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PROVINCIAL

Guangdong Regulations on Coastal Island Development

93CE0378A Beijing GUOJI SHANGBAO in Chinese 13 Feb 93 p 2

[Article: "Guangdong Province Drafts Policies Related to Acceleration of Island Development"]

[Text] To accelerate island development and marine resource exploitation, Guangdong Province recently formulated policies to accelerate island development.

1. The examination and approval authority of islands to use foreign capital, and attract advanced technology is expanded (namely, they will enjoy examination and approval authority one level higher than that of the present organization system). For all foreign business direct investment production projects that meet relevant national and provincial regulations, island towns and counties can examine and approve projects with investment totals less than $15 million and $30 million, respectively.

2. Islands will be able to enjoy various types of national and provincial preferential policies related to expansion of opening, including various types of reductions, tax-exempt preferential policies, preferential terms for import licenses for production and management articles used by foreign-funded enterprises as investments, or goods and materials required to carry out other product exports, and the issuing of special-purpose bonds, stocks, and rural share cooperative type preferential policies.

3. Goods and materials required for constructing basic facilities on an island, and administrative and institutional use goods can, in special cases, be declared subject to reduced taxes (but are not allowed to be sold on the island).

4. Under the prerequisite of meeting the overall local plan for launching construction on the island, the county government in accordance with jurisdictional approval, and in accordance with the fulfillment of regulations, can for a limited period sell land use rights. The assignee, in accordance with regulations after he has developed the land, can transfer possession of the land use rights according to the law.

5. Foreign business joint investment, and cooperative type ventures on the island are encouraged to invest in the development of tourist, vacation, recreation and other service industries and invest in the construction of tourist board and lodging facilities, and be able on their own to organize tourists.

6. With the approval of relevant provincial departments, foreign businesses can invest in the development of island mineral production.

7. Foreign businesses are encouraged to use new techniques, new technologies for capital injection to set up Sino-foreign joint funded and cooperative enterprises, and some proportion of products for the domestic market can be subjected to relaxed restrictions.

8. Some 16 islands subordinate to coastal cities and counties are permitted to use the export of island products to retain a portion of foreign exchange for duty free importing of six types of fishing necessities.

9. The stipulated 14 Taiwan small-scale trade ports will devote great effort to developing small-scale trade with Taiwan.

10. Coastal fisherman are permitted to directly exchange with Hong Kong, Macao, and Taiwan fisherman those marine products that they have caught themselves and obtain for their own use means of production (including fishing boats) and goods and materials required for fishing, but are not allowed to transport these to domestic markets for sale.

11. Fisherman going to and from Hong Kong, Macao, and Taiwan will be permitted on islands or within coastal areas to establish product markets, and engage in seafood product exchanges, but will be required to accept a customs inspection, and will not be allowed to go to inland areas to sell goods.

12. Farmers and fisherman around Hong Kong and Macao islands will be permitted to take small quantities of marine products (with the exception of four large types of fish), domestic birds, vegetables, etc., that they have caught or grown themselves, and market them independently through traditional channels.

13. Overseas Chinese and Hong Kong, Macao, and Taiwan compatriots investing in or running a business on an island, with the exception of those enjoying a variety of nationally stipulated preferential policies, can make proper arrangements for their relatives living on the mainland to be employed in these businesses.

14. For overseas Chinese, and Hong Kong, Macao, and Taiwan compatriots donating goods and materials for use in the construction of basic facilities on an island, all provinces have the right to approve that which is entrusted under the approval of local municipal governments.

15. The use of products produced by enterprise groups or complexes to compensate for items imported for required facilities is permitted.

16. Individually owned and private enterprises set up with Sino-foreign joint capital, and cooperative enterprises on the island, and foreign processing equipment and compensatory trade business and commission import and export companies, are permitted to act as agents for exports, etc.

17. Islands, according to regional joint ventures and import processing and compensation trade enterprise business development requirements, can apply to customs to establish a bonded warehouse.

18. Existing village level organization islands can declare the establishment of companies with import export management rights, for managing import and export business in locally used and produced products.

19. Island villages are permitted to use retained foreign currency to import goods and materials used on the island.

Guangdong Urged To Catch Up With 'Four Dragons'

93CE0350A Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese No 6, 15 Feb 93 p 30

[Article: "Guangdong Endeavors To Catch Up With Little Dragons; Hong Kong Is Happy To See the Endeavor Accomplished"]

[Text] The first session of the Eighth Guangdong Provincial People's Congress has ended. The Hong Kong people followed the new leaders, new schemes, and new tasks of the province with interest. Particularly, the lofty aspiration of Guangdong to catch up with the "four dragons" in Asia in 20 years has become an interesting topic of discussion among the Hong Kong people.

It must be said that since the drive of reform and opening up to the outside world was launched, Guangdong has played a vanguard role in the development of the Chinese economy, thanks to the special policies and flexible measures granted to the province by the central authorities and the efforts exerted by its people. In this sense, the province is firmly grasping the opportunity, and is actively using the experience of economically developed regions for reference to learn from and catch up with them.

In spring last year, in his southern tour of Guangdong, Deng Xiaoping clearly advocated: Guangdong must accelerate the pace of economic development and strive to catch up with the "four dragons" in Asia in 20 years. It not only recognized Guangdong's work and achievement over the past 14 years, people believe that Guangdong has the foundation and possibilities to set a higher goal of catching up with the "four dragons," but it also proposed a definite timetable and goal for Guangdong's development hereafter, which represents the trust and hope he has for Guangdong. In line with the spirit mentioned above, in his report to the 14th Chinese Communist Party National Congress, Jiang Zemin explicitly urged Guangdong to basically achieve modernization through 20 years of efforts.

Since the spring of last year, the people of Guangdong have been filled with enthusiasm, and have worked out a plan earnestly. Through repeated solicitations of opinions and revisions, the plan has developed into the "Program of Guangdong Province for the Economic and Social Development in 20 Years (Draft)." The program was officially submitted to the current people's congress, which finally adopted it after discussions. It will become the outline of actions for Guangdong's economic and social development in the coming 20 years.

Guangdong divided the process of catching up with the "four dragons" into two stages: The 1991-2000 period constitutes the first stage, the province will strive to increase its gross domestic production [GDP] at an average rate of 13.4 percent a year, and by the year 2000, its output value will have totaled 500 billion yuan, and its per capita average output value, 7,200 yuan. In general, the province will reach the 1990 economic levels of Taiwan and South Korea. The 2001-2010 period constitutes the second stage, the province will strive to increase its GDP at an average rate of 12.4 percent a year, total output value will be 1,600 billion yuan, and its per capita output value, 20,000 yuan. In other words, overall, it will achieve the economic level as high as those of Taiwan and South Korea in the same year. Meanwhile, the province should roughly reach the level of a moderately developed country in terms of labor productivity, the contributing rate of technological progress, soundness of industrial structure, level of a well-off life, and the comprehensive level of science and technology education, and medical and health work.

To achieve the goal mentioned above, Guangdong has carefully and seriously worked out various development strategies and measures: Taking the lead in establishing a socialist market economic structure; strengthening vigorously the construction of infrastructure in energy, transportation, communications, and water conservancy; developing leading industries on a large scale and with a higher starting point; accelerating the pace of opening up to outside world and establishing a diverse and open market mechanism; regulating and improving industrial structure; turning reliance on technological progress and higher labor quality as the focus of economic work; establishing an excellent mechanism for collection and operation of funds, and maintaining a relatively high rate of investment; and comprehensively invigorating the building of socialist spiritual civilization, developing various social undertakings in a coordinated way, and improving the people's ideological and moral quality, cultural and scientific level, and health conditions.

It is indeed an ambitious development blueprint. How do the Hong Kong people approach it? Needless to say, it is very difficult and absolutely not easy to achieve the goal of the blueprint. Apart from the fact that the "four dragons" are developing themselves, there are still many restricting factors in funds, talents, capital construction, in particular, structure. For example, according to calculations, an investment of 3,800 billion yuan is needed in 20 years, with an average investment rate of 28.7 percent. This is a big problem. However, one point is extremely clear. A review of the changes in Guangdong, especially the Zhu Jiang Delta, in the last 14 years and a look at the daily increasing changes in the Shenzhen, Zhuhai, and Shantou Special Economic Zones will help us see how the gap between them and Hong Kong before and after 14 years has changed. Therefore, so long as

China enjoys political stability, and upholds economic construction as the center and the drive of reform and opening up, and so long as Guangdong Province works honesty with dedication, does not boast, and stresses practical and effective results, it is possible to narrow its gap with the "four dragons" and overtake them.

More importantly, although it seems on the surface that in chasing after the "dragons," Guangdong will be an additional rival to Hong Kong in many aspects such as economics, exports, industry, international markets, and other fields. In fact, the more Guangdong develops, the greater the business opportunities for Hong Kong, and the more the bullish the prospects for Hong Kong's development will become. The process of reform and opening up over the last 14 years proved that Guangdong has taken the lead in development because it benefitted from its superiority of bordering on Hong Kong and Macao; and recently, many Hong Kong people have become extremely wealthy due to the China factor, first by relying on Guangdong's three special economic zones and the Zhu Jiang Delta. In the process of Guangdong's catching up with the "little dragons" in Asia, Hong Kong will play a greater role as a financial, trading, transportation, and information center. The economic cooperation between Guangdong and Hong Kong will become closer and more effective. After 1997, this cooperation will have new substance and significance.

As a result, Guangdong's endeavor to catch up with the "four dragons" is good news for Hong Kong. Hong Kong is happy to see it accomplished and will give support to it.

FINANCE, BANKING

State Taxation Administration on Local Tax Reform

93CE0340A Beijing ZHONGGUO SHUIWU BAO in Chinese 1 Feb 93 p 1

[Article by You Kejie (1429 0344 0094) and Duan Shuzhi (3008 3219 5347), department of local taxation, State Administration of Taxation: "Blueprint for Local Tax Reform"]

[Text] After Comrade Deng Xiaoping inspected the south where he delivered a major speech, every piece of reform picked up steam. The explicit call for the establishment and perfection of a socialist market economy by the 14th CPC National Congress, in particular, will accelerate the internationalization of the Chinese economy and help us boldly absorb and adopt all the things that reflect modern socialized production and the general principles of the commodity economy. China's tax system must undergo extensive reform to meet the needs of the market economy. Tax reform is a piece of systems engineering that involves multiple areas. This article proposes to explore the overall thinking behind local tax reform.

1. Major Issues in Local Tax System Today

1) The concept of local tax is ill-defined. What is a local tax? In theory, the meaning of local tax has long been established. In practice, the idea of local tax has never been uniformly or clearly defined. At present there are three broad definitions. According to the first definition, when the revenue generated by a tax goes to a local government, it is a local tax. Under the second definition, when the revenue generated by a tax goes to a local government in full and when it is under the complete control of the local government in question at the same time, it is a local tax. Under the third definition, when the revenue generated by a tax goes to a local government and when it is under local control partly or fully, it is a local tax. Which definition is correct? There should be a universal and scientific answer.

2) The amount of revenue generated by local taxes is too small. Statistics show that at present local taxes account for 10 percent or so of all revenue derived from industrial and commercial taxes nationwide. Since local taxes generate far less than what is needed to meet the fiscal needs of local governments, there is no alternative but to allocate to local governments some of the taxes collected by the central government. As a result, the line between central taxes and local taxes has been blurred and local governments have become excessively dependent on the central government financially, reducing their autonomy.

3) The management of local taxes is over-centralized. At present control over local taxes is mostly in the hands of the central government. By and large, there is too much centralized leadership and not enough management at the local level. What is happening is that the central government controls many local taxes as well as central taxes. By grabbing some power that does not belong to it, the central government has only encouraged the localities to exceed their power in a way that is understandable but illegal. Deprived of the power to impose certain taxes within their jurisdiction, some localities have resorted to collecting all sorts of fees and charges in the name of contribution to this or that fund. The upshot is a proliferation of unregulated fees and funds.

4) The management of local taxes is too lax. There are numerous local taxes these days even though the revenue generated is quite modest. The regulations are complex and cover a wide area, making tax collection difficult. Moreover, there is an overlapping of authority between central and local governments in tax matters. Inevitably major taxes get all the attention while minor taxes are given short shrift. As they say, "three people tackle one major tax while one person tackles three minor ones." Although the localities have put in a lot of work in recent years to strengthen local tax collection and management, introducing standardization, specialization, and microcomputer management, the management of local taxes remains notably lax, particularly at the grass roots, compared to that of other kinds of taxes. Tax evasion is widespread.

2. Objectives of Local Tax Reform at Different Stages and Basic Principles

1) Stages of Goals

Local tax reform has three objectives, one for each of its three stages. In the first stage, the objective is to reform and adjust the existing array of taxes. In the second stage, the objective is to establish and perfect a local tax system. In the third stage, the objective is to introduce a true separate tax system. The objectives of these three stages are related to one another in the following way. The former serves as a base and precondition for the latter while the latter provides a direction and purpose for the former. If possible, the objectives of the first two stages can be combined.

2) Basic principles

In designing a local tax reform plan we should abide by the following principles:

First, localities should have their own principal taxes.

In the past we always lumped together as local taxes those taxes that generated sporadic incomes. This is the basic reason why local taxes produce limited revenue and do not amount to a system of taxes. Taking a leaf from the book of other countries, we believe that like central taxes, local taxes should have their own principal or flagship tax. As for what kind of tax should be considered the flagship tax, there is no consensus at the moment. We should consider this issue in the context of reform as a whole before making a decision.

Second, local taxes should have their own built-in mechanism for growth.

There is no built-in mechanism for broadening the tax base of local taxes. Because of changes in the economic situation, tax bases in some cases are shrinking by the day instead of growing as the economy grows. This is another important reason why the total amount of revenue generated by local taxes has not risen significantly. In our opinion, local taxes should include some circulation taxes and income taxes as well as taxes on property and behavior. Only by changing the mix of taxes this way can we turn the tax bases of some local taxes into variables with a built-in mechanism for growth.

Third, localities should be allowed to control local taxes.

In the case of most local taxes these days, there is a divide between income and control. That is, the revenue goes into the coffers of local governments while control remains in the hands of the central government. Although the central government controls a majority of local taxes, it has ironically delegated to local governments some control over central taxes, creating a situation in which the central government has failed to delegate when delegation is justified and failed to concentrate power when concentration is justified. Consequently, some central taxes and local taxes are not what their names suggest. In recent years pilot projects in a separate tax system have been under way. However what is being separated in these experiments is income only, not power. Accordingly the separate tax system being tested cannot be regarded as a real separate tax system. An important part of a separate tax system is power separation: separating the power to manage from control over the purse strings.

Learning from foreign experience and integrating it with the reality in China, we believe local taxes should be managed at different levels. Specifically, as far as those major local taxes of national significance are concerned, there should be a little more central control and a little less local control. As far as the more stable local taxes are concerned, the central government should only concern itself with the broader aspects while leaving the details to the localities. As for the more minor local taxes of merely local significance, the localities should have total control over them in every way, big and small. In short, local taxes should not be the sole preserve of either the central government or local authorities. Instead, they should be managed in many different ways, depending on the merits of each case. But one thing is clear, namely that localities should have power over local taxes. This should be a principle in reform.

Fourth, local taxes should come under specialized management.

In a socialist market economy, the government should roll back direct microeconomic control and increase indirect macroeconomic regulation and control. The general trend in the overhauling of government functions is to streamline the administrative structure and reduce staff. But the streamlining should mainly take place in departments in charge of a particular trade or industry while some regulatory and control departments should actually be expanded as appropriate. Similarly, the more developed the market economy, the greater the need to beef up the tax department. This is true for all countries with a market economy. With a view toward improving the management of the economy and building closer economic ties with foreign nations, central leading comrades have noted that there is currently a dire need in China to turn out more senior legal, tax, and accounting personnel.

There are different opinions today as to whether the central and local taxes should come under centralized management or separate management (by a special agency). People who insist that unified management is superior argue that such an approach requires less manpower and fewer agencies. Those who advocate separate management claim that the latter method would facilitate the full implementation of the separate tax system and improve the quality of tax collection and management. As we see it, there are two basic ways to economize in manpower and reduce administrative organizations. One, instead of sending tax personnel to collect taxes from the people, have the taxpayers come forward to pay taxes. Two, modernize tax collection and management

methods. Administrative streamlining and staff reduction must not be effected at the expense of the quality of tax collection. In the experience of foreign nations, even if central taxes and local taxes are not handled by two separate tax bureaus, there is a separate set of personnel in charge of either central taxes or local taxes. Organizationally speaking, this is the only way to ensure the full implementation of the separate tax system. The separate and specialized management of central taxes and local taxes would certainly lead to improvements in the collection and management of both kinds of taxes, putting an end to the current situation in which you have a thousand threads trying to go through the eye of one needle.

3. Overall Plan for Local Tax Reform

1) How local taxes are perceived helps shape local tax reform directly. Under the old system, there was a preoccupation with where the revenue collected should go. The result is that local governments have limited power over local taxes. With the creation of a socialist market economy, we must rethink the concept of local taxes. In our opinion, a scientific and sound definition of local taxes that is also in line with our national conditions is as follows: When the revenue generated by a tax goes entirely to a local government and when the control over the tax rests partly or wholly in the hands of a local government, then it is a local tax. What needs to be made clear here is that the revenue derived from the tax must go to the local coffers in full. This is the most fundamental attribute of a local tax. Without this attribute, we can hardly call the tax a local tax. It is also something that is entirely achievable in China. We make local control, in part or in full, a requirement of a local tax mainly out of consideration for the situation in China. With its vast size and huge population, China is an economically undeveloped nation whose regions vary greatly in their level of development. Centralization remains necessary in some fields in China, more so than in certain capitalist nations, and may even contribute to economic development. But one thing must be made clear, namely that power must be delegated to localities where such delegation is justified. Even if power cannot be delegated in full, the localities must be given a large measure of authority. Failing this, there can be no local tax in the real sense of the word.

2) Abolish or suspend as appropriate a number of taxes that have become obsolete or ineffective. Among the existing array of local taxes, the country fair trade tax and tax on animal slaughtering are obsolete taxes that should be abolished or suspended. These two trading taxes are basically a product of the natural economy and traditional agriculture. In the wake of the development of the commodity economy and modern agriculture, they have outlived their rationale. The country fair trade tax, in particular, is still being collected in just a handful of provinces in the nation and then only with limited success. It is a perfect candidate for abolition. The banquet tax is a new tax introduced as late as 1988. Ill-conceived and hastily introduced, it has failed to fulfill the initial expectations. Besides, it has no economic significance and has now run its course. Better abolish it soon than allowing it to languish.

3) Delegate to the localities full control over the tax on animal slaughtering. Another ancient tax is the tax on animal slaughtering. Its original rationale no longer obtains in the vast majority of places, yet the tax has become an important source of revenue at the county and township levels in some provinces. Given this reality, it would be inappropriate either to keep the tax or to abolish it nationwide. A better solution is to delegate to the local governments the power to collect the tax or to kill it, leaving it up to the localities to make their own decision depending on the local circumstances. Also, there should be regulations defining universally the scope of the tax.

4) Thoroughly overhaul the urban construction tax. In terms of revenue generated, the urban construction tax is the leading tax among local taxes today. But since the tax is a surtax, there is no independent jurisdiction for its management. Nor does it impose a fair burden as it is a tax upon a tax. If our objective is to set up a local tax system and achieve a separate tax system, this is one tax that needs to be overhauled thoroughly. But how? There is as yet no consensus, but it is widely agreed that the surtax should be turned into an independent tax, that the basis for calculating the tax should be changed, and that the amount of revenue collected should be increased. It has even been suggested that the urban construction tax be elevated to be the flagship tax among local taxes, something that needs to be considered.

5) Levy a social insurance tax. Following the establishment of a socialist market economy, the reform of the state economy, and the development of the nonsocialist economy, the need for a social insurance tax becomes increasingly obvious. In the state economy, in particular, the "iron rice bowl" and "big rice pot" cannot be smashed as long as there is no social insurance. The fact of the matter is that many places have already introduced a measure of social insurance in line with local conditions. A tax, on the other hand, will give social insurance a steady source of funds, which will certainly spur the creation of a socialist market economy. Some people have suggested that a social insurance tax be the leading local tax. This proposal should also be examined.

6) Impose an inheritance tax. Inheritance taxes are common in many countries around the world. From the social perspective, it is a good tax. In terms of collection, it is a bad tax. In China, people opposed to an inheritance tax argue that such a tax would collect little revenue at steep costs and is therefore uneconomical. The inheritance tax produces little revenue at great costs everywhere it exists; why then do so many countries have an inheritance tax? Our answer is that all these countries recognize that the tax contributes to the leveling of social wealth and moderates distribution inequities, which is

good for public psychology. Since China took up reform and introduced the open policy, the slogan that some people should get rich ahead of others has become a reality, as vividly illustrated by this saying, "100,000-yuan or 80,000-yuan households are commonplace. Make a million yuan and you have only taken the first step." If capitalist nations use inheritance taxes to regulate income disparities between the rich and the poor, how can socialist China not do likewise? Certainly we need to study the tax from all perspectives and work out related measures before we can make the tax a success in China. It should not be introduced in haste.

7) Include business taxes and resource taxes as local taxes. Following the reform of circulation taxes and the entry of value-added taxes into the retail arena, we will inevitably end up with high value-added taxes, low business taxes and a handful of consumption taxes. If the experience of other nations is anything to go by, it should be feasible to include a number of taxes with steadily rising revenue as local taxes. Some comrades have proposed turning over the business tax to the localities, a move that would help raise the amount of revenue generated by local taxes to a reasonable level. If value-added taxes cannot reach the retail arena for the moment, consider turning some business taxes into local taxes.

8) The scale of revenue generated by local taxes and the mix of taxes. We reckon that local taxes should generate 40 percent or so of all tax revenue. A sound tax mix should consist of circulation taxes, purpose taxes, property taxes, and behavior taxes. Specifically, it should include these major taxes: business tax, resource tax, urban construction tax, social insurance tax, stamp tax, inheritance tax, tax on animal slaughtering, real estate tax, land use tax, and tax on the use of ships and vehicles.

FOREIGN TRADE, INVESTMENT

Companies Link Up With Overseas Industrialists

New China Hong Kong Group, Ltd.

93CE0318A Beijing JINGJI RIBAO in Chinese 18 Feb 93 p 5

[Text] The formation of the New China Hong Kong Group, Ltd. was announced in Beijing on 17 February. Composed of 41 well-known companies from Hong Kong, Singapore and mainland China, the venture is headed by Mr. T. T. Tsui, chairman of the board of Hong Kong's North Sea Industry Group. The company is one of the largest multi-national and multi-regional joint venture consortiums ever formed.

Primarily funded by foreign companies, the new holding company is extremely influential and possesses abundant resources. Boasting an impressive array of shareholders, the company's registered capital totals HK$300 million, 55 percent of the company's shares is held by 24 Hong Kong companies, 12.5 percent by Tazhong Steel and other companies from Singapore, and 32.5 percent by 14 Chinese companies. The Chinese firms represent many industries such as the railroad, post and telecommunications, metallurgy, energy, mining and trade industries. They include the China Economic Developmental Trust and Investment Company, Beijing-Hong Kong Development Company, National Raw Materials Development and Investment Company, China Technology Import-Export Company, China Civil Engineering Company, China New Age Group, China Xiaofeng Technology and Equipment Company, China Bridge Engineering Company, and the China Harbor Construction Company.

After the New China Hong Kong Group is established, the company will make contact with foreign firms to help them invest in China and Hong Kong. Technology and management experience will also be introduced to speed up economic and trade development. In addition to commerce and trade, another goal of the company is to provide investment for industrial, transportation, communications, real estate and commercial banking projects. The group also has plans to establish the China Investment Fund which will provide investment for various construction projects in China. Human, material and financial resources will be pooled together so that important overseas and domestic economic projects can be undertaken. Taking advantage of its multi-functional and multi-national management experience, the company will provide information services to the industrial sector in the mainland, introduce advanced technology, develop overseas markets, establish sales networks, expand trade, and create new business opportunities.

The commercial bank established by the New China Hong Kong Group, Ltd. will assist Hong Kong and Chinese firms to raise capital in Hong Kong and other areas. The company will also devote itself to assisting Chinese firms with their financial activities in the international market. In addition, it will deal in stocks, offer investment consultation, and handle matters involving exclusive sales, mergers and distribution of shares.

Reportedly, the New China Hong Kong Group's first major business project will be the construction of a highway system in China. Costing over 3 billion renminbi, the project will be funded primarily through loans from banking groups. Meanwhile, the construction of the New China Hong Kong Group building has been approved by Beijing. Grounding breaking and construction is expected to begin shortly.

New Stage in Joint Ventures

93CE0318B Beijing JINGJI RIBAO in Chinese 18 Feb 93 p 5

[Text] The establishment in Beijing of the New China Hong Kong Group, Ltd. is an important chapter in China's continuing liberalization.

The size of the New China Hong Kong Group, Ltd. the company's tremendous influence, and its multi-national,

transregional and multi-functional joint venture experience has captured the attention of people around the world. Providing a new model for economic cooperation, the group will introduce additional foreign capital into China and make extensive use of advanced management practices and current scientific and technological achievements. The birth of this company will undoubtedly facilitate greater communication between China and the rest of the world. Its formation has erected a sturdy bridge which will pave the way for China's economic prosperity and development. The New China Hong Kong Group, Ltd. symbolizes the increasing vitality of China's reform and opening up, and shows that joint and cooperative ventures in China have entered a new stage.

Increased development in the mainland requires funding from both Hong Kong and abroad. Participating in the mainland's economic construction projects, and reliance upon these projects, is crucial to Hong Kong's stability and prosperity. The establishment of the New China Hong Kong Group, Ltd. is a result of opportunity, popular will and favorable geographic conditions. It will greatly benefit all parties involved in China's expanding economic development.

The interdependence of the global economy, the formation of management blocs, and the establishment of regional trade zones are historical trends that have become increasingly prevalent. We must look towards the future and increase the scope and pace of opening up. While the special economic zones, various development zones and major inland cities are attracting foreign businesses and investment, China must make full use of all international channels to create a new development model. In this respect, the New China Hong Kong Group, Ltd. will spearhead future growth. Undoubtedly, more heads of businesses with multi-national, transregional and multi-functional management experience will have the foresight to establish businesses in China, thus forming newer and larger joint venture groups. Benefiting development throughout the world, this will infuse the global economy with new vitality and energy and allow these companies to make their own unique contribution.

TRANSPORTATION

Huangshan Airport To Open in May

OW1404150593 Beijing XINHUA in English 1421 GMT 14 Apr 93

[Text] Hefei, April 14 (XINHUA)—The airport near Huangshan Mountain, one of China's most famous tourist resorts in eastern Anhui Province, is scheduled to open in May, according to official sources.

The first flight leaves Huangshan for Hong Kong on May first.

More flights are being planned to Japan, the Republic of Korea and Southeast Asia.

Local authorities believe that the opening of Huangshan airport will help bring more tourists to the mountain region listed by the United Nations Educational, Scientific and Cultural Organization as among the world's cultural heritages which need protection.

AGRICULTURE

Bai Meiqing on Grain Output, Sales, Circulation

93CE0327A Beijing NONGMIN RIBAO in Chinese 24 Feb 93 p 1

[Article by reporter Li Yongsheng (2621 3057 3932): "Deputy Commerce Minister Talks Freely on Trends in Grain Production and Sales"]

[Text] On 23 February, Deputy Commerce Minister and National Grain Reserve Department Director Bai Meiqing [4101 5019 3237] analyzed China's grain supply and demand situation, and pointed out the key points in reform of the grain circulation system. By attending the "National Grain Production and Sales Policy and Commodity Marketing Conference," this reporter learned the following.

Bai Meiqing said that at present the level of China's per capita grain supply is still rather low, and the problem of adequate grain production has not been solved. This situation is not likely to change over a relatively long period of time. But in terms of China's grain and edible oil supply this year, because of the rich harvests during the year, the national reserve is plentiful, and there is no major problem in terms of total quantity. Although regional differences are still considerable, shortages of grain variety are rather prominent. Therefore, we need to lead the peasants to further develop grain production, adjust the mix to respond to market demands, and better satisfy the grain demands of urban and rural residents.

It was explained that this year we will form a system of "conferences on grain production and sales" that will in fact be an important step toward reforming the system of grain circulation toward a market economy. Bai Meiqing considered that at this juncture the important points about reforming the grain circulation system are: that grain price reform represents a breakthrough; that changing to a system of enterprise management is a key point; and that establishing a market economic system for grain, and insuring it by strengthening macro regulations, is the goal. He pointed out that decontrol of grain prices and management stimulate the microeconomy, and it is necessary to establish and strengthen the government's macroeconomic control mechanism. Besides using taxes, credit, finance and other economic levers and policies, the government has to strengthen and improve the establishment of a system of grain reserves, and foster and develop a grain marketing system that includes the setting up of reserves of grain, edible oil and

other products, a system of services for the processing and sales of grain, and a system of insurance for grain (such as funds for disasters that affect grain).

To carry out macro regulations in the market, henceforth the government, provinces, regions and cities should aim to achieve overall quantitative balance in grain, especially in government contract procurement grain, grain specially purchased as reserve, direct sales between the provinces, negotiated price grain, and grain redistributed from export and import uses. We should strive to achieve an overall quantitative balance in grain, to maintain a basic equilibrium in the overall demand and supply, and seize the initiative in grain work.

To set aside the traditional policy on grain and to turn toward direct interaction in the areas of production and sales, this is a new experimental step in the grain circulation system reform. In the future, the system will grow to handle commodity transactions through a national wholesale grain market, gradually to the handling of medium or long term contract sales, and finally to sales by fixed contract dates.

Bai Meiqing also asked responsible personnel in grain departments at all levels to complete signing procurement contracts with the peasants prior to spring planting, and at the same time explain to the peasants the government's beneficial policy of fixing the procurement price in advance of signing the contract. At present, in areas where procurement purchases will continue, we need to separately adjust the unbalanced situation found in some of these areas. In areas where procurement purchases are abolished, we need to make sure that economic contracts are signed with the peasants, and we can also contract with village collectives and pay special attention to the large households, specialized households and farms that supply most commercial cash crops.

Symposium Held on Agricultural Circulation Reform

93CE0371A Beijing ZHONGGUO NONGCUN JINGJI [CHINA'S RURAL ECONOMY] in Chinese No 2, 20 Feb 93 pp 6-10

[Article by Zhang Qingzhong (1708 1987 1813), Rural Development and Research Institute, Chinese Academy of Social Sciences: "Accelerate Commodity Circulation System Reform; Foster Rural Markets"]

[Text] The Workshop on Commodity Circulation System Reform in rural reform experimental areas nationwide was held in Shangqiu City, Henan Province from 13 through 17 December 1992. More than 120 delegates and experts from rural reform experimental areas nationwide attended the workshop. State Council member, comrade Chen Junsheng [7115 0193 3932], sent an open letter to the workshop. Comrade Du Runsheng [2629 3387 3932], a member of the former State Advisory Committee, and chairman of the former Central Committee Rural Policy Research Center, and comrade Wang Yuzhao [3769 6735 2507], chairman of the State Council's Development Research Office attended the workshop and made speeches. More than 20 experimental area delegates and experts made statements at the workshop. The delegates examined in detail problems centering around the acceleration of commodity circulation system reform and the fostering of rural markets, expressing numerous good ideas and recommendations.

1. Analysis and Estimate of the Current Rural Situation

Comrades attending the workshop universally felt that following Comrade Xiaoping's remarks during his travels in south China, rural reform entered a new stage. Speed picked up markedly, consciousness of the need to take a market orientation increased greatly, and reform as a whole experienced a qualitative leap. Nevertheless, this is still not enough. Numerous problems remain that require continuing solution during the intensification of reform.

Some leaders, experts, and scholars raised some serious problems that have occurred in rural villages recently that serve as signals of imminent danger for agricultural and rural development.

(1) **Ignoring the tilt toward agriculture risks new proportional imbalance between industry and agriculture.** The strategy of tilting toward industry has yet to be changed, and local leaders at all levels put most of their energies into attention to industry, to development zones, and to real estate while ignoring agriculture. Some comrades noted that we have had proportional imbalance between industry and agriculture three times in the past, and each time we paid a heavy price. During the past several years, we have seen a ballooning of capital construction and an increase in credit. Between January and October 1992, industry grew 20 percent, and agriculture grew 4 percent. During 1992, outputs of cotton, edible oil, and sugar all decreased. The situation shows a genuine potential risk that a new proportional imbalance between industry and agriculture will occur. Serious attention must be given to this risk beginning right now.

(2) **Continuing widening of the price scissors between agricultural and industrial products; peasants increasing output without increasing earnings.** To realize the nation's "comfortably well-off" strategic goal, peasant income should maintain an average 5.2 percent annual increase. During the past three years, however, it has increased by only 0.7 percent. This is some distance short of plan norms, and the gap between city and countryside has further widened. The languishing of peasant income despite three consecutive years of bumper harvests has delivered a severe blow to peasant interest in production and to the growth of the entire rural economy. In fact, a marked negative effective has resulted: First has been a decline in investment in agriculture. During the past three years, peasant investment in agriculture has declined year by year. In 1990, it fell 22.2 percent; in 1991, it fell 32.4 percent; and in 1992, it fell 18.2 percent; and in some places the land was

abandoned to a serious extent. Second, peasant purchasing power fell. Between 1978 and 1988, rural retail commodity purchases accounted for 65.4 percent of total retail commodity purchases, but today they account for only approximately 50 percent, a decline of 15 percentage points. This has actually hurt the entire national economy. Rural villages are the country's largest commodity markets, and the ones whose potential is greatest. The economic condition of the peasantry is of decisive importance for markets. The market slump of recent years is related to faltering peasant income.

(3) **Steady increase in peasant burdens.** Comrades attending the workshop expressed extremely great concern about the peasants' increasing burdens in recent years. Some comrades provided examples as follows: In 1990, rural withholdings in Shandong Province rose 21.3 percent, and in 1991, they rose another 14 percent. In Jiangsu Province, the peasants have as many as 228 different burdens to bear. The situation in most other provinces and autonomous regions is much the same, and worse in some. During the past several years, peasant burdens have increased substantially in most rural areas of the country. A random sampling of rural villages nationwide shows a 25.49 percent increase in peasant burdens in 1990, and another 11.88 percent increase in 1991 as the cause of peasant expenditures being greater than income in some places. Some comrades who are well informed about the real situation in rural villages note emphatically that peasant tolerance and patience have reached their limit. Since the peasants' burdens problem has generated numerous social problems in rural villages, the time has been reached when decisive action must be taken to lighten peasant burdens.

(4) **Agriculture's overall productivity relatively low; foundation weak; reserve strength insufficient.** This is both a historical problem and a developmental problem. Even today, China's agriculture remains labor-intensive. Yield increases depend on the peasants' intensive farming and on peasant interest in production. Small scale and deficient basic facilities are the two main weaknesses of China's agriculture. Only changes in this basic circumstance will make possible a basic increase in the overall production potential of agriculture. The changes must include: (1) ensuring steady increase in peasant income; (2) early reform of the existing household registration control system to hasten movement of the rural population into cities and towns; and (3) change in the long-standing development strategy of tilting toward industry and toward towns and cities. This will require very great determination, no doubt, but without this determination, transformation of the country's agriculture within the foreseeable time will be impossible. In the end, agriculture and rural development problems will become the main reason hobbling the country's vigorous development for a long time of time, and there will be no choice but to turn back to solve agricultural and rural problems. Once this situation happens, the price that will have to be paid may be unimaginable. Both China and foreign countries have had such a lesson; this positively is not an exaggeration intended to frighten. Therefore, beginning now, we must consciously make a strategic change; we can delay no longer.

2. New Circumstances and New Problems Faced in Development of a Rural Market Economy

Some leaders and experts attending the workshop emphasized that development of a rural market economy is a piece of systems engineering. Rural development of a market economy is facing some new circumstances and new problems at the present time.

First and foremost, farm product circulation is not smooth. Difficulties selling are universal and pronounced. Not only does this seriously impair peasant interest in production, but it is also the most important factor holding back rural villages. It is directly hampering the fostering of rural markets. Consequently, how to reform the commodity flow system and straighten out relationships in all regards has become the most urgent issue in the fostering of rural markets.

Second is the problem of how to nurture principal rural market entities. That peasants are the main entities in rural markets should not be questioned. Nevertheless, getting the peasants to assume a real role as principal market entities is most certainly no easy matter. At the present time, there are still mismatches with the market economy in four regards.

(1) Mental concepts are not entirely attuned to a market economy. Since the advent of reform and opening to the outside world, the peasants have truly much improved their commodity concept. In economically developed areas especially, this is particularly evident among the peasants and broad masses of young peasants. The tremendous upsurge in peasant work of recent years provides the best testimony to this. This is what powers development of the rural market economy, and it is also the result of the development of a market economy. The peasant work upsurge is an outgrowth of the development of the market economy. Nevertheless, it should also be realized that during the more than 20 years between the end of cooperativization and the beginning of reform and the opening to the outside world, the peasants largely lost their operating autonomy; they had virtually no practice with commodity production and markets; and their market concept was very weak. Since reform and opening to the outside world, the peasants have begun to become relatively independent commodity producers, but since the economic foundation is weak, and because of traditional operating methods, it has been the sufficient food and clothing problems that they have tackled first. Therefore, within just a few short years, nearly 90 percent of the peasants have reached the goal of sufficient food and clothing in a fairly smooth fashion. Naturally, this is a wonderful accomplishment, but it is still much easier that the development of a market economy. For the majority of peasants, solving the problem of sufficient food and clothing requires only

land and the right to make their own decisions. They themselves will find ways to solve the problems. However, for them to move ahead independently in pioneering markets and developing a market economy is something that they clearly are not genreally able to do.

(2) Peasants' operating capabilities and economic strength are not in keeping with a market economy. Entry into markets requires a higher educational and scientific level to be good at scientific management. At the very least, the peasants should have practical experience. They should also have some economic strength. Commodity production requires substantial investment, and a certain ability to take market risks as well, both of which require a process of accumulation. It must be particularly emphasized that China's market economy today is still in an incipient stage. Markets are very poorly developed, and although the peasants have intense expectations about entering the market, real difficulties are many and numerous social factors get in the way. For example, market information is not readily available, commodity circulation is not organized well, and social security and market stabilization mechanisms are nonexistent, etc. Under these circumstances, the peasants can only languish in limbo outside the market.

(3) The production mechanism is not suited to a market economy. For a long time, the main goal of China's agriculture has been high yields. This is a basic characteristic of a subsistence economy. However, the main goal of commodity agriculture is economic returns. Fitting in with a market economy means focusing on premium quality and high efficiency. It means fundamentally switching agriculture over to the premium quality, high efficiency track. This requires, in turn, the importation of large amounts of scientific and technical things, which require greater investment. At the present time, both peasant economic strength and the caliber of the peasants themselves are a long way from being able to do this.

(4) A proper scale of operation is an objective requirement of a market economy. The scale of agricultural production in China today is overly small. Such an overly small scale agriculture can scarcely foster main market entities. To realize economies of scale in agriculture, numerous comrades have proposed setting up an effective land circulation mechanism; other comrades believe that the fundamental means of deliverance lies in accelerated urbanization of rural villages. Unless the urbanization problem is solved, and unless the basic pattern of an agricultural population of 800 million in a total population of 1.1 billion is basically changed, economies of scale will be difficult to realize in agriculture; it will be difficult to increase the agricultural labor productivity rate; and it will be impossible to maintain an optimistic attitude about agriculture. Botch it, and rural villages, or even the entire national economy might be hamstrung for a long period of time.

Consequently, how to nurture main rural market entities so that the peasants will gradually have the courage and the ability to enter markets is the key problem in fostering rural markets, and it is also a basic problem that rural villages are facing.

Third is how to introduce peasants into markets. This is a problem that delegates to the workshop were concerned about. In view of the aforestated problems, the experts pointed out that today when the peasants have not truly entered the market, some peasants feel very much left out of markets. Therefore, everyone suggested that the government should not throw up its hands and walk away from the situation in which markets are imperfectly developed and the peasants lack the strength to enter markets, but rather it should make full use of government's macroeconomic regulation and control and service functions to introduce peasants to the markets.

Government functions have not changed sufficiently to keep pace with objective requirements in the development of a market economy today. In the process of making a transition to a market economy, government should provide peasants with a series of effective services before, during, and after production. It should provide accurate market information to the peasants in a timely fashion, and it should organize the peasants to produce and process products on the basis of actual market demand. It must guide the peasants in organizing themselves to enter the commodity flow; and it must do effective system planning centering around the fostering of markets, and it must improve the legal system to build a fine market order and a stable mechanism as a means of creating a fine external environment for the peasants entry into the market. Because government functions have not yet changed to a sufficient extent, peasant difficulties in entering markets have actually increased. In some places and sectors, government functions have shifted; mechanisms have also been streamlined, and market entities are being operated, but primarily out of a desire to reduce government's financial burdens, governments are not providing the originally intended services. Economic entities are being operated like "government-run businesses," monopolizing the market. Not only does this hurt the nurture of main market entities and the fostering of markets, but it places peasants in a quandary about the fledgling markets and causes them to pull back.

3. Several Problems Urgently in Need of Solution in the Development of Rural Markets

Delegates to the workshop universally felt that there are several problems urgently in need of solution in the development of rural markets.

First is the property rights problem. Everyone felt that clarification of property rights is a prerequisite for the development of a market economy. At the center of the rural property rights question is the land system problem. There is also a collective enterprise property rights question. The rather unanimous view of the land system problem is: extension of the land use contracting

period and institution of the transfer of land use rights for payment in the building of a land turnover mechanism to shape a freely moving land market. On the collective enterprise property rights question, the comrades felt that a share system might be a rather ideal means of solution.

Second is the problem of accelerating the fostering of key production elements markets. Rural product markets have developed fairly rapidly. By comparison, the development of key production elements markets has been markedly sluggish. Labor markets have developed somewhat better, but they are still nonstandardized and imperfect. The problem of labor mobility between one area and another has been substantially solved, but movement between city and countryside is still hampered and restricted in many ways. Employment opportunities are not equal, and the household registration problem is even more limiting. No land market exists. It was generally felt that the contracting of land use rights for payment should be permitted, a land market created that permits the free flow of land use rights while retaining collective ownership of land. A financial market does not exist either, mainly for lack of a legal basis. A grey market, and a cooperative fund association exists, but these are far from able to serve the development of a rural market economy. Everyone noted that money is an element in short supply in China, particularly in rural villages. Money should be encouraged to flow in the direction of high returns. Grey markets should be legalized. Some comrades also suggested the founding of cooperative banks, gradually decontrolling the financial market to meet needs for rural market economy development.

Third is the peasant status problem. Some comrades said that peasant originally denoted an occupational division of labor, but has become an expression of status today. It means that peasants may not enter cities, may not obtain city household registration, and may not be permanently employed in cities. Since the advent of reform and opening to the outside world, more than 90 million peasants have left agriculture for employment in township and town enterprises. Most are engaged in industrial production, but some are engaged in business. In addition, a number of entrepreneurs having very high name recognition and who enjoy quite a reputation both in China and abroad have come to the fore. The enterprises that they manage are on a par with large and medium size state-owned enterprises in terms of size, technology, and economic returns. Occupationally speaking, these people long ago ceased to be peasants. In the eyes of foreign businessmen as well, they are also businessmen and entrepreneurs who stand head and shoulders above others. Nevertheless, inside China they must continue to wear the peasant label. Both the renowned Yu Zuomin [0060 0155 2404], and Lu Guanqiu [7627 0385 3808], who enjoys a reputation in China and abroad are excluded.

Some comrades felt that the main way to solve the agricultural and rural problem lies in accelerating the pace of rural organization to speed up the shift of the rural population toward cities. No transfer elsewhere of the rural population, and no increase in the percentage of the urban population means that a rural population of 900 million is producing to supply slightly more than 200 million urban consumers. This is too large a base figure for producers and too small a base figure for consumers. It also means too small an elasticity of demand for farm products that inevitably hampers commodity circulation. When the peasants produce a little bit more, urban residents cannot handle the excess, but when the peasants produce a little less or sell a little less, or increase their own consumption slightly, the cities suffer from a shortage of supply.

Protection of the peasants should also be considered from the angle of reducing the peasant base figure. No country has the ability to protect 900 million peasants. The situation today is that only key peasant groups can be protected; not all can be protected, nor can most be protected. Only by reducing the number of peasants to what the country's financial strength can pay for will it be possible to protect all peasants.

Acceleration of the pace of urbanization requires, in overall terms, solution to the peasant status problem. Consideration should be given to changing the peasant status administrative system. Today, the greatest difficulty in changing from a rural to an urban household lies in the high welfare benefits that urban residents enjoy. If all the peasants who enter cities are to enjoy the highly subsidized pay and benefits that urban residents already enjoy, the state will be unable to bear such a heavy burden. Henceforth, new methods will have to be applied to new people in cities, the state only bearing responsibility for registering households that enter cities, but not bearing responsibility for the welfare benefits of urban peasants, while simultaneously reducing welfare subsidies for the original urban residents. This will require the drawing up of temporary transition procedures.

Fourth is the problem of guiding peasants in organizing to take part in the commodity flow. The peasants must organize to take part in the commodity flow, small scale production being smoothly blended with large markets. This has to be done not just because the scale of operation in Chinese agriculture is excessively small, but because even in the United States where farming is on an approximately 100 hectare scale, or in western Europe where it is on an approximately 40 hectare scale, farming families face great difficulties in entering markets alone and in participating in market competition. In these countries, agricultural cooperatives are developed, and the main role of these cooperatives is to pave the way for the farmers to enter markets. They do this, first of all, by preventing middleman exploitation, and second by improving the bargaining position and prestige of farmers in markets. This is a powerful means of self-protection for farmers in a market economy.

Given the status of peasant household operations in China today, it is impossible to enter markets without organization. Even if a peasant household got into the market, maintenance of a footing would be very difficult. Local government at all levels should perform to the full a guidance and intermediary role in this regard. China has already founded 130,000 vocational associations, most of which function in organizing commodity flow. These are intermediary organizations for dialogue between the peasants and government, and they also provide a means whereby peasants can protect themselves. Government should provide them more support, encouragement, and guidance. Government should also help the various commodity flow organizations that the peasants have themselves organized to summarize experiences and to develop healthily.

Numerous comrades felt that organization that integrates trade, industry, and agriculture is effective for entry into markets. Governments at all levels should provide them major support, and it should summarize experiences by suiting general methods to specific situations for use elsewhere.

Fifth is the problem of transforming state jointly operated businesses. The major trend of commercial circulation during the 1990s will be (1) greater development of socialized production. First, the scale of production will broaden further; second, the degree of specialization of production is bound to increase further; and third the availability of commodities will increase tremendously. (2) Large multi-level consumer markets will take shape. More than 100 million people throughout the country are in process of moving from a comfortably well-off to an affluent life. This is close to the population of Japan, and this population will become a rather huge and powerful new consumer class. The age of mass consumption is at hand. (3) Competition through various channels will inevitably give rise to a commodity flow revolution. To meet these new circumstances, state jointly owned businesses will have to apply equity rights principles, contract principles, and self-responsibility principles to the formation of a fairly complete market mechanism to bring about free commodity flow, fair competition, and prices formed through market competition.

In this connection, it is recommended that direct government control of enterprises be changed to indirect control, and that work be done on the following eight matters: (1) Readjust the ownership rights mechanism. The commodity circulation realm, particularly the rural commodity circulation realm, should be de-nationalized in the following specific ways: a share system introduced into large enterprises, collectivization of medium-size enterprises, and sale to individuals of small enterprises. (2) Establishment of a market system. First is the establishment of a main market entity system that includes enterprises, government, and peasants. The blending of small-scale production with large markets requires a large commodity flow organization. This organization should be government-directed and government policy-supported. Second is the establishment of a customer group system. (3) A new market organizational system must be set up to overcome local protectionism for the formation of a nationwide unified market. (4) Formulation of a workable market operating plan. (5) Improvement of the market control and supervision system to ensure the healthy fostering of markets. (6) Establishment of a full market service system with particular emphasis on information and finance. (7) Formulation of laws and regulations. (8) Change in government functions.

Sixth is the problem of protecting agriculture. Most comrades felt that policies to protect agriculture will be needed in the operation of a market economy. Both developed countries and developing countries have policies and measures for the protection of agriculture today. In a large agricultural country like China, protection of agriculture to realize the coordinated development of agriculture and industry is not only an economic issue but also an important political issue affecting a peasant population that is more than 70 percent of total population.

Protection measures include: (1) Organizing the peasants to enter commodity flow to improve the peasants' negotiating position. Some comrades emphasize the need for peasants to have their own organization because, without an organization, they will be unable to protect their own interests. Japan's agricultural association is an oriental style peasants cooperative organization. We must borrow from the experiences of other countries in setting up a nationwide peasant organization that will enable the peasants to maintain a direct dialogue with the government. This is the measure that provides the most powerful protection for agriculture. (2) Establishment of an agricultural products price maintenance system. State subsidies to agriculture cannot decline. Today, marketing reforms, particularly reforms for the marketing of major farm products such as grain, frequently have as their goal a reduction of the state's financial burden. Such a reform orientation is misguided. (3) Need to reduce peasant burdens. The peasant's too heavy burdens are no longer an ordinary economic problem, but a political problem that must be given a high degree of serious attention. Decisive actions must be taken to solve the problem of irrational peasant burdens. Some comrades proposed institution of tax payments to replace fixed-price state grain procurement for a standardization of the tax system. The peasants would only have to pay taxes according to the law; all other assessments would be eliminated across the board.

Some comrades also proposed the socialization of services. The emphasis of the socialization of services should be on socialization. The socialization of services should not be linked to strengthening of the collective economy so as to avoid increasing peasant burdens.

4. Various Problems in Rural Reform and Development That Require Study

The summation that comrade Du Ying [2629 7751], chairman of the All-China Rural Experimental Area Office, delivered to the conference raised nine problems, and a speech that comrade Guo Shutian [6753 2579 3944], director of the former Policy Laws and Regulations Department of the Ministry of Agriculture, delivered posed 10 problems. These problems have been combined as follows: 1. The land system problem. First is how to set equity rights limits in legal form; second is the operation rights circulation problem; and third is how to set the land contracting period. 2. The problem of the development of microeconomic organization, including study of the share system and the share cooperative system. 3. The problem of reforming the agricultural product price and procurement and marketing system, including the problem of policies to be followed after decontrol of farm product prices, and the problem of agricultural tax system reform. 4. The problem of reforming and molding new main commodity circulation entities, including how to guide peasants to enter markets, and the problem of peasants own commodity flow organization and the integration of agriculture, industry, and trade. 5. The problem of fostering markets, including the problem of building a product market system, and the problem of fostering key production element markets. 6. The problem of shifting the rural workforce, including reform of the household registration system, and study of the peasant surge. 7. The problem of fostering a rural financial organization and financial system. 8. Study of policies after "the barriers fall." 9. The problem of protecting agriculture. 10. The problem of government changing functions. 11. The problem of building laws and regulations.

Qinghai Planting Mix To Change in 1993

93CE0366B Xining QINGHAI RIBAO in Chinese 22 Feb 93 p 1

[Article by the Statistical Bureau of Qinghai Province: "More Changes This Year in Qinghai's Planting Mix"]

[Text] What will farmers plant this year, now that the national planting plan has been canceled? We surveyed 900 farms families, in 180 villages in 15 counties, on what they intended to plant. The results show that there will be a small increase in the area planted, while area planted to grain will reduce slightly. But there will be a relatively large shift in the planting mix.

1. Area Under Cultivation Will Hold Steady, Area Planted Will Increase Slightly

According to the survey, these 900 farm families have 15,612.9 mu of land under cultivation, 8.4 mu more than last year's 15,604.5 mu. They plan to plant 14,963.8 mu, 117 mu, or 0.79 percent more than last years' 14,786.8 mu. Projecting from these figures, this year Qinghai will have 8.705 million mu in cultivated land, and land planted is estimated to reach 8.262 million mu.

2. Area Planted in Grain Will Decline Only Slightly, But There Will Be a Large Shift in the Planting Mix

The 900 farm families plan to plant 11,423.98 mu to grain, which is 16.61 mu, or 0.15 percent, less than the 11,440.59 mu planted last year. Of this, 6,452.63 mu will be planted to wheat, which is 508.57 mu, or 7.3 percent, less than the 6,961.2 mu planted last year; 4,081.72 mu will be planted to grain other than rice and wheat, which is 455.43 mu, or 12.56 percent, more than last year's 3,626.29 mu. Of this, plantings of peas, and broad beans, will increase 10.95 percent and 60 percent respectively, and planting of highland barley will grow 1.83 percent. Plans are to plant 889.63 mu in potatoes, 4.28 percent more than last years' 853.1 mu. Projecting from these figures, we estimate that area planted in staple food crops, for all of Qinghai, could reach 6.01 million mu. Of this, 3.039 million mu will be planted in wheat, 2.394 million mu in grain other than rice and wheat, and 577,000 mu in potatoes.

3. Planting in Cash Crops Will Increase, and Planting of Oil-Bearing Crops Will Continue Its Upward Trend

This year, the 900 families plan to plant 3,201.5 mu in cash crops, which is 112.4 mu, or 3.6 percent, more than last year's 3,089.1 mu. Of this, 3,193.4 mu will be planted to oil-bearing crops, which is 105.2 mu, or 3.4 percent, more than the 3,088.2 mu planted last year. Area planted in beets, and other cash crops, is also increasing, by greater or lesser amounts. Projecting from the above figures, the total area planted in cash crops this year, in all of Qinghai, is estimated to reach 1.834 million mu. Of this, plantings in oil-bearing crops are estimated to reach 1.826 million mu.

4. Plantings in Other Crops, Such as Vegetables, Green Manure Crops, and Green Fodder, Will All Increase at Varying Rates

The 900 farm families plan, this year, to plant 278.3 mu in other crops, which is 21.2 mu, or 8.2 percent, more than the 257.1 mu actually planted last year. Of this, area planted in vegetables, green manure crops, and greed fodder crops, will increase by 2.8 percent, 21.5 percent, and 9.5 percent respectively, and area planted in cucurbit crops will decline slightly. Projecting from the figures above, it is estimated that, in all of Qinghai, 442,000 mu could be planted to other crops this year. Of this, 124,000 mu will be planted to vegetables, 226,000 mu in green fodder, and 91,000 mu in green manure crops.

The survey results given above reflect the planting intentions of farmers in Qinghai, and the guidance of the market. In recent years, Qinghai has had good harvests of grain year after year, and cries that "grain is hard to sell" are increasingly heard. This year, farmers are adjusting the mix of grain they are planting. Especially, plantings in legumes, such as peas, broad beans, etc., are increasing. For Qinghai, this is a major step toward developing a highly efficient agricultural industry that produces high quality crops, and should be actively

encouraged. Also, we should put effort into improving circulation channels, and further the establishment of a complete, and well thought out, system of services to the production, supply, and sale of rural products. In addition, now that, this year, the national planting plan has been abolished, we must do an especially good job of supplying farmers with agricultural production materials, such as chemical fertilizer, agricultural pesticides, seeds, and medium- to small-sized agricultural tools. We must apply ourselves vigorously to preparation for spring planting. The intended plantings discussed above, can only be accomplished if there is a full range of services to support it, and if agricultural materials are plentiful.

Chemical Fertilizer, Other Supplies Ample in Qinghai

93CE0366A Xining QINGHAI RIBAO in Chinese 20 Feb 93 p 1

[Article by Niu Kushan (3662 1655 1472), and Zuo Xiling (1563 6007 3781): "Supply and Demand for Chemical Fertilizer Are Essentially in Balance; Other Goods Are in Ample Supply"]

[Text] Spring has begun, and the minds of Qinghai's 2 million farmers are focused once again on supplies of farm production materials. Because the plan is behind schedule, and funds are tight, the province has, so far, brought in 251,900 standard tons of chemical fertilizers of various kinds, 1,062 tons of agricultural pesticides, 133 tons of plastic sheeting, and 1.43 million small and medium-sized agricultural tools. More than 80 percent of these products are already in place at the local level.

On the afternoon of 17 February, the provincial Commerce Department, and the provincial Supply and Marketing Cooperative, held an information meeting on the supply of agricultural materials for spring. It was revealed that, looking at the quantity of chemical fertilizer available this year, supply and demand are essentially in balance, and 16 percent more urea was brought in compared to the same period last year. Agricultural pesticides, plastic sheeting, medium- and small-sized farming tools, etc., were all in ample supply, with all kinds available, and supplies can be guaranteed.

This year, Qinghai determined the total supply of chemical fertilizer to be 300,000 standard tons, including 240,000 tons produced by large facilities, and 60,000 tons produced by small facilities. To increase the supply of high quality chemical fertilizer, the provincial government allocated more than $4 million in foreign exchange to import 21,000 tons of chemical fertilizer. The provincial Agricultural Bank raised funds by every possible means, so as to arrange more than 12 million yuan in loans outside the plan. The provincial Agricultural Materials Company arranged for the import of ammonium phosphate, and picked the time when the international market price was at its lowest to make the purchase. Compared with last year, farmers indirectly reduced their expenses by 2.7 million yuan. The company then undertook to pay 640,000 yuan in additional interest payments.

At present, spring planting is proceeding throughout Qinghai, from east to west and from north to south, and the curtain is rising for the agricultural materials supply operation. To assure that farmers' demands are met in a timely fashion, agricultural materials departments, at various levels, will continue to keep a close watch on the work of transferring and distributing chemical fertilizer. In light of the fact that there is a rather large shortage of ammonium phosphate in Qinghai, at the same time they are fighting to win transfer of supplies within the national plan, they are also making arrangements to buy some ammonium phosphate at negotiated prices when the time is right to ameliorate the conflict between supply and demand. During the spring planting season, they will establish additional supply nodes throughout the rural areas, extend business hours, and break up wholesale lots for retail sale to make it easier for the masses to buy. To relieve the difficulties caused by the farmers' tight cash situation, they have adopted the method of bartering agricultural sideline products, for agricultural materials. The agricultural materials departments of the supply and sales cooperatives at various levels, are strictly enforcing the national pricing policy, and suppressing fraudulent buying and selling, unjustified price increases, and disguised price increases, to prevent swindling and profiteering at the expense of farmers.

Agricultural materials departments at the grass roots level say that, since the beginning of this year, there have been many cases of unlicensed units, and individuals, encroaching on franchises in chemical fertilizer, agricultural pesticides, plastic sheeting, and other production materials, damaging the "exclusive franchisees." The provincial Commerce Department, and the provincial Supply and Marketing Cooperative, are demanding that the agricultural materials departments of supply and marketing cooperatives on all levels, keep a close watch on incoming shipments, to prevent agricultural materials and products without production licenses, registrations, quality certifications, or certificates of testing, from entering the market by way of the agricultural materials departments, and damaging the interests of farmers.

Improved Quality of Heilongjiang Wheat Urged

93CE0332A Harbin HEILONGJIANG RIBAO in Chinese 10 Feb 93 p 1

[Letter to editor by provincial Agricultural Research Institute wheat specialist Qi Shiyu (4359 6624 7183): "Why Does Heilongjiang Wheat Lack Market Competitiveness?"]

[Text] Editor's Note: As agriculture heads toward a market economy, it has to obey market rules. Now that food and clothing are basically no longer a problem, it is only appropriate that agriculture strive toward high

yield, top quality, and high efficiency. Although Heilongjiang wheat is high yielding, its quality and efficiency are low, and we are caught in a predicament: we cannot sell our wheat at a good price even under great sales pressure, and peasant income remains low. The planting system is regulated by the market, we cannot but produce wheat; improvement in wheat quality should concretely be pursued, but that will take time. What should we do in the next few years, and in the future?

The wheat problem in our province is a prominent one. In the following letter, Qi Shiyu, a wheat expert and consultant to the Agriculture Department and researcher at the provincial Agricultural Research Institute, has placed this issue in front of us; all relevant aspects of the issue should seriously be addressed to devise countermeasures as soon as possible. The S&T department of this newspaper welcomes letters on this issue from leadership cadres and specialists in charge of wheat research, production, processing and sales as well as from the masses. The forum is open for discussion. We hope that concerned readers will help diagnose and devise solutions to the problems of raising the yield, quality and efficiency of Heilongjiang wheat. [end editor's note]

Dear Comrade Editor:

Heilongjiang wheat has been overstocked for several years now. It is reported that at the Zhengzhou national grain market, quality wheat of other provinces selling for 0.82 yuan per kg was quickly snapped up, but though Heilongjiang wheat was priced lower than the government contract procurement price, inquiries from potential buyers were few and far between. Unless the market competitiveness of Heilongjiang wheat is raised, we will face the increasingly serious problems of lagging sales and low returns. Raising the Heilongjiang wheat quality, therefore, cannot be further delayed.

At present, agriculture has progressed from a subsistence model to one focused on efficiency and quality. Heilongjiang Province has heretofore pursued research and production aimed only at high yield without any regard for quality, an approach which no longer meets the goal of efficiently producing high quality wheat for a market that emphasizes "good taste"; the time has come for changes to be made. Quality wheat should have nutritional and processing values, and the latter include the quality of milled flour and quality for cooking, baking and steaming. For 30 years, the protein content in the wheat variety grown in our province has declined by 3 percentage points. In the last few years, around 30 percent of Heilongjiang wheat had kernel quality rated at lower than 50 percent, most of which was wheat of the hua-yao [5363 5212] variety, low in gluten capacity which affects the quality of the milled flour; and standards were lacking in the various foods that use wheat. Low quality wheat does not have market competitiveness, and cannot achieve high efficiency. The only way to improve Heilongjiang wheat is to improve quality.

Some people say that the inferior wheat quality is because Heilongjiang is located at a high latitude with a severe cold climate, but this explanation is inappropriate. Canada is located further north latitudinally, but the quality of its wheat is internationally recognized. In the past, Heilongjiang wheat had also been praised for its quality both at home and abroad.

What is the main reason that affects the quality of Heilongjiang wheat? In my view, it is a matter of the wheat variety. Wheat quality is mainly determined by the genetic characteristics of the seeds. But in the main variety used in Heilongjiang wheat, the protein content is not very high, and further limited by cultivation techniques and production conditions, the gluten capacity is also limited and the overall quality is far from ideal. Where quality variety is used in our province, however, output is relatively low and the quality wheat does not bring in a good price; as a result there was no production on any scale. We therefore urgently need to cultivate and popularize our province's own quality wheat variety. Next is cultivation techniques, which directly affect the quality of wheat. Qualitative cultivation techniques can greatly raise the quality of wheat kernel for cooking, baking and steaming, and also elevate the protein and gluten content. The study of cultivation techniques for high yield quality wheat is an agricultural engineering system requiring close interdisciplinary cooperation. With high yield cultivation techniques as the foundation, we should study and analyze all aspects of cultivation, crop rotation, fertilizing, field and harvest management, harvesting techniques, and the genetic characteristics of the various strains; and as soon as possible, we need to clarify the relationship between the various technical measures and wheat quality, and to explore and develop models for growing top quality, high yield wheat in different ecological areas in our province. No such research is now being done in our province.

In my view, our urgent current task is to increase scientific research on wheat, focusing our energy to solve as soon as possible the two factors which affect the market competitiveness of Heilongjiang wheat.

Role of Literature, Art in Socialist Market Economy

93CM0219A Beijing WENYI BAO in Chinese 13, 20 Feb 93

[Article in two installments by Problems Unit, Literature and Art Bureau, CPC Central Committee Propaganda Department: "New Problems in the Literature and Art Field Under the Socialist Market Economy"]

[13 Feb 93 pp 1, 3]

[Text] 1992 was an extremely unusual year in China's history.

In the early spring of that year, Comrade Deng Xiaoping traveled to south China where he made some important statements. This was followed by a plenary session of the Central Committee Politburo, which clearly defined strategic plans for further emancipation of thinking to accelerate the pace of reform and opening to the outside world. In mid-October, the 14th Party Congress convened. There, on behalf of the CPC Central Committee, Comrade Jiang Zemin put forward the magnificent goal of building a socialist market economy system. The major economic system changes mark China's entry into a brand new stage of historical development in the building of socialism.

The proposal for a socialist market economy system not only provides modern Chinese literature and art with numerous new opportunities, but it also poses new challenges for the development of literature and art.

Faced with yet another rapid upsurge in reform on a nationwide scale to meet needs in the development of a socialist market economy and in the building of spiritual civilization, what is an effective course for becoming prosperous through self-effort? It was with this question in mind that the Problems Unit at the Literature and Art Bureau, benefitting from general investigation and study work already done, applied purposeful random sampling and interview survey techniques in carrying out a series of fairly painstaking and thorough investigations and studies of the literature and art world in coastal Zhejiang Province, and in inland Shaanxi and Shanxi provinces. At the same time, we specially sent specialists to organize workshops discussions on specific topics with comrades in charge of literature and art in some provinces and cities who had taken part in the national mass television golden eagle awards. In the process of our investigation and study of problems, we conducted on-the-ground surveys of more than 20 literature and art units, held 32 workshops on specific issues, paid close attention to how art and literature are surviving and avenues for their development in a commodity economy, and conducted a wide-ranging exchange of views with comrades who are writing and creating literature and art, and who are doing theoretical work, studying, publishing and managing literature and art. Everyone set forth his or her views about various hot topics of concern in the literature and art world, such as the impact on literature and art that development of the commodity economy produces, new understanding of the function of literature and art, and the orientation of reform of the literature and art organizational system under a socialist market economy.

1. New Problems That Literature and Art Face Under the Impact of a Commodity Economy

Development of a commodity economy, and the proposal for a socialist market economy system are shaking not only China's economic realm but the realm of literature and art in China as well. They have sent very great shock waves through the existing mode of survival, organizational methods, and pattern of supply and demand in literature and art. They raise numerous new and unprecedented problems for contemporary Chinese literature and art.

In a nutshell, the impact of the commodity economy on literature and art is manifested in the following four main regards:

First is the influence of literature and art on society. When the gang of four was first smashed, literature and art courageously stood in the forefront of the ideological battle line in the process of striking away the shackles of the ultra-leftist line of Lin Biao and the gang of four. They made a yeoman contribution to the emancipation of thinking and in bringing order out of chaos. All of a sudden, literature and art commanded public attention. With the stabilization of society and the steady development of the economy, the focus of people's attention gradually shifted toward the economy. During the early 1980s people vied with each other to get hold of works of literature or art that passed from one person to another; at least several hundred thousand or even a million copies of ordinary literature and art magazines were published; and cinemas and theaters of all kinds were filled. As for the relationship between the commodity economy and literature and art, although development of the commodity economy brings new opportunities and new vitality to literature and art, mostly the commodity economy emphasizes market regulation, and this is disadvantageous to the development of literature and art, given their special character. Since we lack sufficient ideological preparation in this regard, and even lack the emergency measures needed to regulate and control literature and art, objectively this has led to an unexpected decline in audiences and readers in many fields of the arts. This is true even for the cinematographic art, which enjoys great mass appeal, attendance falling by more than 3 billion in 1992, box office revenues declining by 300 million yuan over the same period in 1991, and more than 6,000 projection units nationwide going out of business and seeking new lines of work.

Second is the cultural market. With advances in science and technology, and steady development of the commodity economy, tape recorders, video cassette recorders, and television sets have entered millions upon millions of households, mass entertainment places have

increased rapidly, and the cultural life style of the masses has become increasingly varied. The state of affairs in which literature and art in the form of books and stage performances were the hallmarks of excellence and dominated the cultural market has gone never to return. With the diversification of cultural life, people enjoy more choices among literature and art products in general. Literature and art must face up vigorously to the competition that exits in the literature and art market. No longer is there any assurance that they will be able to survive come what may.

Next is the mood of writers and artists. On the one hand, everyone has adopted a positive approving attitude about development of a market economy and social progress, but at the same time they cannot but feel apprehensive about the difficulties that literature and art face in surviving against the onslaught of commodities being offered. In the literature and art world, a complex frame of mind exists in which hope interwoven with perplexity is extremely common. Hard pressed by the expense of belonging to various literature and art associations and literature and art groups, and as a result of the increase in the cost of producing, performing, and publishing literature and art works, in addition to the intense competition in literature and art markets, the problem of economic returns sometimes becomes the main topic of conversation among literature and art units. The traditional idea of literary personages being "ashamed to discuss profit," has been completely demolished. The abundance of commodities, booming markets, and the greater improvement of the material standard of living of people engaged in other social occupations is stimulating the relatively impecunious artists. Because of the need to improve their living conditions, no longer do literary and artistic persons feel that talking about business and making money is disgraceful. The first stop on the problem team's survey was Jiangsu where, at the first workshop, an artist who has long been engaged in the study of dance theory was the first to speak. Stating his main theme at the outset, he asked what the main concern of people in literature and art is today, and answered money! This is because, without money rehearsals cannot be held, the show cannot go on, and there is no way to improve the pay and benefits of artists. Because of the lack of money, a substantial number of artists throughout the country are no longer willing to live in penury. It is not at all uncommon for them to hold two jobs or to renounce the pen and go into business. Quite a few of them are first rate authors and artists. The deputy chairman of the Chinese Writers Association, Lu Wenfu [7120 2429 1133], has taken the post of chairman of the board of the "Old Suzhou Great Literature Corporation"; the chairman of the Ningxia Literary Alliance, Zhang Xianliang [1728 6343 0081], heads the list of those who have taken the plunge into business, operating two large companies. The renowned Shaoxing opera performer, Wang Wenjuan [3769 2429 1227] has become general manager of the Baby Cultural Arts Company's Pudong branch. Deputy director of the Guangxi Cultural Bureau, Huang Wanqiu [7806 1238 4428], famous as "Third Younger Sister Liu" has founded the "Third Younger Sister Enterprise Group." Renowned film star Yang Zaibao [2799 0961 5508] is running the Wenzhou International Cinema and Television Advertising Information Company." Worker author Hu Wanchun [5170 8001 2504], extended the business front abroad to operate a joint-stock corporation in Vietnam. No matter whether they are anxious tyros or people experienced with life, no matter whether they are "tapping potential energy" in a quest for "self-salvation" or are making a fresh start, designing anew their own blueprint for life, the turn to business of a succession of literature figures is sufficient to show the social effect wrought by the impact of the commodity surge. Formerly everyone was concerned about the quality of their creative work; today quite a few people talk about how to make money. A lyricist makes 20 to 30 yuan for a song, but this same song recorded on tape and commercially advertised with an accompaniment thrown in can make several thousand yuan. The struggle between their profession and business constantly entangles cultural personages. Since writers cannot calm themselves to concentrate only on literature and art, one renowned Shanghai author felt that no matter how large a space is available, there is no place to put a writing desk where one can work in peace.

Finally is the existing organizational system in literature and art. Our literature and art system is based on the literature and art system of the old liberated areas, which was mostly a copy of the Soviet model. It is set up to meet the needs of the planned economy that was set up after founding of the PRC. This system calls mostly for state contracting of literary and artistic endeavors, and although it has played numerous positive roles historically, it also retains numerous serious shortcomings. To meet the needs in the development of a commodity economy and to change the large common pot system that does not reward the industrious and punish the lazy, the state controls, in a purposeful way, the disbursement of government funds to literature and art units. Even though this makes some literature and art groups feel the government financial pinch, overall it has not impaired their basic survival. However, now that documents from five departments, the Central Organization Department among them, have recommended that the China Writers and Artists Association gradually move in the direction of finding public support, the finances of most literature and art groups are bound to become more and more dependent on their own fund-raising efforts. Worries about "no sustenance" has become a hot topic for discussion in the literature and art world. No doubt, the problem of how to continue to survive poses an even grimmer test for the world of letters. Incomplete statistics show a serious fund shortage in more than 80 percent of literature and art groups nationwide. State funds appropriated to academies and organizations under Ministry of Culture jurisdiction suffice only for personal expenses, and state outlays for academies and organizations in provinces, cities, and autonomous regions cover only about 50 percent of their expenditures. When the

Shanghai Song and Dance Theater had 200 people, its outlays amounted to 1 million yuan. Today, the theater has 600 people, including retirees, but it receives only 1.2 million yuan. After deducting for price increases, its actual receipts are declining year by year. Although Jiangsu is a financially strong province, its Department of Culture has a 4 million yuan funds shortfall each year. People in charge of the Department of Culture have to go begging for money everywhere. They have come to be called "beggar band chiefs." Television, a major national propaganda medium, receives from the state only one-tenth of what it spends. Nearly 5,000 television plays are shot nationwide each year at a cost of 250 million yuan, but the allocation to the Central Television Station's Television Theater is only slightly more than 10 million yuan, most of the additional amount needed coming from fund raisers. In quite a few literature and art units, the amount remaining after deduction of payments for staff does not amount to very much. The money available for operating expenses does not suffice to organize a single large scale literature and art performance or an academic discussion campaign. The funds shortage has forced quite a few literature and art units to set up a financial system in which top personnel and assistants submit signed accountings seeking reimbursement for expenses. Even so, quite a few writers and artists who have accumulated medical treatment receipts amounting to hundreds or even a thousand yuan have no place to go to seek reimbursement. Faced with grim survival pressures, some writers and artists even publish articles, sighing that they are thus "able to be an artist for another several days."

Under the onslaught of the commodity economy, many new situations have come about in the world of literature and art to which different people have reacted differently according to their different points of view.

Although some comrades acknowledge that development of a commodity economy and establishment of a socialist market economy system is an enlightened policy that benefits the country and the people, and express heartfelt support for it, under the onslaught of a rush of commodities, and in a precarious state of survival, people in the literature and art world exhibit marked puzzlement and confusion. They feel that literature and art should not be regarded as a burden for society during the development of a socialist market economy, because simultaneous with the building of socialist material civilization, the building of a socialist spiritual civilization is one of their important historical missions. Any view that slights the building of ideology and culture (including literature and art) is extremely harmful. As an indispensable ideology for assuring the building of the national economy, the social value that literature and art creates cannot be quantified. We cannot be eager for quick success and instant benefit, regarding literature and art with a utilitarian eye. We must be willing to put some investment into cultural and artistic endeavors. At the very least, it is necessary to ensure artists the psychological security needed to engage in spiritual labor. Some old comrades feel that one should not blithely say that everyone feeds artists when actually artists get minimal remuneration yet create enormous spiritual wealth. So to say that we are "fed" by others cannot be justified. Such a statement is very hurtful. They believe that a large number of workers in literature and art who are active in China's art world are a corps that our party has nurtured painstakingly for decades and that can be relied upon, that they are valuable wealth in our society, and that the invigoration of literature and art is their duty. If we ignore their strengths and concentrate on their weaknesses and permit them to slide willy-nilly into the ranks of those doing business without regard to whether they succeed or fail, and without using their talents to the full, this is a waste of a resource. The building of literature and art entails accumulation over a long period of time. In material production, a little mistake that results in the production of a few inferior products does not hurt the overall production process. In the spiritual production realm, if we stifle the enthusiasm of workers in literature and art, thereby turning out a certain number of spiritual rejects, that will produce serious social consequences or even may lead to a retrogression in the overall cultural level of our society, the damage being difficult to remedy.

Other comrades do not agree with the above view. They believe that when developing a commodity economy and establishing a socialist market economy system today, it is extremely normal for literature and art to retreat from a position as the focus of public attention. Their past brilliance showed the lopsidedness of our art and literature market. It is a case of art and literature formerly being the province of only a select few but now being available to the ordinary people. Literature and art have returned from ethereal space to the flat land. That there is a sense of desolation is good. It shows that literature and art have truly come back to essentials. This desolation positively does not mean that literature and art have gone into a ditch or a blind alley. Quite the contrary, it shows that literature and art are headed toward consciousness and headed toward the beginning of a true boom. A renowned author in Jiangsu believes that the present survival difficulties of the literature and art world are the price that has to be paid for literature's and art's convergence with the great commodity economy surge. Possibly this is a process that must be gone through as part of a developing country's economic take-off. We must not be surprised or alarmed on this account. The readjustment and change in the formerly fairly undiversified system and pattern of literature and art through the action of a market economy is historical progress. The commodity economy's competition mechanism helps talented authors and artists gain greater opportunities for realizing their self worth, and it helps the just elimination of mediocre artists lacking artistic creativity who have been fed for a long time, thereby bringing about a rational flow of talent. That some writers and orders leave their professions to go into business is not necessarily a bad thing. This may not only

enable them to extricate themselves from survival difficulties, but also to experience life in a profound way and possibly they may also be able to produce great works. The returned student literature, and the working man and working girl literature that has recently created a sensation is of this genre.

Development of the market economy need not retreat because of the plight of literature and art. Daydreaming and complaining cannot solve problems. Real literature and art do not fear an onslaught, nor do they head toward oblivion because of the development of a commodity economy. There is no need for pessimism in the literary world. A truly aspiring author or artist does not give up the pursuit of his or her own ideal. As some authors have said: Money can make my life more convenient and give me more sensory enjoyment, but it can never satisfy my examination of and quest for the ultimate meaning of human life. Literature and art are not only the sustenance and the mainstay of my spiritual life, but they are an important way of expressing my quest for human life and a form of survival. So long as artists dare to triumph over the lure of money, maintaining indifference in the face of material desires, their art cannot be toppled by a poverty-stricken existence. Once the temporary difficulties of the current period of adjustment in literature and are over, literature and art are bound to get out of their difficulties to find a road for booming development in the midst of the great tide of the commodity economy.

2. A Reappraisal of the Function of Art and Literature in the Face of the Onslaught

Granted that a reason for the survival plight of the literature and art world is related to the powerful onslaught created by the great tide of the commodity economy, this is by no means the sole reason. After a painful period, the literature and art world has begun a calm self-appraisal in a quest for inherent reasons why literature finds it difficult to bear the onslaught of the commodity economy.

In the process of self-examination of the world of literature and art, everyone was surprised to learn that it was the sector that created serious literature that was in a sad predicament and poured forth endless grief, while the sector that produced popular and entertaining materials was full of life, content, free, and easy. Both were literature and art, and both were facing the onslaught of the commodity surge, so why was it that some were penniless while others had a lot of wealth and vigor? Birds of a feather in different circumstances with such a great contrast between them, one cannot but wonder at the reasons. Just where does the problem lie? People feel that serious literature is contorted while popular literature and art are sensible. The crux of this adherence to opposite ends of the spectrum lies in the tremendous divergence of views about the function of literature. Seemingly Chinese art and literature at the end of the 20th century has no choice but to wrestle with this both simple and complex issue of just what literature and art is. Specifically, in the development of a socialist market economy today, what should the social stance of literature and art be?

The orientation of the world of literature and art since the advent of the new era in diligently serving the people and serving socialism, as well as its policy of letting a hundred flowers blossom and a hundred schools of thought contend have created a fine social environment for a re-understanding of the function of art and literature. One after another, the forbidden zones have been eradicated. In its emancipation of thinking, its thorough repudiation of the Great Cultural Revolution, its rethinking of history, and its hailing of preliminary trials aimed at reform, the world of literature and art has created one stirring effect after another, thereby playing a very great social role. However, possibly out of intoxication with success, literature and art have been unable to carry out a new artistic readjustment based on social development realities. Some people work along the old familiar lines, oblivious to the need for innovation in art. Some people forsake present realities in a quest for "the eternal," their exploration of art developing in the direction of the involved and the abstruse. The honeymoon between literature and art and the readership is over. People have begun to use different means to express their intense dissatisfaction with literature and art that is divorced from the masses. In this situation, it is popular literature that is winning the race. It is meeting market development needs, and it has introduced into the realm of literature and art the article of faith that "the customer is god." Popular literature meets contemporary people's need for amusement and relaxation during their free time. A style that is popular and easy to understand, relaxing and interesting has won over a large section of the public that appreciates literature and art, thereby promoting its own extraordinarily rapid development.

How to regard the historical phenomenon that the development of contemporary literature is the key to understanding the function of literature and art.

Some comrades who are engaged in writing popular literature believe that we should completely repudiate the notion that the primary function of literature and art is to educate, and boldly and assuredly endorse the view that the primary role of literature and art is to entertain. Their reason is that literature and art are not textbooks. The public spends money to read literature or look at art not primarily because it wants to hear a report or be educated, but because it is seeking relaxation and entertainment. Unless entertainment is given paramount position, there is no use even talking about what the masses of people enjoy hearing and delight in seeing. If it isn't entertaining, the audience will not look at it, with the result that the function of literature and art in education will not be served. Therefore, literature and art must stress the following view: Whatever the audience wants, we will produce. Serving needs is the only sensible method. Otherwise, literature and art will be

unable to change the present depressing state of affairs; it will be unable to find a way to solve the survival predicament.

In addition, although some comrades engaged in producing literature and art also recognize that the emphasis on literature and art for education rather than for entertainment is responsible, to a certain extent, for the separation of literature and art from the masses; nevertheless, they do not approve of going from one extreme to the other. The view that popular literature booms because it fills a market need makes sense, but one must also look at another aspect of the issue. The market for popular literature cannot be limitless. Once it is saturated and the surge has passed, the tide will ebb. That some Hong Kong and Taiwan martial arts novels have moved to the discounted books counter provides very good testimony to this. In addition, the function of literature and art cannot be limited to entertainment. Too much of a quest for entertainment and seeking after sensory stimulation, and literature and art are no longer literature and art.In recent years, we have slackened control over the popular literature and art market with the result that lots of vulgar, low class, and even pornographic things have become mixed in. This has greatly corrupted the reputation of literature and art in society, and has caused extreme damage to society. The party and government have no choice but to expend a large amount of energy on "sweeping away trash." This is a painful lesson. In a commodity economy, even without encouragement a commercial entertainment can fully rise. This is inevitable. Popular literature and art have already carried off a large part of the audience for literature and art, and it has brought desolation and solitude for serious literature and art. We must not force all literature and art into a narrow entertainment role. Serious attention to the entertainment nature of literature and art is proper, but should not be given first place.

Still other comrades feel that one should not become bogged down in the question of whether the entertainment or educational role of literature and art should be first. They feel that the urgent task of the moment is to understand fully the function of literature and art objectively and dispassionately, taking all aspects into account but not emphasizing one aspect at the expense of another. Actually, the aesthetic, entertainment, appreciation, and education functions of literature and art are complementary and mutually reinforcing rather than antithetical. These comrades believe that the best approach is to follow Comrade Zhou Enlai's "educate by entertaining" formulation, thereby unifying the educational and entertainment roles of literature and art. In this way, we can find a focus for dissolving differences.

An old editor who has been publishing literature and art for a long time looks at the situation in terms of the literature and art book market. He believes that with the founding and development of a market economy system, the distinction between popular literature and art and serious literature and art will become increasingly clear, but the two will continue to develop along two different lines. While abiding by the view of educating by entertaining, and stressing the entertainment value of popular literature and art, emphasis must also be given to its benefit for the literature and art public, the standard of both entertainment and benefit being used for the diligent fostering and guiding of popular literature and art, steadily advancing progress and improvement of literature and art of an entertainment nature. While emphasizing the aesthetic and educational role of serious literature and art, full account must be taken of the entertainment character of literature and art, efforts made to find a point of convergence between serious literature and art and popular literature and art, and to make the highbrow more popular. In this way, the audience can derive cultural and mental inspiration in the course of enjoying literature and art. In this sense, the social value of both popular and serious literature and art is identical.

Writers and authors in the serious literature and art fields should never underestimate the tremendous subtle educational role of literature and art on society. It is necessary to realize that in addition to the general ideological and moral as well as educational skills education that a person receives at home, at school, and from society in the course of his or her life, a large amount of social education in daily life comes from different cultural activities. The things that literature and art inculcate into society are bound to influence the spirit and mores of society. Works of literature and art that reflect major themes and give expression to profound social topics, in particular, that organically link education and entertainment to achieve a common appreciation of the refined and the popular, and that old and young can both enjoy are bound to have a pronounced social effect. He believes that "in satisfying the diverse needs of the people's spiritual life, in nurturing a new socialist man, and in improving the ideological, cultural, and moral level of all society, literature and art bear an important responsibility that no other sector can replace." In re-examining the social function of literature and art, we must maintain a clear head on this point.

3. Accept the Challenge, Actively Orienting Toward the Market

Full and effective performance of the function of literature and art depends on the number of people who appreciate literature and art, and the good or bad results of their appreciation. The process of accepting a substantial portion of literature and art is accomplished through the medium of cultural markets. In the development of a commodity economy and the building of a socialist market economy today, art and literature must particularly stand the test of market acceptance. Stubborn rejection of the market is unrealistic; avoidance is not the way to solve problems. Facing challenges squarely, and adjusting to the new requirements for building a socialist market economy system, positively changing the production of art and its operating mechanism is not only necessary to get out of the survival predicament that

literature and art are in, but it is also an unshirkable historical mission that the broad masses of writers and artists are facing.

One problem that comes up at the very beginning in how to face the market in a positive way and build a distinctively Chinese socialist cultural market is: Are literature and art commodities? How is the commercial nature of literature and art to be understood?

One view holds that literature and art are commodities; they are commodities identical in character with materials goods. The usual definition of a commodity applies entirely to literature and art. This is because, for most writers and artists, literary and artistic creations are the means on which they depend for living a settled life and establishing themselves. At the very least it is part of the means whereby they make a living. Moreover, literary and artistic commodities express the concrete labor of their creators. They hold specific utility. Their utility is expressed entirely in the satisfaction of the social needs of others in accordance with the means of commodity exchange in the commodity circulation process. This is no different from material goods in general. Consequently, the building of a cultural market requires boldly recognizing the commodity nature of literature and art, establishing a market concept, and going all out in boldly moving literature and art toward the market in order for literature and art to seek survival in market competition. Of course, some kinds of literature and art may atrophy in market competition, but this is entirely normal. Two rather lively young authors in Zhejiang Province feel that in the absence of markets, literature and art have no survival value. This is the market benefit principle. The market changes our customary view of art selecting its audience to the audience selecting art. This is historical progress. The sifting that the market provides to regulate our outmoded literature and art matrix enhances the vitality of literature and art. This is the only way to change the straitened circumstances in which literature and art survive. Only when we set forth courageously and pioneer a new road. What we lose is pain, and what we gain is joy.

Yet another view maintains that although literature and art have commercial attributes, their essential nature is not that of a commodity. First of all, the creation of a literary or artistic product differs from the creation of a material good. Art does not permit mechanical and uniform technology-style production. Literature and art are unduplicatable spiritual creations filled with passion and the distinctive human experience of writers and artists. It is a vivid expression of the innate strength of the artists. Second, unlike material goods, the socially necessary work time required for works of literature and art cannot be accurately calculated; this is because the price of most works of literature and art does not reflect the actual value of the literature or art itself. In the economic realm, the more developed a commodity economy, the more the principle of exchange of equal value is followed. For works of literature and art, however, even in the countries of the world where the commodity economy is most developed, their exchange at equal value is difficult to realize. Furthermore, the utility of literature and art is not fairly fixed as is the case for material goods. The role they play differs widely for different people under different circumstances. In addition, the role of literature and art is not as direct or as strongly limited by time and space as that of material goods. The role of literature and art is in people's hearts. An exquisite work may transcend time and space, exercising artistic charm for mankind over a long period of time. Thus, in their nature, literature and art are spiritual products that have commercial attributes.

Since literature and art have commercial attributes, naturally a market for literature and art exists. A famous Beijing opera performer in Jiangsu believes that writers and artists must emancipate their thinking to change old ideas that despise markets. They must stop regarding themselves as being above worldly and material pursuits, put down their pretenses, face the market, and get rid of their old habit of concern only for the sowing of seeds but not for the harvest. Rational and effective use of the market medium, close linking of art and literature to the masses of people, and using the opening of markets as a rational means of increasing earnings is crucial to the development of literature and art. There is nothing wrong with people of noble character loving wealth so long as they gain it ethically. Comrades who hold this point of view particularly stress market limits. They maintain that since literature and art are spiritual products, one should not hand them over to the market entirely. A comrade in charge of a writers association in Zhejiang Province says: In view of the basic caliber of those who appreciate art and literature today, as well as the incompleteness of the inchoate market mechanism, to put all literature and art up for sale in markets, and simplistically to turn over to markets the power of life or death over literature and art means that complex spiritual products may rise or fall solely on the basis of money, or it permits mediocre works that pander to readers whose taste is poor to compete unfairly in a disorderly way without observing the "rules of the game." Under these circumstances, the survival of the fittest phenomenon in literature and art is not crazy talk that deliberately exaggerate so as to create a sensation. Thus, comrades who hold this point of view particularly emphasize that in the building of socialist cultural markets, it is necessary to give active guidance to markets and foster markets, and to regulate and control them in an overall way. Policy tilts are necessary, especially supporting outstanding works of social merit. We must be super careful about never acting in haste.

Yet another point of view maintains that today when literature and art have just taken the first steps into the market, no hasty conclusions must be made about some extremely complex theoretical issues. First, reality should be faced conscientiously. One must not negatively suppose that the introduction of the market mechanism into literature and art is an inescapable choice. Instead, one should respond with a positive attitude,

consciously regarding the orientation of literature and art toward the marketplace as a favorable opportunity to change concepts and transform mechanisms. Introduction of the market mechanism helps demolish the egalitarian great common pot in literature and art. It overcomes the bad situation in literature and art units in which it makes no difference whether one works or does not work, or works well or does not work well. It helps reward diligence and punish sloth to encourage and arouse the enthusiasm of the broad masses of workers in literature and art.

These comrades go on to suggest that we must regard the commodity economy's challenge to literature and art as a major opportunity to develop literature and art. We must take full advantage of this opportunity for an all out effort to propel literature and art toward pioneering and innovation at a higher plane. Because the building of a socialist market economy system marks a historical change in China's economic system, it is bound to have an enormous impact of unprecedented proportions on political, economic, and cultural ideas and social psychology. During this period of historical change, all sorts of changes in complex social contradictions, social frames of mind, and value concepts will emerge, which are bound to provide literature and art creations with extremely fresh social material and content. Display of the content of this new life, and increasing the sense of reality and sense of modernness of literature and art, will imbue literature and art with new vitality. Simultaneous with market development and economic progress, some brand new sciences and technologies may also orient toward the realm of literature and art. The use of computers, satellite transmissions, and changes in stage sound, light, and acoustics, as well as the use of all sorts of high science and technology in literary and artistic programs may bring major ingenious changes in works of literature and art. This will likewise provide support for forms in which art and literature develop.

As a market mechanism gets stronger, some folk art that formerly did not receive serious attention may benefit from modern science and technology and cultural markets for steady discovery of its own value. The Shanxi Folk Gong and Drum Corps, which operates as an economic entity, has performed in both north and south China, and at the Asian Games. Shanxi's Folk Dragon Dance Corps performed on invitation in Japan where it was warmly welcomed. Not only did it create quite good economic returns, but it imbued this folk art form, which is so filled with vitality, with a brand new modern coloration.

Quite a few comrades feel that in meeting requirements for building a socialist market economy system, full use of the market economy to provide favorable elements for the development of literature and art, and to change the art production and operating mechanism is a quite difficult task that has strong policy overtones. The slightest carelessness may easily arouse unrest in the world of literature and art, or the healthy development of literature and art may be adversely affected. In this connection, there are three points that merit special attention:

First is the need for regular attention to the different needs of the market and literature and art. When literature and art enter the market place, they will have to abide by the economic laws of the marketplace, and the regulatory role of the marketplace will have to be applied to the production of literature and art, literature and art thereby meeting market demand. In addition, full account will have to be taken of the special character of literature and art itself, and the inherent laws of development of literature and art will have to be respected so that literary and artistic products can maintain their own freshness and artistic character throughout. If adjustment to the market is done simplistically and mechanically to the neglect of inherent requirements for the development of literature and art, the literature and art market will shrivel and slump.

Second is the need for adherence throughout to the principle of joint social benefit and economic benefit. Since the production of art requires orientation toward the market, economic returns must be given due attention, "creating the most abundant material wealth within the smallest amount of work time." (Marx's words). However, as dealers in socialist literature and art, we must emphasize a spiritual product value orientation, seeking to create the finest social benefit even while creating the best economic benefit. The correlation between social benefit and economic benefit is an extremely complex issue. A unity exists between the two inasmuch as the greater the readership, audience, or number of spectators for a given work or literature or art, the greater the economic returns, and the greater the social effect. One might say that economic returns are the bridge and the medium for realizing social benefit. However, fundamentally economic benefit and social benefit are not identical. Sometimes when economic returns go up, social returns are very poor; and sometimes when economic returns are not too good, social returns are very good. Despite the increasing degree of unity between the two that results from the building of spiritual civilization and a rise in the ideological and cultural caliber of the masses, today, when people's ideological and cultural caliber and the social atmosphere are not as good as one might like, a marked disjunction and deviation between the two is extremely marked. Moreover, we cannot be lax at all about Comrade Xiaoping's call for a high degree of attention to social benefit from spiritual production.

Third is the need for proper planning of a correlation between a long-term literature and art development strategy and short-term consumption of culture. The building of literature and art is an on-going historical process that requires accumulation over a long period of time. In the building of much literature and art of a basic character, no return at all can be realized at once, but after a fairly long period of time, its important strategic significance become apparent. The existing literature

and art market more and more emphasizes current cultural consumption, so unless proper guidance is given, an overall imbalance will occur very quickly in the development of literature and art. Evidence of just such an imbalance are already evident in the cultural market, which is in the course of development. Take the situation in Nanjing, Jiangsu Province, for example. Today, the city has more than 100 song and dance halls, and nearly 50 karaoke establishment, as well as 200 video show locations under control of government cultural units alone. In marked contrast to this is one modern theater in this provincial capital. Jiangsu Province's art gallery was built in 1936. Its facilities are very poor, making impossible the display of more than 5,000 items kept in storage. Unbalanced cultural consumption is on the increase. Some people term this situation the "cultural fast food phenomenon." As single time consumption increases, fine product—repeated consumption—becomes diluted. This directly abets increase in literary and artistic creations that have entertainment value, while fine product creations that take a lot of investment and a long-time to recover investment are cold-shouldered. Unless this situation is corrected at once, it is bound to have many bad effects on the healthy development of literary and artistic endeavors.

As a complex spiritual labor, to put the survival or death of literature and art at the mercy of the market (particularly unstructured market) competition will not do. In capitalist societies where businessmen care only for their own pocketbooks, quite a few artists "produce commodities only for the market" (Lenin's words). The result is cultural markets that are filled with homicide, violence, and sex, which is a major reason for the cultural crisis in the western world. But even in the western world, the production of art is not entirely left to spontaneous market regulation. Western countries also support certain kinds of art and restrict some things through laws, taxation, government disbursements, and financial grants from organizations. Ours is a socialist country in which literature and art are a major integral part of socialist spiritual civilization. We "must give close attention to social benefit, and encourage creations that have a healthy content, particularly spiritual products possessed of artistic charm that sing the praises of reform and opening to the outside world, and modernization" in an effort to provide the people with the best kind of spiritual food. This requires that we enhance overall regulation and control and operation of a guidance nature of cultural markets, striving to combine organically social benefit and economic benefit, and the building of cultural markets with the building of socialist spiritual civilization and reducing to the minimum the possibility that markets may have a negative effect on literature and art.

Positive orientation toward markets is necessary for the development of literature and art. We must do as Lenin exhorted, using the least painful and most peaceful means of completing this necessary process. If we fancy that great masters will emerge from culture's money worship, and if we do not promptly summarize experiences but wait until problems become serious before curing them, that will be our mistake. Our system has the advantage of being able to effect overall regulation and control. By positive and steady reform, and effective use of the superiority of our system, we will certainly be able to change market pressures into a force for the development of literature and art, the building of the socialist market economy system thereby truly becoming a major historical opportunity for spurring booming development of literature and art.

[20 Feb 93 pp 1, 4]

[Text] **Intensification of Literature and Art System Reform Is the Road That Must Be Taken for the Emancipation and Development of Productivity in Literature and Art**

Faced with the churning of the tide of reform throughout society, writers and artists are increasingly aware that one of the main reasons for the various difficulties currently being faced in the production of literature and art is that the old system hobbled the development of artistic productivity.

Reform of the literature and art system is a complex and daunting piece of systems engineering. Everyone agrees that reform is imperative, but just how to reform is the question. In the course of investigation, we found that when reform touched on the personal interests of different sectors and different individuals, it produced widely divergent views.

1. Reform of Mass Literature and Art Groups

Literature federations and writers associations everywhere today are finding survival difficult. The Shaanxi Provincial Writers Federation has no regular meeting hall. Prizewinning writers from the Shaanxi Provincial Writers Association found it difficult to pay travel expenses to Beijing to receive their prizes. Only reform can change the present state of affairs. Nevertheless, in the course of our investigation and study, when the topic turned to whether the state should continue to appropriate operating expenses, people's worries and feelings that no alternative existed were extremely intense. To use the words of a well-known author in Shanxi, some people still feel that mother's milk from the state is very good.

Some people maintain that state support is still needed, their reason being that literature federations and writers associations have the same status as mass organizations of workers, young people, and women. This pattern was fashioned at the very first writer's congress, so when writers and artists are suddenly pushed toward the market now, not only is it difficult for them to survive, but they also experience a sudden feeling of abandonment.

Other people maintain, however, that after 40 years the literature federations and writers associations have

become stereotyped, so now they are becoming increasingly institutionalized, hackneyed, and bureaucratic. They are supporting quite a few loafers and idlers, and they have departed far from their originally intended liaison, coordination, and service functions. Very commonly, they waste energy on matters that have nothing to do with the production of art, and every time their officers change, irksome personnel quarrels occur which it is difficult to get out of. They must be thoroughly reformed. The ways that the state supports them must be changed. Some people even advocate abolition of literature federations and writers associations, or to retain only an extremely small number of people who perform a liaison role as is the case in some mass art groups abroad.

More people point out that under present circumstances, sudden weaning is seemingly unrealistic and might have a substantial negative effect; nevertheless, this mechanism that is so lacking in vitality must be changed. One virtually unanimous idea is the gradual creation of conditions for the active operation of tertiary industries—particularly the operation of some enterprises related to the production of art—that would allow those persons to leave who are not suited to work in assigned positions and who want to change. Not only would this reduce overstaffed institutions, but it would lay a foundation for producing income. Foreseeably, accompanying the steady intensification of reform, various mass literature and art groups would redefine their function and position on the basis of the dual need to adjust to the market economy and the laws of development of literature and art itself.

2. Reform of the Professional Authors System

Some people feel that with the building of the market economy system, state support of the professional authors system need not be continued. They note that in today's world, probably only Korea and the China mainland still maintain such a system. In a certain sense, this is an outgrowth of the traditional planned economy.

Quite a few authors feel that it would not be very wise for the state not to support professional writers. The key issue is how they should be supported. One old writer who both produces commentaries and writes novels said that in an old civilized nation like China, professional writers should be supported. Using Shanxi Province as an example, he said that in a province of more than 30 million people, there were only 16 professional writers. To say that their support put a burden on the treasury and the economy is nonsense. If they were to be disbanded, getting them back together would be no easy matter. One well-known young writer asked whether the purpose of reform is to ameliorate economic difficulties or to develop literary and artistic endeavors and make them flourish? If it is the latter, professional authors should be supported, and they should be supported somewhat better than they are. A single business concern may be supported to the tune of tens of thousands of yuan without anyone saying a thing. What does the expense of supporting 10-odd professional writers in every province amount to? If one looks at things only in terms of economics, people will be very perplexed. The number of people who have created nothing for a long period of time is extremely small. Were payments to be cut off suddenly, what would happen should such people become ill? What would their wives and children do? The consequences would be grievous.

Writers everywhere report that many people have not done physical exercise for many years. Because of their arduous labors on art, quite a few have become physically infirm. Many young authors in Shaanxi who are at the peak of their productive years suffer from serious illnesses. When young authors die of overwork, the world of literature and art is very greatly shocked.

Many authors and artists believe that the direction of reform of the professional writers system should not be to drive all professional authors toward the market all of a sudden. It should be the bold emancipation of thinking, introduction of the competition mechanism, and the exploration of diverse possibilities that enable the professional writers corps to maintain fairly high standards and strong creative vitality throughout. Specific ideas include changing the life tenure system, and instituting an appointment system. The funds used in some countries might also be copied, permitting and encouraging society to set up various funds to help authors. Resident authors in academic institutions might be tried out, some well-known authors doing concurrent teaching in institutions of higher education, etc.

Reform of the professional writers system has also led directly to a hot issue, namely reform of the existing literature and art publishing system. Some people call for the emancipation of thinking, reforming the existing publishing system to permit literature and art units and even individual artists to run publishing enterprises themselves. One young critic who has been influential in recent years said that allowing us to go into business directly would actually produce advantages and avoid disadvantages. If we were allowed to operate publishing houses, publishing companies, or literature and art publications, maybe we would be able to depend on ourselves and gradually get away from government feeding. The Shanxi Folk Literature and Art Association had only 8,000 yuan when it was founded in 1980. Later on, using a single magazine Shanxi Folk Literature as a beginning in trial reform of the province's literature and art system, it became responsible for its own profits and losses, and did its own economic accounting. Reform stimulated people's creativity and enthusiasm for work. Not only is the magazine's content easy to understand, healthy and vivacious, but its circulation has steadily risen. Now, the magazine is running 10 economic entities as well as Sanjin University and the gong and drum association. Its rather good economic returns permits it to play a positive role in conducting rich and varied folk literature and art activities such as a gong and drum festival, and the

organization of dragon dance competitions. This provides the following kinds of inspiration: (1) The literature and culture sectors' use of its own strength to go into book and magazine publishing makes it possible to make the most of advantages and get around disadvantages to take a road whereby literature and art support culture, or a collection of enterprises help culture. (2) Thanks to their publication of literature and art, writers and artists can gradually become familiar with the laws of a market economy at relatively small cost; thus, those persons not cut out for an artists life can make a transition to other fields. Of course, to do so requires coordinated assistance in the reform of all realms of society. Reliance on one's own efforts alone makes attainment of goals very difficult.

3. Reform of Artistic Performance Groups

Reform of artistic performance groups was tried out several years ago, but because of the too numerous problems involved, progress was slow. Consequently, such groups lead a precarious existence today. Take Shanxi Province, for example, where more than 13,000 people are in performance groups, but where only an extremely small number of groups are in good condition. Most theatrical troupes are able to manage to maintain only the most basic conditions for survival. A substantial number of professional performers are somewhat like wandering artists. Quite a few art institutes and groups pay no wages for several months at a time, and theatrical groups under the system of ownership by the whole people can obtain only a personal allowance. What can be done to get artistic performance groups out of their predicament with all possible speed? This is a difficult problem that reform of the literature and art system throughout the country is facing. Some people suppose that they should be boldly moved toward the market to seek survival in competition, the fittest surviving and the least fit being eliminated, on the theory that truly good things can always find a niche. Formerly, four Beijing opera stars went this way. Some people felt that these people should not be moved to the market all of a sudden. During the 1950s and 1960s, numerous artists gave the best years of their lives as artists to the party and the people. Today they are old people who never made very much money. To push them out again would be too hurtful. Most of the people on the literature and art front are outstanding comrades. We should protect them. Reform should not dampen their enthusiasm; we should not hurt most of those working in literature and art.

Most people feel that artistic performance groups simply must be reformed, but how to go about reform requires care. First, they should not all be pushed in the direction of the market all of a sudden. The state, as well as provinces and cities, should use full evaluation and certification as a basis for deciding to retain a small number of schools and groups representative of the highest level in the nation, the province, or the city to be supported by the state. Within these groups, the competition mechanism should be introduced, those not cut out for artistic work gradually let go. At the same time, a high salary system should be instituted for artistic talent at the peak of artistic creativity to ensure that a career in national, provincial, or municipal level artistic groups is fairly attractive. Second, schools and groups outside the aforestated schools and groups should be permitted to experiment with various forms of ownership to encourage the development of civilian operated troupes, and to encourage large enterprise and artistic performance groups to combine. Some local troupes have already taken some heartening steps in the direction of civilian operation. Some local troupes have been contracted by artists or culture brokers, the group leaders taking charge, the performers freely combining. They pay close attention to the quality of their art and market needs, and they mostly are active among the peasants, displaying exuberant vitality. Introduction of the competition mechanism can infuse vitality into artistic performance groups, thereby giving impetus to a greater booming of the performing arts.

4. Reform of the Literature Art Reward and Punishment System

Every jurisdiction reports numerous kinds of literature and art awards throughout the country, but that a unified plan is lacking and the spread of awards does not make sense. Too many people get some prizes, thereby discounting their prestige value. Some artists point out, in particular, that because of the lack of overall regulation and control of literature and art awards, prizes for popular kinds of art and literature often carry material benefits or put recipients very much in the limelight, while prizes for serious kinds of literature and art are largely purely honorary. In connection with some provinces' and city's major prizes going to scientific and technical personnel and to talented athletes, many writers and artists point out that major awards should also be given for fine quality works of literature and art. Some high quality works of art consume the energies of artists for half or all their lives. Just giving them a little honor does not encourage more artists to try to scale the pinnacles of art. Therefore, the intensification of reform should focus on overall unified planning of awards for literature and art, regulations for deciding awards being drawn up for various categories. For major works that represent the national level or that mark the level of art during an era, major awards should be issued as is the case for scientific and technical achievements and athletic achievements. At the same time, works in violation of the law, and false, fraudulent, counterfeit, and inferior products should be severely punished. They should not be permitted to benefit economically. The state should uniformly regulate the fines to be meted our, using them to support the production of high quality, fine, and superior artistic products. More importantly, clear-cut rewards and punishments can create a fine atmosphere throughout society, thereby resulting in a high degree of respect from society for highly difficult spiritual creations and for material creations alike.

5. Formulation of Cultural Economic Policies in Conjunction With Reform

The broad masses of writers and artists maintain that in addition to the drawing up of feasible reform plans and carefully organizing, one important requirement affecting the success or failure of reform is the earliest possible formulation of a body of cultural economic policies that are in keeping with realities in China. They cite the civilian association in Shanxi Province as an example. There, despite reform and following their own course, to this day the association is still beset with numerous difficulties, greatest of which is a heavy tax burden, which it is unable to bear. Second, the provincial department of health cancelled its public expense medical treatment, including the subsidies and medical expenses for separated and retired personnel. Consequently, the association is under tremendous economic pressure. One person in charge said that nowadays we are given very many honors, but what we think about every day is the economic crisis. We dare not relax in the slightest. Others in the same profession all around are envious about what we earn, but once they see the burdens on our backs, they do not want to do as we have done. If this situation continues, it is bound to result in the lazy being rewarded and the energetic being punished. The frontrunners will be discouraged while the laggards are not goaded.

Therefore, everyone feels very strongly that reform should not be construed as a reduction of the state's economic investment in culture. The reality happens to be that state investment in culture is too little. By comparison with the building of material civilization, the policy of building spiritual civilization is relatively neglected.

Many people suggest that the state should institute concessionary policies in the collection of revenues from cultural endeavors, such as instituting differential tax rates, tax and profit rebates, etc. It should provide support and protection for the production of truly first rate products through economic policies. Pilot project units for reform should be supported through concrete economic policies, such as some start-up funds being provided through low- or no-interest loans, and the creation of conditions for their development of tertiary industries to which surplus personnel may be diverted. The current manuscript remuneration standards are also too low. They should be changed. Only by making a transition to a fairly high manuscript remuneration system will it be possible to get professional writers to be willing to put down their iron rice bowls. Concessionary policies regarding taxes must also be put into effect for tertiary industries that the literature and art sector operates so as to encourage them to learn how to manage money matters, thereby better using sideline occupations to support cultural endeavors.

6. Gradual Perfection of Laws and Regulations Regarding Literature and Art, Gradually Fostering a Mature and Standardized Cultural Market

With the rapid development of the culture market, the cultural life of all society is becoming richer and more varied, and the role and influence of cultural activities in social life is steadily widening. One conspicuous problem today is how to use continuing reform to perfect laws and regulations pertaining to literature and art so that control over the culture market gradually changes from primary reliance on administrative control toward greater use of laws and economic means, thereby truly putting control of the culture market under the law and making it more scientific.

Every jurisdiction reports that no law exists regarding certain fields of endeavor, and in some realms control organs are not well developed, and the caliber of enforcement personnel is poor. Comrades at the grassroots level say that they are not worried about doing something illegal, but they are worried about an ideological misstep. Because of the lack of strict laws and regulations regarding literature and art, and the absence of designated enforcement personnel, some control units sometimes infringe rights and levy unauthorized assessments. In some audio and video markets, imitations and infringements of rights are extremely common. When a cadre in charge of audio and video tapes in Nanjing City visited a women's temple, he found 10 newly marketed sound tapes, only three of which were originals. In the video market, "pirated copies" are an even more serious problem. If this is permitted to continue, businessmen who observe discipline and respect the law will be the ones to suffer. Infringement of the individual rights of artists have occasioned numerous law suits in recent years. Statistics from Beijing alone show that the courts heard 48 cases involving the reputation rights of persons in the literature and art world during the first three quarters of 1992. Consequently, many workers in literature and art unanimously call for the rapid building and perfection of laws and regulations applying to literature and art through reform. One young author said that for literature and art to prosper, numerous new circumstances are bound to occur that will require legal system control. So long as there are specific laws and regulations, I can depend on them. If there are no laws and regulations, should circumstances change after I have spent a lot of energy on writing something, I will have to put it away. If there is a law, it will be better.

In addition, disarray in the film and video system, and confrontations in the sound and video tape market must be solved through the intensification of reform. We are in process of making a special investigation in this regard, which will not be elaborated on here.

In summary, the establishment of a social market economy system both opens broad avenues that will permit socialist literary and artistic endeavors to flourish and develop, and also brings in its wake a series of unprecedented contradictions and problems. In the

course of our survey, we encountered numerous comrades who told us that party and government departments in charge should act with all possible speed to apply methods and techniques for leading and controlling literary and artistic activities in a market economy, the regulation of literature and art thereby becoming more scientific and democratic.

Still others feel that to meet the needs of socio-economic development and contacts that are more open to the outside world, it is also necessary to show courage in demolishing forbidden zones in the literature and art control system, and bravely assimilate some effective control methods and techniques that have been used for a long time in western countries, notably those that express needs common to the development of human civilization. This would enable China's control of literature and art gradually to dovetail smoothly in various respects with various international customary models and styles, thereby better promoting Sino-foreign cultural exchanges, and giving impetus to the development of China's socialist cultural endeavors.

As a result of the survey, we feel that despite various differences in understanding about the present state and the fate of literature and art under a socialist market economy, the attitude of an overwhelming majority of writers and artists is positive. We believe that so long as we are truly guided by Comrade Deng Xiaoping's theory on the building of a distinctively Chinese brand of socialism, actively carry out reform of the literature and art organizational system, and steadily perfect cultural economic policies and cultural laws and regulations, we shall certainly be able to achieve a unity of understanding on some major issues, and we shall certainly be able to make China's socialist culture and art boom as the socialist market economy system is founded and develops.

NORTH REGION

Work Report of Beijing People's Procuratorate

93CM0213A Beijing BEIJING RIBAO in Chinese 16 Feb 93 p 6

["Work Report of the Beijing Municipal People's Procuratorate delivered by Chief Procurator He Fangba at the First Session of the 10th Beijing Municipal People's Congress on 1 February 1993"]

[Text] Fellow deputies:

Now, I am making the following report on the main work of the Municipal People's Procuratorate in 1992 along with some proposals for its work in 1993:

On 1992 Work

In 1992, procuratorial organs at all levels in this municipality seriously studied and carried out the contents of the important remarks made by Comrade Deng Xiaoping during his southern inspection tour as well as the guidelines set at the plenary session of the CPC Central Committee Political Bureau and the 14th CPC National Congress. They unswervingly implemented the party's basic line, further emancipated their minds, made every effort to fulfill their legal supervisory function in keeping with the accelerated pace of reform and opening, and played a due role in safeguarding and promoting socialist economic construction.

1. Serious efforts were made to implement the principle of "grasping with both hands" and "keeping both hands tough." Crimes of embezzlement and bribery were firmly punished, and serious criminal offenses given hard blows. This maintained the capital's social and political stability and ensured the smooth progress of reform, opening to the outside world, and the modernization drive.

(1) We continued to take the punishment of embezzlement and bribery as an important part of procuratorial work and waged an unremitting and in-depth struggle in this respect.

In the anti-embezzlement and anti-bribery struggle during the past year, we directed the spearhead mainly at grave criminals doing severe harm to our country and people and focused our efforts on investigating and dealing with serious and major cases. The year 1992 saw 247 grave embezzlement and bribery cases, each involving an amount of no less than 10,000 yuan, placed on file for investigation. Among them were three cases each involving an amount of embezzlement or bribery of more than 1 million yuan, four between 500,000 and 1 million yuan, and 50 between 50,000 and 500,000 yuan. The offenders included 32 cadres at the departmental level and three at the bureau level. Such serious and major cases accounted for 35 percent of the total number of cases we filed for investigation. Moreover, we placed particular emphasis on investigating and dealing with embezzlement and bribe-taking by administrative and law-enforcing cadres, cases arousing the strongest resentment of the public. Last year we investigated and dealt with 83 such cases. An example was the case investigated and prosecuted by a procuratorate branch in our municipality against Jiang Zhufeng, a member of the Municipal Economic and Trade Commission, who accepted a bribe of some 190,000 yuan. While we concentrated our efforts on investigating and dealing with serious and major cases and put emphasis on examining and prosecuting criminal offenses committed by law-enforcing personnel, we paid attention to the appropriate handling of other cases as well. Last year we accepted and heard a total of 1,223 embezzlement and bribery cases, involving 1,346 offenders. After preliminary examination, we placed 724 cases, involving 796 offenders, on file for investigation. We completed investigation on 704 cases, involving 772 offenders, of whom 506 were prosecuted. Among the other offenders, some received a bribe between 2,000 and 5,000 yuan, but later surrendered themselves to the law-enforcing departments, performed meritorious service or showed repentance, and quickly returned the bribes; others received a bribe of more than 5,000 yuan, but had extraordinary meritorious performance. These two categories of offenders totaled 228, and we decided to exempt them from prosecution according to law. As to the other 38 offenders, we dismissed their cases according to law on the grounds that the offenses were remarkably minor and not so harmful as to constitute crimes. With regard to the other cases we accepted and heard, preliminary examination showed that 453 cases, involving 488 offenders, were not serious enough to be placed on file for investigation. They were referred to the pertinent departments for handling. The remaining 46 cases, involving 62 offenders, are still under examination, and the procuratorial process has not been concluded.

To keep deepening the struggle, we devoted a lot of efforts to digging out crimes. On the one hand, we tracked down and unveiled more criminal offenses by using the clues derived from the already-discovered cases. On the other hand, we went deep into the enterprises that lacked rigorous management and had long suffered losses, especially those known as "poor temples with rich abbots," where we mobilized the masses to expose crimes. As a result of such deep digging, 267 embezzlement and bribery cases were put on file for investigation by various procuratorial organs in the municipality. These cases accounted for 37 percent of the total number of cases filed for investigation. Meanwhile, we encouraged the masses to report instances of irregularities. Last year procuratorates at various levels in this municipality handled 2,926 tips supplied by the masses. After preliminary examination and screening, 1,047 were referred to the departments in charge of investigation of embezzlement and bribery. Of these, 535 were placed on file for investigation. In addition to embezzlement and bribery, there were 145 cases of trade

mark counterfeiting, misuse of public funds, tax evasion, and refusal to pay tax, which were also placed on file for investigation.

(2) We persisted in the struggle to crack down on serious crimes as another major part of our procuratorial work and dealt prompt and harsh blows to them.

Last year procuratorial organs at various levels in this municipality issued warrants for the arrest of 8,806 criminal offenders. This included 1,664 criminals with such serious crimes as homicide, robbery, bombing, rape, and arson, who accounted for 19 percent of the total number arrested. Prosecution were instituted against 10,257 offenders in 6,818 criminal cases. Among them, 2,048 offenders, or 20 percent of those prosecuted, had serious crimes. We persisted in early participation in the handling of grave and extraordinary criminal cases, especially where criminal gangs were involved or the crimes were notorious. For instance, on 11 March last year, in the Xizhimen downtown area, a criminal gang opened fire to resist arrest, wounding some public security police. Right after this notorious incident, the municipal procuratorate branch concerned assigned personnel to look into the case. After 38 hours of hard work, warrants were issued for the arrest of 15 criminals. Within a week, all the criminals were sent to the court and prosecuted. Now, four have been executed; the other 11 have been sentenced to either fixed-term or life imprisonment. In addition, procuratorates at all levels continued to carry out special struggles to combat larceny and "wipe out the six vices" in coordination with the public security departments and the courts concerned. Last year they issued arrest warrants for 3,781 thieves. In the special struggle to "wipe out the six vices," 23 panders whose acts constituted crimes were prosecuted, so that their criminal liabilities would be affixed according to law. On the railway transport front, the procuratorial department, in coordination with the railway public security department and the railway court, put up a special struggle to crack down on "ticket scalpers" as well as "train bandits and railway overlords," thus ensuring safety in railway transport. In coordination with the departments concerned, procuratorates at all levels also concentrated on cracking down on those criminal elements who bought and sold coal for profiteering, disrupted the market, and made and sold fake medicines. While cracking down on various criminal offenses, they played an active role in the campaign of taking comprehensive measures to improve public order. They proposed several crime-prevention measures based on their comprehensive analysis of the causes, characteristics, and general rules of criminal activities. They set up special groups for dealing with offenses committed by minors, and in line with young people's characteristics, enhanced the work of educating, influencing, and rehabilitating delinquents. With regard to offenders exempt from prosecution, procuratorial organs adhered to a system of visiting them, checking their conduct, and giving them education. Meanwhile, multifarious propaganda activities were carried out to publicize the legal system. All these played a positive role in preventing crimes and ensuring social stability. In the struggle to strike hard at serious crimes, procuratorial departments of jails and reformatories paid timely attention to security inspection, thus ensuring the absence of accidents on big festive occasions and during the periods of major events. They took prompt action to crack down on crimes perpetrated by those receiving reeducation through labor and strike at the new criminal activities among those who were undergoing reform. They examined and prosecuted 89 criminal cases that occurred in jails and reformatories, and in particular, gave resolute punishment to those known as "prison chieftains and overlords." In addition, they beefed up the supervision and inspection of those criminals who were not jailed but subject to surveillance.

Procuratorates at all levels seriously fulfilled their function in supervising judicial investigation and court trials. As a result, last year they issued 24 supplementary arrest warrants, and at the same time, adopted decisions to disapprove the arrest of 212 people in 148 cases. In addition, prosecution was instituted against 138 offenders, while decisions were adopted to waive indictment against 25 people involved in 11 cases. Last year the municipal procuratorate and its branches handled a total of 236 second-instance cases, involving 381 people. Eleven were protests, involving 13 people, while the other 225 were appeals, involving 368 people.

(3) We continued to strengthen the inspection of violations of law and discipline and, according to law, duly dealt with those who "infringed upon personal rights" and were derelict of duty.

Last year 474 cases of violations of law and discipline were handled by the procuratorates at various levels. After examination, 134 of them were placed on file for investigation. In this work, attention was paid to three points: First, efforts were focused on cases of dereliction of duty and major negligence-caused accidents that inflicted heavy losses on the nation and seriously affected production. Last year 25 cases of dereliction of duty and 50 cases of major accidents due to negligence were placed on file for investigation. Second, resolute action was taken to investigate and deal with crimes committed by government officials, especially law-enforcing personnel. Last year 38 cases in which government officials committed irregularities for selfish ends and illegally detained people were investigated and dealt with. Third, resolute and prudent action was taken to handle cases of illegally holding people as "hostages." The past few years have witnessed an increased number of cases in which people involved in economic disputes or their relatives were illegally held by others as "hostages." To address this problem, on the one hand, we firmly banned the criminal act of infringing on personal rights and took positive steps to rescue the "hostages." On the other hand, we used various methods to urge people to solve economic disputes according to law. Last year we handled 33 such cases and rescued 12 "hostages." In dealing with these cases, we paid attention to

dissolving contradictions between people and harmonizing their economic relations. This produced a fairly good social effect.

Procuratorial departments at various levels in charge of handling accusations and petitions received 5,234 letters and visits and dealt with 45 petitions. They paid particular attention to the timely and appropriate handling of those cases that might intensify contradictions or lead to collective visits to the higher authorities. This work played a positive role in maintaining social stability.

2. We seriously carried out the thought that "we must be on the alert for right tendencies, but also and mainly for 'left' tendencies." In carrying out every procuratorial task, we insisted on seeking truth from facts. We made every effort to do quality work in handling criminal cases and improve our performance in implementing policy and law.

Last year procuratorates at all levels made a serious effort to implement the principle that "first, we must be resolute; second, we must be prudent; and it is imperative to be accurate." They based themselves on facts and used the law as the criterion. Especially in dealing with the new situation and questions arising in reform, they persisted in using three fundamental criteria to judge right or wrong: whether it is conducive to the liberation and development of productive forces, whether it helps accelerate the reform and opening drive and economic construction, and whether it contributes to social and political stability. This way, they firmly carry out the guideline that we must be on the alert for right tendencies, but also and mainly for "left" tendencies. To apply the above principle and guideline to handling various cases, a key requirement is to distinguish strictly between what is criminal and what is not and to invoke the law accurately and appropriately. To meet this requirement, procuratorates at all levels earnestly organized police officers and men to study the current economic policies formulated by the party and state so as to enable them to suit, as soon as possible, the needs of developing the socialist market economy. They also urged police officers and men to look deeply into and get a clear understanding of the new situation and questions arising from reform and opening up. Attention was given to correctly handling the issue of policy versus law. Where the policy and the law agreed with each other, they resolutely followed them. Where there was no provision or explicit provision in the policy and the law that could be invoked, they tried to avoid any rash action to treat the case in question as a criminal offense. Where a specific provision in the law was not in accord with the policy, they took a cautious attitude in dealing with the case. Where it was difficult to determine immediately if a case was a criminal offense or not, they took three steps: first, withholding decision; second, making investigations and studies; and third, reporting the case to the higher authorities for instruction. In dealing with cases of a "marginal" or "borderline" nature in terms of criminality, they would rather delay the processing of the cases than act hastily and would give lenient rather than harsh treatment to the persons involved. Meanwhile, we carefully selected some typical cases involving the policy-versus-law issue and, after discussions and studies, compiled them into a book, *Cases for Reference*, which was distributed to various procuratorial organs for use as a practical guidance. This served very well the purpose of correctly determining criminality and accurately applying the law.

We put particular stress on the need to deal with criminal cases strictly according to law, pay attention to the work method, guard against over-simplified and rash action, and firmly prohibit the abuse of power and violation of law. Last year procuratorates at all levels standardized their procedures for handling criminal cases. The municipal procuratorate enacted six sets of internal provisions, including "Regulations on Investigation and Processing of Criminal Cases" and "Detailed Rules of Discipline for Procuratorial Work." Some district and county procuratorates also drew up specific rules for handling criminal cases on the basis of their actual conditions. Such standardization not only guaranteed the quality of work, but also prevented the abuse of power and violation of law in dealing with various cases.

3. We seriously implemented the party's basic line and served the needs of reform, opening to the outside world, and the modernization drive.

Last year procuratorates at all levels sent their representatives deep into factories, mines, villages, enterprises, and institutions to conduct investigations and studies with a view to carrying out the guideline that procuratorial work should serve the purpose of economic construction. During that year, procuratorial organs in the municipality sent their representatives to 71 enterprises and institutions and held discussions with 850 economic management personnel, scientific and technical workers, and specialists in various fields. The procuratorial organs listened extensively to the opinions and voices of the economic departments as well as the broad masses of staff members and workers, learned their difficulties and demands, and found the key starting point to serve the purpose of economic construction. Accordingly, various measures were worked out to serve the needs of state-owned big and medium-sized enterprises and township enterprises, help ensure railway transportation safety, and support the work of science and technology. The Shunyi County Procuratorate formulated eight suggestions to serve the needs of the three types of foreign-funded enterprises in view of the rapid development of such enterprises in that county. The Fangshan County Procuratorate set up 10 measures to protect tertiary industrial enterprises, considering the reality that a tertiary industry had sprouted up locally.

To sum up, the essence of these measures and suggestions is to crack down on crimes and get rid of "borers" so as to create a favorable social and legal environment for economic construction. This is the most essential and direct way to serve the purpose of economic construction and must be done well. The measures and suggestions

were also aimed at correcting the isolationist attitude in dealing with criminal cases and the idea of handling the case for the sake of handling it. Earnest attention was drawn to the legal, social, and economic effects caused by the way a case is handled. Specifically, the following methods were suggested: (1) Tips received should be checked and handled, and response given to the providers promptly. If the tip is not true, it is necessary to make sure that there is no adverse effect up to certain limits. (2) Preliminary examination of a case should be carried out confidentially if at all possible so as to reduce adverse effects and avoid stirring up public sentiments. (3) Before taking a compulsory measure against a suspect who holds a key post, the procuratorial organ should suggest to the competent authorities of the suspect's work unit that a timely personnel adjustment be made so that the work, production, and operations of that unit will not be affected. (4) If a suspect being investigated has indeed shown repentance, he should be allowed to participate in production, scientific research, or other work as necessary, provided such participation does not affect the process of investigation. (5) No rash action should be taken to freeze or seal up current capital, bank accounts, and materials so as to ensure the smooth processes of production, supply, and marketing. (6) If a case is to be published, it is necessary to choose an appropriate time so as to protect the fame of the enterprise concerned and the reputation of its brand-name or good-quality products. (7) In dealing with cases involving enterprises, efforts should be made to recover their losses, if any, and to protect their legitimate rights and interests according to law. (8) It is imperative to be strict in determining criminality, exert every effort to ensure "accuracy," and see that the criminal is hit, reform is supported, legality is guaranteed, and the mistake is corrected. (9) Diversified measures should be used to publicize the legal system so as to enable staff members and workers to abide by law in doing their work, protecting their legitimate personal rights and interest, and guarding against crimes. (10) Based on the problems discovered in handing criminal cases, procuratorial organs should help enterprises establish or revise their regulations and rules, improve their management, and reinforce crime-prevention measures by offering procuratorial suggestions in these respects. (11) Procuratorial organs should carry out civility campaigns in cooperation with various work units, establish contact points with them, and take the initiative to offer them legal advice and other legal services and to help them solve problems and difficulties.

The above measures won support from the leadership concerned, were welcomed by the various work units, received favorable comments from the masses, and produced very good results. Last year procuratorates at various levels offered 473 procuratorial suggestions to 453 work units and assisted 151 enterprises in establishing and revising regulations and rules. Because of the work they did in dealing with criminal cases, economic losses amounting to 28.85 million yuan on the part of the state and collectives were recovered. They also dug out the "borers" from 32 heavy loss-suffering enterprises, thus enabling these enterprises to regain vitality and operate at a profit instead of a deficit.

4. More efforts were devoted to strengthening the work force and improving procuratorial administration as well as technical and office work. This provided a guarantee for procuratorial organs to better serve the purpose of economic construction.

Last year procuratorates at all levels in the municipality continued to strengthen the work of improving themselves in accordance with the relevant instructions issued by the party Central Committee, the municipal CPC Committee, and the Supreme People's Procuratorate. First, they earnestly organized police officers and men to study Marxism, Mao Zedong Thought, and especially such important documents as the remarks made by Comrade Deng Xiaoping during his southern inspection tour and the report by Comrade Jiang Zemin to the 14th CPC National Congress. The purpose was to arm the minds of the police officers and men with the theory of building socialism with Chinese characteristics. Second, further efforts were made to improve the leading bodies by consolidating and adjusting them according to the principle of rationalizing the echelons of the cadre ranks and optimizing the personnel lineup. Last year procuratorial organs in the municipality appointed 41 new departmental cadres and 114 new section cadres. Third, procuratorial organs improved their organization according to law and managed procuratorial work in a strict manner. While implementing the "Discipline for Procuratorial Personnel" and "Rules for Handling Criminal Cases by Beijing Procuratorial Organs," they gave their personnel an education about ideology, work style, and discipline and seriously investigated and dealt with violations of law and discipline. Last year they investigated and dealt with four cases of violations of law and discipline, involving six police officers and men. Fourth, training seminars were held for police officers and men. Altogether, 10 such professional training seminars were held. They were attended by 350 police officers and men. Fifth, they launched vigorous work emulation campaigns to encourage better job performance. Sixth, they made all-out efforts to conduct ideological and political work and solve the practical difficulties faced by police officers and men. Because of the energetic efforts they devoted to strengthening the work force, police officers and men have improved both their political quality and work proficiency.

Additionally, procuratorates at all levels streamlined procuratorial administration and improved technical as well as office work. This ensured the smooth progress of their tasks in all aspects.

The above summarizes the principal work carried out in 1992 by the procuratorates at various levels in our municipality. During the term of office of the Ninth Municipal People's Congress, we have done pretty well in fulfilling our duties, thanks to the correct leadership of

the municipal CPC Committee and the Supreme People's Procuratorate, the supervision by the municipal people's congress and its Standing Committee, and the support from the municipal government and the departments concerned. During these five years, we handled 8,271 cases of embezzlement, bribery, and other economic crimes. After examination, 4,904 cases were placed on file for investigation. Eighteen of them were extraordinary cases, each involving an amount of embezzlement or bribery of no less than 1 million yuan. Among the offenders, 196 were cadres at the departmental level. Because of our proper handling of these cases, the state and the collectives concerned were able to recover their economic losses, totaling 127.08 million yuan. We also handled 2,654 cases of violations of law and discipline, of which 681 were placed on file for investigation. In connection with these cases, we issued warrants for the arrest of 43,178 criminals, and prosecuted 47,278 offenders. Apart from these, we handled 881 cases of protests and appeals. To sum up, through these procuratorial activities, we have dealt heavy blows to crimes, protected the state's interests, safeguarded the legitimate interests and rights of citizens and legal entities, and maintained the capital's social and political stability. Our work has also promoted the government's incorruptibility and ensured the smooth progress of reform, opening to the outside world, and the modernization drive. While fulfilling the procuratorial task, our work force has continued to grow in strength with a considerable improvement of its political quality and work proficiency. Our work facilities and conditions have also improved. Here, on behalf of all police officers and men on the procuratorial front, I express heartfelt thanks to the people's deputies and the pertinent departments for the concern and support they have given to our work.

However, there are still inadequencies and problems in our work. Chief among them are: We have not made enough investigations and studies of the new situation and questions arising from the reform and opening drive. Nor have we provided enough and timely solutions to the new questions. Regulations on the management of procuratorial organs have yet to be improved. Some of the regulations are not carried out effectively and conscientiously. Violations of law and discipline still exist among some police officers and men, and in dealing with criminal cases, some are still acting against the rules or overstepping their authority. Problems of insufficient police force, backward technical equipment, and shortage of operating funds have not been well resolved. All these are awaiting solution.

Opinions on Work in 1993

To meet the requirements of the new situation, based on the arrangements made by last December's national conference of chief procurators, and in line with the actual condition in Beijing, the primary tasks in 1993 of procuratorial organs in this municipality are as follows: It is imperative to be guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, comply with the guidelines set by the 14th CPC National Congress, uphold the party's basic line, and resolutely implement principles of "grasping with both hands" and "keeping both hands tough" as well as the thought that we must be on the alert for right tendencies, but also and mainly for "left" tendencies. Further efforts should be made to emancipate the mind and seek truth from facts while enhancing the function of legal supervision. It is necessary to wage an in-depth struggle against embezzlement and bribery, strike hard at serious criminal offenses, strengthen inspection over the observance of law and discipline, and energetically fulfill all other aspects of procuratorial work. In addition, procuratorial organs should do well in reforming and improving themselves. They should also provide legal protection and service for maintaining the capital's stability and for cultivating and developing a socialist market economic system.

1. We should continue our resolute and in-depth struggle against embezzlement and bribery.

We should continue taking the anti-embezzlement and anti-bribery struggle as the vital part of our procuratorial work and put it to the fore in the battle against economic crimes. In this struggle, the spearhead should aim at severe criminals committing embezzlement and bribery, and efforts should be focused on investigating and dealing with serious and major cases. Particular attention should be given to investigating and punishing those criminals who are government officials at important posts and who abuse their power to engage in "power-for-money deals" and take bribes to bend the law. Also deserving particular attention are those cases that involve large sums of embezzlement and bribery, cause big deficits to enterprises or even lead them to bankruptcy, and inflict heavy losses on our economic construction. Other cases should also be handled appropriately according to law. Prudence should be exercised in dealing with those cases that are of a "marginal" or "borderline" nature in terms of criminality.

Work to prevent crimes should be geared up. The municipal procuratorate should establish a special department for this purpose. Procuratorates at the district and county level and on the railway transport front should assign special personnel to take responsibility for preventing embezzlement and bribery.

We should attach importance to investigating and handling cases of counterfeit trade marks and launch a strenuous drive to "crack down on counterfeiting." Positive efforts should be made to investigate and crack down on tax evasion, refusal to pay tax, misuse of public funds, and other criminal cases.

2. We should give resolute blows to hostile forces and all kinds of criminal offenses.

We should resolutely and continually take the struggle to strike hard at severe crimes as another key part of our procuratorial work. In this struggle, we should put emphasis on striking at violent and gang crimes, such as

homicide, looting, rape, bombing, and stealing and robbing of guns. In particular, we should persist in striking at hoodlum gangs that collude internally and externally, lord it over in certain areas, and have the nature of secret organizations. In close coordination with the public security organs and courts, we should carry on the special struggles to crack down on larceny, attack criminal gangs, "eliminate pornography," and "wipe out the six vices." Additionally, we should beef up our functions of investigation, surveillance, judicial supervision, and public prosecution. We should devote further efforts to the campaign of using comprehensive measures to improve public order, and earnestly implement all procuratorial measures that can contribute to this campaign. Particular attention should be given to investigating and studying the problem of crimes committed by minors. Every effort should be made to explore new ways to educate, influence, and rehabilitate delinquents.

3. We should step up inspection over observance of law and discipline and make a success of all other procuratorial work.

With regard to inspection over observance of law and discipline, the primary work is to investigate and deal with extortion of confessions by torture, illegal detention, malpractice for selfish ends, dereliction of duty, and major accidents caused by negligence, especially those cases that are major and serious, have aroused public concern and complaints, and are apt to aggravate contradictions. In dealing with such cases, we should strictly distinguish what is criminal and what is not. For example, we should differentiate between the mistakes occasioned by bold reform and opening experiments and the various questions arising in the reform drive on the one hand and the crime of dereliction of duty on the other. Procuratorial organs of jails and reformatories should strengthen legal supervision in their respective units with a view to improving the reformative work. In handling appeals, the essence of procuratorial work is to properly deal with the appeals and do well in handling letters and visits from the masses. As to procuratorial work in association with civil and administrative litigation, we should try to institute a legal supervisory system for civil and administrative lawsuits. To do this, we should start with experiments to get experience. After experience is gained, we should develop the work step by step to a full-fledged scale.

4. We should strictly enforce the law and act in accordance with the law to do independent procuratorial work.

We should strictly implement the Constitution and other laws, seriously fulfill our legal supervision function, and independently exercise the procuratorial power according to law. We should resolutely implement the principle of basing ourselves on facts and using the law as the criterion and the principle that "first, we must be resolute; second, we must be prudent; and it is imperative to be accurate." Moreover, it is necessary to seriously carry out the principle that public security, procuratorial, and judicial departments "should divide up the work with each undertaking its due responsibility, and they should coordinate with and restrict each other." We should see to it that procuratorial organs further improve their internal restraining mechanism and pay more attention to restraining themselves when investigating various cases. They should adhere to the principle that all citizens are equal before the applicable law, and should justly implement the law in an upright and unbiased spirit. In addition, it is imperative that procuratorial organs put themselves under public supervision. They should conscientiously and voluntarily subject themselves to supervision by the people's congress and its Standing Committee.

5. We should further our effort to serve the needs of reform, opening to the outside world, and the modernization drive.

With continuing reform and the increasing extent of openness, we should further our effort to serve the needs of economic construction. First, we should uphold more firmly the idea of serving the needs of reform, opening to the outside world, and the modernization drive. Second, we should fully understand that among all productive forces, man is the most vigorous and energetic force. Because of this, we should use all sorts of procuratorial means to crack down on crimes to safeguard our citizens' legitimate rights and interests and protect and arouse their initiative. Third, we should attach importance not only to the criminal law, but also to the civil, administrative, and economic laws so far as their role in regulating economic activities is concerned. We should use the civil, administrative, and economic laws to coordinate economic relations and ensure the smooth progress of production and other economic activities. Fourth, we should stress the importance of safeguarding the development of not only the economic sector of public ownership, but also the individual, private, and foreign-funded economic sectors. We should safeguard not only the income based on distribution according to work, but all other legitimate incomes as well. Fifth, we should beef up our efforts for investigations and studies and promptly report the questions encountered in our work and the findings of our investigations and studies to the municipal CPC Committee, the Supreme People's Procuratorate, the municipal people's congress, and its Standing Committee so that they may use these as a basis for formulating their policies. Sixth, we should do our best to conduct experimental projects to serve economic construction so as to acquire experience for developing a full-scale program in this regard. We should keep exploring new ways and strategies to dynamically serve the purpose of reform and opening to the outside world.

6. We should gear up the improvement of procuratorial organs.

We should further enhance the education of police officers and men about Marxism, the party's basic line, and work ethics. In particular, it is imperative to organize them to study the documents of the 14th CPC National Congress. We should use various methods to conduct ideological and political work and persist in managing procuratorial organs according to law and in a strict manner. Serious action should be taken to investigate and deal with violations of law and discipline and to correct unhealthy practices. Conscientious efforts should be made to promote the incorruptibility of procuratorial organs and to strengthen their leading bodies. Professional training for police officers and men should be geared up so as to improve their political quality and work proficiency. According to the unified plan made by the party Central Committee, the municipal CPC Committee, and the Supreme People's Procuratorate, procuratorial organs should make more efforts to reform themselves so as to boost their work capacity and further improve their performance in fulfilling their duties.

P'eng Ming-min Looks at Future of Independence

93CM0196A Hong Kong GUANG-CHIAO CHING [WIDE ANGLE] in Chinese No 245, 16 Feb 93 pp 32-38

[Interview with P'eng Ming-min; place and date not given: "Democratic Progressive Party (DPP) To Plan Acceleration of Taiwan Independence Process"]

[Excerpts] P'eng Ming-min [1756 2494 2404], a former Taiwan professor who has been termed "the godfather of the Taiwan independence movement," set forth his personal views on the election of Taiwan's Legislative Yuan, the future course of politics in Taiwan, and "one China and one Taiwan" in response to wide-ranging questions following the election of Taiwan's Legislative Yuan at the end of 1992. [passage omitted]

[Question] How do you view the results of this Legislative Yuan election?

[Answer] The DPP won a surprising victory, and this victory was won despite various forms of repression that the Kuomintang adopted. Examples were the biased reports of the media such as Taiwan's three large television stations, and the unfair treatment of the DPP by all government departments. During the election, members of the DPP were suddenly conscripted for military service or called as witnesses by the courts, etc., and there was also vote buying. That the DPP was able to gain victory under these circumstances is, I believe, the result of the electorate's high sense of democracy, and a high Taiwan consciousness. This was the best criticism of the Kuomintang government. The blow that the election results delivered to the Kuomintang was a very big one.

[Question] Does the high Taiwan consciousness mean an increased consciousness about Taiwan itself?

[Answer] Taiwan consciousness means putting Taiwan first, or giving priority to Taiwan. This is aimed at the Kuomintang government's "only one China" point of view. Because of the feelings against this point of view in Taiwan, since returning here I have emphasized that Taiwan must put Taiwan first.

[Question] This election differs from the 1989 Legislative Yuan election and the 1991 National Assembly election. The Kuomintang is split internally, and some of the candidates from its mainstream faction, the Collective Wisdom Coalition, openly advocated "giving priority to Taiwan." In the end, the Collective Wisdom Coalition was defeated in the election. What lessons does this hold?

[Answer] The Kuomintang is usually divided into the China Kuomintang and the Taiwan Kuomintang. This time it was the China Kuomintang that won. Preliminary analysis shows that all the military candidates were elected to the Legislative Yuan. The confrontation between the China Kuomintang (right-wing) and the DPP intensified, thereby creating a bi-polarization. What does the Collective Wisdom Coalition want? Its position is not clear. On the one hand, it wants "one China and one Taiwan," on the other hand, it inclines toward Great Chinaism, unable to extricate itself from the "China mystique." So its attitude is ambiguous. The reason that the Collective Wisdom Coalition cannot part with the Kuomintang is the Kuomintang's possession of great financial strength. If it leaves, it will be unable to enjoy all that goes with it. This is the Collective Wisdom Coalition's dilemma.

[Question] The local Kuomintang's Taiwan faction politicians, particularly in central and southern Taiwan, are quite strong. Following the Collective Wisdom Coalition's debacle, might these people, who cluster around Li Teng-hui, form a new mainstream faction?

[Answer] Maybe the right-wing faction of the Kuomintang has increased in the Legislative Yuan, but in the overall scheme of things in Taiwan, the Taiwan faction's strength has increased. This state of affairs has an effect on the Central Committee. Locally, they are nominally in the Kuomintang, but as party members, their sense of party is not strong. The future of the China Kuomintang is murky. Looked at in the long-term, and looked at in terms of the law of biological survival or extinction, the China Kuomintang will perish in Taiwan. This election was its final struggle. If Taiwan is merged with China, Taiwan is finished. If it is not merged, the China Kuomintang will become extinct. How long it will take for it to become extinct, who knows? The Taiwanization of Taiwan cannot be stopped. The DPP, which is on the march, will emerge in partnership with the Taiwan Kuomintang through a future motion of the Legislative Yuan, and if the two sides do unite, the Hao Po-tsun cabinet will fall.

[Question] The balloting organized by the political bloc (the Huang Fu-hsing party headquarters) made up of military men has enabled large numbers of Kuomintang right-wingers to be elected. If this closed Huang Fu-hsing party headquarters is penetrated and relations with it ameliorated, won't Taiwan society be in danger of splintering in the future?

[Answer] I believe so. The military dependent areas (the ghettoes in which military people and their dependents live) have begun to be Taiwanized somewhat. How long this isolation can be maintained depends on time. The DPP will penetrate these areas, and ultimately it will rally them and lead them.

[Question] The defeat of the Taiwan Kuomintang, and the victory of the DPP will intensify antagonisms with the China Kuomintang. Do you feel that the future political situation will be unstable?

[Answer] Yes! Within the Kuomintang, the results of this election created havoc. The contest will extend into the time of the Kuomintang 14th Party Congress in 1992 when there will be another power struggle. The present power struggle is only a prelude.

[Question] Before the general election, you returned to Taiwan after 22 years, and we hear you were warmly welcomed. What impressions of all areas of Taiwan did you have after returning?

[Answer] The welcome was beyond my expectations. Before returning, I had thought that people over 40 would know me, but people under 40 would not know me at all. But when college students warmly welcomed me, I was astounded. Young people are uneasy about Taiwan's future. The Kuomintang government talks unification, unification; and the Chinese Communists have the same attitude. What would unification hold for Taiwan? The atmosphere is very different in Taipei than it is in central and southern Taiwan. Central and southern Taiwan have a strong Taiwan consciousness. Once you arrive in central and southern Taiwan, President Li Teng-hui holds sway. Premier Hao Po-tsun also knows that the atmosphere is different. This is because in Taipei, middle school students cannot speak Taiwanese, etc., so traditionally a Taiwan consciousness has been low in Taipei. It is a special place. To a certain extent, it has become an international city.

[Question] During your present visit, you have seen propaganda everywhere about the Li Teng-hui mystique. Just how do Taiwanese feel about Li?

[Answer] Actually, it is this way. The public shows understanding and sympathy for Li Teng-hui, the first Taiwanese to become president. If the public is indignant about some of the Kuomintang's policies and points of view, when Li Teng-hui utters them, the public can excuse him. This is because "under the difficult circumstances, President Li makes such utterances tongue in cheek." However, the Li Teng-hui plot has faded somewhat. During the 1991 National Assembly election, the Kuomintang played the Li Teng-hui card because Li Teng-hui had a good image; it would not allow Hao Po-tsun to make too many statements. This time, it tried the same tactic, but it didn't work. This is a sign that Li Teng-hui's image and status have slipped.

[Question] Do most people pay close attention to realities on this account?

[Answer] The electorate has become mature as a result of tempering. No longer do they judge events purely in terms of a good image. Nevertheless, in Taiwan, one cannot criticize Li Teng-hui directly. Anyone who criticizes him is a dead duck politically. This is because, for the Taiwanese, Li Teng-hui is a symbol of unity. Psychologically, President Li is important.

[Question] If the electorate is mature, might one say that in this election Taiwan has taken a firm step toward democratization?

[Answer] No matter how much the Kuomintang monopolizes government organs, practices money power politics, and uses television for unfair propaganda reports about the election, the DPP will still be able to achieve such a result. This may be deemed to show that the public's democratic sense has grown stronger. Take the media, for example. On the third day following my return to Taiwan, all the television stations received instructions "not to report news about P'eng Ming-min," and all the big newspapers like LIEN-HO PAO and CHUNG-KUO SHIH-PAO were controlled to a certain extent. News about me was finally printed without restrictions only in opposition party newspapers such as TZU-YU SHI-PAO. In addition, all government organs including the armed forces, judicial organs, educational and financial organs, are all the domain of the Kuomintang. The Kuomintang uses the Taxation Bureau to threaten supporters of the DPP. Whenever a businessman gives financial assistance to the DPP, the Taxation Bureau immediately investigates his records to harass him.

[Question] What is the biggest point of controversy in the present election?

[Answer] Putting Taiwan first (priority to Taiwan), or priority to China. In addition, the anti-Hao voice of the candidates is becoming stronger. They are getting more and more votes. China's attitude also loses votes for the Kuomintang.

[Question] In 1964, you first proposed the "Taiwanese Declaration of Self-Salvation." What changes have taken place in political ideas at that time versus the situation in Taiwan today?

[Answer] Some questions that have not been resolved about the "one China, one Taiwan" proposed at that time. For example, the complete change in election of the National Assembly, amendment of the constitution, and the lifting of political party bans and newspaper bans. Some things have been partly realized; some have yet to be realized. I have consistently emphasized in speeches that although bans on political parties and newspapers have been lifted, actually we are still a very long way away from the ideal of true democratization. For a month after I returned, I was tailed 24 hours a day. Someone used a nail to scratch the word "FUCK" on may car. These things were done by the Kuomintang's secret agents; my neighbors saw them. When we telephoned to protest, four or five secret agents arrived very quickly and beat my chauffeur with clubs. The chauffeur was almost killed. My secretary also received threatening telephone calls at home.

[Question] Does democratization in Taiwan still have such a dark side?

[Answer] The dark sides are extremely numerous. Kuomintang control is still extraordinarily severe. The state's authoritarianism has still not collapsed. I don't approve of everything that the DPP does, but I truly believe that a healthy opposition party must exist. The Kuomintang's assets such as publicly owned enterprises and party-owned businesses are enormous. The DPP cannot beat the Kuomintang.

[Question] This situation may change. Not only has the DPP increased the number of seats needed in the Legislative Yuan, but isn't its courageous proposal for a public policy very important?

[Answer] Yes. As of now, the DPP has not invested sufficient time, energy, and money in this regard; instead it is busy with an internal factional struggle. However, sooner or later it will realize this and begin to study a long-term public policy. It will realize that it has to attract the electorate in this regard. Carrying on an internal factional struggle is bound to hurt the promotion of a public policy. Once it promotes one, it may be able to attract political contributions.

[Question] In Taiwan, what public policy has been most delayed?

[Answer] When I first returned, I felt that Taiwan's air was very bad. I couldn't stop coughing. Taipei and Kaohsiung have bad pollution problems, and they have transportation problems. In the United States, these are the most ordinary "bread and butter" issues.

[Question] Going back to the "Taiwanese Declaration of Self-Salvation," what was your basic reason for proposing "one China, one Taiwan" at that time?

[Answer] At that time, it was 15 years since the Kuomintang had retreated to Taiwan, but it was still calling for "counterattack on the mainland," and "the Kuomintang government is the sole legal authority representing China." To demolish this claim, we said that for hundreds of years Taiwan has not been a part of China politically, geographically, or economically, and that it still is not. Taiwan must plan further for its own future. However, up to the present time, "one China, one Taiwan" has not been solved. The so-called "independence movement" most certainly is not like Quebec leaving Canada. If publicity about Taiwan independence is not done well, the public at large may get the impression that Taiwan is splitting away from China. Therefore, a recognition of the current situation means recognition that Taiwan is independent. Taiwan has, in fact, always been independent. The definition of so-called independence is a government's exercise of national sovereignty over territory that will not brook interference by another country. In this sense, for the past more than 40 years Taiwan has been independent. The so-called independence movement recognizes this state of affairs and legitimizes it.

China regards the Taiwan independence movement as a separation from the motherland and criticizes it. It must be pointed out that this is no separation; it is just that in a state of mental confusion, the public cannot look at it calmly. I have always stressed that Taiwan independence does not require a major decision. All that is required is recognition of the situation during the past several hundred years, and proceed from this standpoint to build Taiwan, then Taiwan is independent. China's claim does not hold water logically. For example, China says that if Taiwan becomes independent, it will use military force against Taiwan. But until six years ago, not only did Taiwan shout for independence, but it clamored for "counterattack the mainland, and wipe out the Communist bandits." During that period China did not talk about a resort to arms, nor did it attack Taiwan. So what China says is illogical, but the Chinese Communsits are not logical.

[Question] A complete change in election of Taiwan's National Assembly has been realized. How do you feel about this in regard to the development of "one China and one Taiwan."

[Answer] For Taiwan internally, realization of "one China, one Taiwan" will mean a fundamental change in Taiwan's political thinking and the political structure. Why is a central government and a provincial government duplicated on the same piece of land? Because of the extremely great waste that duplication creates, what need is there for a huge central government? The relationship between the central government and the provincial government must be modified.

[Question] Although some people in Taiwan agree with Taiwan's being independent of China, should there be an overt political campaign, the middle class worries about China's reaction.

[Answer] Internationally, the emphasis is on "Taiwan is a part of China." If by chance the Chinese Communists were to take military action against Taiwan, were the world to concur on this point, that would be disadvantageous for Taiwan. I have always challenged this point. If one says that Taiwan is part of China, and that China does not equate with the Chinese Communists. The Chinese Communists are by no means China. This visionary and preposterous China does not exist. The Chinese Communists unification policy is a crazy fantasy forced on people. Just how much real significance is there in Communist China's carrying out an armed threat against Taiwan. I was in the United States for 22 years and 10 months during which time I talked with experts responsible for Chinese affairs in the State Department and persons concerned in the Department of Defense. No one truly believed that the Chinese Communists would carry out an armed threat against Taiwan. They believed that the Chinese Communists would just talk; they would not take action. The Defense Department people said that in using artificial satellites in surveillance of China, they had seen no movements for an attack on Taiwan. If military action were to be taken against Taiwan, there would have to be a huge amount of highway and railroad planning that could not be hidden. Moreover, there are all sorts of internal conflicts in China (power struggles, and conflicts between the central government and local governments, between coastal areas and inland areas, and among provinces), all large military regions are engaged in business, etc. In addition, there is increased demand by Chinese citizens—including college students—for improvement of their material livelihood, and everyone

is interested in making money. Under these circumstances, can China really attack Taiwan? Of course, the Chinese Communists can do anything, but if one thinks about it logically, one will understand that there is no need to worry too much about this.

[Question] On the matter of "one China, one Taiwan," Li Teng-hui said that as the Republic of China, Taiwan is already independent. Does this tally with what you stand for?

[Answer] An American who met the Taiwan Minister of Foreign Affairs said that it is wrong to regard President Li's and my position as being the same. The key in making a distinction lies in whether one admits that Taiwan is a part of China. I believe there is no need to clamor for "Taiwan independence." What Taiwan must do first is strengthen its defenses, and second is complete democratization internally, then see. If the Chinese Communists really take military action against Taiwan, we will have to make an appropriate sacrifice. We must make the Chinese Communists understand that they will have to invest tremendous resources. We do not have to make a declaration of independence. I have been criticized on this point by the radical faction. Actually, we are already independent; there is no need for us to stir up the Chinese Communists. Let us see what happens in 10, 20, or 30 years. When the time comes, we can change as the situation changes. For us, always taking into consideration China's "China mystique" in making a break is the greatest difference from the views of the Ministry of Foreign Affairs.

[Question] There are some differences between your views and Li Teng-hui's views. Is no recognition that "Taiwan is a part of China" and the legitimacy of the "Republic of China" your point of view?

[Answer] "Republic of China"—these three words—are a swindle for the Taiwanese. Internationally, the same appellation should not be used for the Republic of China and China. Internationally, China means only the "People's Republic of China." When Kuomintang government officials take one step away from Taiwan, they cannot use "Republic of China." The result is that the existence of this name is only a swindle for the Taiwanese. The definition of the "Republic of China" includes the China mainland, Tibet, and Mongolia. We cannot use the "Republic of China" signboard; however, for the interim period, if the Taiwan government were to announce a government that rules Taiwan, P'enghu, Chinmen, and Matsu, this name would be all right. Any name would do. Later on, further thought could be given to the matter. On this point, the Taiwan Independence League in Japan wants to change the name of the country and the national flag, but I do not agree. During the interim period, recognition of this principle makes for greater ease in doing things; only what is substantive is important. Of course, if the regime changes, a more realistic methods must also be adopted in response. In overall terms, there is no need for a "declaration of Taiwan independence."

[Question] If Taiwan becomes independent, a sense of crisis about being kicked out would circulate among people from other provinces. The present election shows that because of this feeling of crisis and the unity among people from other provinces, most members of the Kuomintang right-wing faction were elected by a wide margin.

[Answer] After returning from the United States, I felt the same way I felt in the 1960s about the Kuomintang's policies causing a split between natives of Taiwan province and people from other provinces. Our "Taiwanese Declaration of Self-Salvation" permits an identity of interests between Taiwanese and people from other provinces. Thus, it calls for joint efforts toward democratization, but Kuomintang propaganda says that P'eng Ming-min wants to kill people from other provinces. The day that people from other provinces wake up and advance together with the Taiwanese toward democratization, that will be the day that the Kuomintang perishes. Among the people in general, where is the sense of crisis among people from other provinces? Do people from other provinces who are taxi drivers, proprietors of small eateries, and proprietors of medium and small businesses have a sense of crisis? The ones who have a sense of crisis are the high Kuomintang officials; it is only these people from other provinces who enjoy special privileges. Statements like "people from other provinces are in danger," and "once they get power, the Taiwanese will drive out the people from other provinces" are all humbug. The county magistrates of Taipei County and Kaohsiung County are DPP members. Have the people from other provinces in these counties been oppressed? Use of province of origin to split and separate the people of Taiwan province and people from other provinces has always been a policy of the Kuomintang. For the people from other provinces, the safest thing is democratization. A democratic legal system in which everyone is equal before the law is the greatest guarantee. People from other provinces may have a sense of crisis about being manipulated when actually there is no crisis.

[Question] During the election, DPP candidates and candidates whose Kuomintang registration had been cancelled condemned Hao Po-tsun, Li Huan [2621 3562] (the former premier), Hsu Li-nung [6079 2980 6593] (former chairman of the Vocational Assistance Commission for Retired Servicemen), Shen Ch'ang-huan [3088 2490 3562] (Kuomintang Standing Committee member and former secretary general of the President's Office) as the "Sell Taiwan Clique." Why such an intense attack?

[Answer] Because they used the coming of the Chinese Communists to threaten the Taiwanese, they were condemned as the "Sell Taiwan Clique." Hao Po-tsun said that "if Taiwan is independent, the Chinese Communist army will attack Taiwan." This was an exaggeration of China's military strength. LIEN-HO PAO also gave headline coverage to the China threat, very clearly with other intent. The preposterous thing was that Hao Po-tsun, who himself once served as the "chief-of-staff" of the armed forces and who clamored for a "counterattack

against the mainland," exaggerated the China threat, inculcating it into the Taiwanese. Then there was Li Ch'ing-hua [2621 1987 5478] (Li Huan's son who was just elected to the Legislative Yuan), who was always running over to the mainland, who was also politically a part of the "Sell Taiwan Clique." During the latest election, criticism for being a member of the "Sell Taiwan Clique" was effective in forcing nonmainstream candidates within the Kuomintang to say "we also love Taiwan." Henceforth, we can use the "Sell Taiwan Clique" criticism to fence them in, and hope that they demonstrate that they are not selling out Taiwan.

[Question] Taiwan's political system is hard to understand. Is it a cabinet system or a presidential system?

[Answer] It is Chinese. It draws on the strengths of the political system in all countries. It is very difficult to define. The Chinese are not like the French who have such a clear-cut system concept. China exhibits political and cultural ambiguity. The term "rule of people" system describes it fairly aptly. When the president is forceful, it is a presidential system, and when the "premier" is strong, it is a cabinet system.

[Question] For the opposition parties, direct election of the president also offers the opportunity of gaining political power, does it not?

[Answer] I approve direct election of the president. Theoretically speaking, such a small country has no need to use the indirect method used in the United States to elect the president. Furthermore, a feeling among the electorate that it can directly elect the president is also preferable. We must get rid of the National Assembly (the organ for electing the president and revising the constitution), and make a direct transition to direct election of the president.

[Question] Were the president to be elected directly, would you stand as a candidate of the opposition party?

[Answer] We will not know until 1995 whether direct election of the president will be feasible. That's three years away, which is a long time from the present. If we just establish democracy in Taiwan, anything can be possible. This is my principle. At my age, I have no other intention other than to be concerned about democratic matters. If I can promote a democratic system in Taiwan, I am willing to do anything.

[Question] The foreign media term you the "godfather" of the Taiwan independence movement. What do you think about that?

[Answer] I think this refers to my issuance of the "Taiwanese Declaration of Self-Salvation." This declaration really does advocate independence, but we do not call it a "Declaration of Independence." The Taiwan independence movement did not begin with me. Others previously made a "Republic of Taiwan" declaration of independence. Although I lived in the United States for a long time, I want to raise the Taiwan unification or independence issue, the elevation of production issue, the education of 20 million people issue, and the issue of whether the Taiwanese themselves have the right to make decisions. With a population of 20 million, Taiwan has a larger population than more than two-thirds of the countries that are members of the United Nations. How can it be that these economically prosperous Taiwanese do not have the right to decide their future sovereignty! Is it possible that the nonagenarians in Beijing several thousand kilometers away should hold the decision making authority! These old people say, "Taiwan is not independent. Taiwan benefits only from being a part of China." Such a contention the people of Taiwan feel to be an insult, and they oppose it. What is beneficial for us, we ourselves know best. Where Taiwan's interests lie, the people of Taiwan must themselves realize and judge.

[Question] Will you remain in Taiwan? In 1993, Clinton began to take over in the United States. Will this benefit Taiwan more in international society?

[Answer] My work base is in Taiwan, but I also intend to go abroad from time to time. Up to the time of the 4 June incident, the United States government was always overly concerned about "not angering the Chinese Communists." Afterward, such concerns disappeared. Recently United States Trade Representative Hsi-er-ssu [phonetic] visited Taiwan, and France decided to sell Mirage fighters to Taiwan. These actions show that Taiwan is moving toward a favorable position internationally. In addition, if the Democratic Party in the United States plays the traditional human rights card that will be unfavorable to the Chinese Communists. However, I believe that America's policy toward China will not change basically.

[Question] Do you feel that there are signs that the Japanese government's policy toward China and Taiwan has changed?

[Answer] I feel that Japan is too sensitive about the Chinese Communists. The same goes for the United States. Being concerned about the Chinese Communists while not giving a damn about Taiwan means that these countries are sacrificing 20 million people while being concerned about 1.2 billion people. What else is there to say?

[Question] Japanese economic interests have increased exchanges with both Taiwan and China. They are gradually increasing their understanding of integration. Very many people in Japan believe that if there is economic integration, political integration will naturally follow.

[Answer] I do not feel this way. For example, the economies of Japan and the United States are closely related. Japan exports more to the United States than to China. Politically, however, Japan and the United States have no identical aspirations. China is ambitious toward Taiwan. No matter how deep economic relations between the two countries become, that will not equate with unification. Whenever a country openly says that it may use armed force against another country, this is the

best demonstration of a hostile relationship. In international relations today, any country that uses guns from the very beginning to issue orders cannot establish normal relations with another country. Nevertheless, I am not pessimistic about future Sino-Taiwanese relations; ultimately, this is a matter of the Taiwan government's position. If Taiwan and China can maintain relations as two separate countries, economic matters can be solved using the same methods. The Taiwan government has now adopted a policy of cooling the "mainland heat." We fear that Taiwan businesses that have invested in China will lobby on behalf of China, putting pressure on the Taiwan government. This tendency is not apparent today, but that bunch of rascals may have a contrary influence on China. Relations between Taiwan and China are also mutually changing relations.

Prime Minister's Closest Associates Named

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[Article by Lin Ying-ch'iu (2621 3853 4428): "Who Are the Members of Lien Chan's (6647 2069) Confidential Braintrust?"]

[Excerpt] [passage omitted] Ever since he has been in government service, Lien Chan, who has served as ambassador to El Salvador, chairman of the Kuomintang Department of Youth Affairs Work, deputy secretary general of the Kuomintang Central Committee Party Headquarters, minister of transportation deputy premier, minister of foreign affairs, and provincial governor has used as his motto the words "choose locally available talent" in selecting people to work for him. Each time he went to a new unit, he took only two or three key people with him and used a large number of holdovers from the previous administration. However, his period as governor was an exception. Inasmuch as the Taiwan provincial government has six main departments made up of 294 top level units, Lien Chan continuously used several of his own people.

When he first became minister of transportation, Lien Chan brought Ch'eng Ch'uan-sheng [4453 0356 3932], Chuang Cheng-yen [1104 2973 1750], and Li Te-wu [2621 1795 0124] from the Kuomintang Department of Youth Affairs Work and the Youth Employment Commission. Ch'eng Ch'uan-sheng retired from the Ministry of Transportation, but Li Te-wu continues to this day as a councillor to the Ministry of Transportation. Chuang Cheng-yen has remained with Lien Chan, and it was only on the eve of the announcement that Lien Chan had been elected prime minister that he was promoted by Lien Chan from chairman of the Security Office to deputy secretary general of the provincial government secretariat.

In 1976, when Lien Chan first returned to Taiwan to become chairman of the Kuomintang Department of Youth Work Affairs after having served as ambassador to El Salvador, Chuang Cheng-yen was the person whom Department of Youth Work Affairs acting chairman, Shih Ch'i-yang [2457 0796 2254] had chosen as secretary. After Lien Chan became chairman of the council, since he had no one of his own to appoint, he retained Chuang Cheng-yen as confidential secretary. This retention lasted for 17 years including the several years when Lien Chan served as deputy premier and minister of foreign affairs. Although Chuang Cheng-yen remained at the Ministry of Transportation, his contact with Lien Chan was never broken, and neither was there any interruption in the birthday parties that old subordinates at the Ministry of Transportation had for Lien Chan every year at the Ambassador Hotel in Taipei. Therefore, when Lien Chan became provincial governor, he immediately asked Chuang Cheng-yen to become head of the classified materials office.

When he was minister of transportation, Lien Chan continued to use the incumbent Railway Bureau director, Tung P'ing [5516 5493], as well as the head of the Highways Administration Department, Hsu Chia-chi [6079 1367 7535]. With their unstinting support, Lien Chan decided to put the railroad underground, implementing in a single stroke the plan for putting railroads on overhead trestles and underground, which had been talked about for nearly 20 years, placed on the agenda but never discussed, or discussed with no decision being reached. Moreover, at the behest of the government and after consideration of only symbolic significance, thanks to the assistance of the Civilian Aviation Bureau director at that time, Liu Te-min [0491 1795 2404] (the present chairman of the board of Mandarin Airlines), as well as assistance for external affairs counsellor Wang Chin-i [3769 6855 5030], a "global air route" running from Taipei to Singapore, Dubai, Amsterdam, the United States, and back to Taipei was put together, thereby putting an end to the former flying back and forth between two fixed points. Later, when Lien Chan became deputy premier, he took with him only the Ministry of Transportation secretary general, Fang Miao-ts'ai [2455 1181 2088], and a secretary from the Ministry of Transportation secretariat, Ts'ai Cheng-shun [5591 2398 7311].

Fang Miao-ts'ai served as Ministry of Transportation director of personnel, becoming a counsellor later on, and then was promoted to secretary general. After going to the Executive Yuan with Lien Chan, he became director of the deputy premier's office. When Lien Chan went to the Ministry of Foreign Affairs and he took up his post as provincial governor, Fang Miao-ts'ai continued to serve to the present day as director of Shih Ch'i-yang's office. Although Fang Miao-ts'ai did not follow Lien Chan to four different posts, to this day when Lien Chan has an important draft to write, it is Fang Miao-ts'ai who writes it. An example was the provincial governor's 1992 New Year's day speech, which Fang Miao-ts'ai wrote.

Ts'ai Cheng-shun, who is the selected appointment-rank secretary of the Executive Yuan - National Assembly

Liaison Unit, was one of Lien Chan's students at Taiwan University. While a senior at Taiwan University, Ts'ai Cheng-shun, matriculated in Lien Chan's "History of Western Political Thought" course. As a first year graduate student, he also matriculated in Lien Chan's "Study of International Relations" course. Subsequently, he withdrew from the international relations course because of difficulties with it; nevertheless, Ts'ai Cheng-shun and Lien Chan are rather "en rapport." When Ts'ai Cheng-shun was in the political department at Taiwan University, Lien Chan was head of the department. When Ts'ai was a graduate student, Lien happened to be the head of the graduate institute. When Lien Chan was sent to El Salvador, Ts'ai Cheng-shun together with five or six other students gave him a noisy send-off and welcome back. When Ts'ai Cheng-shun entered the Legislative Yuan where he was in charge of the agenda on the rostrum, Lien Chan served first as Youth Employment chairman and later as minister of transportation, official positions that were to the left and right of Ts'ai Cheng-shun. Consequently, when Lien Chan asked Ts'ai Cheng-shun whether he wanted to come over to the Ministry of Transportation, Ts'ai Cheng-shun joined Lien Chan without thinking about it very much, and went on to become his confidential secretary in the Executive Yuan.

The incumbent director of the Social Affairs Department in the provincial government, Hung Te-hsuan [3163 1795 2457], was one of Lien Chan's students. He is also a geomancer and knows how to tell fortunes. After passing an examination with an A, Hung Te-hsuan entered the Examination Yuan as a counsellor. Later after Lien Chan became Minister of Transportation, he accompanied him there as a counsellor. However, when Shao Yu-ming ['6730 3768 6900] became Bureau of Information director, he was recruited for the position of director of the publication department. After Lien Chan became deputy prime minister and later Minister of Foreign Affairs, he became director of the Executive Yuan's Third Section with responsibility for national defense, transportation, and assistance for servicemen. He continued in this position until about one year after Lien Chan became provincial government before formally returning to Lien Chan's side, becoming director of the Department of Social Affairs in the provincial government.

While he was deputy prime minister, Lien Chan was responsible for the environmental protection team, the Hong Kong-Macao team, and for study of the amendment of the Executive Yuan organizational law. In the environmental protection team, Lien Chan relied heavily on two deputy directors of the Urban Development Office of the Council for Economic Planning and Development at that time, namely, Ts'ai Hsun-hsiung [5591 0534 7160] and Liu Yushan [0491 3768 1472] (who have since respectively become deputy director and secretary general of the Council for Economic Planning and Development). He continued to move ahead in the footsteps of the founder, Lin Yang-kang [2651 3152 3263]. During his tenure, the Environmental Protection Administration became a force. In the Hong Kong-Macao team, Lien Chan drew support from the wholehearted assistance of the head of the Executive Yuan's Second Section at that time, Chang Ping-nan [1728 3521 0589] (who is currently ambassador to the Bahamas), and he maintained close links with the Overseas Chinese Affairs Commission, the Ministry of Foreign Affairs, and the Kuomintang. During this period, Lien Chan decided the operating policy for the HSIANG-KANG SHIH-PAO. In the team for revision of the Executive Yuan organizational law, he received the full assistance of Fang Miao-ts'ai, Pu Ta-hai [0592 6671 3189], and Chang Jun-shu [1728 3387 2579], all of whom had personnel administration experience.

When he was transferred to the Ministry of Foreign Affairs, he took with him only two confidants: Chu Wan-ch'ing [2612 1238 3237] and Ch'en Kuo-i [7115 0948 0308]. Chu Wan-ch'ing was responsible for publicity work at the Council for Economic Planning and Development and at the Overseas Chinese Affairs Commission. She shared with Fang Yu [2455 3846] a love for literature, so the two became rather close. She was fairly active socially in the Taipei political arena, and her husband, Ho Ching-hsien [0149 2529 6343], was senior to Lien Chan in the Taiwan Normal School's Middle School "24 August Alumni Association." In the alumni association, he was a Taiwanese who had been born in mainland China like Lien Chan. Because of their similar backgrounds as "half mountains," the two came to know each other. After he went to the Ministry of Foreign Affairs, Lien Chan specially requested Chu Wan-ch'ing to become a special member of the Ministry of Foreign Affairs's News and Cultural Department, and later when Lien Chan became provincial governor, Chu Wan-ch'ing was appointed to an important position with responsibilities as director of the provincial government's Taipei Office.

Ch'en Kuo-i is Ch'en Ch'i-lu's [71125 1142 4389] son and the nephew of Chang Feng-hsu [1728 0023 4872. He had formerly been a postgraduate student in the Ministry of Transportation's Transportation Institute. Ch'en and Hung Te-hsuan had gone abroad together to study "mass rapid transportation methods." Subsequently, in 1986, Hung and Ch'en completed work on a draft mass rapid transportation law, which gave Lien Chan a profound impression. Consequently, after Lien Chan went to the Ministry of Foreign Affairs, he took Ch'en Kuo-i with him to be his confidential secretary. However, later on Ch'en Kuo-i went to the China Olympic Committee, and did not accompany Lien Chan to the provincial government.

Because of having earlier served as ambassador to El Salvador, Lien Chan was fairly well versed in diplomacy, in addition to which Chin Shu-chi [6855 2885 1015], an experienced diplomat, was his deputy. The people that Lien Chan used during his Ministry of Foreign Affairs period were all professional diplomats who had no personal relationship with him.

In the summer of 1990, after Lien Chan went to the provincial government, he took three people with him from the Ministry of Foreign Affairs: Wang Ch'ung-hsien [3769 1504 6343], Chang Ts'ai-shun [1728 5591 5293], and Wang Tsan-yu [3769 6363 4416]. They became respectively confidential secretary in the provincial government office, confidential secretary in the Taipei office, and director of the provincial government's foreign affairs office. In addition, Lien Chan brought Chuang Cheng-yen from the Ministry of Transportation to serve as director of the security office. From the Executive Yuan, he brought Hung Te-hsuan to serve as director of the Department of Social Affairs, and in a single action, he appointed six new provincial government members: Yang Pao-fa [2799 1405 4099], Wang Jen-hung [3769 0088 1347], Wang Jen-chieh [3769 0086 0257], K'o Fang-chih [2688 5364 2655], Mai Ch'un-fu [7796 2504 4395], and Lin I-yan [2651 0168 1693].

Yang Pao-fa became the provincial government economic mobilization committee chairman. He was the confidential secretary to Lien Chan's father, Lien Chen-tung [6647 7201 2639] during his tenure as Minister of Civil Affairs and as Minister of Interior. Yang Pao-fa served two terms as Tainan County magistrate, and after Lien Chan became provincial governor, Yang Pao-fa, in his capacity as "family elder" assisted the "young lord," Lien Chan. In making decisions on financial and economic matters, Lien Chan relied entirely on Yang Pao-fa for professional guidance. Reportedly, since Lien Chan had to go to Taipei every Wednesday to convene the Kuomintang Central Committee Standing Committee, had to attend a meeting at the Executive Yuan every Thursday, had to tour the countryside regularly, and had to go to the provincial assembly for interpellation from time to time, the time he could devote to the duties of his office as provincial governor was very limited. Consequently, the Monday morning provincial government leaders meeting, and the afternoon provincial government committee meeting, both of which made very important decisions, were handled by Yang Pao-fa with the assistance of deputy secretary general Liao Sheng-hsiung [1675 0524 7160]. Even the final "decisions" of Governor Lien were the recommendations of Yang Pao-fa that came out of Lien Chan's mouth as "decisions." During Lien Chan's tenure, the Economic Mobilization Committee was better known as the Economic Construction Mobilization Committee because of all the construction that required chairman Yang Pao-fa to manage, keep track of, and check on 26 construction project and the Six-Year National Construction Plan on behalf of Lien Chan.

Wang Jen-hung and K'o Fang-chih were associates of Lien Chan when he taught at Taiwan University. When the Kuomintang government retreated to Taiwan, the provincial government at that time was termed the "Senior Government Administration." After Chen I transferred some lawyers from Taiwan University, it became a habit to transfer personnel from Taiwan University's law department to the provincial government. After becoming provincial governor, Lien Chan transferred the head of the law department and institute director Wang Jen-hung together with a woman professor, K'o Fang-chih, to the Taiwan provincial government as committee members. Wang Jen-hung was responsible for improving the caliber of civil servants, provincial-run enterprises, budgets, final accounting, laws, and medical treatment. K'o Fang-chi was responsible for providing supervision and guidance to Changhua Prefecture.

Wang Jen-chieh was an early colleague of Lien Chan in the Kuomintang Department of Youth Affairs Work. At that time, they lived next door to each other, and their wives knew each other. Mai Ch'un-fu from Tamsui, and Lin I-yen, a Hakka, were Lien Chan's regional representatives; they were not part of his coterie.

Not only did Lien Chan have a "speechwriter" in Taipei in the person of Fang Miao-ts'ai, but he had another "speechwriter" in the provincial government in the person of Lu I-ming [0712 0001 6900]. Much of the make-up of Lien Chan's government administration and some of the drafts of speeches he delivered to the public came from the pen of Lu I-ming, the current deputy editor of HSIN SHENG PAO, and concurrent director of the provincial government translation and editing office. Another person who helped Lien Chan write materials was an assistant director of the provincial personnel department named Lin Mu-ts'ai [2651 2606 2624].

Critique of Li Teng-hui Leadership Style

93CM0198B Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 309, 13 Feb 93 p 8

[Article by Ssu-ma Wen-wu (0674 7456 2429 2976): "Li Teng-hui Asks for Trouble"]

[Text] When Hao Po-tsun [6787 2672 2625] was nominated to be president of the Executive Yuan in May 1990, people in all circles at home and abroad were shocked. Many well-known figures from the academic and intellectual communities staged a silent sit-in outside the provincial museum several evenings in a row to protest. This magazine said "with bitter hatred" on the cover of one of its issues to lament the death of democracy in Taiwan. Looking back now, it seems that unfortunately we were prophetic.

Today, two years and eight months later, Hao Po-tsun has finally been driven from office. But the political quarrels he stirred up almost shook the KMT to its core. The ultra-rightists, for their part, have been staging demonstrations and rallies. Holding a portrait of the late President Chiang Ching-kuo, they called for the overthrow of Li Teng-hui as if we were in the old days of martial law again.

Back then Li Teng-hui risked universal condemnation and nominated Hao Po-tsun in hopes of diffusing a political fight. This political marriage of two strange bedfellows with nothing in common between them

finally ended in tragedy and taught Li Teng-hui a key lesson. Nowadays he emphasizes that honesty is more important than astuteness. That is something he would do well to remember.

Bombarded by a barrage of criticisms from the nonmainstream factions, Li Teng-hui seems to find himself alone in the mainstream. A few days ago he complained that he was having a hard time and being insulted, but few people stood up for him. Yet the Hao Po-tsun incident was of Li Teng-hui's own making. We can say he asked for trouble. At the time he ignored others' admonitions and objections. Now he suffers for it. This is something he should think long and hard about.

When Li Teng-hui assumed the presidency, he enjoyed legitimacy within the KMT because he was Chiang Ching-kuo's heir apparent. His Taiwanese ancestry also conferred on him a high level of social approval. So he had the best of both worlds. Today, however, the Democratic Progressive Party thinks he lacks the resolve to reform and is gradually losing confidence in him. The conservative faction in the KMT believes he has betrayed the party's tradition and is suspicious of him. Thus he is falling between two stools.

His operating style is indeed open to criticism on several fronts. Li Teng-hui is not known for his tolerance. Despite his background as a scholar, he seems to have little respect for intellectuals. Intellectuals play a major part in society, but few intellectuals these days are willing to come forward to defend him. He relies heavily on people from his own faction, few of whom, however, are competent; most of them are poorly regarded in society. He has been severely criticized for his ability, or lack of it, to make the right personnel decisions. This is a big gap in his leadership capabilities.

In the course of political infighting, politicians have been parading in front of the nation in all their ugliness day in day out, teaching the people what not to do. In their political struggle three years ago, they almost turned Taiwan upside down. Now the original cast is at it again, only the plot is more involved this time around. They all pay lip service to patriotism and doing what is good for the nation. Inside, however, they all harbor sinister designs. What a nauseating sight!

In the old martial-law days, these elderly politicians held top positions. Now they continue to ride high in politics. We even have to rely on them to bring democratic politics to Taiwan. Let us just go to sleep early so that we can get up early.

Prospect of Post-1997 Press Freedom

93CM0224A Hong Kong MING PAO in Chinese 19 Feb 93 p 42

[Article by Wu Kangming (0702 1660 3046), Chinese NPC Delegate: "Freedom of the Press After 1997"]

[Text] Many people have been somewhat apprehensive in recent Hong Kong news media discussions about freedom of the press after 1997, supposing that freedom of the press will be restricted. Some also suppose that newspaper and magazine owners will gradually "discipline themselves," a loss of impartiality and transparency resulting. The journalists' various apprehensions are understandable.

In a seminar that WEN HUI PO held at the beginning of the year, the writer stated that the future application to Hong Kong of "one China two systems" is an important factor ensuring freedom of speech and freedom of the press in Hong Kong.

The Basic Law provides explicit provisions in this regard. Article 27 states that "Hong Kong residents enjoy freedom of speech, press, and publication." Of course, as Mao Zedong said: "Things on paper are not the same as real things." Statements on a piece of paper may not necessarily completely set journalists minds at ease. Article 35 of the " Constitution of the People's Republic of China" also provides that Chinese citizens have freedom of speech and the press. However, there is no denying that the degree of freedom of the press on the mainland is clearly less than in Hong Kong.

Maintenance of freedom of the press in Hong Kong after 1997 will depend on two factors as follows:

First is early establishment of a "News Law" in China that widens the freedom of the press.

Second is the ability of most journalists in Hong Kong to maintain independent and impartial integrity, neither being corrupted by wealth nor knuckling under, realizing that freedom of the press is an important tool in monitoring authority, and being willing to accept the challenge of any pressures.

The first factor relates to the "one country," and the second one expresses the "two systems."

In China, there is an increased call for freedom of the press. In the first issue of QUN YEN, which was recently published in Beijing, Ye Duyi [0673 4648 5030] of the Democratic League Central Committee, said that greater supervision of authority is an important move to prevent the corruption of authority. He also stated that there is no substitute for greater emphasis on outside supervision, this so-called outside supervision meaning supervision by public opinion. He said that improvement of the monitoring mechanism must include both self-monitoring and outside supervision. At the present time, improvement of the outside supervisory system is particularly important.

Given the situation in China, naturally the freedom of the press there cannot be widened to the degree that it exists in Hong Kong. Nevertheless, it is extremely obvious that with progress in China, pressure for freedom of the press in Hong Kong will lessen.

As for journalists in Hong Kong, they should both maintain their personal professional integrity, and do all possible to make their reporting complete and accurate. They should also unite as one to win freedom of reporting. I believe that nurtured by the freedom of the press, the broad masses of readers will also provide strong backing for journalists.

Despite the different political backgrounds of the heads of Hong Kong news organs, market orientation is a common factor that they all must take into account. Furthermore, the goal of a substantial number of newspapers and magazines is to make a profit; thus, their opinions have to take into account the reaction and tastes of their readers. Hong Kong will remain under the capitalist system where the laws of the marketplace may not be violated. The diversification of society is bound to give rise to a diversification of public opinion. Therefore, the economic system after 1997 will mean that there will still be freedom of the press. Conversely, without freedom of the press in Hong Kong, public opinion would tend to become uniform, and it is feared that the economy would also go downhill. Furthermore, Hong Kong remains an international city in which a news blackout is completely impossible to achieve. With the development of the electronic media to the stage of satellite television, how can there be any news blackouts? Formerly Guangdong Province prohibited the receipt of Hong Kong television, but this was a failure. Today, the area around the Zhu Jiang delta is also receiving Hong Kong television broadcasts. Mao Zedong was right when he said "complete materialists have nothing to worry about." Therefore, I maintain an optimistic attitude about the freedom of the press after 1997.

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