat this "crab." All they had was just a central document and the speeches by several senior officers. However, in any case it was a reform experimental point, and that meant testing and meant working while trying to find out things. Wouldn't they be successful after 220 tests with mercurochrome?

A reform experimental office was set up in a small part of the military subdistrict's guesthouse. The moment they took up their official posts they threw themselves into intense work. Deputy Chief of Staff Sun Yunhan made public the namelist of the personnel in the reserve establishment experimental-point office, and Deputy Li of the mobilization department was put in command with four groups under him. By April the work time had amounted to about 50 days.

A total of 50 days is no more than 400 work hours. Awaiting their work were one matter after another and one thing after another: statistics had to be taken on the several hundred thousand cadres who had been transferred to civilian work, demobilized military men, core members of the militia, and specialists throughout the area in order to find out the true situation with regard to them; a reserve division composed of 3 infantry regiments, 1 artillery regiment, various types of weapons and vehicles, and a little over 10,000 men had to be formed; the division and the regiments had to be examined level by level and item by item; the division and the regiments had to complete 7-14 days of training; and a set of shaped experimental-point expenses had to be brought out to serve as a reference for the entire military region in forming reserve units.

However, in this land of ours, making reforms is not as simple as the mathematical operation  $1 + 1 = 2$ . With the influence of several thousands of years of traditional concepts, "eating out of one big pot" had brought about the coward's and sluggard's way of thinking, and the way of thinking of being envious of the superior and "pinching off young shoots," so that it is difficult for new things to gain a foothold. Eating three square meals a day and doing no work all one's life—in such a case everybody can treat each other affably and live in peace with each other. It is even more out of the question to talk about committing mistakes. But once you make outstanding achievements and change your real life, your tranquility will be destroyed and problems will dog your heels. Thus, once the news about the experimental point had been spread, it immediately caused a great uproar and in a short period of time it became the center of discussion throughout the city. People held lively discussions with everybody trying to get a word in. Some approved it and some supported it. There was also no lack of others who held different opinions.

"Aren't the reserves a variant of militia organizations!"

"For many years the militia has suited China's national condition. There is no need to indulge in such 'hanky-panky'!"

Some people predicted: "Isn't any reform experimental point in the end a case of first doing, second looking, third collapsing, and fourth coming again?"

When the information feedback reached the work team's office, Deputy Chief of Staff Sun laughed. He told everybody: "Don't be alarmed at something perfectly normal. Reform is not smooth sailing. Provided we understand things accurately we will make the reform succeed in the end."

On 12 February, a document of a critical nature was issued from the Jinzhou party committee's building to 12 counties and districts. The city's party committee approved and passed on the notice of the Jinzhou Military Subdistrict's party committee entitled "Report on the Question of Experimental Points for Reserve-Establishment Reserve Divisions," and called on party committees at all levels to strengthen their leadership and to complete satisfactorily their experimental point tasks. At this point, the curtain opened on a major reform of China's armed forces system on 17,446 square kilometers in Liaoxi. It spread to more than 70 departments in 12 counties and districts, arousing close to 10,000 people from all quarters to go to the experimental point.

The work team went into the villages, and Deputy Chief of Staff Sun led several men to Heishan County. In village courtyards he encountered trouble. Many households were unwilling to sign up for reserve duty; some households had been mobilized by the village cadres 5 or 6 times, but still did not sign up. Some men, once they saw the work team entering the village, simply slipped away so that you couldn't find their shadows. Stern reality confronted the work team and the leaders at all levels.

Were the masses to blame for this? In the years under the guidance of the "left" ideology the building of reserve forces suffered frequent disruptions, and the masses could not stand the incessant blind tossing and turning! In 1958 the militia began to be formed in a big way. Enlisted in the militia were youths from 16 years old to middle-aged and older persons of 50; the number of militia reached 240 million, and could be said to be an unprecedented "grand occasion." What caused this leap that made militia work bigger, better, and more comprehensive was: 700 million people, 700 million soldiers—everybody can fire a rifle and everybody can fight a war; take turns in production and take turns in training, and get double bumper harvests and double leaps forward in production and training—the shouting of these slogans shook the heavens. Formalism and fraud spread unchecked; "soldiers were made behind closed doors," a situation that adversely affected production. There even appeared some cases in which the militia took part in armed rebellion. The masses' regular production and life were harmed. When the "Cultural

Revolution" arose, a large number of militia took part in various kinds of "fighting forces." The "gang of four" put forward the "Shanghai experience," set up militia command posts, made the militia the "second armed force," and incited the militia to take part in armed struggle and to beat, smash, and loot. In Shanghai, Wang Hongwen [3769 3163 2429] in several days' time organized over 100,000 militia to engage in rebellion. During the "April 5th" movement, the "gang of four" mobilized 30,000 militia and some police to create the "Tiananmen Square Incident...." These things were profoundly affecting. Now the masses are still afraid! They worry about a repeat performance of these tragedies.

What form would the reserve units take? Deputy Chief of Staff Sun's opinion: we should neither learn from the United States nor take the Soviet Union's path, but should have distinctive Chinese features. Don't we have many specialized cadres? To fully display this superiority besides the several responsible officers who make use of active personnel, the rest without exception make use of specialized cadres. This has opened up a new scope of activity for their talents, and also does not increase the establishment by much, thereby killing two birds with one stone. Once he thinks of specialized cadres, Deputy Chief of Staff Sun becomes a little excited. The greater part of them bore arms as soldiers when young. In combat readiness, training, construction, and production, they shed blood and sweat for about a dozen years. When transferred to the civilian sector, to get a job they seek out their grandfathers and tell their grandmothers and send a large number of presents. They also lower their standards, and even then some of them cannot find suitable work. Persons in the location who have studied at universities for several years come out as specialized talents. Every year, tens of thousands and hundreds of thousands of specialized cadres flow into the localities, but not many of them can truly play their proper role. How is it that those persons whom we have trained for several years or several decades to use such expensive aircraft, cannons, trucks, and warships are not counted as talents? Military affairs are a science. Why is it that a military man can only be a "temporary worker" and can't become a professional? Why can't we take out some money and use it to put a demobilization system into effect? Some people say that our country is poor and cannot come up with this money. However, when you count on your fingers, all the cadres who are transferred to civilian employment are now assigned by the state. Most of them when arriving at the localities lower their standards and take ancillary posts, and the state, as before, must pay their wages. Giving this question earnest thought, if the wages paid to those men who have been released from military service and transferred to civilian employment are 60 to 70 percent of what they had been, what is more and what is less? The difference is that one is the locality's wage and the other is the armed forces' pay. Isn't it a case of "after all, the wool still comes from the sheep's back"—in the end whatever you get you pay for?

Very well, not wanting these things, some urgent matters are to do something about reserve duty and to give demobilized military officers a scope for their abilities. This would also be a development of talents. Breaking off this train of thought, Deputy Chief of Staff Sun sat down and conscientiously studied experimental point work for raising reserve divisions.

#### **One Who Takes Part in Experimental-Point Work**

If it is said that the general directors of this reform experimental-point work are Deputy Commander Zhang Jiecheng and Deputy Chief of Staff Sun, then in Jinzhou there is one who plays the leading role—Dai Chengbao [2071 2052 1405], commander of the Jinzhou Military Subdistrict.

Commander Dai is one who consistently takes part in the experimental-point work. With the honest consciousness of a veteran of the Eighth Route Army and a veteran fighter, he has his heart set on making a contribution to the reform of national defense reserve forces while he lives. He is a vanguard of reform, and is also one of the representatives at the experimental point of many veteran comrades of this kind. When he accepted the military district's task, he really had a burst of excitement. How much concern and trust this showed. Not only that, but it was a cause for pride for the 43 million people of Jinzhou. However, after his burst of enthusiasm passed, Commander Dai felt a little uneasy. Forming reserve units is a major reform of the PLA's armed force system, for which there is neither a pattern nor an experience. As to whether he could handle this experimental point well, in his heart it was like drawing 15 well buckets for water—seven up and eight down.

He is an "old boy" with a full sense of responsibility. For several days he focused his attention without letup on the term "reserve duty."

In the 10 years of turmoil, the building of the PLA suffered serious destruction. The reserve system of an ancient civilized country with thousands of years of military history is not as perfected as the reserve systems of some newly emerging countries. This fact could not but cause distress and anxiety. Physically and mentally Comrade Dai was filled with a sense of urgency. In the past, because of various kinds of disruptions this task could not be done. Now the party Central Committee was calling on us to boldly make reform, so why not do it post haste. He regretted that he could not build a reserve unit in one day. He divided up the responsibility for all the work at the experimental point, and gave orders that the work be done simply and at all costs and that "busy feet strike the back of the head." Meetings in the city could not do without him, and meetings in counties asked him to take part. He found out the work situation in the area, and he also inspected the work situations at particular points. In one month's time he made the rounds of nearly all parts of the four eastern counties that had the task of forming regiments. The

reform changed his pattern of living. Eating and sleeping could not be done on schedule. Staying up late or all night became a common occurrence. At home his shadow was hardly seen. Provided his wife grasped his face he stopped moving. She knew that he had serious stomach trouble and could not stand this type of exertion. One day the pain from his gastric ulcer was really bad, and he decided to lie down at home for a while. Seeing him in such pain, his wife, both in distress and in anger, said: "Look at you, a man about to step down and retire. All day long you are busy, blind to black and white. What are you trying to do?" Yes, he was a man of 53 or 54 years. He looked peaked and had not been too lively for several days. But his wife's talk had no other effect than to awaken his strong consciousness of being on the attack. He suddenly got up from his seat and went out the door of his home. He was a big fellow from Shandong. In 1944 he joined guerrillas and went through a hundred battles. He was profoundly aware of the trouble in wartime conscription. Even with the vigorous support of the masses, companies were still often under strength. Now, he was most willing to do everything in sacrifice of his individual self for the reform of the PLA's armed forces system, for the creation of a new path for achieving rapid mobilization, and for the dispelling of the frontline commander's fear of disturbance in the rear.

Sometimes, a man's health simply cannot be considered. Even though Commander Dai day by day became more emaciated, his face became wan and sallow, and the frequent pain from his gastric ulcer was hard to bear, relying on his faith and willpower, he always stood straight. However, just when successes were announced and the work began to settle down, he could no longer cope and had to lie down. In a bed in Hospital No 205, he quietly passed the time required for nearly one experimental point.

#### **A Second One Who Takes Part in Experimental-Point Work**

Here it is necessary to introduce the number one man in Jinzhou City: Li Gang [2621 4854], secretary of the city party committee and first commissar of the military subdistrict. A little over 1.6 meters, he is strong and tall. Although now over 60 years old, he is hale and hearty and he surpasses many others in energy. At the reform experimental point, the military is on stage while he is the "backstage boss." Without his strong backing, the experimental point's funds, personnel, and materials would have become something out of the "Arabian Nights." He is one of those persons who have rendered outstanding service for reserve-establishment reserve divisions. At the time when it was decided to put the experimental point in Jinzhou, Commander Li Desheng said: "It would not be bad to have the experimental point in Jinzhou Prefecture. It is near the main direction, and the leading comrades of the prefectural party committee would take it seriously. Commander Li Gang is the political commissar there. He is an old comrade, and he is also familiar with these circumstances."

Yes, Secretary Li is a true army-locality dual-purpose talent. He has rich experience in local and armed forces work. In 1937 he was a zhongdui commander in the Taigu guerrilla detachment in Shanxi which was under the leadership of Qin Jiwei [4440 1015 0251]. He and Commander Li Desheng were once comrades-in-arms in a unit. Later he went to the Jilin Military District in the Northeast and became a regimental political commissar. During the War to Resist U.S. Aggression and Aid Korea, he was the political commissar of the 2nd and 1st subdepartments in the Volunteer Army's logistics. As for doing local work, in 1949 he became the secretary of a county party committee. He was also the secretary of the party committee of a large enterprise, the director of a chemical industry department, and the secretary of a city party committee. His revolutionary practice over a long period of time broadened his field of vision, tempered his capability for analyzing and solving problems, and also strengthened his concept of national defense. Although in those years there was no war, every year he acquainted himself with and inspected militia work, and got more than 100,000 yuan for militia building. Provided a problem in militia work was reported to him it would be solved.

This time, after the leaders of the military subdistrict reported to him that they wanted to put a reform experimental point in Jinzhou, he at once assented and put all his effort into this task. Being short of funds, he got, by every possible means, appropriations from the tight expenditure of Jinzhou City to solve the problem. To implement the task, he frequently assumed command in the military subdistrict and personally handled various kinds of problems. When personnel were needed, he instructed the organization department and the personnel department to transfer whomever was needed so that personnel did not fall short of requirements. He personally presided over a meeting of secretaries of the city and county party committee, and assisted work at the experimental point. He made it clear that the experimental point was now the central task. If at the experimental point there was a need for a meeting in which he would participate, provided he was notified he would be sure to come on time. He left his silhouette at the training ground, examining site, and reviewing stand. As the secretary of a city party committee, he was charged with important tasks in the party, government, military, and civilian sectors; ordinarily, the experimental point would only be one part of his work as a whole, and he could not be criticized for attending to it only once. But he didn't do this. He said: "A leader with foresight and sagacity must look not only at today but also at tomorrow and the day after tomorrow. If the reserve reform experimental point is successful, the number of men in the standing army can be greatly reduced, a situation that will bring incalculable economic results to our great cause of the four modernizations." So he played the piano with 10 fingers, giving a sonorous and forceful performance at the reserve organizing experimental point, this "melody." No wonder that when Deputy Chief of Staff He Zhengwen [0149 2973 2429] came to

Jiuzhou he mentioned Li by name and commended his work:

"My impression is that all of you have done several things very well and in fairly outstanding fashion. In the Northeast the relations between the armed forces and the local party committees are very close, a little like they were in the war years. Among the city and county party secretaries who have held the post of first political commissar and are worthy of the name is Secretary Li Gang of Jinzhou City.... I see that they have managed militia work very well. In running the experimental point for reserve organization divisions, they truly resolve actual difficulties, spare no effort, and truly play the role of political commissar."

#### A Third Participant in Experimental-Point Work

Liu Xingban [0491 5281 6721], deputy political commissioner of the Jinzhou Military Subdistrict, was the first appointed political commissar in the reserve-establishment reserve division. When accepting the task of organizing the reserve division at the experimental point, being a military man he did not express an objection. However, like a lot of other people he had misgivings. Since 1945 he has always been in local units and has a lifetime of contacts with militia work. Since 1985 he has seen many times this division and that regiment, but has not seen them consolidated.

In the days of the Great Leap Forward throughout China, militia divisions were organized on a big scale. In nearly every county the banner of a militia division was unfolded. In individual places, military uniform and military ranks were copied, chest insignia were worn, and wooden guns were manipulated. Even fellows and lads who went into the mountains to cut firewood, girls, and wives formed regular ranks and lined up in formation, and uniformly conducted military operations. All of this seemed a little comical, but politics changes people's aesthetic standards. With a devoted heart they seriously engaged in this undertaking. Later, there were combat-ready divisions, independent divisions, skeleton divisions, and militia command posts—a multitude of names for militia units. Deputy Political Commissar Liu's worry was that it would be difficult for this reform experimental point to avoid the same fate.

When work began he was made responsible for forming an artillery regiment in Yixian County. Like all other units, his unit organized and started a powerful political offense. In the counties and townships, there was a widespread publicizing of opinions about reserve-establishment reserve units on wired broadcasts, at assemblies and meetings, in the compilation of teaching materials and the attending of political classes, and in bulletins, wall newspapers, and blackboard newspapers. In line with the spirit of seeking truth from facts, the aim of this reserve-establishment was to lighten the burden on the peasants as much as possible, so that in general one township would form one company and one village

would form one platoon. Thus the number of troops organized would be only a third of the demobilized soldiers and core militia members in the rural areas, a situation that would naturally cause some people to enthusiastically sign up to be reserve fighters. However, when he went to a village in Dadinghao Township, as he stepped up to the door of a villager's home he was denied entrance. The old lady of the house looked as if from her had come several children who had worn yellow cotton-padded jackets, and she poured out a drumfire of grievances:

"My boy served as a common soldier for 3 years, and then returned to the village. He had no job and no money. Today he is still a bachelor. Who would bother about him? Recruiting soldiers here—no way." Going to several homes of demobilized soldiers in a row, Deputy Political Commissar Liu discovered that life was difficult for some of them and that others had complaints about the work of giving special care to family members of servicemen. There was also a fear of hostilities on the China-Vietnam border. Time and again he was rebuffed, as the demobilized soldiers stalled and were unwilling to sign up.

The old political commissar did not eat well. In line with the principle of seeking truth from facts regarding the demands of this experimental point, when one encounters a problem one solves it. Among "the cold homes and the townships crisscrossed with ditches," he grasped a typical example of supporting the army and giving preferential treatment to families of servicemen, thereby setting off a popular movement throughout the county to support the army and give preferential treatment to families of servicemen. At the county's civil administration bureau he accurately reported the difficulties in life that the demobilized soldiers were undergoing, and the civil administration bureau allocated special funds to solve these problems. Also, he and the men of the work team went from village to village and household to household, stating the truth to each family and each household, so that people changed from being in a state of noncomprehension to being in a state of consciousness.

Two months passed. When the old political commissar saw demobilized soldiers, one by one, full of vim and vigor go cheerfully to a new place that gave scope for their abilities, he also received a practical ideological education. Having done armed forces work all his life, when he was about to leave the armed forces front (he will retire next year), it became clear to him that the CPC's work style of seeking truth from facts had returned. This kind of reserve unit formed under this ideological guidance had vigor, had a future, and had hope. It is bound to become a mainstay of China's reserve forces.

#### **A Fourth Participant in Experimental-Point Work**

Opposite to Deputy Political Commissar Liu Xingbang, Yang Yuchen [2799 7183 6591], deputy secretary of the Heishou County CPC Committee, is a man who participated in the work of the reform experimental point with

a sense of novelty, that is, he is representative of another type of person at the experimental point. He is a college graduate in the finance and economic specialty, and a young cadre who had not been promoted very long and who had never borne arms. On the day he put on his new military uniform, he looked in the mirror, first to the left and then to the right, full of excitement for an hour. This time the county party committee put him in charge of the experimental-point work with the title of political commissar of a reserve infantry regiment.

With all his heart and all his mind he wanted to be a good political commissar. For the experimental point he made arrangements here and inspected there; small town by small town and village by village he went to several hundred small towns and villages. One by one he inspected the registration and statistical work on reserve military personnel, fixed the organizational membership of battalions and companies, and corrected problems at lower levels. As a regimental political commissar, he had to become familiar with his own subordinates. After looking through the files, he paid a visit to each family in turn. The problems that he and a "county magistrate" handled every day were knocked down one by one. If he couldn't go in the daytime he went in the evening. Going from family to family he did ideological work while visiting them. In only a month's time, he got to know the unit, residential district (township, town), lane (village), and house number (courtyard) of every case at the battalion level and below in his regiment.

Being a soldier means that one must be a soldier who is up to the mark. But this was not easy for Deputy Secretary Yang. Although he was a political commissar, as far as being a soldier he had to start from the very beginning—the standard set of a military man's bearing, formation movements, and firing practice. He was like a "kid recruit," and every day he sought instruction from "old hand veterans." Each learning session lasted several hours. His legs felt like jelly and his head oozed sweat, but he was reluctant to take a break. Sometimes after returning home he would practice his "steps and halts," making his wife and children roar with laughter. During one exercise he contracted dysentery and had to make frequent trips to the "squatting point," with each trip taking several minutes. After a dozen minutes he became dehydrated. His doctor advised him to go to a hospital and stay there for treatment, but he refused to do so. Isn't a battlefield a place where one does not leave the frontline on account of a minor wound? Here is where my heart is, he said, and there is no problem. Each day he went to a hospital and got an infusion, after which he hurried back to his work and drills. He marched in formation with the troops and traveled with them by rail.

What consoled him was that his sweat had not been shed in vain. Heishan County became an advanced unit among all the experimental points in the city. As a regimental political commissar, when he was examined item by item he marched in step in the forefront of the ranks, valiantly and with spirit, just like a soldier, and he

was commended by the higher authorities. This time he had a real feeling: one cannot be a soldier without suffering hardships. Danger follows in the wake of taking trouble and making great efforts, and it is really not easy to "eat this bowl of food."

#### **A Fifth Participant in Experimental-Point Work**

Some people set a lot of store on money. For money they will rob, loot, engage in graft, receive bribes, and even risk their lives. Actually, in real life it just won't do to be without money. However, for the state's great cause of reform, there are at the experimental points some people who understand the true meaning of human life: people, of course, need money, but one must not put money above everything else. For the sake of the state's and nation's interests, not a single cent must be taken, and one must also go through fire and water. This is our national spirit. These people are the backbone in the initial formation of reserve units.

In Jinxian County, in Sitaizi Village of Santaizi Town there is a militiaman named Yang Dianqing [2799 3013 3237]. At a time when the rural area contract responsibility system had not been in effect very long, there was in the village an orchard that had showed a loss year after year. No one dared to contract for it for fear of losing money. Yang Dianqing refused to be taken in by fallacies. Provided there was no "eating out of one big pot," why couldn't the orchard be run well. He led eight militiamen to take on this "porcelain work." However, in the first year of his contract there occurred a contradiction with reserve-establishment reserves. March and April are the opportune times for transplanting in an orchard. He was a reserve fighter. Must he take part in the training and in the item-by-item examination? At home his wife had to take care of an unweaned child, and so she could not take care of the orchard. He would have to spend money to hire someone! Wouldn't that mean spending some money that he had not yet earned, and a lot of money would be dispersed without a chance of recovering it. Every day he spent more than 10 yuan to hire a helper, while he himself took part in reserve training, for which he got per diem only several jiao as a mess allowance. The eight men working with him followed his example and took part in the training at the experimental point. Afterward, although the cost of hiring helpers rose year by year, he and the others still hired them.

A total of 70 to 80 percent of our reserve fighters are demobilized soldiers. With unbreakable ties of affection for the regular units, they join the reserve units. They go into the intense but exciting military camp and hear the clarion call of the bugle. Like a warhorse hearing the sound of guns, when the fighters receive an order they cast everything else aside to the highest heavens.

#### **What a Commendable Military Spirit!**

In Jinzhou, this battlefield of the world-famous Liaoxi-Shenyang Campaign, the masses of the people have a

glorious tradition of supporting the army and the front. In the campaign years, smoke and dust billowed and wheels turned swiftly as hundreds of thousands of laborers carried stretchers and pulled rickshaws and carts in support of the front. In Beizhen, a model county in supporting the army, every day more than 6,000 persons would gather outside the county and district government offices to wait to guide the troops. In 7 days' time Jinxian County raised 20 million jin of grain, 20,000 beds for the wounded, 5,000 coffins to bury the martyrs in, and voluntary blood transfusion teams composed of a total of 1,000 persons. Some stretcher bearers charged several times under a hail of bullets, risking their lives to pick up the wounded. Some of the masses even gave their dinner pails to the wounded for use in urinating and defecating....

Today there has again appeared the scene of those years in which the masses enthusiastically joined the army and supported the front. Some demobilized military men made a round trip of more than 60 li to get their discharge certificates and then rushed to sign up. If the husband was not at home, his wife would find his discharge certificate and, holding a child by one arm, sign up for her husband. In Beihu Village, Wujia Township, Beizhen County, in the family of Wang Zuoyang [3769 0155 2876], an old fellow and a member of a revolutionary martyr's family, a son who had been demobilized and who had returned to his village was away on temporary work. Hearing news about the reserve organization experimental point, Wang immediately made a telephone call to his son, who returned home and signed up. Throughout the area there appeared moving scenes in which parents got their sons to enlist and wives sent their husbands to the "battlefield."

Hearing these reports, all sorts of feelings welled up in Deputy Chief of Staff Sun Yunhan's heart: How good the masses are, how great the people are! They are diligent and conscientious. They work hard and are not upset by criticism. They always follow our party's advice. Even in those years when the blind turning from one side to another caused them great suffering, after the party clearly explained things they became passionately devoted to the party and followed it. This is the foundation for our reform. With such masses, provided they take the correct path, there is nothing we cannot do.

The morning of 20 March 1982 is a time that will go down in history. Inside the Jinzhou City stadium, colored flags fluttered and strains of music accompanied by drumbeats rose in the air. More than 2,000 men of the organizations and the directly subordinate fendui of the reserve division assembled to hold a founding ceremony. When Zhang Jiecheng [1728 4550 6134], deputy commander of the Shenyang Military Region, presented an army flag inscribed "Jinzhou Army Reserve Division" to Yu Yinze [0060 5593 3419], deputy commander of the Jinzhou Military Subdistrict and concurrently commander of the reserve division, all people in the stadium became solemn, respectful, and very quiet. The atmosphere seemed as if it had congealed. All eyes were fixed

on the bright red army flag. Hearts beat fiercely, and the eyes of some people glistened with tears. Standing on the platform, Deputy Chief of Staff Sun Yunhan felt something unique in his heart.

The reform was a success. China and its people's armed forces had gone through 55 years of trials, hardships, and the vicissitudes of life. Finally, we had our first reserve unit. This signalled the end of the era in troop mobilization work of "mass movements" and "human wave tactics." It indicated that the building of China's reserve forces had taken a step of historical significance toward regularization and modernization. With this kind of unit, the time for mobilization and expansion of the military establishment in the initial period of a war will be greatly shortened; with this kind of unit, the aspiration for "maintaining a smaller army in peacetime and deploying a larger army in wartime" will be achieved; with this kind of unit, our demobilized officers and men will have scope for playing their roles; and with this kind of unit, our conventional forces can be greatly reduced and the funds thereby saved used for strengthening the building of weapons and equipment and of the national economy. The birth of this unit had accelerated the PLA's reform. Four years later, Military Commission Chairman Deng solemnly announced to the world a cut of one million men in China's armed forces. At this time behind him were reserve units totalling several hundred thousand troops.

On 7 April an on-the-spot meeting on organizational work for reserve divisions and regiments in the Shenyang Military Region was held in Jinzhou. The splendid drills level by level and the convincing experience shown by the newly born reserve divisions and regiments won the unanimous praise of the relevant senior officers and working personnel of the provincial military district and the several dozen military subdistricts. The meeting decided to popularize Jinzhou's experience throughout the military region.

To spread this reform result throughout China, Deputy Chief of Staff Sun Yunhan got He Zhengwen [0149 2973 2429], deputy chief of the general staff, to come to Jinzhou. On the morning of 8 April, in the teeth of a force 7 gale, full of zest he went to Jinxian County, where he watched a reserve regiment's organizations lead some of the regiment's directly subordinate fendui and one of its battalions in an assembly drill. In the afternoon a drill by communications fendui led by the organizations of a reserve division was deemed satisfactory by the deputy chief of the general staff.

On the morning of 9 April, Deputy Chief of the General Staff He listened with full interest to situation reports on the reserve divisions and regiments being organized at the experimental points. At a forum held by the leading comrades of the three provincial military districts, he highly evaluated this new kind of unit:

"This reporting demonstration by the organizations and fendui of the reserve establishment divisions and

regiments was not inferior to that during the time of the War of Liberation, and serves as a model. The '802' meeting stressed troop mobilization work. The units must be streamlined and reorganized, and the militia and reserve work must be enhanced. How, in the final analysis, to do these things well would in the past have been thought to be rather simple and there would have been no one method of doing them. Hearing Director Li's [2621] report and the comrades' informal discussions was very enlightening for me and was also very rewarding. This method seems to be completely geared to actual circumstances and completely suited to rapid mobilization. I see that it will not be a big problem for a military subdistrict to handle a division."

Jinzhou's success in reserve-establishment reserve divisions had provided valuable experience for the PLA's reform of the armed forces system. In March of the following year, the PLA General Staff Department issued a notice saying that the Shenyang and Beijing military regions would handle experimental points for the formation of two fully equipped, full-strength mobilized divisions. Not long afterward the Central Military Commission held a regular meeting that studied the question of building reserve units. The meeting fully affirmed the results of this reform and suggested that the state come up with money to develop reserve units. The meeting sent a report to Zhao Ziyang, premier of the State Council. For the premier it was not easy: regular tasks were waiting to be done and all quarters wanted money. Our national treasury is not full. However, Premier Zhao took the broad, long-term view. He knew that this would be a move of great benefit to the country and the people, and he did not begrudge the money that would have to be spent on it. He immediately wielded his pen to write instructions. Since 1984, the Ministry of Finance has allocated over the 4-year period 100 million yuan for this purpose.

China now has some reserve units. From just being infantry they have developed into combined arms units composed of the Navy, Air Force, artillery, armored corps, signal corps, and chemical defense corps—all branches and arms of the service. They have become an important component part of China's national defense forces.

### III

Since the birth of the reserve units, Deputy Chief of Staff Sun Yunhan has had an aspiration: the opportunity to use them.

One wants to see, also let the people see, the strength of this armed force. Now, 6 years have passed. Reserve units have taken part in battle and have supported the front, have provided emergency disaster relief, have engaged in economic construction, and have conducted training and drills.... During the completion of major tasks, tasks that are the focus of world attention, with their own personal style they have fully displayed a powerful vitality.

In the dead of winter we visited Comrade Sun Yunhan, who had already been retired for 5 years, in the intensive treatment ward of the Shenyang Military Region General Hospital. The reserves—this reform result—have brought immeasurable political and economic benefits to the country. However, in the second year of this reform he retired, as was the usual practice for a man of his age. He now has a little heart trouble, which is neither major nor minor. For a 68-year-old man he looks very hale and hearty. After we gave him the good news about the reserve units and told him that Li Yinliang [2621 0603 5328], director of the military region's mobilization department, at the head of all the commanders had worked hard day and night for the maturation of these units, the general took a deep breath. With great gratification he said: "Now I can, with my mind at ease, go to see Marx!"

We ask ourselves about a world-famous figure: in his teenage years "why wasn't he the best?" Today, when building a reserve unit, there is no harm in our asking why it cannot be the best.

Yes, a reserve unit is still so young. It is still frail and tender. During the entire investigative and news coverage stage, wherever we went what we most heard about with regard to the reserves was the problem of leadership relations and the problem of establishment and system. Now, although the reserve divisions and regiments have been incorporated into the PLA's organic structure, the relevant departments do not exercise leadership over them in the same way as they exercise leadership over the active units. In the division of work by profession and the uniform handling of coequal management, the solution of many specific problems is fairly difficult. At

the basic level, the reserve battalions and companies are not units that are entities in their own right. A large amount of their daily work depends on the people's armed forces department in the township, town, or factory; and they do not have relations of subordination with the reserve regiment, a situation that makes it difficult to initiate work.

Some people say that a reserve division and a military subdistrict are a case of "one head and two bodies" and that a reserve regiment and a people's armed forces department are a case of "one mission and two units." When work is begun there are often disputes over trifles, a situation that adversely affects the development of reserve units.

Of course these are not the only problems. There are many problems in weapons and equipment, training equipment, and personnel funds. The relevant departments have put these problems on their daily agenda and are starting to solve them.

Someone gave me a carefully calculated account: if one active division is dismantled, at least 10 reserve divisions can be raised. Someone else said that this calculation was a little conservative. We have no way to prove the correctness of this calculation, but we can affirm one point, namely, a reserve unit saves funds, benefits national defense, and suits China's national condition. Tomorrow this young unit will certainly be more perfected and will develop and be strengthened. Without a doubt this is a major trend in the building of China's national defense reserve forces.

09727

**Analysis of New KMT Central Committee**  
40050397 Taipei TZULI WANPAO in Chinese  
13 Jul 88 p 2

[Article by Chung Tsu-hao 6988 4371 6275, Wang Ying-ming 3769 5391 6900, Yen Chi-min 7051 3444 3046, Chu Nai-an 5969 5082 1344, Yeh Ling-fang 0673 0134 5364, Lu Tung-hsi 0712 2639 3588, Kuo Shu-min 6753 3219 2404, Hsu Li-chuan 6079 7787 1227, Li Chi-kuang 2621 1323 0342, and Chang Hui-chen 1728 1979 3791: "The Structure of the New KMT Central Committee in Perspective"]

[Text]Executive Departments

In administrative departments, Interior Minister Wu Po-hsiung [0702 0130 7160] finished fifth, the highest among all administrative officials except for Sun Yun-hsuan [1327 6663 3872] and Hsieh Tung-min [6200 2639 7036] who belong to the "master" class; while Yu Kuo-hua [0205 0948 5478], president of the Executive Yuan, dropped to 35th place which was rather unexpected and which also built up the pressure of cabinet reshuffle.

In addition to Yu Kuo-hua himself, Chien Chun [6929 4783], Minister of Finance, finished 72d and Wang Chang-ching [3769 4545 3237], secretary general of the Executive Yuan, finished 155th. The across-the-board retreat of Yu's people was a major characteristic of the election for administrative departments.

Wu Po-hsiung, Hsiao Wan-chang [5618 8001 7022], Shih Chi-yang [2457 0796 2254], Lien Chan [6647 2069], Chien You-hsin [4675 0642 2450], and Kuo Nan-hung [6753 0589 1347], who finished ahead, are native Taiwan bureaucrats in charge of technology, and their success in this election put them in a favorable position in future cabinet reshuffles.

Kuo Wan-jung [6753 1238 1369], vice president of the Central Bank, who was nominated for 22d place, finished 86th in the election. Although her order of finish was not very high, Kuo Wan-jung, as the first female executive official, still has the opportunity to scale new heights.

**Party Organs**

Party organs won a sweeping victory this time. Li Huan [2621 3562], secretary general of the KMT Central Committee, finished 1st and Sung Chu-yu [1345 2806 3942], deputy secretary general, also squeezed in the first three places. These two were the focus of attention during the election.

Li Huan's power in party and government organs was given full display during this election. His first-place finish in the central committee increased his bargaining power in the organization of the cabinet.

Sung Chu-yu, who is a representative of the new generation of the KMT, plays a very subtle role during the period of KMT's power transition. The results of this election show that his ability and image have been widely affirmed.

Party members who control a large number of voters and are in charge of election assistance and canvassing such as Kuan Chung [7070 0022], chairman of the Organizational Work Commission, Cheng Hsin-hsiung [6774 1800 7160], chairman of the Overseas Affairs Commission, Ma Chen-fang [7456 6966 2455], chairman of the Taiwan Provincial Party Committee, and Chen Chin-jiang [7115 6855 6245], chairman of the Taipei Municipal Party Committee, were among the best of the successful candidates. Younger party cadres also finished ahead of older ones such as Wu Chun-tsai [0702 0193 2088], Chao Tzu-chi [6392 5261 7871], Chin Hsiao-yi [4440 1321 0308], Liang Su-jung [2733 5126 2051], Liang Tzu-heng [2733 1311 5899], Wang Shu-lin [3769 3412 7207], and To Te-jung [5192 1795 2837]. "Younger" has become a clear trend for future changes of party cadres.

**Parliaments**

Fourteen members of the party organizations of the Legislative Yuan were elected members of the KMT Central Committee. If we do not count those three who were elected by overseas Chinese, there are only 11, which is an increase of only 1 member compared to that of the previous election. The increase is smaller than expected.

Among the 11 newly elected members of the KMT Central Committee, senior members were reduced from 10 at the 12th National KMT Congress to 4 while additional members increased to 7, forming a sharp contrast between the old and the new.

Ni Wen-ya [0242 2429 0068], president of the Legislative Yuan, was ahead of the four reelected senior members of the Legislative Yuan, but he finished only 50th among the 180 members of the KMT Central Committee. It was quite unexpected for his order of finish to drop by 40 places from 10th at the 12th National KMT Congress. The other three senior members—Chao Tzu-chi, secretary general of the Policy-making Commission, and Liang Su-jung, deputy secretary general, and Chang Hsi-che [1728 1585 0772], standing committee member of the Party Committee of the Legislative Yuan—all have party titles and all are under the age of 75.

Among the additional members, the election of the "three musketeers"—Hsieh Shen-shan [6200 3234 1472], Tsai Yu-tu [5591 0645 0960], and Huang Tse-ching [7806 3419 3237]—is most meaningful. Hsieh Shen-shan finished 62d, right behind Ni Wen-ya in the party organizations of the Legislative Yuan. The other four members of the KMT Central Committee—Hsu Sheng-fa [6079 0524 4099], Liao Fu-pen [1675 4395

2609], Chang Ping-chao [1728 1627 3113], and Chou Shu-fu [0719 2579 1650]—and 12 alternate members of the KMT Central Committee were elected with the help of the factional support and party organizations they were affiliated with. Now that they are members of the KMT Central Committee, they probably will become major successors to the future party committee of the Legislative Yuan.

Chien Chien-chiu [6929 0494 4428], who was nominated by the chairman lost the election because the conventional force was divorced from the present environment.

In the party organizations of the Control Yuan, six members were elected members and five were elected alternate members of the KMT Central Committee. The number of KMT Central Committee members doubled as compared to that of the 12th National KMT Congress, which was a great achievement. Among them, five are additional members and one is a senior member. All additional members finished ahead of senior members. The ratio between the old and the new is basically set in the party committee of the Control Yuan. In the future operation of the Control Yuan, additional members are likely to take over all positions.

Among the elected members of the KMT Central Committee, Huang Tsun-chiu [7806 1415 4428], president of the Control Yuan, finished 10th, ahead of other candidates from the three parliaments of the Control Yuan, the Legislative Yuan, and the National Assembly. Chung Jung-chi [6988 2837 0679], Chang Wen-hsien [1728 2429 3759], and Wang Shu-lin all won in the election as candidates of party organizations. Ke Ming-mou [2688 2494 6180], Li Shih-i [2621 6108 4135], Hsu Ping-nan [6079 3521 0589] who were highly estimated and who had close relations with Chairman Li Teng-hui [2621 4098 6540] turned out to be among the alternate members of the KMT Central Committee. As far as structural function is concerned, the trend shows that the Control Yuan still is dominated by the members of party organizations.

Chung Jung-chi, vice chairman of the Overseas Affairs Commission and standing committee member of the Party Committee of the Control Yuan, was in 166th place during the nomination but he jumped to 55th place during the election, showing that his personal relations and connections are very good within the party. It was reported that Huang Kuang-ping [7806 0342 1627], deputy secretary general of the Central Policy-making Commission, will resign after the 13th National KMT Congress. Judged by the huge number of votes he gained during this election, people think that Chung Jung-chi is likely to take over the position of deputy secretary general for Huang Kuang-ping.

Ku Chia-hua [6253 1367 5478] used the method of joint signature to enter the race and was elected to the KMT Central Committee, showing that he did a good job in

organizing the party organizations at the provincial, county, and municipal levels and under post and telecommunications departments and production undertakings and in winning the support of the party and government connections of his father, Ku Cheng-kang [6253 2973 4854].

In the party organizations of the National Assembly, eight candidates were elected members and nine candidates were elected alternate members of the KMT Central Committee. All members of the KMT Central Committee are additional members except for Ho Yi-wu [0149 1355 2976], current secretary general of the National Assembly, Kuo Chi [6753 7535], secretary general of the Mainland Recovery Commission, and Liang Tzu-heng, secretary general of the Party Committee of the National Assembly, who are senior members. This is a drastic change in the composition of the old and the new as compared to the 11 senior members of the 12th National KMT Congress.

Four of the 6 losing candidates of the 14 nominees of the party organizations of the National Assembly are senior delegates, and those who won the election finished much behind than they were during the nomination. Judged by the situation as a whole, this election result conforms to the fact that the function of the National Assembly has been weakening in recent years and that the social trend calls for a reshuffle of the assembly.

Liang Tzu-heng, secretary general of the Party Committee of the National Assembly, ranked 24th during the nomination but dropped to 162d during the election. This substantially reduces the possibility of him getting elected to the standing committee of the KMT Central Committee. Tuo Te-jung, deputy secretary general of the Central Policy-making Commission, and Chen Chuan [7115 1557], deputy secretary general of the party committee, were elected only as alternate members of the KMT Central Committee, indicating that party organizations under the Party Committee of the National Assembly were defeated during this campaign. (By Chung Tshhao and Wang Ying-ming [3769 5391 6900].

#### **Intelligence and Public Security Departments**

Military leaders' position is very prominent on the list of elected members of the 13th Central Committee of the KMT, the ruling party, and public security leaders, who originally come from the military, have also displayed their political strength in the new power structure.

Major intelligence and public security units whose primary task is domestic intelligence and public security include the Garrison Headquarters, the National Security Bureau, the Investigation Bureau, and Police Headquarters. At the 12th National KMT Congress, among all the intelligence and public security units mentioned above, only Wang Ching-hsu [3076 2417 3563], Garrison Commander, won the 70th place in the election of the KMT Central Committee. Wang Yung-shu [3769

3057 2885], director of the National Security Bureau, and Shen Chih-yueh [3088 0037 1471], director of the Investigation Bureau, both served as members of the examination committee. Leaders of Police Headquarters were not even listed.

Judged from the list of members of the 13th KMT Central Committee, things have obviously changed drastically. Chen Shou-shan [7115 1343 1472], Garrison Commander, Weng Wen-wei [5040 2429 4850], director of the Investigation Bureau, and Lo Chang [5012 1728], chief of Police Headquarters, not only won the election but were among the first 30 places. This shows how much intelligence and public security units mean to President Li Teng-hui.

Sung Hsin-lien [1345 1800 3425], director of the National Security Bureau which holds a leading position in domestic intelligence and public security departments, placed 59th in the election of the KMT Central Committee, far behind other intelligence and public security leaders. Sung Hsin-lien, who graduated from the 16th class of the military school along with Chen Shou-shan and Lo Chang, was a trusted follower of late President Chiang Ching-kuo. However, it is reported that he is not regarded as a trusted subordinate by the current military strong man Hao Po-tsun [6787 2672 2625]. The public thinks that it has a lot to do with the decline of his popularity in the election.

#### Financial and Economic Departments

Three phenomena concerning financial and economic officials attracted the public's attention during the election of the KMT Central Committee:

First, Chien Chun [6929 4783] and Chang Chi-cheng [1728 4949 2973] ranked far behind top-level officials of the Executive Yuan whereas Li Ta-hai [2621 6671 3189] was not even nominated. This is another expression of the calls for the reshuffle of financial and economic cabinet members.

Second, Hsiao Wan-chang [5618 8001 7022], Hsu Li-te [1776 4539 1795], and Wang Chien-hsuan [3769 1696 3551], who are the "stars of tomorrow" in the financial and economic circle, all finished ahead of those currently in power. This is a result of the combination of image improvement and canvass as well as a clear indication that it is time for the financial and economic circle to replace the old staff with the new.

Third, in the two major departments of finance and economy, Li's power has once again surpassed Yu's power and ascended to the top. Li Kuo-ting [2621 0948 7844] not only finished ahead of Yu Kuo-hua but also laid a solid foundation for the comeback of his number-one pupil Hsu Li-te. His other pupil Wang Chien-hsuan is also very promising. At the same time, the iron triangle of Yu Kuo-hua, Chien Chun, and Chang Chi-cheng is beginning to weaken.

Wang Yi-ting [3076 1744 1353], chairman of the Board of the Taiwan Sugar Company, was the only official of a state-run enterprise who was elected to the 13th KMT Central Committee; whereas at the 12th National KMT Congress, there were four seats including Chao Yao-tung [6392 5069 2639] of the China Iron and Steel Corporation, Chen Lan-kao [7115 5695 4108] of the Taiwan Power Company, Wei Yung-ning [7279 3057 1337] of the China Shipyard, and Hu Hsin-nan [5170 2450 0589] of the China Oil Company. This shows that officials of state-run enterprises are much less important in the party as they were before.

Wang Yi-ting was the only one on the list of nominees for this election. Chen Chen-hua [7115 2182 5478] of the Taiwan Power Company, Kuan Yung-shih [7070 3057 1395] of the China Oil Company, Lo Chi [5012 6936] of the China Shipyard, all entered the election campaign through write-in campaigns but failed to get even one seat of alternate member.

State-run enterprises used to be known as the human resource of financial and economic officials. Sun Yun-hsuan comes from the Taiwan Power Company, Li Ta-hai comes from the China Oil Company, Chao Yao-tung comes from the China Iron and Steel Corporation, and Chang Kuang-shih [1728 0342 0013] used to be the director of the Department of State-run Enterprises. These people have each left a chapter of glorious history for Taiwan's economic development.

The contrast between the fact that almost all officials of state-run enterprises were destroyed during this election and the fact that the new faces of Hsiao Wan-chang and Wang Chien-hsuan, who are financial and economic professionals by training, won by a landslide is a clear indication of a new direction for the promotion of future financial and economic personnel.

#### Foreign Affairs Departments

All of the eight nominees of the diplomatic circle won in the election of the 13th KMT Central Committee and even those two who entered the race through write-in were elected as alternate members of the KMT Central Committee. Among them, Chang Hsiao-yan [1728 1321 0917], vice foreign minister, took the lead as a dark horse and placed sixth; Chien Fu [6929 1788], a popular candidate for the member of the KMT Central Standing Committee, also met the people's expectation by placing 19th which drew him one step closer to the KMT Central Standing Committee; and Yang Hsi-kun [2799 6007 1507], who represents the seniors of the Ministry of Foreign Affairs, barely held on by placing 121st, which fully reflected his present reputation and value.

Diplomats have two major obstacles in the campaign: They lack mass support due to the nature of their work and they cannot force themselves to canvass for votes for they are used to putting on airs. So it was not that easy

for the 10 diplomats, including the 2 who got elected as alternate members of the KMT Central Committee, to give such a performance in this election.

Most people thought that canvassing and factional support were the causes for the victory of Chang Hsiao-yan and Chien Fu, but image and work achievements were the key to their success in obtaining so many votes. In the case of Yang Hsi-kun who were out of the country for so long and had a generation gap with the personages of the young and vigorous group, the victory should be attributed largely to the election assistance work of the KMT Central Committee.

Sung Chang-chih [1345 7022 1807], Wang Sheng [3769 2573], Tsou Chien [6760 0467], and Ma Chi-chuang [7456 4764 1104] had the support of their military subordinates, but because they were overseas most of the time, they could not get the votes outside the military. Nevertheless, Wang Sheng, Sung Chang-chih, and Ma Chi-chuang still finished a little better than the middle of the pack, which proves that they still have power.

#### Judicial Departments

At past KMT congresses, judicial departments always had a definite number of members of the KMT Central Committee. At the 13th KMT congress, they still kept the usual practice but the number of people elected to the KMT Central Committee increased by three as compared to the previous committee. All of the eight judicial personages nominated by Li Teng-hui were elected members of the KMT Central Committee except for Chief Justice Weng Yue-sheng [5040 1471 3932], who lost, and Chao Chang-ping [6392 2490 1627], chief prosecutor of the Quemoy District Procuratorate and delegate to the National Assembly, who were elected as alternate member of the KMT Central Committee.

The candidates of judicial departments who won the election of the KMT Central Committee are listed as follows in the order of finish: Lin Yang-kang [2651 3152 3263], Shih Chi-yang, Wang Chia-i [3769 3946 0044], Li Chih-peng [2621 1807 7720], Liu Ching-i [0491 2529 5030], and Yeh Chin-feng [0673 6855 7685].

What is noteworthy about the election of judicial personages to the KMT Central Committee is that Li Chih-peng, who was elected to the 12th KMT Central Committee in the capacity of a member of the Executive Yuan, won the election of the 13th KMT Central Committee in the capacity of chief justice, which is unprecedented as far as his official title is concerned. Yeh Chin-feng, judge of the supreme court, squeezed his way into the KMT Central Committee in the capacity of a delegate to the National Assembly. Liu Ching-i entered the power center of the KMT Central Committee in the capacity of chief prosecutor of a district procuratorate. These too are rare examples of judicial departments.

Judicial personnel enthusiastic about power race within the positions of the ruling party probably may not affect the political situation, but judged from the constitutional point of view that "judges should go beyond the standpoints of parties and factions," judicial personnel enthusiastic about political activities cannot avoid the shadow of "political judges."

#### Special Party Organizations

When the list of winners for the election of the KMT Central Committee was published, people were surprised at the result of the party committees of transportation and industrial departments. Lin Teng [2651 3597], who was nominated, only won a seat for alternate member of the KMT Central Committee, and Ko Yu-chin [5514 7183 3830], a representative of women workers who was expected to win, lost unexpectedly. Among those who entered the race through joint signature, Li Chang-i [7812 2490 1942] and Hou Tsai-feng [0186 1752 7685] of the party committee of the industrial department and Hsu Ching-yuan [1776 7234 3220] of the party committee of the highway department won and Chang Shou-tsen [1728 1108 1478] of the party committee of the railway department, Li Ping-yao [2621 3521 5069] of the party committee of the telecommunications department, Hsia Ho-sheng [1115 5440 3932] of the party committee of the postal department, Peng Yin-kang [1756 5593 0474] of the party committee of the navigation department, and Lo Kuang-nan [5012 0342 3948] of the party committee of the industrial department were only qualified for alternate members of the KMT Central Committee as expected.

Another candidate who entered the race through write-in was Hu Min-ling [1776 2404 3781]. Her defeat did not come as a surprise because she was denied election assistance and canvassing by the party committee and had to fight alone throughout the campaign.

What is noteworthy about the result of the election of the KMT Central Committee is that except for Chiang Hsiao-yung [5592 1321 0516] and Kuo Nan-hung [6753 0589 1347] who are special characters, 1 of the 2 party nominees got elected as alternate member and the other lost; whereas 3 out of 11 candidates who entered the race through write-in were winners, 5 got elected as alternate members and 3 lost. This indicates that the election assistance and canvassing operations of the party did not achieve the desired effect. Instead, political resources in the disposal of candidates themselves and whether or not the campaign was active before the election made a greater difference.

#### Overseas Departments

Among 5 overseas candidates who were nominated and 26 candidates who entered the race through write-in, 6 were elected members of the KMT Central Committee and 3 were elected alternate members, slightly better than the original estimate. Chien Han-sheng [4675 3352

3932], who led overseas representatives, was nominated for 173d place and finished in 79th place. Since he has good domestic connections and is an active member of the Executive Yuan, his finish was not a surprise.

Chou Hsiao-tien [0719 0879 1131] and Hsu Chih-wei [6079 2535 0251], who entered the race through write-in, got elected as members of the KMT Central Committee and finished ahead of Li Hai-tien [2621 3189 1131] and Li Chih-min [2621 3112 3046], who were nominated by the KMT Central Committee. This indicates that domestic connections and popularity are vitally important to expanding the sources of domestic votes.

Among the six winners, Ma Ke-jeu [7456 0344 0088], publisher of WORLD JOURNAL and member of the 12th KMT Central Committee, won easily by combining the election assistance provided by the KMT Central Committee with the support of newspaper system. Another member of the 12th KMT Central Committee, Chiang Shih-hua [3068 0099 5478] was also nominated but was elected only as alternate member.

One of the characteristics of overseas members of this KMT Central Committee is their youth. Chien Han-sheng and Chou Hsiao-tien are both 42-year-old new members of the KMT Central Committee. The decline in the power of older overseas Chinese was expected.

Regional distribution was appropriately considered during this election. Among the six winners, one was from Central and South America, two from the United States, one from Europe, one from Northeast Asia and one from Southeast Asia, reflecting to a certain extent the ratio between the overseas Chinese population of that region and the number of members of the KMT Central Committee.

#### Cultural and Educational Departments

The party committee of the educated youth department won what we called a sweeping victory in this year's KMT Central Committee election. The number of winners increased from 7 of the 12th KMT Central Committee to 13 of the current committee. Most people think that youth, education, and professional knowledge are the main reason for the wide recognition of educated youths. The secondary reason is that on the political stage of open strife and veiled struggle, educated youth members are unlikely to be rejected because their losses and gains are not closely linked to other party committees; so they are able to make greater achievements.

The analysis of this year's winners of the KMT Central Committee among educated youths shows that there are as many eight college presidents, indicating a clear tendency of integrating academic and political circles in Taiwan. In the future personnel promotion of the ruling party, academic personnel will become the focus of consideration; therefore, the talk that the position of a "school president" serves as a ladder leading to political life is not absolutely groundless.

Lin Chi-yuan [2651 1015 3293], president of the Chungshan University, and Yang Jih-hsu [2799 2480 2485], director of the Chungshan Academic Research Institute of the Chungshan University, are talented people recruited by Li Huan from overseas. They had no political background at home, but they were able to ascend to the position of the KMT Central Committee member, showing that the influence of Li Huan's system has penetrated the party committee of the educated youth department.

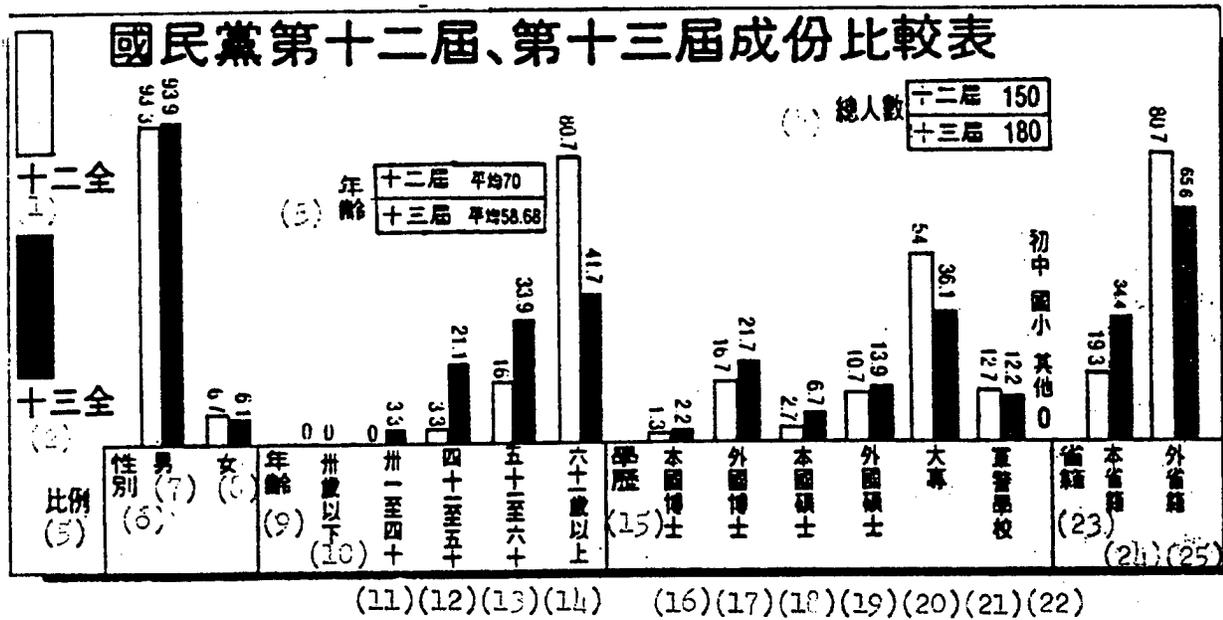


Chart for Comparing the Composition of the 12th and 13th National KMT Central Committee

Key:

- |  |   |
|--|---|
| 1. The 12th KMT Central Committee  | 14. Over 61                               |
| 2. The 13th KMT Central Committee  | 15. Education background                  |
| 3. Average age was 70 at the 12th KMT Central Committee and 58.68 at the 13th KMT Central Committee                | 16. Domestic doctors                      |
| 4. The total number of members was 150 at the 12th KMT Central Committee and 180 at the 13th KMT Central Committee | 17. Foreign doctors                       |
| 5. Proportion  | 18. Domestic masters                      |
| 6. Sex   | 19. Foreign masters                       |
| 7. Men   | 20. Colleges                              |
| 8. Women   | 21. Military and police schools           |
| 9. Age   | 22. Middle, elementary, and other schools |
| 10. Under 30   | 23. Origin                                |
| 11. Between 31 and 40  | 24. Taiwan natives                        |
| 12. Between 41 and 50  | 25. Provinces other than Taiwan           |
| 13. Between 51 and 60  |   |

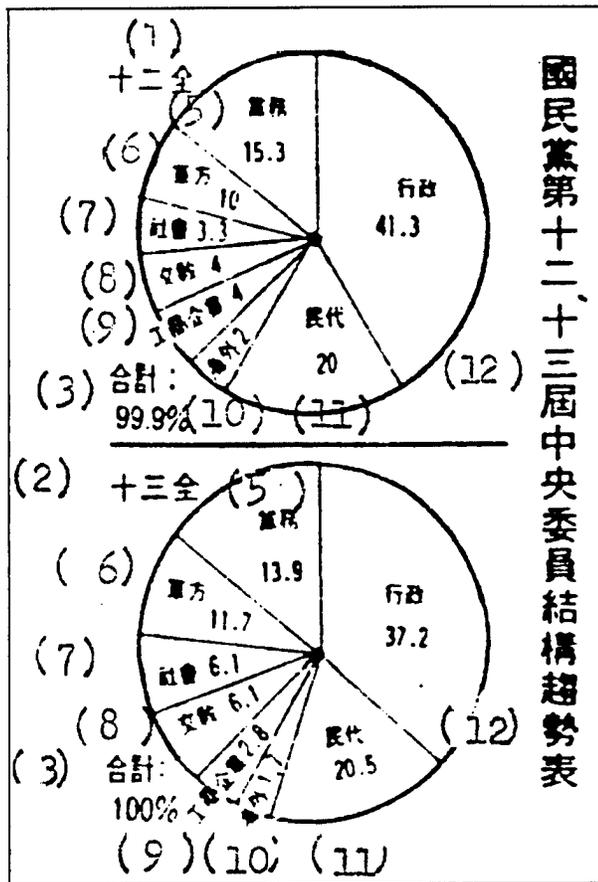


Chart for the Structural Change of the 12th and 13th KMT Central Committees

Key:

1. The 12th KMT Central Committee
2. The 13th KMT Central Committee
3. Total
4. Party organs
5. Military units
6. Social departments
7. Cultural and educational departments
8. Industrial and commercial enterprises
9. Overseas departments
10. Delegates to the National Assembly
11. Administrative departments

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**Cabinet Reshuffle Ushers In 'New Class'**  
40050014 Hong Kong CHIUSHI NIENTAI [THE NINETIES] in Chinese No 223, 1 Aug 88 pp 26-27

[Article by Nan Fangshuo 0589 2455 2592: "Technocracy Replacing Strong-Man Rule in Taiwan"]

[Text] A "new class" consisting of new administrative bureaucrats and new technocrats has emerged in the wake of the cabinet shake-up after the 13th National

KMT Congress. The appearance of the "new class" was facilitated by the election of the 13th Congress and embodied Li Teng-hui's [2622 4098 6540] "two-stage reform." Equipped with "cultural capital," the new class has subtle social control techniques and an ability to respond agilely. Here is an opportunity for the KMT to snatch victory from the jaws of defeat. Let us see how the opposition will tackle its rejuvenated opponent.

After more than 6 months of confusion and uncertainty following Chiang Ching-kuo's death last January, the dust has now finally begun to settle. The first major turn of events was the emergence of a new bureaucracy as demonstrated by the reorganization of the Executive Yuan on 20 July.

#### Characteristics of the "New Bureaucracy"

When we examine the list of new cabinet officials and newly appointed chiefs of Executive Yuan units at the Grade 1 level in light of the modern Western theory of "bureaucracy," it is clear that the list conforms with the notion of a "new rising class." A new "administrative class" and a "new technocracy" have appeared in Taiwan. Among people on the list, Wu Pai-hsiung [0702 0130 7160] (mayor of Taipei), Hsiao Tian-tsan [5618 1131 6363] (minister of justice), Chien Fu [6929 1788] (chairman of the Economic Construction Commission), and Ma Ying-chiu [7456 5391 0046], (Yankaohui) belong to the new "administrative bureaucracy," while Kuo Wan-rong [6753 1238 1369], (minister of finance), Chen Lu-an [7115 1462 1344] (minister of economic affairs), Yu Yu-hsien [0151 3768 6343] (agricultural commissioner), Hsia Han-min [1115 3352 3046] (chairman of the State Science Commission), Kuo Wei-fan [6753 3634 5672] (chairman of the Cultural Construction Commission), and Shen Chun-shan [3088 0689 1472] (political commissioner) belong to the new "technocracy."

The new "administrative bureaucracy" and the new "technology" can be referred to jointly as the "new class." Members of the "new class" have these characteristics: 1) They are more individualistic. Compared to the bureaucrats of the older generation, they are more approachable and articulate. 2) Being more active, they are able to extend influence externally and interact with the surrounding environment. 3) Upon closer analysis and observation, the new class is found to differ in word and deed from the old bureaucracy. The new class is more pragmatic, realistic, efficient, and persuasive. 4) The "new class" exudes a technocratic rationality based on practical efficiency and utilitarianism. They are superior to the old bureaucracy at least in "administrative performance."

The "new class," consisting of the "new administrative bureaucracy" and the "new technocracy," began emerging on the political stage in many nations and on the world stage after the war. Their appearance was structurally inevitable. As public affairs multiplied and social specialization intensified, public education and public

expectations also rose steadily, enabling the new class with its management skills and mastery of political and social control to quickly replace the old bureaucracy. Actually Taiwan is a latecomer to this phenomenon as its new class did not appear until the late 1980's.

#### **Elections to The 13th National KMT Congress Catalyst of Cabinet Shake-Up**

It is not hard to see why the new class burst upon the scene so prominently in the latest cabinet reshuffle. Because of structural gaps in top-level politics in Taiwan, strongman rule and a national assembly that has never undergone any full-scale re-election were the two main shafts of the political engine. Under strong man rule, the bureaucrats limited themselves to routine work. They were careful to comply with the law and stayed loyal to the strong man in hopes of being granted royal favors. As a result, they had neither initiative nor the ability to assume responsibility. The absence of full-fledged parliamentary elections, meanwhile, made it possible for the KMT to dominate the national assembly for years on end, weakening that institution's ability to restrain the Executive Yuan. Shielded by this kind of parliament, the bureaucrats of the older generation had to face few challenges. Under the rule of Chiang Kai-shek and Chiang Ching-kuo, therefore, the bureaucrats carried out their routine business in a leisurely manner. Since they did not have to face up to many challenges, they were able to hang around for a long time. The Executive Yuan of the waning days of Chiang Ching-kuo epitomized the old bureaucracy. Headed by Yu Kuo-hua [0205 0948 5478], the Executive Yuan became totally incapable of dealing with external challenges as strong-man rule gradually drew to a close. It failed to hold its own against the swift and fierce offensive by the newly appointed members of the Legislative Yuan and were completely helpless before a rising self-help movement and public disobedience. At a time when the entire society was in a state of ferment, the Executive Yuan became by comparison a "lame duck cabinet." In the last half year, there had been a rising clamor for Yu Kuo-hua's resignation and a cabinet reshuffle, a sign of serious public dissatisfaction with a cabinet dominated by the old bureaucrats. While the KMT was suspected of "unfair vote distribution" in the Central Committee election, such practices did not influence the election outcome as a whole even though they might have affected specific targeted individuals. This means that the declining number of votes for and poor showing of the old bureaucrats was a fairly accurate gauge of popular will within the party. The Central Committee election results constituted an invisible pressure on the Executive Yuan to abandon the limited reorganization originally planned in favor of a major shake-up.

#### **Li Teng-hui's "Two-Stage Reform" Theory**

Concerning the cabinet reshuffle, reports suggest that back in early last June, Li Teng-hui had already had contacts with the top levels of the mainstream factions in Taiwan and decided on a "two-stage reform" approach. In the first stage, everything would be done to ensure Yu Kuo-hua's re-appointment and minimize changes in the power structure at the top, while instituting substantial reorganization in the middle to give the newcomers a period of training. After a year or a year and a half, major changes would be introduced, including the resignation of Yu Kuo-hua and other high-ranking officials and a complete cabinet reshuffle. So far the "two-stage reform" plan has not been changed, only expanded. Faced with widespread pressure from every quarter, neither Li Teng-hui nor Yu Kuo-hua had any choice. Under these circumstances, the administrative bureaucrats and the new technocrats naturally took center stage. The new class has more formidable cultural capital, more refined social control skills, and a greater degree of responsiveness. Even more important, they possess recognized excellent academic qualifications. Only by relying on these people would the KMT have a chance to turn defeat into victory.

#### **The Appearance of a "New Hereditary System"**

However, the latest cabinet reorganization and the emergence of the "new class" clearly point up another phenomenon. If we look at the background of members of the new class, Chien Chun [6929 4783] and Chien Fu [6929 1788] are the sons of Chien Szu-liang [6929 1835 0081], Chen Lu-an is the son of Chen Cheng [7115 6134], Lien Chan [6647 2069] is the son of Lien Chin-tong [66477201 2639], Kuo Wan-rong is the wife of Ni Wen-ya [024224290068], Shen Chun-shan [3088 0689 1472] is the son of Shen Tsung-han [3088 1350 3466], Wu Pai-hsiung is the second generation in the Wu family, and Hsu Shui-te [6079 3055 1795] is a representative of the Huang Chao-chin [7806 2600 3830] family. What this shows is that after 40 years of stability, the structure of society and politics in Taiwan has begun to solidify. In particular, a new "hereditary system" has appeared in the upper crust of society, in business and industry especially. Political hereditariness and economic hereditariness have combined to produce a "new aristocracy" in Taiwan which is now coming to the fore more and more, indicating that new strains are building up in Taiwan's social fabric. Maybe this is a new problem that merits special attention. But that is for the future. As far as the present is concerned, the new-found prominence of the "new class" in high-level politics may at least reverse the long-declining fortunes of the KMT. What remains to be seen is how opposition politicians propose to tackle their rejuvenated opponent and change the character of the opposition parties.

**Article Critiques Basic Law, Questions Motives of 'Pro-Chinese' Elements**

40050350c Hong Kong CHENG MING  
[CONTENDING] in Chinese No 129, 1 Jul 88 pp 60-61

[Article by Kao Fang 7559 2397: "What Do the Pro-Chinese Want? Critique of Several Unhealthy Ideas About the Basic Law"]

**[Text] Hong Kong Prosperity and Hong Kong Appointment**

In the recent debate about the Basic Law, some things have appeared which run counter to the intention of the Joint Sino-British Declaration, mainly it is that some pro-Chinese papers and some draft and Consultative Committee members with political backgrounds have been briefing people and misguiding Hong Kong people.

For example, one argument says that Britain's Hong Kong governor appointment system is a guarantee of Hong Kong's economic prosperity. This is one aspect of Hong Kong's superiority over the Western general election countries and holds that if Hong Kong people have full confidence in Chinese Communist political power (the Central Government), the Hong Kong executive officer elected by the Central Government will heed the views of Hong Kong people, and well-intentioned selection from Hong Kong people, or can ensure Hong's Kong's economic prosperity like the governor appointed by Britain.

This is flagrantly preparing for Beijing (Chinese Communist) rule of Hong Kong to seek change the transfer of Sino-British sovereignty in 1997 into a typical shift of political power and the evil intent is to eliminate Hong Kong people governing Hong Kong.

This argument also cannot stand in theory. If the prosperity of Hong Kong depends on such a system of appointing the Hong Kong governor, why in the over 140 years that England has ruled Hong Kong when there have been 27 governors has it only begun to flourish in the 1960s and 1970s? Furthermore, Hong Kong is not the only British colony. The other colonies have also had British-appointed governors-general so why has Hong Kong alone prospered? In "Hong Kong 1987" published by the Hong Kong government, the chapter "The Decisive Factor in Economic Growth" holds that there are the following seven key factors of Hong Kong's economic development:

1. Hong Kong is a free port and pursues free trade.
2. Hong Kong currency is convertible to other currencies and capital can move freely.
3. The dependable policies implemented by Hong Kong include a low taxation system and cautious financial policies.

4. It has accumulated long-standing and abundant experience in commercial and financial affairs.

5. Hong Kong local communications center and communications equipment is excellent.

6. Hong Kong people are hard workers and have a pioneering spirit.

7. The labor market is flexible.

Yet there is no "Hong Kong Governor Cabinet Appointment" and the book holds that "from many aspects, the most important factor overall is that because Hong Kong is a free port, and has been from the beginning, Hong Kong's economic policy has been formulated on this principle."

Clearly, Hong Kong's economic prosperity is basically that the degree of socio-political and economic freedom is considerable and definitely is not the result of the appointment of the "Hong Kong governor (executive officer)." The "apple polishers" are now polishing the wrong apples.

As for demanding that Hong Kong people have confidence in the Central Government (Chinese Communists) and that the Central Government heed the views of Hong Kong people, and Hong Kong people's "well-intentioned" selection, is more disturbing.

The raising of this issue of Hong Kong peoples' "trust" by these people also points out the inadequacy of the Chinese Communists, but is only limited to the period of the chaos of the cultural revolution indicating that Hong Kong people still have lingering anxieties about the cultural revolution but do not mention the wicked conduct of the Chinese Communists in recent years, as if the Chinese Communists have been fine in the past few years and that Hong Kong people should be as relaxed as can be and have full confidence in them. Yet, Chinese Communists control public opinion, suppress democracy and destroy legal government, violate people's rights and haven't stopped for a day. Since Wei Ching-sheng [7614 0079 3932] was arrested, Hong Kong person, Liu Shan-ch'ing [0491 1472 7230] was imprisoned, and Wang, Fang, and Liu were expelled from the party, to Hu Yaobang leaving power, which of them has not chilled the hearts of Hong Kong people? Do these not strike at the elements of Hong Kong people's current confidence? Furthermore, when have the Chinese Communist been "well intentioned" with regard to the view of Hong Kong people? In 1986 Hong Kong rose up against nuclear power (opposing the construction of a nuclear power plant in Daya bay), and since last year Hong Kong people have fought for "direct election in 88" but have the Chinese Communists respected the views of the people? If the Hong Kong people had the "confidence" to let the Chinese Communists "select," could the Chinese Communists really select an executive officer who could make Hong Kong maintain its prosperity and set the Hong Kong peoples' minds at rest? Absolutely not.

### **Demand the Chinese Communists' Real Intentions for Interference**

On the issue of the production and choice of person for future Hong Kong executive officer, some people advocate that the Central Government (Chinese Communists) should be in control, because if this is the case, they can guarantee that the Hong Kong executive officer cannot do anything to damage national sovereignty and guarantee that Hong Kong prosperity will be secure. Therefore they hold that if the Central Government keeps out of the selection, at these two levels there will no longer be any leeway for rational safeguards. That is, for integrity of national sovereignty and for stability and prosperity of Hong Kong, on the issue of elections there is no leeway for Chinese Communist control.

I think that this is a lame argument for violating the Sino-British Agreement and also make the Chinese Communist leadership unable to justify themselves. In recent years, Chinese leaders such as Deng Xiaoping have repeatedly promised Hong Kong people that the Hong Kong Special Administrative Region will have a high degree of autonomy and that Hong Kong people will govern Hong Kong, and that apart from the Central Government handling foreign affairs and national defense which involve national sovereignty, Hong Kong itself will deal with everything else. The creation of the future Hong Kong Special Administrative Region is not, of course, a foreign affairs or national defense matter, so what is the point of demanding a person who will put in the oar of the Central Government (Chinese Communists)?

### **Democracy Is Not Scrambling for Power and Influence**

At the same time, these so-called pro-Chinese (actually they very well might be anti-Chinese) still vigorously criticize the democratic faction which wants to initiate and carry out a democratic political system in Hong Kong, saying they see their favorite sport and are itching to go, have their hearts set on getting involved, are always scheming and aspiring to the future administrative throne. Furthermore, they think that this is scrambling for power and influence and demand that in the future the Chinese Communists have the responsibility in their "detached capacity" to assume the role of an impartial actor to ensure the the selection of the administrative officer is arranged most properly.

Foreigners have raised somewhat the issue of human rights on the Chinese mainland. The Chinese Communists criticize others for "interfering in the internal government of China" when actually, if the Chinese Communists really acted like the above-mentioned "pro-Chinese figures" it would be really interfering in the internal government of Hong Kong.

Like the current trend of reform, almost all socialist countries (including the Chinese Communists) are calling on people to openly discuss and participate in the government. As future Chinese citizens, Hong Kong people

naturally have the right to participate in the government, their desire to be involved, scheming to aspire to the throne of the "Hong Kong Governor" of the future Special Administrative Region is precisely the rights granted to Hong Kong people by the Chinese "Constitution" and Hong Kong's "Little Constitution," and is a citizen exercising his rights of citizenship, and how can this be considered "being excited to see one's favorite sport and itching to have a go" and "scrambling for power and influence"? Does this mean that each Hong Kong person is to wait docilely like a sheep for the Chinese Communists to "select somebody" then this will be called "Hong Kong people ruling Hong Kong" and "a high degree of autonomy." The Chinese Communist have said again and again that they wish to build a highly democratic society, is this a misunderstanding of democratic politics?

In addition, from the above falsehood we have discovered another evil plan. Those pro-Chinese officials hope to be much stronger than the democratic faction so they are doing their utmost to worm their way into the NPC and the Political Consultative Committee organizations to pave the way for future rule of Hong Kong. These people have figured out the Chinese Communists propensity for listening to flattery, and have not let pass any opportunity to do some boot-licking so in any major debate or disagreement on the Hong Kong issue in the past, they have taken sides with the Chinese Communists thus the Chinese Communists have lost that "detached capacity" and each time have stood firmly on the pro-Chinese side and criticized the democratic faction and those who are in no faction. Therefore they now demand that the Chinese Communists make preparations and if in the future they cannot overcome the democratic faction in the struggle to "seize power and influence" in selection of the future Hong Kong governor, then the Chinese Communists will intervene "with detachment" until the issue of the selection is satisfactory to them.

The democratic faction wants to practice democracy in Hong Kong but they are accused of "scrambling for power and influence," so what if they painstakingly curry favor planning to monopolize politics and the many-year internal struggle of the Chinese Communists?

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### **Future PRC Control of Hong Kong Government Discussed**

40050350a *Hong Kong CHING PAO [THE MIRROR]*  
in Chinese No 6, 10 Jun 88 pp 12-14

[Report on interview with Li Chu-ming 2621 2691 6900 on 21 Apr 88 by Lin Wen 2651 2429, editor-in-chief, THE MIRROR: "Draft of Basic Law Indicates Peking Not Sufficiently Relaxed"; based on reporter's recording; place not given]

[Text] Generally speaking, some articles in the Draft of the Basic Law concerning PRC-Hong Kong relations and

the political system indicate that the Central Government is not sufficiently relaxed and that the Central Government does not have enough faith in the people of Hong Kong. Since they think that Hong Kong people's governance of Hong Kong can express "One Nation, Two Systems" but not trust Hong Kong people, how can Hong Kong people govern Hong Kong?

On 21 April, when Mr Li Chu-ming of the Draft Committee was interviewed he discussed his general impression of the opinion-solicitation version of the Basic Law Draft. These reporters have worked the interview into an article on the basis of the recordings, but it has not been reviewed by the person interviewed thus if there are any errors they are the responsibility of these reporters.

The Basic Law of the Hong Kong Special Administrative Region should be a manifestation, in terms of laws and articles, of the "One Nation, Two Systems" policy accepted by the Chinese Government in Article 12 of the Joint Sino-British Declaration. Yet, generally speaking, the stipulations of some articles in the "Hong Kong Special Administrative Region Basic Law Submitted for Opinion" (hereafter "Draft") shows that the Central Government has insufficient faith in Hong Kong people.

#### **Some Articles on PRC-Hong Kong Relations Do Not Conform To the Declaration.**

First of all, from the angle of PRC-Hong Kong relations, I feel that the stipulations of some articles of the "Draft" do not conform to the Joint Declaration.

For example, with regard to the issue of the suitability in Hong Kong of national laws, Article 17 of the "Draft" stipulates: "All laws concerning national defense and foreign affairs formulated by the National People's Congress and the Standing Committee of the National People's Congress and others related to expressing national unity and territorial integrity and which according to the stipulations of this law are not within the scope of the high degree of autonomy of the Hong Kong Special Administrative Region must be enforced in the Hong Kong Special Administrative Region and directives from the State Council will be published or legislated and enforced locally by the Hong Kong Special Administrative Region Government." It is only fair that national defense and foreign affairs laws be carried out in Hong Kong, because national defense and foreign affairs authority is in the hands of the Central Government and the high degree of autonomy of Hong Kong does not include national defense and foreign affairs. However, now in addition "others related to expressing national unity and territorial integrity" are also to be carried out in Hong Kong. This stipulation is very abstract. What kind of laws does it refer to? What most concerns Hong Kong people is that "counterrevolutionary crimes" might be within the scope of this stipulation. Let alone that Article 22 of the "Draft" already stipulates "the Hong Kong Special Administrative Region should prohibit according to law any acts which destroy national

unity and subvert the Central People's Government," so why does this abstract content of Article 17 have to be added? The explanation of the relevant persons in Beijing is that there is a class of laws which are national and without them sovereignty cannot be defended. So what does this class of laws refer to specifically? The Chinese draft committee cites nationality law and territorial waters law. They were asked what else but were unwilling to cite them one by one, saying only that this class of laws is not very large. I think that the "other laws" apart from national defense and foreign affairs, can be included if they are nationality laws and territorial waters law because these express "One Nation." If this class of laws are explained and written down, they conform to the Joint Declaration. This is because the Joint Declaration actually explained the source of Hong Kong's laws and there can only be three sources: the Basic Law, existing laws, and laws to be formulated by the Hong Kong legislative body in the future. Now that the "Draft" stipulates that national laws are appropriate in Hong Kong, doesn't this make a fourth source of law and how is this to be explained? At the same time, if we read Article 17 this does not appear. When those in Beijing discussed this with us and when talking with reporters the word "national" appeared, but it was not written in the "Draft." Is this a law established by the Central Government especially for Hong Kong?

In sum, I have three questions about Article 17 of the "Draft": First, why are "other laws" which are not mentioned in the Joint Declaration added to national defense and foreign affairs? The addition is wrong. Second, the idea of "other laws" is unclear and if the names of the laws are not specifically cited it will be easy for authority to be expanded at will without authorization. Third, it does not conform to the source of laws. This is because the Joint Declaration clearly stipulated three sources of law, therefore another source of law for Hong Kong cannot be stipulated by the Central Government, but if it is written in the Basic Law it can be admitted.

My own proposal for wording Article 17 of the "Draft" was: "Apart from the above-mentioned national defense and foreign affairs laws, a few national laws concerning expression of national unity and territorial integrity, which are listed in the appendix to this law, will be enforced in the Hong Kong Special Administrative Region." Here, I not only indicate that they are "national" laws but also point out that only these national laws listed in the appendix to the Basic Law will be enforced in Hong Kong. This was written in line with the Joint Declaration.

My proposals were listed in an "Appendix" at the end of the "Draft" and very few were noted by people. I felt that this way of handling opinions of the draft committee minority was rather unfair to me, since the opinions of the First and Third Special Topic Groups of the draft committee were mostly my views. At first, the minority views of the draft committee were listed after each

article, and later were listed after each section and these two methods were all right. But now, all of the minority opinions are collected and placed in a part at the very end of the "Draft" with the result that after most people have finished reading the 172 articles of the "Draft," it is an effort to go on reading, so the minority opinion does not readily get noticed. I had proposed that articles for which there were different opinions be marked with an asterisk so call them to people's attention. But it was not accepted. Does this reflect an attitude of "control"?

#### **According to Common Law, the Right of Interpretation Should Belong To Hong Kong**

Concerning the right of interpretation of the Basic Law, the stipulations of Article 169 of the "Draft," as I understand it, was not accepted by Hong Kong legal circles. However, I was the only member of the first group of the Draft Committee to argue for it. The right of interpretation is a judicial right under Common Law. In countries under Common Law, legislation is legislation, but once the law has been legislated they have no right to interpret. If there are questions, it is interpreted by the courts. Now, according to the stipulations of Article 169 of the "Draft," the right of interpreting the Basic Law is granted to the Standing Committee of the National People's Congress, although before interpreting it, the views of the subordinate Basic Law Committee of the Hong Kong Special Administrative Region will be solicited. But I feel this way of handling the matter is not suitable. This is because the Basic Law is the most important law of Hong Kong, it is Hong Kong's "little constitution," yet the Hong Kong courts have limits on interpretation of their own "constitution." According to the stipulations of this article, if the case involves interpretation of articles in this law touching on national defense, foreign affairs and other matters within the jurisdiction of the Central People's Government, before the Hong Kong courts issue their final decision on a case, they must seek an interpretation from the Standing Committee of the National People's Congress. What must be kept in mind is that the scope of "matters within the jurisdiction of the Standing Committee of the National People's Congress" is very broad. Such a stipulation not only obstructs the progress of a trial, since the defense attorney certainly can think of ways to place the case within the scope of Central Government jurisdiction in order to delay a decision; furthermore, it greatly discounts the judicial system under common law. Thus if this stipulation is followed, the Hong Kong courts do not even have the right of first trial any more, let alone the right of final judgment. No wonder the Hong Kong legal circles will not accept it. Under the current Hong Kong judicial system, the Hong Kong courts can interpret all of Hong Kong's laws, including constitutional document "Mandates of the British Empire" and "Directives of the Throne." The Basic Law is the future "little constitution" of Hong Kong and it is only right that the Hong Kong courts can interpret it. The right of interpretation is given to the Standing Committee of the People's

Congress, but the legal knowledge of the Standing Committee certainly is not as much as that of a judge, and although the Standing Committee can rely on the Basic Law Committee, this committee will not necessarily be made up of lawyers but will also include some political elements, and this is not favorable for the independence of the courts.

#### **Is Violation of the Constitution to be Deliberated by the Hong Kong Court of Last Instance**

Related to this is the stipulation of Article 16 of the "Draft": if after consulting with the Basic Law Committee of the Hong Kong Special Administrative Region which is subordinate to it, the Standing Committee of the National People's Congress believes that any law formulated by the legislative body of the Hong Kong Special Administrative Region does not conform to the Basic Law or statutory procedures, it can send the law in question back for reconsideration or revocation. There is a problem here and that is if the Standing Committee of the People's Congress wants to determine whether a law formulated by Hong Kong is "unconstitutional" (violates the little constitution), in addition to having to interpret the relevant article of the Basic Law, they must also interpret the Hong Kong law, but what right does the Standing Committee of the People's Congress have to interpret Hong Kong law? Therefore, I propose that if it is felt that any law of the Hong Kong Special Administrative Region might not conform to the Basic Law or statutory procedures, the law in question be handed over to the court of last instance of the Hong Kong Special Administrative Region for consideration. In this way there will be legal precedents to follow. Since this issue is a purely legal issue, handing it over to the Hong Kong Basic Law Committee which is subordinate to the Standing Committee of the National People's Congress, or even handing it over to the persons in Hong Kong legal circles for consideration, are not as good as handing it over for consideration to the Hong Kong court of last instance which has the highest legal standards.

#### **Four Major Issues in the Political System Which Should be Discussed**

Next, in terms of the political system, some stipulations of the "Draft" also reflect insufficient faith in the people of Hong Kong.

First, executive authority is very great, and might even be said to be much the same as present executive power. As everyone knows, the current Hong Kong political system is a colonial system, and basically cannot be said to have a high degree of autonomy. But in the future, implementing "One Nation, Two Systems," except for national defense and foreign affairs, Hong Kong will enjoy a high degree of autonomy. However, the stipulations of the "Draft" with regard to the form of government still indicate a very great deal of power. Yet, I will not oppose this one point, because I also hope that the

government will be highly efficient. However, a highly efficient government definitely should have adequate checks. Where are these checks? Naturally it is the legislative body.

Second, the stipulations in the "Draft" concerning the legislative body's checks are very inadequate, and are even fewer than existing checking powers. Yet everyone knows that the checking power of the present legislative body is very weak for this a colonial system and there is nothing we can do about it. But why is the checking authority of the legislative body under a higher degree of autonomy in the future not greater than today's? I don't expect to see a future government have "insufficient power" and the legislative body also have "insufficient power" and "neither fish nor fowl." I would like to see a highly efficient government with sufficient executive authority and a legislative body with sufficient checking authority.

Third, the structure of the legislative body is not democratic enough. This is because the "Draft" prefers to adopt an electoral college which is controlled and no different from the appointment system, and the appointment system is not stipulated in the Joint Declaration, so the electoral college method also violates the Joint Declaration. The Joint Declaration stipulates that the legislative body be produced by election, and although it did not indicate whether it should be by direct election or by indirect election, it must be a real election. Since the electoral college is controlled is it not a real election. In addition, since the make-up of the legislative body is not ideal, even the power granted to the legislative body in form cannot be used. For example, if the legislative body wants to impeach the executive officer, according to Article 72 two of the "Draft" over two-thirds of the members of the body must approve. On the other hand, all the executive officer has to be able to do is to control one-third of the members of the legislative body to keep from being impeached.

Fourth, concerning the creation of the first government and legislative body is a big question. According to the main aspects listed in the "Draft," the method of creation is first to form a preparatory committee all of whose members will be appointed by the Standing Committee of the People's Congress, and although over half of the committee members will be Hong Kong people, as everyone knows, even if they are all Hong Kong people, since they are appointed they will be careful because they are appointed. The task of the preparatory committee is to organize an "Election Committee," that is, the Central Government will select the election committee through the preparatory committee which corresponds to the method of electing the consultative committee in the Basic Law Draft and is certainly controlled. The election committee not only elects the first executive officer, but also elects the first legislative body, the former members of the Hong Kong Legislative Council may only be candidates for the first legislative body. This sort of election actually is appointment and is completely controlled by the Central

Government. At the same time, using the election committee to produce the first government and legislative body is a major attack on linking up. Beijing's original intention was that after the Basic Law stipulated the political system after 1997, the pre-1997 Hong Kong political system could gradually link up with the prescribed political system to facilitate a smooth transition in 1997. Now the "Draft" has come up with an "appointment system" for the first government and legislative body and the question is how will they link up?

#### **If They Are Never Trusted, How Can Hong Kong People Govern Hong Kong**

No matter what is said, I feel the most important issue is that the Central Government "is not relaxed enough." Although the Central Government thinks that for Hong Kong people to govern Hong Kong is very ideal and a good idea and that Hong Kong people governing Hong Kong can express "one nation, two systems," they do not trust Hong Kong people, so how can Hong Kong people govern Hong Kong? The main anxiety of the Central Government is Hong Kong independence, but actually Hong Kong has no one arguing for independence, only hoping that the Central Government will trust them, and everyone will work together to make Hong Kong have a brighter future. If they never trust Hong Kong people, how can this be done!

Popular feeling in Hong Kong now is that the will of people who were dedicated and energetic has become indifferent and they do not wish to participate in the government; those remaining who are willing to participate in the government also may not want to join and what is most worrisome is that some businessmen may not be willing to speak for Hong Kong people because of their business dealings in the hinterland. Those who speak for the Hong Kong people now either are "fools" or are doing well in business themselves and are truly for the Hong Kong people, but these people are few. I think that for to have a good future for Hong Kong, we Hong Kong people should take advantage of this solicitation of our views to express more opinions on the Basic Law Draft, especially persons on the draft committee and the advisory committee who are persons of position and responsibility, and if they do not take advantage of these opportunities to speak for Hong Kong people, then they will be unable to face the Hong Kong people!

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#### **Revision of Basic Law**

*40050350d Hong Kong CHIUSHIH NIENTAI [THE NINETIES] in Chinese No 222, Jul 88 pp 51-53*

[Article by Fang Su 2455 5685: "Can the Basic Law Draft be Revised?"]

[Text] How much leeway there is for revising the "Draft," can be seen from clues in the principles of formulating the Basic Law. These principles are mutually contradictory, but have some sequence thus "one

nation" comes before "two systems" and "democracy" is placed at the very end. This is not the first time that important members of the Central Government have come to Hong Kong "to listen, not to talk" and the question is can "substantial" advising bring substantial revision. It is reported that the form of government can "advance gradually in proper order" but once it is formulated, it will be especially difficult to change.

In the 2 months since the "Opinion-solicitation version of the Basic Law (Draft)" was made public and Hong Kong people have many criticisms and ideas for revision. The reason this draft is called the "Opinion-solicitation Version" supposedly is to solicit opinions, collect ideas and broaden interests and then make a revision seeking to formulate a Basic Law which will satisfy all aspects. Thus, important members of the PRC Central Government, such as Ji Pengfei [1213 7720 7378] and Li Hou [2621 0683], the Director and Deputy Director, respectively, of the Hong Kong-Macao Office and members of the domestic Basic Law Drafting Committee have come south to Hong Kong to hear the views of Hong Kong people.

Since Hong Kong people have so much criticism of the "Opinion-solicitation Version" and important Central Government officials have also indicated that this draft can be revised, the "Opinion-solicitation Version" can be revised. But the real issue isn't whether or not the "Opinion-solicitation Version" can be revised, but how much room there is for revising it and can "substantial" revisions be made. What is meant by "substantial" revisions here is based on all the criticisms and opinions of the "Opinion-solicitation Version," the sharpest of which says that Central Government control is too tight and is unwilling to grant rights so that "high degree of autonomy" is devalued.

#### **The Key is Principles of Formulating the Basic Law**

In mentioning how much leeway there is for "Opinion-solicitation Version" revision, especially whether or not "substantial" revisions can be made, one must mention on what principles the Basic Law was drafted.

Although when Ji Pengfei visited Hong Kong in early June he stressed that on this trip he "only brought ears, not a mouth," while he was in Hong Kong he mentioned the principles of formulating the Basic Law, and these principles were: "Both to maintain national unity and also manifest a high degree of autonomy, maintain the advantages of Hong Kong's current form of government and advance gradually in proper order a democratic form of government suited to Hong Kong's situation and thus in the drafting process it is necessary for all sides to compromise, work together with one hear, and seek a consensus.

The principles cited by Ji Pengfei actually come from the consensus arrived at by the form-of-government group of the Basic Law Drafting Committee last November. At

that time, the form-of-government group of the drafting committee planned the form of government of the Hong Kong Special Administrative Region and agreed on a set of principles which were "the form of government of the future Hong Kong Special Administrative Region should conform to the spirit of the Joint Sino-British Declaration and the principles of one nation, two systems which should both safeguard national unity and embody a high degree of autonomy and should be beneficial to the stability and prosperity of Hong Kong, helpful for developing the capitalistic economic system of Hong Kong, and at the same time give consideration to the interests of all classes of society, maintain the advantages of Hong Kong's current form of government and gradually develop democratic participation suited to Hong Kong's circumstances.

These principles of formulating the Basic Law (especially as concerns the plan of the form of government) seem to be fairly attractive terms when one hears them, but in essence they contain a variety of complex and mutually contradictory elements. They may also bring along some good intentions, and even have tactical considerations. But once these terms which sound so attractive become principles, they indicate that the Joint Sino-British Declaration is not longer the "sole standard" of drafting the Basic Law but that there is a large group of other principles. Even if the Joint Declaration is one of the standards, all of its articles and appendices have a restraining characters and must be implemented but also can be interpreted "as one wishes" so that it conforms to the bent of the Central Government. At the same time, these principles of formulating the Basic Law, it is said have a sequential order, and are arranged in order. This is why the "Opinion-solicitation Version" of the Basic Law can be written in its present form but also clues as to whether or not the "Opinion-solicitation Version" can be "substantially" revised also can be seen from these principles.

#### **The Opinion-solicitation Version Is Filled With Contradictions**

Hong Kong people's criticisms of the "Opinion-solicitation Version" of the Basic Law currently are primarily: The Chinese side gives too much prominence to Central Government "sovereignty," and places "one nation" above "two systems"; the Central Government is unwilling to relax its authority so "high degree of autonomy" is of relatively low priority; the Hong Kong's future executive administrative rights and legislative rights and even judicial rights and rights of final judgment are very restricted even so as to influence the independence of the courts; the design of the political system clearly tends towards "executive dominance" and the executive officer is primarily responsible to the Central Government and limited by the Central Government; although there are still many competing proposals for the method of creating the executive officer and the legislative body, there is really not much opportunity for really conducting a democratic general election; even the creation of

the first government, under the principle of "expressing sovereignty" and "stable transition" the proposals put together are almost "disguised appointment"; and a number of policy items in such areas as the economy and education, science and culture have been written into the "Opinion-Solicitation Version."

This situation has come about to a considerable degree due to the above-mentioned contradictory principles which exist. Although these principles are mutually contradictory, they clearly have some priority order, that is, "maintaining national unity" is higher than "expressing a high degree of autonomy" and should still "give consideration to the interests of all levels of society" and "maintain Hong Kong's existing form of government" thus, "democratic form of government" is placed at the very end. The "Opinion-solicitation Version" which was written under the guidance of these principles has generated the following questions:

1. That the Hong Kong Special Administrative Region is under the jurisdiction of the Central Government and its right to a "high degree of autonomy" is granted by the Central Government is the "leniency" of the Central Government with regard to the special administrative region. On the eve of signing the draft of the Joint Sino-British Declaration, China's supreme leader, Teng Hsiao-p'ing had stressed that acceptance of the things Hong Kong had done was "leniency" and that the leniency had already reached the extreme, and "to go further would be to commit an error." Thus, if the jurisdiction of the autonomy granted to the Hong Kong Special Administrative Region is too great, it cannot outline the position of the Central Government and cannot fully express the "sovereignty" of the Central Government and this does not conform to the even higher principle of "maintaining national unity," that is, it is equivalent of "committing an error." Thus, to express the "sovereignty" of the Central Government and "maintain national unity" also is "not committing an error" so limits must be placed on "autonomy" even setting up defenses everywhere, enforcing various limitations, and suppressing "high degree of autonomy."

2. Hong Kong's existing form of government is a colonial system and there is not a high degree of autonomy to speak of, and it is absolutely not a democratic system, as the element of democratic participation is extremely small. In recent years because of Hong Kong's prospects for 1997, Hong Kong and Britain have begun to carry out some review and reform of the system of government but this is viewed by the Chinese side as designed to "return government to the people" and not "return government to China," thus they have vigorously checked it. Many people feel that since Hong Kong will implement a "high degree of autonomy" in the future, the original colonial system must be changed, but the change cannot be merely a change in form but not in content and run completely counter to democratization. However, the current "Opinion-solicitation Version" of the Basic Law in the name of "maintaining the advantages of the

existing form of government" copied many of the methods of the colonial system. For example, the design of the executive conference copies the existing executive council; the narrowness of the authority of the legislative conference also basically follows as a whole the current legislative council. This copying of the colonial system in many respects is actually incompatible with a "high degree of autonomy."

3. Although we have the principle "proceed in an orderly way to develop a democratic form of government which is suited to Hong Kong's circumstances," it also should "consider the interests of all levels of society" and "coordinate all areas, work together with one heart, and seek consensus" thus at present there are many competing proposals related to the creation of the executive officer and the legislative body. At a time when some industrial and commercial figures are vigorously promoting conservative schemes, whether based on "principles" or "reality," they may become the basis for stifling democracy.

#### How Much Leeway Is There for Revision?

Important officials who recently visited Hong Kong said they were happy to hear the views of Hong Kong people. Ji Pengfei said on this visit to Hong Kong he "only brought his ears, not his mouth." The Chinese drafting committee said that China's consultation in Hong Kong on the "Opinion-solicitation Version" of the Basic Law was substantial consultation and not the "playacting" some people called it and that after consultation the different opinions would be summarized and they would carry out a revision.

Actually, this is not the first time that important members of the Central Government and members of the Chinese drafting committee have visited Hong Kong to hear opinions. Two years ago, Lu P'ing [7627 1627] of Macao led a group of specialists to Hong Kong. At the time he also said they were "only listening and not talking" but when they had been in Hong Kong only a few days, he talked and talked and even provoked a controversy.

At that time Lu P'ing said that "Hong Kong people governing Hong Kong" was only an "expression" and "not very scientific" so the idea of "Hong Kong people governing Hong Kong" disappeared from speeches by Chinese officials and became the "Hong Kong people take care of their own affairs" which is more in keeping with reality.

When Lu P'ing was in Hong Kong that time he also mentioned the term "responsible" in "the executive body is responsible to the legislative body" which appeared in Appendix 1 of the Joint Sino-British Declaration (Specific Explanation of the Fundamental Principles and Policies of the Hong Kong Special Administrative Region of the People's Republic of China). He said "responsible" may be interpreted as meaning "having the duty to explain, interpret, and advise" but does not necessarily mean that the legislative body becomes the

center of policy determination and authority; he further said that some ideas in the Joint Sino-British Declaration "have very great leeway and very great flexibility." This interpretation of the term "responsible" must be intended to reduce the scope of "responsible" and reduce the checking ability of the legislative body with regard to the executive body.

Then, in the draft of the form of government section of the Basic Law which was presented by Hsiao Wei-yun [5618 1983 0061] of the Chinese drafting committee in June of last year the responsibility of the executive body to the legislative body is "to give administrative reports on a regular basis, to answer inquiries from legislators, and to present the budget and the final accounting." But in the present "Opinion-solicitation Version" the responsibility of the executive body to the legislative body is "to enforce laws which the legislative conference has passed and are in force; to give administrative reports on a regular basis, answer inquiries from members of the legislative conference; levying taxes and public expenditures must be approved by the legislative conference." It is clear that throughout, the Chinese carried out the intent of the Central Government to reduce the scope of "responsibility" and limit the balancing ability of the legislative body.

In addition, with regard to the basic pattern of the Joint Sino-British Declaration and the future form of government of Hong Kong, Chinese officials also have some interpretations that call for special attention. In the middle of last year, when the Chinese were opposed to holding direct elections in Hong Kong in 1988, a high ranking Chinese official gave an explanation of the official after-the-fact denial: China opposed holding direct elections in Hong Kong because direct elections might emerge as a situation in which the legislature controlled the executive. That this official also said that China agreed that for the future Hong Kong Special Administrative Region "the legislative body will be created by election" which was included in the Joint Sino-British Declaration and that the executive body must "be responsible to the legislative body" was a compromise under the major premise of friendship between the two countries.

As for the basic pattern of Hong Kong's future form of government, at the end of the year before last, the form of government group of the drafting committee had announced that under the principle of "one nation, two systems," the Hong Kong's future form of government in principle should implement the pattern of "separation of three powers," the judicial body would be independent, the executive body and legislative bodies would both check each other and work in coordination. However, by the middle of last year the formulation of the "separation of three powers" also became taboo and was denied. At the time, Li Hou [2621 0683], deputy office director interpreted it as the separation of three powers was a form of government pattern for a nation and this idea could create misunderstanding, and the term "separation of the three

powers" was borrowed only because a suitable idea for expressing the mutual balancing of the executive and legislature could not be found, and it would not be mentioned in the future. Finally, the current opinion-solicitation version of the Basic Law was written and people saw that the authority of the legislative body was very small and that the checking ability was extremely limited, but the authority of the executive officer was very great, relatively speaking, and the maximum obstacle with regard to the executive officer came mainly from the Central Government.

Naturally, the present "Opinion-solicitation Version" still might be revised but the faith in revision is very limited. Many theoreticians feel that some policy measures may create unnecessary restrictions on the special administrative region and there is a considerable possibility of the subsequent revision after soliciting opinion. The possibility of essential changes, such as allowing the courts of the special administrative region to have full right of interpretation of the Basic Law, is not as great. As for the formulation of a "democratic form of government," there may probably be more "lip service" than "substance," and the leeway for revision will be limited. Before announcing the "Opinion-solicitation Version" there were also some revisions in the original draft. For example, the initial wording of the article related to impeaching the executive officer required passage by two-thirds of the members of the legislative body, then this was revised to three-fourths, and finally was changed back to two-thirds. Or again, the original wording of the article on the executive officer dissolving the legislative body required agreement of the Central Government, then this was deleted; the original wording on the members of the executive body required approval of the Central Government, but later this was also deleted. These essential revisions of the articles on the form of government are believed still possible, but naturally it will depend on whether the Central Government intentionally "relaxes restrictions."

#### "Proceeding in an Orderly Way" Is Really Difficult

Finally, in the current "Opinion-solicitation Version" of the Basic Law there are still appendices set out in the form of proposals i.e., the method of creating the executive officer, the method of creating the legislative body and the method of creating the first government. There are several parallel proposals on the creation of the executive officer and the legislative body, of which the ones which have attracted the most attention are "Proposal 81" of the Industrial and Commercial Consultation Committee and "Proposal 190" of democratic faction figures. Of the two proposals, "Proposal 81" is based on "electoral college and the functional organization;" "Proposal 190" is based on one man, one vote direct election. These two proposals clearly differ in orientation towards the interests of different groups in society. Industrial and commercial circles clearly hope to rely on their influence in the economy and further expand their influence in politics to obtain a "free lunch" politically. Whether the Chinese side proceeded

from considerations of winning over the capitalists and thus offered up the principles of "beneficial to Hong Kong's stability and prosperity" and "helpful to the growth of Hong Kong's capitalist economic system" is of great concern to the democratic faction.

Next, since one of the principles of formulating the Basic Law was "proceed in an orderly way to develop a democratic form of government suited to Hong Kong's circumstances" and the "Opinion-solicitation Version" also says that the method of creating the executive officer and legislative body may "be changed on the basis of the actual situation and the principle of proceeding in an orderly way," how high the democratic starting point must make people suspicious. Under the "prerequisites" of "consider the interests of all levels of society" and "work together with one heart, seek a consensus" the democratic starting point may not be very high (if the creation of the first government is the starting point, in view of the current comprehensive proposal, democracy cannot even be mentioned.)

So, what is the possibility of "change by proceeding in an orderly way"? In accordance with the article of the

"Opinion-solicitation Version," relevant changes must be approved by two-thirds of the legislative body, then be agreed to by the executive officer, and then reported to the Standing Committee of the NPC for ratification. Change certainly should be cautious, but such stipulations at the same time greatly increase its difficulty. It may be anticipated that once a system is formulated, it will become a powerful "inertia" and change will be particularly difficult. Just for Hong Kong to pass this test is already extremely difficult.

Early in the 16th Century "talented" political writer of Florence, Machiavelli said "The difficulty in introducing a new system is not that other difficulties are comparable...all the people who benefited under the old system certainly will be opposed to it; even those who may benefit from the new system also may only provide tepid support." It will be very difficult for the change of Hong Kong's form of government in the future to pass the test of Hong Kong itself, not to mention that it must also pass the test of the Central Government.

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