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JPRS 83780

28 June 1983

China Report

ECONOMIC AFFAIRS

No. 359

19971229 114

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ECONOMIC PLANNING

YANG JIKE ADDRESSES ANHUI ECONOMIC REFORM FORUM

OW181701 Hefei Anhui Provincial Service in Mandarin 1100 GMT 17 May 83

[Excerpts] KEJI ZIXUN BAO [SCIENTIFIC AND TECHNICAL CONSULTATION NEWS] on the evening of 15 May invited to a forum commissioners of prefectural administrative offices, mayors and chairmen of various prefectural and city economic commissions who are attending a provincial conference on industry and communications. Participants in the forum discussed the question of reforming the economic system.

Speakers at the forum pointed out: The reform of the economic system is the general trend, and it is imperative for us to carry it out. Jingxian County has achieved tremendous results in reforming its industrial management over the past 3 years. Learning from this county's experience, some counties of other provinces have also achieved remarkable results in carrying out such a reform. Jingxian County's experience has yielded positive results in other provinces, but it has been popularized very slowly in our province. The main reason for this is that leading comrades have problems in thinking and understanding.

Many comrades said at the forum: We should use the driving force produced by this conference to popularize Jingxian County's experience and to achieve results in this regard as soon as possible.

Yang Jike, vice governor and chairman of the board of KEJI ZIXUN BAO, and Huang Yu [unidentified] attended and addressed the forum.

CSO: 4006/574

ECONOMIC PLANNING

SICHUAN PROVINCE SIXTH 5-YEAR PLAN PRESENTED

HK061505 Chengdu SICHUAN RIBAO in Chinese 4 May 83 pp 2-3

["Excerpts" from the Sixth 5-Year Plan for the National Economic and Social Development of Sichuan Province (1981-1985) (Approved by the First Session of the Sixth Sichuan Provincial People's Congress on 28 April 1983); passages within slantlines published in boldface]

[Text] Preface

The Sixth 5-Year Plan for the National Economic and Social Development of Sichuan Province (1981-1985) was worked out in line with our province's specific conditions, according to the policies and principles drawn up since the 3d Plenary Session of the 11th CPC Central Committee, to the spirit of the 12th CPC National Congress, to the requirements of the national Sixth 5-Year Plan, and on the basis of conscientiously summing up our past experience in socialist construction.

Our province has a vast territory, superior natural conditions, and the favorable conditions for the overall development of agriculture, afforestation, animal husbandry, sideline production, and fishery. It is rich in, and has a great variety of, mineral resources. Many of its mineral products have a good reputation in provinces, cities and prefectures throughout the country. It has a bright future for developing its industry. But its resources have not been fully exploited and utilized. Its industry has a comparatively solid foundation. It is short of energy and communications facilities. It is confronted with the arduous tasks of readjusting the structure of its industrial products, enterprises' organizations, and technology. Competitiveness of products is weak, and economic results are low. It has a large population, rich labor resources, and a wide market. But it has a heavy economic and social burden, and this has caused many difficulties to the settlement of the problems of employment, cultural education and housing.

In view of this basic situation, we must continue to implement the principle of readjustment, restructuring, reorganization and upgrading in the Sixth 5-Year Plan period. Focusing on raising economic results, taking reform as a motive force, and using the progress of technology as the principal means, we must handle well various relations, bring our superiority into play, do

things according to our ability, and realize a proportionate and coordinated development so as to enable our province to take a new road on which we can advance at a practical speed and by which we can achieve good economic results and bring benefits to the people.

After the realization of the Sixth 5-Year Plan, various proportionate relations in our province's national economy will be more coordinated. Production level, technological level, and economic results will be raised by a large margin. There will be a change for the better in the financial and economic situation. A new development can be expected in the scientific and educational fields. There will be a large increase in the income of the people in cities and rural areas. Young people in cities and towns who are waiting for employment will basically have proper arrangements made for them. Commodities on the urban and rural market will be more substantial. The material and cultural life of the people will be further improved.

The successful realization of the Sixth 5-Year Plan has important significance to guaranteeing the steady and healthy development of our province's national economy and society, to creating better conditions for a further development during the Seventh 5-Year Plan period, to laying a good foundation for a vigorous economic development in the latter 10 years, and to materializing our strategic aims by the year 2000. We firmly believe that, through the common efforts of the people of various nationalities of our province, we will certainly overcome difficulties, advance victoriously, and fulfill or overfulfill in an all-round way the various aims and tasks set forth in the Sixth 5-Year Plan.

Chapter 1. Basic Tasks, Comprehensive Targets and Principal Measures

Section 1. Basic Tasks

The basic tasks of the Sixth 5-Year Plan are as follows: Under the guidance of the principle of readjustment, restructuring, reorganization and upgrading, we must further solve various problems which hinder the economic development, shift all economic work to the orbit of raising economic results, strive for a decisive turn for the better in the financial and economic situation, further strengthen the building of spiritual civilization, and make necessary preparations for the economic and social development during the Seventh 5-Year Plan period. Main requirements are as follows:

1. Industrial and agricultural production should have an annual average increase of 5.2 percent under the prerequisite of raising economic results.

2. We must strive to develop agricultural production, guarantee the steady increase of grain output, energetically develop a diversified economy, and provide more agricultural and sideline products for the people in cities and rural areas and more materials for the light and textile industries.

3. We must continue to implement the principle of "six priorities," that is, giving priority to the supply of raw materials and energy, bank loans,

technical transformation, capital construction, using foreign exchange and introducing foreign technology, and communications and transportation. We must energetically increase the production of consumer goods, raise the competitiveness of products, work hard to enable the quantity and quality of consumer goods to basically suit the growth of the social purchasing power and to the changes of the consumption structure, and maintain the basic stability of prices of goods on the market.

4. Heavy industry should make a breakthrough in respect to the readjustment of product structure, to the expansion of service, and to strengthening adaptability, so as to basically coordinate the production of the means of production with that of the means of subsistence, do a good job in combining the production of military and civil products, and bring into better play the superiority of the machine-building industry.

5. We must carry out in a planned way technical transformation in key enterprises, popularize the use of advanced science and technology, and launch in an extensive way the activity of focusing technical innovations on saving energy. We must firmly grasp the construction of the energy, communications, and raw materials industrial projects, and the preparatory work for such construction.

6. We must strengthen the exploitation of intelligence, speed up the development of scientific and educational work, conscientiously solve key problems in major scientific research subjects, popularize the use of scientific and technological results, gradually readjust the educational structure, bring into play the initiative for running schools, and strive to run properly schools of all grades and types.

7. We must reform the circulation system, strengthen commercial work, promote commodity production and exchanges, increase foreign trade, exports, technological cooperation and the number of projects to be contracted with foreign countries.

8. We must increase revenue, and maintain a balance and surplus in revenue and expenditure.

9. We must do a good job of family planning and control the natural growth rate of population below 11 percent within 5 successive years.

10. We must develop social welfare work, appropriately provide employment for laborers in cities and towns, and gradually improve the material and cultural life of the people on the basis of developing production.

Section 2. Comprehensive Targets

1. Total Social Output Value, the National Income and Economic Results

Total social output value. Based on the calculation of fixed prices in 1980, the total social output value of agriculture, industry, the construction industry, the transportation industry, and commerce will be 71.3 billion

yuan by 1985, an increase of 16.94 billion yuan over 1980, which means an average annual increase of 5 percent. Of the above increase, the total agricultural output value will be 26.9 billion yuan, an increase of 6.4 billion yuan over 1980, which means an average annual increase of 5.5 percent. The total industrial output value will be 34.4 billion yuan, an increase of 7.42 billion yuan over 1980, which means an average annual increase of 5 percent.

The national income. By 1985, the output volume of the national income will be 35.3 billion yuan, an increase of 8.47 billion yuan over 1980, which means an average annual increase of 5 percent.

Economic results. By 1985, the all-personnel productivity of state-run and local industrial enterprises will be 9,531 yuan, an increase of 873 yuan over 1980, which means an average annual increase of 2 percent. By 1985, the energy consumed for each 100 million yuan industrial and agricultural output value will be reduced to 70,000 tons, 17,000 tons less than that consumed in 1980. Within 5 years 7.5-9 million tons of energy (standard coal) can be saved, and an average of 1.5-1.8 million tons of energy can be saved each year. The saving rate is 2-3 percent. The comparable production cost of state-run and local industrial enterprises will be reduced by an average of 1 percent each year. The expenses for each 100 yuan marketing volume of commercial, supply and marketing, and grain enterprises will be reduced by an average of 2 percent each year. By 1985, the turnover number of days of circulating funds of state-run industrial enterprises will be 115, 8 days less than that of 1980, and the utility rate of local fixed assets will be over 85 percent.

2. Finance and Credits

Revenue. Within 5 years, the province's revenue will be 18.353 billion yuan, an average annual increase of 3.33 percent. By 1985, it will be 4.079 billion yuan, an increase of 618 million yuan over 1980, which means an average annual increase of 120 million yuan.

Expenditure. Within 5 years, the province's expenditure will be 15.31 billion yuan, of which 3.391 billion yuan will be the amount of increase by 1985, which is 488 million yuan more than that of 1980. The part increased will be used for expenses in the educational, scientific, cultural, and public health fields. Moreover, we will increase the funds urgently needed for the construction of the energy industry in the localities and for the set construction of the raw materials industry.

Bank credits. Within 5 years, the source of credit funds of the People's Bank, the Construction Bank, and the Agricultural Bank will be increased by 5.2 billion yuan, and the line of credit will be increased by 7.5 billion yuan. The banks must provide priority credit for the technical transformation carried out for saving energy, for the construction of mines which are equipped with the necessary raw materials, for the production of products which are in short supply, and for the development of the economy in mountainous regions.

3. Investment in Fixed Assets

Within 5 years, the investment in fixed assets of the province's units under the system of ownership by the whole people will be 11 billion yuan, of which 7.443 billion yuan will be used for the investment in capital construction and 3.557 billion yuan for the investment in renewing and transforming equipment.

The investment in capital construction should be arranged by stressing the construction of the energy industry and the projects of electric railways, by appropriately carrying out agricultural, educational, scientific, cultural, public health, urban, commercial, and foreign trade construction, and by reducing the investment in other industrial branches. Under the approval of the state, the investments in various branches are as follows:

Investment in the fuel and power industries is 2.125 billion yuan, of which 448 million yuan is for the coal industry, 755 million yuan for the petroleum industry, and 820 million yuan for the electric power industry.

Investment in communications and transportation is 521 million yuan, of which 255 million yuan is for railway construction, 99 million yuan for communications, and 111 million yuan for post and telecommunications.

Investment in agriculture, afforestation, water conservancy, and meteorology is 577 million yuan.

Investment in light and textile industries is 342 million yuan.

Investment in the forest and building materials industries is 303 million yuan.

Investment in the metallurgical industry is 423 million yuan.

Investment in the chemical industry is 182 million yuan.

Investment in geological survey is 69 million yuan.

Investment in the machine-building industry is 204 million yuan.

Investment in other industrial branches is 340 million yuan.

Investment in the scientific, educational, cultural, and public health fields is 426 million yuan.

Investment in commerce and foreign trade is 308 million yuan.

Investment in housing, urban construction, and environment protection is 1.266 billion yuan.

Within 5 years, we will complete all the 44 large and medium-sized projects under construction, and combine them with the 22 projects which will be carried out during the Seventh 5-Year Plan period. New production capabilities in industrial and communications undertakings are as follows: The capability of coal mining will be 2.4 million tons, the installed capacity in electric generating will be 360,000 kilowatts, natural gas will be 2.5 billion cubic meters, the transport volume of timber will be 150,000 cubic meters, the output of cement will be 460,000 tons, iron ore 7 million tons, and rolled materials 319,000 tons, the length of electric railway line will be 789 kilometers, and the output of sugar will be 30,000 tons.

In our renewal and transformation work, we must lay stress on saving energy and raw materials, focus on raising economic results, strive to improve the structure of products, improve the functions and quality of products, increase the variety of products, develop marketable superior products, and enhance the competitiveness of products. We must renew the equipment of our enterprises, reconstruct dangerous buildings, improve our technological skills, and popularize advanced science and technology. We must rationally utilize our resources, pay attention to the combination of economic results with ecological results, and control serious pollution. The technical transformation of the machine-building and electronics industries should take precedence so as to provide advanced technology and equipment for the various national economic branches. Funds for technical transformation should be concentrated in such a way that we can guarantee technical transformation in key enterprises. In combination with technical transformation, we must energetically and in a planned way introduce advanced foreign technology and effectively utilize foreign investment.

4. Science, Education and Social Welfare

In local scientific research, we must take applied and exploited research as the main component, appropriately develop the necessary applied basic research, and strive to narrow the gap between the level of our province's important and urgent scientific and technological research items and the level of the country so as to change the production and technological features of some principal enterprises. Within 5 years, our province will concentrate its efforts on popularizing and applying 67 important scientific and technological results and on solving key problems in 11 scientific research subjects. In addition, our province will spend a longer time for some research subjects on emerging technology to blaze a new trail in further developing production and construction.

In philosophy and social sciences, we should implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," and strengthen the study of major theoretical and practical problems in our province's socialist modernization drive.

We should bring forward educational work and strengthen the exploitation of intelligence to train construction personnel for the four modernizations drive. Within 5 years, our province's primary schools will enroll 15.09 million pupils, junior middle schools 5.062 million students, senior middle

schools 1.065 million students, universities and colleges 42,700 students, and technical secondary schools 166,000 students.

Within 5 years, our province will provide employment for 1.44 million young people in cities and towns who are waiting for employment.

By 1985, the total salary volume of staff and workers in local units under the system of ownership by the whole people will be 3.595 billion yuan.

By 1985, the average net income of each person in our province's rural areas will be 270 yuan.

By 1985, the average consumption level of each citizen in our province will be 239 yuan.

Within 5 years, there will be varying degrees of development in the cultural, public health, sports, and environment protection fields, and in urban and rural housing.

Section 3. Principal Measures

/1. We must speed up our economic reform and promote the development of socialist construction./ In line with actual conditions, we must carry out reform in an overall and systematic way, and bring forward reform in various fields resolutely and in an orderly manner. This is the fundamental measure for realizing the Sixth 5-Year Plan and vigorously developing our province's economy. We must energetically carry out reform through meticulous investigation and study. Within 1 or 2 years, we must draw up relatively complete general planning and implementation measures for reforming the province's economic system, and carry out reform work in a down-to-earth manner. We must conscientiously implement the CPC Central Committee's instructions with regard to "certain questions on the present rural economic policies" to speed up reform in the rural economic system. We must speed up our work in substituting taxes for delivery of profits, gradually put into effect various forms of the economic responsibility system, overcome egalitarianism, and solve the problem of "everybody eating from the same big pot." In reforming industrial and commercial enterprises in cities, we must consider the interests of the state, enterprises, and individuals, and guarantee that "the state will get large interests, the enterprise will get medium interests, and the individual will get small interests." We must bring into play the role of key cities, do a good job in combining departments with regions and in combining war industry with civil industry, and support Chongqing city in comprehensively reforming its economic system.

/2. We must readjust and reorganize our present enterprises, and raise our management level and economic results./ The stress of our province's economic readjustment must be laid on product structure and enterprises' organizational and technological structure. According to the needs of society, we must resolutely organize production, and energetically bring forward industrial reorganization and economic combination, and the

adaptability and competitiveness of products. We must resolutely implement the policy of closing, stopping, merging, and shifting with regard to enterprises which have high consumption and produce backward products, and which have made losses for a long time. In heavy industry, we must continue to readjust our service direction, organize production in a planned way, and avoid overlooking light industry and the people's livelihood. In light and textile industries, we must lay stress on improving the quality of products and increasing the variety of products, do a good job in combining production, supply, and marketing, and enlarge the marketing of local industrial products. In reorganizing enterprises in an all-round way, we must first reorganize large and medium-sized key enterprises. By 1985, we will reorganize all the province's enterprises. The tasks are to reorganize and build leading bodies, and carry out "provisional regulations of the staff and workers' congress of state-run industrial enterprises," "provisional work regulations concerning factory heads of state-run factories," and "provisional work regulations concerning the grassroots CPC organizations in industrial enterprises." Reorganization must be centered on raising economic results and combined with the reform of the industrial management system. Through reorganization, we will raise our enterprises' leadership level, management level, technological level, and economic results. Within 5 years, we will strive to build one-third of our enterprises into "six-good" enterprises.

/3. We must strengthen scientific and educational work, and bring forward the economic development by relying on the progress of science and technology./ In realizing the Sixth 5-Year Plan and rapidly developing the economy, we must establish solid guiding thinking under which we will develop the economy by relying on the progress of science and technology, and gradually place various national economic branches on a new technological basis. Scientific and technological work must be geared to and serve economic construction.

We must pay close attention to the study of social sciences and do a good job in combining the study of social sciences with the research of natural science. We must carry out economic and technological cooperation, and conscientiously do a good job in introducing and absorbing advanced technology of foreign countries and of coastal provinces and cities. We must popularize and apply in a down-to-earth manner the results of scientific research so as to enable these results to change into practical productive forces. We must develop educational work and strive to change the backward features in our province's educational field. We must energetically and step by step reform the existing system of enrolling and assigning university students, carry out reform in the middle-school educational structure, strive to popularize primary school education, develop adult education, and do a good job in training staff and workers. We must bring into play the initiative in various fields to develop educational work, encourage the masses to become talented through self-study, and train, by various means, talented personnel in various fields.

/4. We must strengthen our management in investment in fixed assets and carry out technical transformations by laying stress on key equipment./ We

must be resolute in controlling the scale of investment in fixed assets and in carrying out intensive enlarged reproduction. We must exercise strict management in capital construction, but arrangement of funds for renewing equipment and technical transformation can be somewhat flexible. We must resolutely carry out the State Council's stipulations with regard to strictly controlling the scale of investment in fixed assets. Various funds for investment in fixed assets must be put in the province's plan for investments in fixed assets and arranged in such an overall manner that no breakthroughs can occur. We must strictly adhere to the system of approving investment and projects, and do our work according to procedures. We must complete our preparatory work before carrying out construction projects. We must bring into play the supervisory and examining role of banks, and work hard to raise investment results. We must guide our enterprises in appropriately controlling and utilizing their own funds, and in avoiding duplicate construction and blind development. We must do a good job in renewing the equipment in our present enterprises and in carrying out technical transformation. Stress must be laid on saving energy and raw materials, and on improving the quality of products and upgrading products. Various trades and undertakings must have overall planning, do things according to their capability, and carry out technical transformation in a planned way and by laying stress on key equipment. The national defense industry and scientific research units must support local industrial branches in carrying out technical transformation. We must conscientiously implement various policies and measures to bring forward technical transformation in our present enterprises. Funds can be changed for the purpose of carrying out technical transformation, but we must avoid expanding the scale of capital construction under the pretext of carrying out technical transformation.

/5. We must adhere to the principle of simultaneously building the two civilizations./ All economic work departments must pay very close attention to simultaneously building material and spiritual civilizations. We must strengthen ideological and political work on the economic front to guarantee the implementation of the party's principles and policies. We must do a good job in carrying out ideological education among staff and workers, and among the peasants. This ideological education includes education on Marxism-Leninism-Mao Zedong Thought, on communist ideals, on morality and discipline, and on democracy and the legal system. We must enhance the scientific nature of ideological and political work, improve the methods of ideological and political work, oppose formalism, pay attention to practical results, constantly raise the consciousness of cadres and masses, develop the political situation of stability and unity, and resist all kinds of unhealthy tendencies.

Chapter 2. Development Plan for the National Economy

Section 1. Agriculture

We must continue to give priority to the development of agriculture, adhere to the principle of "energetically developing a diversified economy without relaxing grain production," take the road of developing in an all-round way

agriculture, forestry, animal husbandry, sideline production, and fishery, and of carrying out comprehensive management of agriculture, industry, and commerce, further do a good job in readjusting the agricultural structure and the distribution of crops, rationally utilize our province's agricultural resources, strive to raise the commodity rate and economic results, and work hard to realize an overall increase of agricultural production.

By 1985, the total output of grain will be 30 billion jin, an increase of 16.4 percent over 1980; the total output of cotton will be 1.8 million piculs, a drop of 4.9 percent; the total output of oil-bearing crops will be 25 million piculs, an increase of 73.8 percent; the total output of sugarcane will be 60 million piculs, an increase of 68.2 percent; the total output of pork, beef and mutton will be 2.2 million tons, an increase of 28.3 percent; and the total area of afforestation will be 4 million mu.

We must conscientiously implement the party's various rural policies and stabilize and perfect the system of contracted responsibilities with payment linked to output. These are still the main tasks in our present rural work. We must appropriately combine individual initiative with collective superiority and correctly handle the relationship between the state, the collective and the individual. On the basis of extensively carrying out the system of contracted responsibilities on a household basis with payment linked to output and which takes the combination of unification with decentralization as its main component, we must enthusiastically support the rapid development of rural specialized households and households doing specialized jobs. Various forms of economic combination bodies must adhere to the principle of voluntary participation and mutual benefit, make the best use of the situation, and energetically carry out their work. The 20-odd selected trial counties for comprehensive reform, among which Guanghan, Xindu and Qionglai Counties are listed, must speed up their reform to provide examples and experiences for the comprehensive reform of the province's rural system.

We must continue to readjust the internal structure of agriculture and rationally utilize our province's resources. Our province must strive to be self-sufficient in grain, realize intensive and meticulous farming, raise per unit output, and increase the total output by laying stress on the medium and low-yield area. On the basis of guaranteeing the steady increase of grain output, we must energetically develop a diversified economy to bring into better play the superiority of industrial crops and of silkworms, fruit, tea, tung oil, lacquer, and medicine.

Basing ourselves on 100 million mu of cultivated land and having a wide perception of 500 million mu of uncultivated land, we must rationally exploit our resources and speed up the development of forestry, animal husbandry, sideline production, and fishery, and of commune- and brigade-run enterprises. We must resolutely implement the CPC Central Committee's "decision on certain questions with regard to protecting forests and developing forestry" and the provincial CPC committee's principle of "taking forestry as the main component, simultaneously bringing forward agriculture and animal husbandry, and carrying out a diversified economy and

comprehensive development" with regard to production in mountainous regions, and the principle of requiring the individual, the collective, and the state to develop forestry in cooperation. We must speed up afforestation work and strictly forbid reclaiming land on mountain slopes. The stress of afforestation work must be laid on 40 million mu of uncultivated mountains in the agricultural regions of the hinterland. We must speed up the construction of 16 prefectures and counties which are suitable for afforestation and do a good job in planting trees along rivers and roads, and around reservoirs. We must continue to do a good job in constructing pastoral areas in west Sichuan, exploit grass mountains and slopes, and develop the work of raising herbivorous animals such as cows, sheep and rabbits. We must speed up the production of meat, milk, fowls, and eggs in urban and rural factory and mining areas, and adopt the method of combining production carried out by specialized households or households doing specialized jobs with mechanized chicken breeding to improve the supply in urban and rural factory and mining areas. We must continue to develop in a planned way commune- and brigade-run enterprises, energetically bring forward household sideline production, and encourage commune members to carry out suitable production items in a diversified economy.

We must strengthen the work of researching, popularizing, and applying agricultural science and technology, and continue to do a good job in agricultural capital construction. In popularizing improved varieties, we must appropriately expand the cultivated area of hybrid rice, hybrid maize, and hybrid cotton, introduce new varieties to 70 percent of regular crops, and strive to basically realize the extensive use of improved varieties throughout the province by 1985. We must continue to do well the work of popularizing the use of science and technology in the three aspects of improved varieties, fodder, and disease prevention, and gradually establish a system of publicizing improved varieties, a fodder system, and an antiepidemic system. In accordance with local conditions, we must do a good job in agricultural capital construction such as water conservancy, improving soil, and building rural highways and agricultural facilities, change the basic conditions for agricultural production, raise the ability to combat natural calamities, and guarantee the steady development of agricultural production.

Section 2. Light and Textile Industries

In developing the production of consumer products, we must base ourselves on the province's market, cater to the needs of rural areas, and establish the idea of becoming superior to others by relying on the quality of products, on the up-to-dateness of design of products, on the cheapness of prices, on the fastness in getting information, and on the good quality of service. We must lay stress on the development of the food industry and energetically and appropriately bring forward the production of marketable and durable consumer goods.

By 1985, the output of yarn will be 900,000 pieces, an increase of 34.8 percent over 1980; the output of cloth will be 800 million meters, an increase of 26 percent; the output of sugar will be 200,000 tons, an

increase of 15.6 percent; the output of cigarettes will be 950,000 cartons, an increase of 29.9 percent; 300,000 sewing machines will be produced, an increase of 190 percent; 550,000 bicycles will be produced, an increase of 2,100 percent; the output of TV's will be 500,000 sets, an increase of 500 percent; and the output of radios will be 1.35 million sets, an increase of 230 percent.

In doing light and textile industrial work, we must have a good perception of the market situation, regularly study the changes of the province's consumption structure, analyze the development trend of products at home and abroad, and arrange production according to the needs of the market. We must strive to raise the quality of products, increase the variety of products, produce products with Sichuan's characteristics, and enhance the competitiveness of products. We must plan well the linking of production to marketing, strictly carry out economic contracts, conscientiously and properly handle the relationship between industry and commerce, and between industry and trade, exercise joint management or joint marketing over some products, and energetically bring forward the marketing of local products.

Section 3. The Raw Materials Industry

During readjustment, we must steadily develop the new materials industry, raise the quality of products, and increase the variety of products. In particular, we must increase the output of key products and sizes which are in short supply to further meet the needs for industrial and agricultural production, and for urban and rural construction.

In the metallurgical industry, the stress of technical transformation must be laid on increasing the capability of mines and on saving energy so as to relax the serious shortage of ferrous and nonferrous ores, and to improve the technological equipment of steel and iron enterprises. By 1985, the output of steel will be 3.29 million tons, equal to that of 1980; the output of pig iron will be 2.75 million tons, a level to be made equal to that of 1980; and the output of rolled steel will be 2.3 million tons, an increase of 6.6 percent over 1980.

The stress of the chemical industry must be laid on developing the compound fertilizer of ammonium phosphate. We must firmly grasp the work of shifting the construction of mines to that of phosphoric mines, carry out well preparatory work before the construction of sulphuric and phosphoric mines is started, and speed up technical transformation for saving energy in nitrogenous fertilizer production, and the construction of soda ash projects. By 1985, the output of pyrites will be 400,000 tons, an increase of 85.2 percent over 1980; the output of phosphoric rocks will be 1.3 million tons, a drop of 14 percent; the output of sulphuric acid will be 600,000 tons, equal to that of 1980; the output of soda ash will be 150,000 tons, an increase of 63 percent; the output of caustic soda 130,000 tons, an increase of 20.4 percent; the output of synthetic ammonia will be 1.52 million tons, equal to that of 1980; and the output of chemical fertilizers will be 1.3 million tons, an increase of 1 percent.

The stress of the building materials industry must be laid on the production of cement, glass plates, sanitary ceramics, and building materials for rural housing. By 1985, the output of cement will be 7 million tons (of which, 2.54 million tons will be produced by large and medium-sized cement factories), an increase of 1.489 million tons over 1980, which means an average annual increase of 4.9 percent.

We must appropriately develop the production of nonmetallic products such as sanitary ceramics, glass plates, talc, marble, and asbestos, and the production of new-type building materials.

Section 4. The Energy Industry

Our province's energy industry is an outstanding weak link which impedes the national economic development. We must energetically strengthen our work in this respect and lay strategic stress on the development of our province's energy industry. According to the characteristics of our province's energy resources and from a long-term viewpoint, we must develop the energy industry by relying mainly on water and electricity, and bring into play the superiority of our water resources. In the coming few years, we must lay stress on the exploitation of coal, on increasing the output of energy, and on saving energy. During the Sixth 5-Year Plan period, we must appropriately increase the investment in energy production and speed up the construction of key coal mines and the technical transformation in local small coal mines. We must strengthen the survey and exploitation of natural gas, and increase reserve resources. We must enthusiastically carry out electric power construction and adopt various methods to solve energy problems in rural areas.

By 1985, the province's one-time output of energy will be 40 million tons of standard coal, an increase of 1.21 million tons over 1980, which means an average annual increase of 0.6 percent; the output of raw coal will be 42 million tons, an increase of 3.02 million tons, which means an average annual increase of 1.5 percent; the output of natural gas will be kept at the level of 5 billion cubic meters; generated energy will be 18.8 billion units (of which, hydropower will be 8.8 billion units), an increase of 2.43 billion units, which means an average annual increase of 2.8 percent.

Within 5 years, we will save 7.5 million to 9 million tons of standard coal to meet the needs of energy for developing industry and agriculture, and for improving the people's livelihood.

Within 5 years, local coal mines must strive to increase the production capability of raw coal by 2 million tons.

Within 5 years, in the survey and exploitation of natural gas, we must strive to obtain 22.5 billion cubic meters of pressurization deposits, possess technological methods for exploiting water-bearing gas fields, raise the recovery rate, reduce the decrease rate of old gas fields, and guarantee the stability and increase of output.

During the Sixth 5-Year Plan period, we must strive to realize the basic substitution of coal for natural gas in heating furnaces. Each year, we must be able to renew, in groups and by stages, 300 coal-heated, old-fashioned and low-efficiency furnaces. In coordination with the transformation of old-fashioned furnaces, we must enthusiastically and properly carry out measures of combining concentrated heat supply with thermoelectricity. In combination with the readjustment of the industrial structure, we must reduce the production of high-energy-consumption products so as to keep energy consumption at a low rate.

Section 5. The Machine-Building and Electronics Industries

Our province has a good foundation in the machine-building and electronics industries, and we must bring this superiority into play. During the Sixth 5-Year Plan period, we must lay stress on the development of lead, firmly grasp technological exploitation and technical transformation, cater to the needs of internal and foreign markets, produce more and better products, and work hard to serve key construction, to serve the technical transformation of the national economy, and to serve the livelihood and consumption of the people.

By 1985, the total output value of the machine-building and electronics industries will be 7.2 billion yuan, an increase of nearly 1 billion yuan over 1980, which means an average annual increase of 3.2 percent, of which, the total output value of the civil machine-building industry will be 2.1 billion yuan, an increase of 240 million yuan, which means an average annual increase of 2.3 percent.

During the Sixth 5-Year Plan period, in the civil machine-building industry, we will eliminate 1,000 kinds of backward products and produce 2,000 kinds of new and marketable products. We can forecast that by 1985, there will be 6,000 kinds of products, an increase of 50 percent over 1980; we will transform 60 key enterprises and continue to perfect and construct about 20 product study and test centers.

Section 6. Geological Prospecting

Under the prerequisite of constantly raising the results of geological prospecting and social economic results, the stress of work in geological prospecting departments must be laid on giving priority to energy geological work. In addition, we must arrange in an overall manner geological work with regard to metallic and nonmetallic mineral products, strengthen basic geological work, constantly expand deposits, prolong the life of mines, make a comprehensive appraisal of mineral products, and expand service. Within 5 years, we must plan to verify 700 million tons of iron ore deposits, 100 million tons of coal mine deposits, 1,000 tons of uranium mine deposits, 100,000 tons of copper mine deposits, 2.5 million tons of lead and zinc mine deposits, 200 million tons of phosphoric mine deposits, and 100 million tons of pyrites. We must enthusiastically make an appraisal of the underground water resources in central and east Sichuan on the Chengdu Plateau, and carry out hydrogeological work with regard to the

environment of Chengdu and Chongqing, and geological work with regard to key projects along the Changjiang River in our province.

Section 7. Communications and Transportation

Our province lacks facilities in communications and transportation, and this has hindered the development of the economy and social undertakings. During the Sixth 5-Year Plan period, the basic focus of attention in communications and transportation is to bring into full play the existing transport potential. In addition, we must appropriately readjust the transport structure and lay stress on the development of passenger transportation, and of short-distance goods transportation. In particular, we must bring into play the superiority of waterway transportation, and restore and develop inland shipping. Moreover, we must strengthen the maintenance and construction of highways, and energetically develop collective transportation business.

By 1985, the volume of goods transported by specialized units in local communications will be 63.2 million tons, an increase of 17.62 million tons over 1980, which means an average annual increase of 6.3 percent. Of the above volume, the volume of goods transported by ferry and lighter will be 15.2 million tons, an increase of 2.95 million tons, which means an average annual increase of 4.4 percent; the volume of goods transported by truck will be 48 million tons, an increase of 14.67 million tons, which means an average annual increase of 7.6 percent; and the volume of passengers transported will be 412 million person-times, an increase of 205 million person-times, which means an average annual increase of 14.7 percent. We must rationally organize work in railway transportation, shipping, truck and bus transportation, and mass transportation. In particular, we must carry out well waterway transportation in branch water routes. In accordance with the rational economic trend, we must do a good job in combined transportation and raise economic results and efficiency. We must solve, in a planned way and step by step, the problem of sluice gates and dams which obstruct waterway transportation, and rapidly restore inland shipping capability. We must continue to implement the principles of local workers establishing the attendance system and of local people carrying out highway construction under state subsidy, speed up highway construction, and do a good job in road maintenance. Within 5 years, we will build 1,300 kilometers of highways without asphalt in mountainous regions and 350 kilometers of asphalt highways, reconstruct 500 kilometers of highways, complete the construction of 2 key highways leading to Chengdu and Chongqing. Furthermore, we will complete the important construction of the highway between Xiangcheng and Derong, the highway between Kaixian and Chengkou, the Qixian bridge, the Huangxuzhen bridge, and the Wangjiadu bridge.

Section 8. Posts and Telecommunications

Under the unified planning by the state and through technical transformation, we must improve our management and increase our capability in posts and telecommunications to solve difficulties in our province's posts and telecommunications. By 1985, the total business volume of our province's posts

and telecommunications will be 130 million yuan, an increase of 29 million yuan over 1980, which means an average annual increase of 5 percent. By 1985, the number of long-distance telephone lines will be increased from 1,481 in 1980 to 2,713, and the number of city telephone sets will be increased from 106,000 to 151,000. Within 5 years, in rural areas, 8,320 more switchboards and 8,700 more telephones will be installed, and we will install a telephone in every village. We will build the Chengdu posts and telecommunications hub, complete the construction of inland water postal handling centers, do good preparatory work for the construction of postal handling centers in Xichang, Wanxian, Daxian and Bingyi, and strive for a great development in our posts and telecommunications capability.

Section 9. Commerce

By 1985, the retail sales volume of the province's social commodities will be 20.1 billion yuan (excluding the retail sales volume of commodities sold by the peasants to nonagricultural residents), an increase of 5.5 billion yuan over 1980, which means an average annual increase of 6.6 percent. The growth rate of retail sales volume of rural commodities will be higher than that of cities and towns.

Commercial and production departments should cooperate with each other, and on the basis of increasing production, work hard to expand commodity resources, organize a large market for marketable commodities, and maintain the balance between the purchasing power for social commodities and the supply volume of commodities. They should enthusiastically support and promote local industrial production, energetically manage, propagate, and market local products, and make every effort to open up a market for local products. They should in an all-round way reform the commodity circulation system, firmly keep the leading position of state-run commerce, and simultaneously carry out the form of a diversified economy, the form of diversified management and various circulation channels to smooth circulation channels. In addition, they should restore the cooperative commercial nature of basic-level supply and marketing cooperatives, restore and develop the organizational mass nature of supply and marketing cooperatives, their democratic way of management, and their flexibility in running business, and gradually turn supply and marketing cooperatives into comprehensive centers which can carry out service before and after production. In the course of running state-run commerce and supply and marketing cooperatives, they should energetically develop collective and individual retail commercial undertakings, and let the collective or individuals run catering business, sewing undertakings, public bath houses, barbershops, maintenance businesses, laundry shops, and photographic businesses.

Section 10. Foreign Trade

We must adhere to the state principle of unified planning, unified policies, and of making joint efforts in carrying out foreign trade, and bring into play the initiative of localities, departments and enterprises in developing foreign trade. We must conscientiously study the changes of international market, readjust in a timely manner the structure of export

commodities, further expand foreign trade, energetically utilize foreign investment and introduce foreign technology, earnestly develop the contracting of projects and technological cooperation with foreign countries, strive to improve the conditions of foreign trade, and constantly raise economic results.

By 1985, the province's total purchase volume of export commodities will be 1.47 billion yuan, an increase of 480 million yuan over 1980, which means an average annual increase of 8.2 percent; the trade volume of direct exports will be $115 million, an increase of $79 million, which means an average annual increase of 26.1 percent; and the number of persons for labor and technological cooperation will be 2,000-3,000.

Chapter 3. Development Plans for the Economy and Social Undertakings in Minority Nationality Regions

According to the general requirements for the province's economic development and the actual conditions in nationality autonomous regions, in most regions of the Ganzi Autonomous Prefecture, the Aba Autonomous Prefecture, and the Liangshan Autonomous Prefecture, we must continue to implement the production principle of developing in an all-round way agriculture, forestry, animal husbandry, sideline production, and fishery, with stress on forestry and animal husbandry. We must energetically exploit the resources of nonferrous metallic ores, develop industry in minority nationality regions in line with specific conditions, adopt a series of special policies, speed up the development of the economy and social undertakings, and raise the level of material and cultural life of the people in minority nationality regions. By 1985, the total industrial and agricultural output value of the 3 prefectures will be 2.16 billion yuan, an increase of 460 million yuan over 1980, which means an average annual increase of 5 percent. Of the above output value, the total agricultural output value will be 1.36 billion yuan, an increase of 290 million yuan, which means an average annual increase of 5 percent.

Animal husbandry is the stress of the development of agricultural production in minority nationality regions. The principal tasks are to tap the potentials of pastoral areas, improve livestock quality, readjust its structure, increase the grazing capacity of pastureland, and raise the commodity rate of livestock products. By 1985, the total number of livestock in the 3 prefectures will be 14.88 million, an increase of 1.68 million over 1980, which means an average annual increase of 2.4 percent; the output of cowhide and sheepskin will be 3.15 million pieces, an increase of 570,000 pieces, which means an average annual increase of 11.6 percent; the total output of beef and mutton will be 93.25 million jin, an increase of 42.29 million jin, which means an average annual increase of 12.8 percent; and the output of milk products will be 2.2 million piculs, an increase of 300,000 piculs, which means an average annual increase of 3 percent.

Forestry occupies an important position in the economy of the three prefectures. We must conscientiously take afforestation as the foundation for

developing forestry production, and adhere to the principle of rational felling. We must strictly prohibit random felling of forests, control excessive felling of forests, and protect forest resources. During the Sixth 5-Year Plan period, the average annual felling volume of logs in the 3 prefectures must be controlled within 2 million cubic meters. Moreover, we must energetically do a good job in utilizing timber in a comprehensive manner, and solve the problem of afforesting 1 million mu of slash.

In agricultural, semiagricultural, and semipastoral areas, we must guarantee the steady increase of the total grain output, energetically develop a diversified economy, and strive for an overall development in agriculture, forestry, animal husbandry, sideline production, and fishery. By 1985, the total grain output in the 3 prefectures will be 3.27 billion jin, an increase of 450 million jin over 1980, which means an average annual increase of 3 percent.

The stress of industry should be laid on the development of leather products, dairy products, meat products, ready-made Chinese medicine, woolen products, and sugar. Furthermore, according to the needs of the state and province, we must fully utilize the superiority of local nonferrous metallic resources and our present conditions to gradually develop joint production bases for exploiting, selecting, and refining nonferrous metals. By 1985, the total industrial output value of the 3 prefectures will be 800 million yuan, an increase of 170 million yuan over 1980, which means an average annual increase of 5 percent.

We must continue to lay stress on hydroelectric power in developing the energy industry in the three prefectures. In addition, we must pay attention to developing fuel forests, popularize the substitution of electricity for firewood, and adopt various methods to meet the needs for industrial and agricultural production, and the people's livelihood.

In developing communications in the three prefectures, we must emphasize highway construction. We must plan to build over 300 kilometers of highways each year and complete the construction of the Xiangcheng-Derong highway by 1985. We must strive to build roads in over 80 percent of the villages by 1990.

We must develop, to varying extents, our work in the educational, scientific and technological, cultural, physical cultural, public health, and family planning fields.

Chapter 4. Plans for Scientific and Technological Development

Section 1. Tasks and Aims

Through solving major scientific and technological problems and popularizing scientific and technological results in the course of economic and social development, we must make a breakthrough in the agricultural, energy, light industrial, machine-building, and electronics fields, and in solving urgent and key technological problems in connection with the comprehensive

utilization of resources. We must promote, by a comparatively large margin, social undertakings such as family planning, medical and public health service, and the protection of the environment. So far as important and urgently needed scientific and technological items are concerned, we must strive to narrow the gap between our province's level and the country's advanced level so as to change the production and technological features of some major branches of the national economy, and make necessary technological preparations for the long-term development of the national economy.

Section 2. Popularization of Scientific and Technological Results

Strengthening the popularization and application of scientific and technological results is an important link in promoting the economic development by relying on science and technology. Our province has decided to arrange the popularization of 67 key scientific and technological items with regard to increasing agricultural production and processing agricultural and sideline products, to preservation technology, to new products and new technology in light, food, and leather industries, to new technology in saving and exploiting energy, to new technology in the machine-building and electronics industries, to the metallurgical, chemical, and building materials industries and construction technology, and to the medicine and equipment for family planning.

Section 3. Solving Key Problems in Science and Technology

In combination with key scientific and technological subjects which can produce major economic results in production and construction, our province has decided to solve 11 scientific and technological items, which include improvement of the strains of rice and other 5 major crops, the comprehensive utilization of sulphuric, phosphoric, aluminum, and strontium mines, new types of highly efficient agricultural pesticides, improving silk quality and technology after weaving, comprehensive technology of leather processing, new technology and equipment in saving energy, and basic technology in the machine-building industry.

Section 4. New-Emerging Technology and Applied Basic Scientific Research

The stress of new-emerging technology must be laid on solving the problem of applying and popularizing technology so as to enlarge its sphere of application. Our province will lay emphasis on the application of mini-calculators, laser, and infrared rays, on the application of automatic checking and control technology, and on the application of super-solid materials, radiation, and isotopes. In addition, we must strengthen basic scientific research such as the physiological heredity of animals and plants, systematic projects, the industrial and agricultural technological economy, forecast analysis, and scientific research statistics.

Section 5. Philosophy and Social Sciences

In the study of philosophy and social sciences, we must take Marxism-Leninism-Mao Zedong Thought as the guiding thinking, conscientiously

implement the principles of combining theory with practice and of "letting a hundred flowers blossom and a hundred schools of thought contend," and propagate the fine style of seeking truth from facts, of being brave in investigating and creating new things, and of holding firm to the truth and correcting mistakes. We must lay emphasis on the study of major theoretical and practical problems which emerge in our province's modernization. These problems include philosophy, political economics, scientific socialism, the science of law, sociology, the science of history, the science of nationalities, literature, philology, and pedagogy. We must make contributions in blazing a new trail in an all-round way in our province's socialist modernization drive.

Section 6. Main Measures

1. We must reform the scientific research system. Under the province's unified coordination and arrangement, we must readjust, in a planned way and step by step, the present professional scientific research institutions and carry out tasks in order of importance. We must develop and promote the combination between scientific research units, design units, production units, and institutes of higher learning, and adopt various methods to gradually make scientific research, design, production, and service a coordinated process, and to form a combination body of scientific research and production. Scientific research units must cater to the needs of society, adopt various forms such as contracting scientific research items, technological responsibility system, contracting technological items, and technological consultant services, and establish close contacts with production units. Moreover, we must consolidate and develop various forms of "households doing scientific and technological work" and "specialized households" in rural areas. Scientific research institutions must conscientiously carry out internal readjustment, exercise the management system of combining administrative methods with economic methods, and implement the responsibility system.

2. We must carry out the party's policies on intellectuals and bring into full play the role of scientific and technological personnel. We must gradually readjust the irrational distribution of scientific and technological personnel to bring their jobs in line with their specialties and to bring their talents into full play. We must organize in an all-round way scientific and technological personnel to participate in solving major scientific and technological problems, in providing technological and economic judgment for major items, and in working out technical transformation plans and technological development plans. We must draw up some necessary policies and measures to encourage technological personnel to serve economic construction, to go to the countryside, to go to the first front, to go to remote regions, to take part in production and construction, and to engage in educational and scientific research work. We must strengthen the training of the present technological personnel and gradually solve the problem of outmoded knowledge.

Scientific commissions at all levels must strengthen the functional role of comprehensive management and establish scientific and technological

policymaking institutions to act as advisers of governments at all levels in deciding on major scientific and technological problems. We must use economic levers and the role of scientific and technological legislation to support scientific and technological progress, and strengthen the construction of technological service institutions to open up a road for applying scientific research results in production.

We must enthusiastically carry out economic cooperation. In line with the actual needs of our province's production and construction, we must strive to introduce advanced technology, funds, and management experience of coastal areas and foreign countries to promote our province's economic construction and scientific and technological development.

Chapter 5. Educational Development Plans

Section 1. Primary and Secondary Education

Elementary education must start with preschool education. In addition, we must strengthen primary school education, speed up the reform of secondary educational structure, reorganize and enhance senior and junior middle schools, control and readjust the development of ordinary senior middle schools, and energetically develop various forms of professional education. We must strive to raise the quality of teaching and learning in various schools to provide qualified personnel who develop morally, intellectually, and physically for senior and secondary specialized schools.

By 1985, there will be 30,000 students studying in 27 province- and city-run institutes of higher learning; and there will be 83,500 students studying in secondary schools. In addition, we must create conditions for training research students needed by our province's economic development.

Section 2. Adult Education

We must train cadres in groups and by stage, gradually regularize the cadres' training system, and strive to raise the political quality and professional ability of the cadres' contingent so as to meet the needs of the four modernizations. According to different cultural levels of staff and workers, we must organize them to study politics, cultural knowledge, technological theory, technological procedures, and operational skills, to raise their cultural level and to average their technological qualification grades.

We must further develop television broadcast universities, correspondence universities, evening universities, staff and workers' universities, peasants' universities, and various forms of spare-time studies, propagate and encourage various methods of self-study to acquire certain cultural or technological qualifications. We must strive to eliminate illiteracy, popularize scientific and technological knowledge, and raise the cultural level of our people.

Chapter 6. Social Development Plans

Section 1. Population

Controlling the growth of population is a long-term strategic task, the key point of which is to uphold the one-child rate, strictly control the two-children rate, and resolutely check the practice of multiple births. The stress of work must be put in rural areas. In cities, we must resolutely carry out the principle of one couple having only one child. By 1985, the total number of population of our province must be controlled within 104.45 million.

In family planning work, apart from carrying out ideological work, we must formulate and readjust the relevant policies according to the CPC Central Committee's stipulations and in line with our province's actual conditions, and adopt economic and organizational measures to guarantee the smooth carrying out of family planning work. Scientific research, public health, and medical work departments are required to act in close cooperation in giving technical instructions in respect to family planning, and in doing a good job in maternal and child hygiene. We must energetically get rid of the feudal idea of regarding men as superior to women, and work out necessary policies and measures to protect infant girls and their mothers. We must mobilize the whole society to condemn the bad habit of looking down upon infant girls and their mothers, and deal relentless blows at criminal acts of drowning infant girls, of maltreating mothers who have just given birth to infant girls, and of abducting and selling women.

Section 2. Labor

We must do a good job in arranging employment, open up all avenues for employment, and provide jobs for those who are awaiting employment. People in cities and towns who are awaiting employment will be given jobs mainly in collective ownership units, individual commercial undertakings, services trade and handicraft undertakings. Units under the system of ownership by the whole people must strictly control the number of staff and workers, and within 5 years, they basically should not employ new staff and workers from society. Before the end of 1985, we will complete the arrangement of employment for job-awaiting young people in cities and towns who have been left over for many years.

Section 3. Inhabitants' Income and Consumption

Inhabitants' Income

By 1985, the average net income of each peasant will be 270 yuan, an increase of 82.1 yuan over 1980, which means an average annual increase of 7.5 percent.

The average increase of salary of staff and workers will be determined by the increase of production and by the increase of labor productivity.

Inhabitants' Consumption

By 1985, the average consumption level of each person in our province will be 239 yuan, an increase of 45.6 yuan over 1980, which means an average annual increase of 4.3 percent. The growth of the consumption level of rural people will be faster than that of urban citizens, and the gap between urban and rural living standards will continue to narrow.

Section 4. Urban and Rural Construction, and Social Welfare

During the Sixth 5-Year Plan period, we must conscientiously develop land study and planning work, carry out urban and rural construction in a planned way, and improve the living conditions of urban and rural people. Urban apartments must be practical, economic, and good-looking. Set facilities must follow up. The peasants are required to build their own houses. We must strictly control the use of land, and resolutely check random occupation of farmland. Within 5 years, the peasants will build 300 million square meters of houses, and 30 million square meters of apartments will be constructed for urban people. The building of urban public facilities, urban development plans, and the construction of urban apartments must be carried out in coordination and unified planning. We must organize and bring into play the initiative in various fields, and adopt various methods to run well urban and rural welfare work.

Section 5. Cultural Undertakings

Cultural undertakings must be geared to serving the people and socialism. We must continue to implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," strive for a new development, and make positive contributions to building socialist material and spiritual civilizations.

Under the prerequisite of constantly raising the ideological level and artistic quality of film products, we must increase the production of feature films and scientific and technological documentary films. Within 5 years, we will produce 39 feature films, build and reconstruct (enlarge) 14 cinemas, and construct 400 cinemas and theaters in comparatively densely populated market towns. By 1985, the number of film projecting teams will be 6,500. Production brigades which have the necessary conditions should gradually organize film projecting teams, and they should be able to form 3,000 film projecting teams by 1985.

In literature and art, we must lay stress on the reorganization of the present literary and art units, raise their quality, do a good job in literary and art criticism, strive to develop creative works in the literary, operatic, musical, dancing, folk art, acrobatic, drawing, carving, photographic, and calligraphic fields, and work hard to produce more excellent works and create more excellent performing skills.

We must strengthen operational and management work in news release, publication, and books distribution, raise our technological level, and improve our

work quality. By 1985, the total publication volume of newspapers, magazines, and books in the province will be 2.15 billion prints and pieces, an increase of 310 million prints and pieces over 1980, which means an average annual increase of 3.2 percent. By 1985, the number of rural cultural work centers will be 7,662. Besides in minority nationality regions, every village will have a cultural center.

In broadcasting and television undertakings, we must bring into full play our present equipment, constantly raise service quality, increase service contents, enlarge coverage area, improve broadcasting quality, and enhance propaganda results.

Section 6. Medical and Health Work

We must continue to carry out the principle of putting prevention first in health work. Under the prerequisite of not relaxing urban health work, we must continue to put the stress of medical work in rural areas, perfect medical institutions, and solve the problems of preventing and curing illnesses in rural areas. We must do a good job in building health contingent, strengthen the study of Chinese medical science and Chinese medicine, and combine well Chinese medicine with Western medicine. We must continue to carry out the construction of hospitals in a third of the key counties. Within 5 years, we will build 16 county hospitals. In addition, we will build, in groups and by stage, hospitals for infectious diseases, children's hospitals, psychiatric hospitals, tumor hospitals, and Chinese medicine hospitals, which are urgently needed in various localities. By 1985, the total number of hospital beds throughout the province will be 194,000, an increase of 15,000 beds over 1980, which means an average annual increase of 1.6 percent.

Section 7. Physical Culture

We must energetically develop physical cultural activities in cities and rural areas. We must lay stress on physical cultural activities in schools, enthusiastically carry out physical cultural activities in factories, mines, and enterprises, and in rural areas. We must extensively improve the people's health and raise the level of sports.

Section 8. Protection of the Environment

Protecting and improving the environment has an important bearing on developing the economy and society. It is an important component in building socialist material and spiritual civilizations. In protecting the environment of our province, we must proceed from basic work, resolutely check any act which causes new damage to the natural environment, strive to control further deterioration of ecology, strictly prevent new pollution, do a good job in protecting natural resources, and gradually improve the natural environment in key cities, regions, and water areas. By 1985, we must be able to raise by a large margin efficiency in handling the province's serious pollution.

CSO: 4006/572

ECONOMIC PLANNING

REPORT ON SIXTH 5-YEAR PLAN DELIVERED AT YUNNAN CONGRESS

HK031355 Kunming YUNNAN RIBAO in Chinese 2 May 83 pp 1-3

["Excerpts" of report on Yunnan's Sixth 5-Year Plan by Pu Chaozhu [2528 2600 2691], delivered at First Session of the Sixth Yunnan Provincial People's Congress on 23 April 1983]

[Text] Dear representatives:

On behalf of the provincial government, I have the honor to submit, for your examination, the following report on Yunnan's Sixth 5-Year Plan:

I. Basic Tasks of the Sixth 5-Year Plan

In accordance with the strategic target determined by the 12th CPC National Congress and with the Sixth 5-Year Plan adopted at the 5th Session of the 5th NPC, and taking into account the actual conditions of the moment, our province has set the basic tasks of our Sixth 5-Year Plan as being the following: Insisting on simultaneously grasping socialist material civilization and spiritual civilization, continued eradication of the influence of "leftist" thinking, implementing in an overall manner the policy of readjusting, restructuring, reorganizing, and upgrading, effectively shifting economic work to the track of taking improvement of economic results as the center, speeding up the steps of restructuring, promoting progress in technology, bringing about a continued growth of the national economy, striving for decisive successes in the attempts to realize a fundamental improvement in the financial and economic conditions and in the social atmosphere, and, in this way, creating better conditions for developing the national economy and the social order during the Seventh 5-Year Plan period.

Under the logical premise of improving economic results, the Sixth 5-Year Plan provides that by 1985 the gross value of the industrial and agricultural output of the province will be 16.86 billion yuan, an increase of 40.3 percent over 1980, or an average annual increase of 7 percent.

1. On Speeding Up the All-Round Development of Agriculture

During the Sixth 5-Year Plan period, we must insist on putting agriculture in an important strategic position, in order to enable agricultural

production to continue to increase and thus to bring about an all-round development of the national economy. The plan provides that in 1985 the gross value of agricultural output will be 7.32 billion yuan, an increase of 34.1 percent over 1980, and averaging an annual increase of 6 percent. Our firm and unshakable policy is to tightly grasp grain production and to ensure a stable increase in the gross volume of grain production. The plan calls for a grain output target of 20 billion jin in 1985 and for striving to reach 21 billion jin that year. This will be an increase of 2.7 billion jin to 3.7 billion jin over 1980. All farmland of stable and high yield must be used to plant grain and should not be used to plant other crops. Major efforts in grain production will be devoted to improving farmland of medium or low yield and to upgrading the per-unit output. We shall endeavor to achieve breakthroughs yearly in such directions as promoting the use of good seeds, soil improvement, scientific application of fertilizer, prevention of plant diseases and insect pests, and irrigation improvement.

Energetic efforts in promoting diversified operations and in developing commodity production constitute the principal means to the speedy development of agriculture and to making the peasants rich and prosperous. During the Sixth 5-Year Plan period, the state, the collective, and the individual will go all out to take full advantage of the superior conditions of the natural resources of our province and employ various ways and means to greatly develop diversified operations. It is planned that in 1985 the gross value of output from diversified operations will be around 4.27 billion yuan and will make up 58.3 percent of the gross value of agricultural production as against 52.7 percent in 1980. Continued development of the economic crops will be based principally on such measures as utilization of land not suitable for grain production, opening up of hilly areas and river banks, restructuring the farming system, and upgrading the multiple crop index. It is planned that by 1985 the land area devoted to economic crops will be around 6 million mu, an increase of 2.3 million mu over 1980. Forestry and animal husbandry constitute the main superior features of our province in developing commodity production in the countryside. We shall further implement the policy of taking forestry work as the basis, correctly handle the triparty interest relations between the state, the collective, and the peasant in the forestry areas, depend mainly on the masses of peasants in matters of forest protection and afforestation, effectively protect and do a good job of managing all existing forests, and firmly and resolutely prohibit the random or excessive cutting of trees. At the same time, the great proportion of barren hills suitable for afforestation will be assigned to the peasants as self-retained hills. This will carry the provisions that the self-retention right will last for decades, that it may be inherited, and that the government will duly issue to the peasants certificates of ownership and utilization rights over the self-retained hills. In addition, the government will give the peasants support in seed plants and will rely fully on the peasants to contribute labor and investment and to vigorously engage in afforestation. It is planned to afforest, during the Sixth 5-Year Plan period, some 14 million mu of land in the province and to renovate 2 million mu of slash land. In animal husbandry, the pivotal points of work will be to improve the procurable rate of animals from the sheds, their availability rate as

commodities, and the volume of output of meat, milk, hair and feathers. We shall undertake scientific husbandry and breed improvement, do a good job of epidemic prevention and of curing of animal diseases, develop the feed industry, open up markets for draft animals, activate the circulation lanes, and generally promote the development of animal husbandry. It is planned that in 1985 the gross production of pork, beef and mutton will amount to 500,000 tons, averaging a per capita output of 17.7 kilograms, an increase of 3.4 kilograms over 1980. At the same time, intense efforts will be made to develop the trades engaging in processing, transporting and marketing agricultural and sideline products, and to continue to do a good job of managing and developing enterprises subordinate to the people's communes and production brigades. It is planned that in 1985, the gross income of enterprises subordinate to the communes and brigades will amount to 1.2 billion yuan, an increase of 84 percent over 1980.

Both in grain production and in diversified operations, the development of specialized households and of households doing specialized jobs will be positively supported, various forms of economic combines will be instituted, the system of linking together production, processing and marketing and that of the joint operation of agricultural, industrial and commercial enterprises will be enforced, both the commodity volume and commodity rate of the products will be enhanced, and the transition of agriculture from a self-sufficient and semi-self-sufficient economy to a commodity production economy will be facilitated.

2. On the Pivotal Points of Industrial Development

It is planned that in 1985, the gross value of industrial output will amount to 9.54 billion yuan, averaging an annual increase of 7.8 percent, of which that for light industry will be 11.3 percent and that for heavy industry, 4.5 percent.

Development of the consumer goods industry based mainly on the processing of agricultural products will be placed in a prominent and outstanding position. As for the light and textile industries and the food industry, the "six-priorities" principle will continue to be implemented, while efforts will be made to lower production costs, improve the quality of products, increase product variety, improve packing and decoration methods, and concentrate on the production of marketable products, particularly products suited to the needs of people in the countryside and the frontier minority nationalities.

We shall seriously grasp, and grasp well, the work of reorganizing the nonferrous metals mines, ensuring their sustained production and/or replacement, if necessary. We shall do a good job of the comprehensive development and utilization of the mining deposits and actively promote the development of the nonferrous metals processing industry. In order to meet the needs of production and construction, the iron and steel industry will be devoted to, as its major task, increasing the production of the standard varieties of steel products; the machine-building industry will actively provide advanced equipment for the technical transformation of the various

industries and trades and will manufacture agricultural machines suited to the needs of the countryside; and the pivotal points of work of the construction materials industry will be to develop the cement industry and to pay attention to, and develop, new types of construction materials and expand the production of structural materials for building farm houses.

To solve the problem of energy deficiency in our province, we must insist on the dual policy of opening up new sources and practicing economy. We must simultaneously develop large, medium and small energy sources. The state, the localities and the collectives must work in unison to enforce the policy calling for small hydropower stations and small coal mines to be "self-built," "self-run" and "self-used" by the localities themselves. At the same time, we must arouse the enthusiasm of the various quarters. We must also grasp well the work of reorganizing and technically transforming the state-run coalfields and allow the existing coal pits to display in full their hidden capacity. Vigorous efforts will be made to build new coal mines and to ensure their completion on schedule. We shall render support to coalfields run by the people's communes and by the production brigades, and reorganize, transform or merge them so that they become an important force in coal production.

The methods of meeting the increasing demand for electric power will principally be to tap the hidden production potential of the existing power plants, vigorously to develop small hydropower stations, and to put into full play the role of power generating units owned or run by the enterprises themselves. Industrial production and communications and transportation departments known to have a high power consumption rate must seriously grasp well the work of savings in energy consumption. Likewise, we should practice economy in electricity and coal for daily use. Energy control should be strengthened and the system of fixed or quota supply should be put into practice. As for the energy problem in the countryside, we should vigorously develop fuel forests, promote the use of marsh gas, and make improvements in kitchen ranges.

In highway construction, main stress will be laid on upgrading the standard of existing highways. At the same time, we shall build certain highways of high economic results and highway connecting lines. The collectives and individuals will be relied on energetically to build post roads, cableways and ropeways in hilly areas and to develop the popular means of transport such as caravans and carts drawn by animals.

We shall go all out to promote the development of collective industries. All enterprises that can be handled by the collectives will without question be run by the collectives. The province, districts and counties will each year provide a definite amount of funds to support the development of collective industries. The relevant policies will also be duly readjusted. It is planned that in 1985, the gross output value of collective industries in cities and towns will amount to 1.5 billion yuan, an increase of 100 percent over 1980.

3. On the Scale of Investments in Fixed Assets and the Direction of Their Use

During the Sixth 5-Year Plan period, the gross scale of investments in fixed assets will definitely be put under strict control. All investments outside the budget and constructions of the ordinary type will be cut down, while all available funds will be concentrated on pivotal construction projects and on technical transformation. In capital construction, stress will be laid on energy construction projects and increased investments will be made in the light and textile industries, and in communications and transportation, science, culture, public health, commercial facilities and municipal construction. Investments in such departments as iron and steel, machine-building, and chemicals will be reduced. During the 5-year period construction will be started on 30 large and medium-size projects, of which 28 are scheduled for completion.

4. On Development of Educational, Scientific and Cultural Enterprises

Construction for socialist modernization requires the energetic development of educational, scientific and cultural enterprises and the upgrading of the educational standard and of the levels in science, technology and culture of people of all nationalities in the province. During the Sixth 5-Year Plan period, expenditures on educational, scientific, cultural and public health undertakings will amount to 2.77 billion yuan. Compared with the Fifth 5-Year Plan period, an increase of 1.357 billion yuan will be made and the proportion it will occupy in the gross financial outlay of the province will be increased from 17.2 percent to 27.2 percent.

The pivotal point of educational work in our province during the Sixth 5-Year Plan period will be the popularization of primary education. In particular, concerning school-age children in the countryside, we shall upgrade their schooling rate, the consistency of their attendance rate, and their up-to-standard rate. It is planned that by 1985 about 70 percent of the counties in the province will basically have achieved universal primary education. The training of qualified teachers for middle schools and primary schools will be strengthened and the quality of teaching work will be enhanced. We shall continue to grasp the restructuring of the middle-level educational structure and positive efforts will be made to develop vocational and technical education. Concerning higher education, an estimate of the number of specialized personnel needed will be made and plans will be formulated for their training. Equipment for specialization studies and the composition of the academic departments will be readjusted. Diversified forms of educational institutions will be adopted and every effort will be made to enlarge, if possible, enrollment of students in colleges and universities. Spare-time education for staff and workers will be fostered and "studies on one's own to become talented" will be encouraged. Urgent efforts will be made to eliminate illiteracy.

We shall seek to achieve great successes in two important aspects, namely, promoting the use and expansion of fruitful results in scientific research and tackling big and important problems and lessons. In agriculture, we

shall actively promote the use of superior seeds, improve the red soil, adopt high-yield plantation methods, promote fast-growth trees and plants, and use high-efficiency compound fertilizer and mixed feed. In the field of industry, we shall use various new methods and new techniques to promote savings in energy and in raw materials, to increase production, to improve the quality of products, and to increase the variety of products. We shall organize scientific and technical forces on all sides to tackle the 159 problems of the 54 scientific and technological projects pertaining to the fields of agriculture, light and textile industries, energy industry, raw materials industry, communications and transportation, and others, and endeavor to work out as soon as possible the solutions thereto. We shall rely on the social sciences and, taking into account the special features of our province, probe into the important theoretical and practical problems which demand solution in the construction for socialist modernization.

Corresponding development is also envisaged for various cultural enterprises such as literature and art, cinema, broadcasting, television, news releases, publications, cultural relics, museums, libraries, public health establishments, and recreational enterprises.

5. On the Development of Commerce and Foreign Trade

It is planned that in 1985 the gross volume of retail sales of social commodities will amount to 6.2 billion yuan, an increase of 50.4 percent over 1980. The gross volume of purchases made by state-operated commerce will amount to 5.5 billion yuan, an increase of 75.8 percent. Simultaneously with continuing to do a good job of state-run commerce and commerce run by the supply and marketing cooperatives, we shall vigorously develop retail sales commerce handled by collectives and individuals, and shall develop the eating house and the service trades. We shall promote such operation forms as agriculture-industry-commerce joint ventures and joint operation between agriculture and commerce and between industry and commerce. By 1985, the number of points or stations in the network of retail sales commerce, eating house, and service trade establishments in the cities and countryside will be around 100,000, an increase of 140 percent over 1980. We shall give full play to the role of urban and rural trade fairs in commodity circulation, and endeavor to expand the volume of transactions in country fair trade. New development in foreign trade is also envisaged.

6. On Finance and Currency

In the field of financial work, we shall give active support to production, foster and develop the revenue sources, and at the same time help the enterprises to improve their management and control and to upgrade their economic results. Control of funds will be strengthened. Funds will be spent only when urgently needed. We shall practice saving, stop waste and extravagance, achieve the objective of spending little but accomplishing more, and generally enhance the utilization effects of funds. We shall adopt diversified measures to vigorously organize and promote the growth of deposits, increase the sources of funds for credits and loans, make unified arrangements and planning for loan releases, and control currency issuance.

7. On Improvement of the People's Standard of Living and Control of Population Growth

During the Sixth 5-Year Plan period, the average annual increase in the salaries and wages of employees and workers will be 3.1 percent; the increase in the per capita income of peasants will be faster than the increase in the salaries and wages of employees and workers. In the cities and towns some 600,000 more people will be provided with jobs. The average annual increase in the per capita consumption level of people in the urban and rural areas will be around 6 percent. There will be a continued improvement in residential conditions. Housebuilding in the countryside will be subjected to strengthened control and must strictly abide by the state regulations. There must be ample forward planning, while control of and savings in the use of land for housebuilding will be enforced. In the cities and towns, we shall strengthen the various measures concerning water and electricity supply, road building, communications, tree planting and making the cities green, and environmental protection.

We shall endeavor to keep commodity prices basically stable, and governments at various levels will pay special attention to, and earnestly strengthen, the control of commodity prices. Departments handling production operations must of their own accord carry out the price policies and regulations of the state. We shall rely on the populace to perform well the job of supervising market prices and protecting the interests of consumers.

We shall continue to tightly grasp birth control work and to keep population growth under rigid control. By 1985, gross population of the province will have been controlled at around 34 million, within the 5 years, the annual natural population growth rate will be controlled at below 13 per thousand.

8. On Development of Economic and Cultural Construction Enterprises in the Frontier Nationalities Areas

The frontier nationalities areas occupy an important place in our province. The policies applicable to these areas should be made more liberal than those for other areas. We shall help and support these areas in matters concerning finance, material resources, and technology. We shall rely on the nationalities' own efforts to display fully the superiorities of their localities and to speed up economic and cultural construction in the areas. In central cities and towns like Kunming and others and in the relatively developed regions, we shall endeavor to cultivate and to train up specialists and talents among the minority nationalities and to help the frontier nationalities areas to develop their economic, scientific, and cultural undertakings.

Dear representatives: Whilst we are engaged in the construction of socialist material and cultural civilization, we should concurrently tightly grasp, and grasp well, the construction of socialist spiritual civilization.

Strengthening of ideological and political work is the key to the construction of socialist spiritual civilization and offers an important guarantee for the realization of the Sixth 5-Year Plan. We shall have to carry out penetratingly education on the four basic principles and on patriotism and communism, continue to eradicate "left" influence, and, concurrently, oppose the trend toward capitalist liberalization, overcome the evil influence of the remnants of feudalism, and resist the inroads of various forms of rotten ideas. We must extensively, penetratingly, and persistently prosecute the activities of "five stresses, four beauties, and three loves" and of "learning from Lei Feng and establishing a new atmosphere." We must vigorously advocate and establish new types of relations between human beings, namely, mutual respect, mutual love and care, mutual help and friendly cooperation. We must foster and develop various forms of ideologically healthy, lively, rich, and colorful recreational and sports activities. We must organize the populace to formulate various forms of pacts and conventions and to institute an increasing number of civilized villages, civilized streets, civilized stores, and "five-good families." We must endeavor, through exerting several years' efforts, to achieve universally in the cities, towns and countryside of our province the restoration and further development of the new morals and new habits of socialism.

Improved social security conditions represent an important direction to enable the social atmosphere to decisively change for the better. We shall rigidly enforce positive security measures. Under the leadership of party committees at various levels, we shall implement the measure of linking together the populace and the specialized organs, and strengthen our security work from various sides including politics, thought, economics, culture, education, and administrative control. We shall thus handle the security problem in a comprehensive manner, and strive to achieve throughout the cities and countryside of the province universally improved conditions in work order, production order and social order to the end that the people will concentrate wholeheartedly on construction for socialist modernization.

Moreover, we shall strengthen border control, do a good job of frontier construction, and deal firmly and sternly with espionage elements or spies hidden in the province and those still at large in foreign lands as well as counterrevolutionary elements and smugglers. We shall give positive aid to the upbuilding of the armed forces and do a good job of militia work. We shall with initiative consolidate the cooperation between the PLA and the people's armed police forces to deal a heavy blow to provocations and ransacking activities of the Vietnamese aggressors and to protect the territorial integrity of the motherland and the safety of the lives and property of people in the border areas.

II. Condition of Execution of the Sixth 5-Year Plan in Its First 2 Years

The Sixth 5-Year Plan has been under implementation for 2 years already. Over the past 2 years, under the leadership of the provincial party committee, the people's governments at various levels have scrupulously followed the party's line since the 3d Plenary Session of the 11th CPC

Central Committee, have seriously carried out the policy calling for further implementation of readjustment work in the economic sector and stabilization work in the political sector, and, thanks to the cooperation and efforts of people of the various nationalities, have achieved relatively good results on various fronts. The gross value of industrial and agricultural output in 1981 was 13 billion yuan, an increase of 8.1 percent over 1980; it was 14.4 billion yuan in 1982, an increase of 11.5 percent over 1981. The average annual increase was 9.8 percent. At present, the national economy of the province has entered on a road of healthy development and the whole situation is heading in the direction of continuous improvement.

1. Successive All-Round Harvests in Agricultural Production, Vast Changes in Rural Economy and Signs of Unprecedented Prosperity

Over the past 2 years, we have steadfastly implemented a series of guidelines and policies of the CPC Central Committee on agricultural development. On such phases as setting up the agricultural production responsibility system, liberalization of policies, and development of diversified operations and household sideline pursuits, we have adopted a number of concrete policies and measures which conformed to the realities of our province. This has greatly aroused the enthusiasm of the vast masses of peasants and has promoted production development. The gross value of agricultural output in the past 2 years averaged an annual increase of 9.3 percent. Output of the principal farm products increased for 2 years in succession and established the highest record in history. In 1982, output of the major agricultural products and their increase over 1980 were as follows: grain, 18.92 billion jin, an increase of 9.3 percent; edible oils, 2.76 million dan, an increase of 110 percent; baked tobacco, 5.02 million dan, an increase of 140 percent; sugarcane, 61 million dan, an increase of 67 percent; tea, 455,000 dan, an increase of 28 percent; rubber, 24,000 tons, an increase of 28 percent; silkworms, 24,000 dan, an increase of 72 percent; and pork, beef and mutton, 394,000 tons, an increase of 27 percent. Such a rapid growth rate in agricultural production, and particularly such an immense increase in grain production, accompanied by large increases in economic crops, has seldom been seen in the history of our province.

The implementation of the system of contracted responsibilities with payment linked to output and of other agricultural policies has not only brought about the overall development of agricultural production but has also promoted the conversion of agriculture from being a self-sufficient or semi-self-sufficient economy to being a commodity production economy and from being bound by tradition to becoming modernized. The rural villages in our province are now entering a new era, featuring the development of socialist commodity production. Following the adoption of the contracted responsibilities system with remuneration linked to output, the peasants have held in their hands the decisionmaking power on production and operation. They have been able to transfer a large amount of labor power and funds to diversified operations. Household sideline pursuits have developed greatly and there have emerged a number of specialized households and households doing specialized jobs in such industries and trades as planting,

raising and rearing, industrial sideline pursuits, construction, commerce, the service trades, and transportation. According to an investigation, in many of the rural villages, the proportion of labor power engaged in diversified operations has gone up to over 50 percent. Evolution in agricultural division of labor in the rural villages has promoted the development of diversified operations and commodity production. In the province as a whole, the proportion occupied by diversified operations out of the gross output value of agriculture increased from 51 percent in 1980 to 56 percent in 1982, and the commodity rate of agricultural products increased from 28.3 percent to 37 percent; the gross value of state purchases of agricultural and sideline products likewise grew from 1.47 billion yuan to 2.43 billion yuan, an increase of 66 percent; and among the rural population, the per capita contribution to, or output of, commodity value rose from 52.1 yuan to 83.9 yuan, an increase of 61 percent. Various kinds of preproduction and postproduction socialized services in such fields as science and technology, supply and marketing, plantation, mixed feed, animal plague prevention, and so on, have gradually become urgent needs of the vast masses of peasants. The peasants' income has greatly increased and their standard of living has vastly improved. According to statistics, in 26 counties of this province, the gross income from agriculture has increased by more than 100 percent during the past 4 years, while in 9 counties the increase was over 90 percent. In the last 2 years, over 540,000 peasant households have built new houses. The savings deposits of commune members at 1982 yearend showed an increase of 120 percent over 1980 yearend. What is more pleasing is that in the vast mountainous regions and in areas occupied by the minority nationalities, the populace have liberated themselves from the difficult environment of the "three reliances," and some of the people have begun to become affluent. Among the peasants, an unprecedented enthusiasm and warmth for learning culture and science has emerged. Broadcasting, television, books, newspapers, and periodicals are recreational activities which have become part of their daily lives.

These changes and development trends in the rural villages indicate that rural economic prosperity will soon be at hand. Rural economy in our province is destined for further, greater development, if only the leadership of departments at various levels can suit themselves to the demands of the situation, further liberate thought, boldly engage in restructuring, promote and persuade people of the need for social division of work according to circumstances, encourage scientific progress, and open up the circulation lanes.

2. Continued Growth in Industrial Production, Enhancement of Economic Results

In these 2 years, we have implemented the policy of economic readjustment. Concerning those enterprises found to have a high rate of consumption of fuels and raw materials, or which had been in the red in their accounts for a prolonged period, or whose products were not marketable, we have subjected them to various measures such as closure, suspension, merging or shifting to other lines of production. We have energetically developed production of consumption goods, reoriented the service direction of heavy

industry and readjusted the structure of its products, and by means of such measures as reorganization and combination and technical transformation, improved industry's internal structure. We have enabled heavy industry and light industry to achieve coordinated development, to be able to maintain a relatively high growth rate. The gross value of industrial output averaged in these 2 years an annual growth rate of 10.2 percent. Of this, the growth rate of light industry was 16.2 percent. Departments handling communications and transportation have also made new contributions in serving industrial and agricultural production and the various construction enterprises.

Economic results have also been upgraded. In 1982, compared with 1981, the showings in the province of state-run industrial enterprises doing independent accounting were as follows: output value increased by 10.2 percent, sales receipts increased by 17.5 percent, increase in profits and taxes realized was 19.5 percent, cost of production of comparable products decreased by 0.55 percent, and labor productivity rate rose by 9.6 percent.

3. Scale of Capital Construction Kept Under Control, Strengthening of Pivotal Construction and Technical Transformation

In 1981, we took another step forward in the economic readjustment work and determinedly cut down the scale of capital construction. In that year, the total volume of capital construction investments completed amounted to 900 million yuan, a reduction of 500 million yuan compared with 1980, or a reduction of 35.4 percent. Altogether, 594 construction projects were cut off and the total amount of capital construction investments was reduced by 1.64 billion yuan. At the same time, the direction or purpose of the investments was readjusted, and emphasis was laid on strengthening pivotal projects and on technical transformation. The investment results were clearly upgraded. In all, 994 projects were completed and put into operation, the operation rate showing an increase of 5.7 percent over 1980. The rate of fixed assets available for utilization was 92.5 percent, an increase of 16.9 percent over 1980, being higher by 8.9 percent than the best results obtained during the First 5-Year Plan period. In 1982, continued readjustment was made in the direction of use of investments in fixed assets. However, on account of the rapid improvement in the economic situation, we relaxed our guard against the danger of too large a scale of capital construction and the scale of capital construction in 1982 went out of control. As a result, supply of construction materials became stringent, construction periods were lengthened, and the investment results were disappointing. We shall need to pay close attention to this development.

4. Supply of Commodities Becoming Daily More Plentiful, Growing Prosperity in Urban and Rural Markets

In the course of economic readjustment, the policies that have occupied our attention most are: grasping production on the one hand, and circulation and the policy of state purchases of agricultural and sideline products on the other, improving purchasing and marketing forms, vigorously organizing the supply of industrial goods to the countryside, actively promoting

collective and individual commerce, expanding country fair trade, increasing the number of circulation lanes, and facilitating commodity production. In 1982, domestic net purchases increased by 56.6 percent over 1980, of which purchases of agricultural and sideline products increased by 64.4 percent. The retail sales volume of social commodities increased by 22.2 percent; and the volume of transactions in country fair trade increased by 53.6 percent. In the past 2 years, there were over 26,000 newly added service points in the network of commerce, eating houses, and service establishments; the supply of commodities has become daily more plentiful, the variety of products has increased, there was a reduction in the number of commodities the supply of which was limited or the purchase of which had to be accompanied by coupons, and, generally speaking, the buyers could make their choice of goods more freely. Market prices were basically stabilized. Such a good market condition in our province has seldom been seen since the last period of the 1950's.

5. Yearly Increases in Financial Revenues; Good Conditions in Currency and Finance

Large-scale increases were seen in financial revenues for 2 years in succession. The increase in 1981 over 1980 was 21.7 percent; while the increase in 1982 over 1981 was 23.7 percent. All in all, this reflected the good results of the economic readjustment work in our province. Execution of the credits and loans plan was in a good state, and there were all-round increases in various kinds of deposits and loans. At the end of 1982, the total volume of deposits in the banks had increased by 40.7 percent over 1980. Of this, savings deposits in the cities and in the countryside increased by 82.3 percent, while the gross volume of loans increased by 31.9 percent. Currency issuance was kept under control. Balancing of the receipts and payments in credits and loans was basically realized.

6. New Development in Educational, Scientific, Cultural and Public Health Enterprises

Much attention has been given to investments in intellectual development. Increases were made in the expenditures and capital investments devoted to educational enterprises. In the past 2 years, the universities, middle schools and primary schools added some 2.3 million square meters of new buildings, repaired 2.4 million square meters of buildings, and increased the quantity of educational equipment and there was generally a big improvement in teaching conditions. New enrollment in the higher institutions of learning increased year by year and equipment for specialized studies was renovated or readjusted. Restructuring of the medium-grade educational structure has also achieved initial successes. Progress has been made in making primary education universal. The enrollment rate has risen and the number of students in primary schools has increased. Comparatively more rapid development was seen in various kinds of spare-time schools for employees and workers, in broadcast, television, and correspondence teaching programs, and in vocational education. The elimination of illiteracy among adults and education of young children have also been given initial attention. Scientific research work has been actively devoted to the policy

of serving economic construction, and has achieved a number of research results of important significance such as promoting production and fully displaying the superior condition of the natural resources of the province. At the same time, we have strengthened the work of expanding the sphere of application of the fruitful results of scientific research. New successes have been scored in such sectors as news propagation, publishing, broadcasting, television, literary production, libraries, museums, and cultural halls.

In the past 2 years, simultaneously with tightly grasping construction of material civilization, our province has paid close attention to construction of spiritual civilization, and ideological and political work has been much strengthened. By means of the propagation of communist ideas, concepts, and morals and of extensively developing such activities as "learn from Lei Feng and establish a new atmosphere," "five stresses and four beauties," the social atmosphere has taken a turn for the better, the attitude of the employees and workers in labor, work and service has improved, and a number of advanced collectives and advanced individual workers have emerged. At the same time, social security has been consolidated and comprehensively handled, as a result of which social order has further improved.

Dear representatives! In the past 2 years, this good situation in our province may be basically ascribed to our firm implementation of the party's road, guidelines and policies since the 3d Plenary Session of the 11th CPC Central Committee, to the continuous eradication of "leftist" influence, to firm insistence on the ideological line of being realistic and practical, and to the formation of concrete measures and policies conforming to the actual conditions of our province and mobilizing and depending on the vast masses of cadres and of the populace for their implementation, in this way facilitating the continuous forward progress of various construction undertakings in our province.

While duly recognizing the results achieved and summing up the experiences gained, it should be noted that our work is still confronted with many problems and difficulties. The principal problems are: that the influence of "left" ideology has not been completely eradicated; that the steps in restructuring have been relatively slow; low management and operational levels in production, construction and circulation sectors; relatively poor economic results; development of circulation and production not exactly suited to each other; failure in 1982 to keep the extent of capital construction investments under control; too big a deficiency in energy resources and insufficient railway transport capacity, thus restricting economic development in more recent periods. We shall assuredly make a careful study of the new situation, firmly and realistically solve the new problems, and steadfastly make a good job of the remaining 3 years' work in the Sixth 5-Year Plan.

III. Struggle for Fulfillment and Overfulfillment of the Sixth 5-Year Plan

During the next 3 years of the Sixth 5-Year Plan period, we shall, under the leadership of the spirit of the 12th CPC National Congress, and starting from the real conditions of our province, fully implement the policy of readjusting, restructuring, reorganizing and upgrading, step up restructuring, and fully display the power of the policies and of science and technology to ensure the triumphant fulfillment of the Sixth 5-Year Plan.

1. Carrying Out Restructuring Firmly and in an Orderly Way

Over the past several years, the CPC Central Committee has repeatedly emphasized the necessity of carrying out a series of restructuring measures in building the four modernizations, stressing that without restructuring it would not be possible to realize the four modernizations and that restructuring must penetrate the entire processes of the four modernizations. We must fully comprehend the importance and urgency of restructuring, stand at its forefront, serve as its vanguard, and follow the CPC Central Committee's policy of "starting from reality to restructure in a firm, orderly and systematic manner and abiding by leadership and guidance," in this way actively, safely and speedily carrying out the restructuring tasks.

First, we shall do a good job of restructuring the government organization at various levels. Following the plans of the CPC Central Committee and of the State Council, restructuring of the government organization structure at various levels started early this year. As of now, the first stage of the work has been basically completed. In the next stage, the major pieces of work will be to carry out reorganization work, to define and demarcate the spheres of work and functions of the departments, to establish and perfect the post responsibility system, and to train the cadres. It is planned that the restructuring of the organs at prefectural (including autonomous prefectural and city) level will take place in June and July, while restructuring of the organization structure of first grade counties will commence after National Day.

Second, we shall speed up the steps in restructuring the economic structure. This restructuring of the economic structure represents a big reform of the national economy from its administration system to its administration methods and is a great readjustment of the economic interests of various sides. Starting from this year, emphasis will be laid on the following lines of work: In agriculture, we shall further stabilize and perfect the system of contracted responsibilities with payment linked to output which takes the principal forms of contracting farming to the household and of contracting industrial sideline production and specialized production. This system will be extended to cover forestry, animal husbandry, fisheries, industrial sideline production, and various forms of diversified operations. We shall actively support and develop the various kinds of specialized households and households doing specialized jobs and under the principles of self-volition and mutual benefit promote the formation of various kinds of economic combines. In localities which possess the necessary conditions, we shall form various kinds of specialized service companies,

starting from the grassroots and proceeding to the top, strengthen the various kinds of preproduction and postproduction service work, and gradually transform the operation form of being "small but complete." We shall reform the structure of people's communes and set up separate establishments for political affairs and commune affairs.

Concerning the state-run enterprises, we shall substitute taxes for delivery of profits. The institution of taxes in lieu of profits represents a big reform in economic control and also a big change in the distribution relations between the state and the enterprises and between the central government and the local authorities. The provincial government will, based on the directive from the State Council and in combination with the actual condition of the province, formulate a measure to have it carried out, effective from 1 June this year.

Reform will be carried out in the commodity circulation structure. We shall firmly adhere to the policy of taking planned economy as the principal factor and regulation by market mechanism as a supplementary factor. We shall readjust the purchasing and marketing policy, reform the state-operated commercial structure, go all out in developing cooperative commerce, and appropriately develop individual commerce and the service trade. We shall break with the practice of demarcation and division between the cities and the countryside and with that of blockades between localities. To facilitate the development of commodity production, we shall gradually set up a commodity circulation system which takes state-run commerce as the principal factor, and which comprises diversified economic forms, diversified operation methods, and many lanes but a small number of connecting stages. Supply and marketing cooperatives at the grassroots level will restore the characteristics of socialist cooperative commerce and insist on possessing the features of belonging to the populace in organization, being democratic in management and lively in operation, having expanded scopes of operation and service areas, and aiming at the objective of gradually becoming the comprehensive service centers of rural economy. In the case of county-level supply and marketing cooperatives, they will become combination economic organs of grassroots supply and marketing cooperatives. State-operated small-scale retail sales stores and eating houses and service trades will gradually adopt the system of contracted operation responsibilities. We shall promote the development of transportation and marketing trade run by peasants individually or in partnership and allow the long-distance transportation and marketing of agricultural and sideline products after fulfillment of the requisite delivery and sales tasks.

We shall bring into full play the role of cities and small towns as economic centers. From now on, the trend of development will be to take cities and small towns as centers, to guide and lead the surrounding rural villages, to unify the organization of production and circulation, and thus gradually to form economic zones of varying sizes and in diversified forms which, however, still place their reliance on the cities and small towns. The reform in this connection covers an extensive field and is rather complicated in nature. The relevant departments are currently studying the

project and are preparing to carry it out in combination with the restructuring of the organization structure of prefectures (including autonomous prefectures and cities) and counties.

Third, restructuring in other sectors. The restructuring we are confronting is an all-round and systematic one. All the departments handling education, science and technology, culture, broadcasting and television, publishing, distributing, public health, sports, public security, the judiciary, and labor and personnel should break the old customs, old regulations, and old practices which impede our progress. Based on the CPC Central Committee's relevant guidelines, policies and arrangements, and starting from their own realities, they should actively initiate trial points, probe for experience, make an intensive study of the restructuring measures, and proceed in an orderly and systematic manner. They should not rush headlong into mass action or make abrupt decisions.

2. Seriously Performing a Good Job of Further Readjusting the National Economy

First, continuing to readjust the agricultural economic structure. We shall establish the viewpoint of "great agriculture," and firmly insist on the policy of "never to relax on grain production but actively to develop diversified operations." Concerning the existing cultivated land, we shall carry out intensive and meticulous farming, raise the land utilization rate, and continue to develop the production of grain and of the economic crops. More importantly, we must open our eyes to the fact that in this province there are 100 million mu of barren hills good for afforestation, 70 million mu of grasslands, 140 million mu of forest areas, 2.6 million mu of water areas, and plentiful mining deposits and vegetation resources. We shall firmly grasp the demarcation of agricultural areas and conduct a survey of the natural resources, adopt correct policies and measures, organize the vast amount of rural spare labor power for correct utilization, and gradually bring into full play the superior factors of our province in forestry and animal husbandry and keep intact the benign cycle of agricultural ecology. Concurrently, we should promote the processing of the products of agriculture, forestry, animal husbandry and fishery and greatly develop commune-run and brigade-run enterprises and industrial sideline production in the rural villages, in order to enable our province to enter the road of all-round development of agriculture, forestry, animal husbandry, subsidiary production, and fishery and of combination-operation of agriculture, industry and commerce.

Second, continuing to carry out well industry's internal readjustment. We should insist on placing production of consumer goods first and continue the reorientation in the service direction of heavy industry. All the enterprises will have to readjust the structure of their products and make a serious study of the efficacy and suitability of their products. Main efforts should be directed at bringing up the production level, improving the quality of the products, facilitating the substitution of better-grade new products for old products and increasing the designs and variety of products. We should extensively prosecute activities to fight

for better quality and for the creation of well-known brands and greatly increase the number of first grade and super-quality products. The competitive capacity and marketability of products should also be augmented.

Third, actively pursuing the reorganization or combination of enterprises and readjustment of the organizational structure of enterprises. Based on the internal liaison of economic activities and the principle of economic rationality, we should continue to form economic combines of various forms, be they close-knit or loosely organized. Companies and chief plants already formed should be thoroughly consolidated and their management and operation should be improved and perfected. The results of reorganization and combination should be well protected. In the case of enterprise units which have shown a high consumption rate of energy and raw materials, whose products are not marketable, which have suffered losses for a prolonged period of time, or whose pollution of the environment can hardly be rectified, they should be closed, suspended, merged or shifted to other types of production. We must indeed do a good job of readjusting the technical structure. We must firmly rectify the situation of enterprises continuing to expand their production capacity despite their backward technological foundation.

Fourth, keeping under strict control the gross scale of fixed assets investments and readjusting the direction of investments. In order to realize the strategic "quadrupling" objective, we must concentrate all necessary funds, clearly demarcate between projects which are urgent and those which are not, and carry out construction of pivotal projects and the technical transformation of enterprises. We must establish the ideology of treating the whole country as one chessboard and enthusiastically render up the state's requisite collection of funds intended for pivotal projects. This is not only necessary for overall economic development, but is also beneficial to the long-term interests of the localities, the enterprises, and the masses.

3. Do a Good Job of Reorganizing the Enterprises in an All-Round and Down-to-Earth Manner

First, we must build up a leadership team. We must respond to the demands for revolutionary, young, intelligent and specialized personnel and break rules to promote to leadership posts sensible persons who can firmly implement the party's road, guidelines and policies, who are willing to work, who possess specialized knowledge, and who can open up a new situation. As for those constituting the leadership team, we must train them in modernized management know-how so that they may attain a higher level in culture and in specialization.

Second, we should further strengthen and perfect the economic responsibility system. Simultaneously with solving well the relations between the state and the enterprises, we must place the focal point of the work on perfecting the internal economic responsibility system of the enterprises and on firmly strengthening and implementing the post responsibility system among the management cadres and the employees and workers. We must firmly

strengthen and perfect planning control, quality control, financial control, cost accounting, control of materials, and the system of production command. Commercial enterprises should have as their pivotal points of work the upgrading of the reputation of socialist commerce, the protection of the consumers' interests, and the improvement of the quality of the services rendered. They should carry out the operation responsibility system of linking together responsibility, power and benefits.

Third, we must organize and consolidate the labor structure. Production must be organized on a fixed quota basis and with a fixed number of working personnel. The irrational situation in the structure of personnel of the first, second and third lines should be rectified. The enterprises should follow the standards on fixed quotas and fixed numbers of personnel designated by the department in charge and take into account their own highest historical level or the average advanced level of their counterparts in determining the numbers of their fixed personnel. At the same time, they should fully tap their hidden labor potential and raise labor efficiency.

Fourth, we must further improve the leadership system and the democratic management system of the enterprises. We must strictly carry out the relevant regulations determined by the state and by the province, and, based on the principle calling for the party committee to exercise collective leadership, the staff to carry out democratic management, and the plant chief (or station chief, or manager, or person in charge) to take charge of command, gradually set up a healthy and perfect enterprise management system which embodies a democratic and centralized leadership structure.

Fifth, we must strengthen the consolidation of the leadership of enterprises. The various districts and counties and the various departments must set up a leadership unit for the purpose of consolidating the enterprise. The leadership concerned should personally grasp one or two vital topics, attend to them in person, collect the experiences gained, and take command of the whole situation.

4. Greatly Promote Progress in Technology, and Bring Into Full Play the Role of Science and Technology in Economic Construction

First, scientific and technological work must be directed at production and must serve economic construction. But we must overcome the tendency of stressing research work and neglecting to use its results. We must also break the blockade between localities and departments and should strive to convert the results of science and technology directly and as soon as possible into a productive force. Our research work must concentrate on key problems with a bearing on important economic results in economic construction in our province. In the coming months, we should continue to grasp well research work on raising the per-unit output and the quality of products in grain production and in production of the economic crops, on development of animal husbandry, on utilization of our superior resources in forestry, phosphorous mines, and nonferrous metals, and on the discovery of new products and new product varieties. The departments should

all formulate plans on technological development and application, and clearly set their objectives for advancement.

Second, we must grasp well the technical transformation of the existing enterprises and gradually shift production to a new technological foundation. Technical transformation embodies the focal points of making use of new technology, new equipment, new workmanship, and new materials to reduce the consumption rate of energy and raw materials, raise the quality of products, increase the number of varieties, facilitate the upgrading of products and/or their replacement by products of better design or quality, increase the production capacity of "short-line" products, overcome pollution, and generally improve economic results. Technical transformation of the machine-building industry should come first, to prepare the ground, and to provide advanced technical equipment, for other departments. Administrative and technical tactics must be resorted to in providing the enterprises with motive power and with pressure so as to push forward their technical transformation.

Third, we should actively introduce the use of advanced technology and do a good job in the transfer of technology. We should selectively, and with due regard to actual needs, introduce the use of urgently needed and suitable production technology and advanced equipment. As for that already introduced, we must be able to "digest" it well. We must continue to develop economic technical cooperation activities and earnestly learn from the advanced technical and management experiences of Shanghai and other localities. Within our province, we must organize well cooperation in, and transfer of, new technology between trades and industries and make a good job of the transfer of advanced technology to the frontier areas and the mountainous regions.

Fourth, we must pay high regard to knowledge and to the intelligent elements and fully allow the intelligent elements to play their role in promoting technological advancement. We must continue to eradicate the influence of "left" ideology, upgrade the understanding of the vast masses of cadres and people, and adopt effective measures to encourage ambitious technical personnel to contribute their talents to economic construction and to display their "wares." We must strengthen the unified control of technical personnel and organize the technical forces of various quarters or localities to take part in planning, to solve knotty problems, and generally to display their skills and talents. We should continue to grasp well the work on evaluation and assessment of the proficiency of the technical personnel, and allow them, on the logical premise of having first completed their own work, to take part in and lead spare-time scientific and technical work, on a prescribed remunerative basis. We should also, in a planned manner, organize the flow of technical personnel in a designated direction and rationally. We should continue whenever and wherever possible to improve the conditions of work and study and the livelihood of the intelligent elements. For those personnel assigned to work in the frontier or mountainous regions, certain special policies applicable to them must be instituted. We should make an exhaustive survey of "native" talents, expert artisans and specialists with some special know-how in one

trade or another. We must carry out, in a planned manner, short-term technical training courses for senior and middle school graduates in the countryside. In short, we must resort to various ways and means to organize technical forces scattered in the localities and to enable them to play their full role.

Dear representatives!

This year, 1983, is the first year for the all-round creation of a new situation in the construction for socialist modernization. Doing this year's work well carries an important significance in the all-round fulfillment and overfulfillment of the Sixth 5-Year Plan. This year's work schedule is a heavy one. Principally, we should grasp well the following two directions: 1) Pursuant to the arrangements made by the central authorities, we must grasp well the various restructuring jobs; and 2) we must earnestly grasp economic work and see to it that the overall development target of the national economy this year will not be lower than last year's level. In view of the conditions and problems that have so far emerged in economic work, we should lay stress on the following points:

First, we must exert the utmost effort to achieve a bountiful harvest in agriculture. Due to the abnormal weather conditions this year, the crops sown in late autumn will ripen late. This may affect spring plowing and sowing. The various localities should suit measures to local conditions, earnestly sum up the experiences of the populace, bring into full play the role of the technical personnel, adopt various measures, and seize the best time to complete the tasks of spring plowing, sowing and planting.

Second, in industrial production, we must fiercely grasp economic results. We must insist on taking the upgrading of economic results as the center, continue to overcome the trend of one-sidedly seeking for value and quantity in production, and realize the unification of speed and results.

Third, we must strictly control capital construction not originally contemplated in the budget and must control nonproductive construction, particularly the construction of high buildings, halls, and pompous edifices.

Fourth, we must improve commercial work, effectively solve the peasants' problem of meeting with difficulties in both buying and selling, greatly strengthen the purchasing work in agricultural and sideline products, do a good job of dispatching industrial goods to the countryside, and make effective arrangements for markets and fairs in the cities and in the countryside.

Governments at various levels and departments in charge of economic affairs must effectively strengthen their leadership of economic work. They must truly acquire the habit of never relaxing on any single day and must ensure that restructuring and production will go together and not conflict with each other. Before autumn this year, cadres at various levels in localities below the county-grade should concentrate their efforts on grasping well agricultural production.

CSO: 4006/574

ECONOMIC PLANNING

BEIJING, NEI MONGGOL STRENGTHEN ECONOMIC TIES

OW131343 Beijing XINHUA in English 1215 GMT 13 May 83

[Text] Beijing, May 13 (XINHUA)--The Beijing municipality has agreed to help the Nei Monggol Autonomous Region develop its beef and mutton processing industry, as well as dairy products and fresh water fish raising, as the result of an economic cooperation conference held in the Chinese capital.

The agreement between the economic departments of Beijing and Nei Monggol was reached at a just concluded north China regional economic and technical cooperation conference.

Both sides also agreed to cooperate in the fields of culture, education, science and technology for economic development of the outlying areas of Inner Mongolia.

The Beijing economic department will soon send a delegation to Nei Monggol to discuss concrete measures to promote the cooperation.

"Nei Monggol has a vast territory and rich resources, but is short of funds, technology and qualified personnel," said Wang Yanfeng, director of the economic and technical cooperation office of Nei Monggol. "Its economy will develop faster if it gets the help from the developed regions," he said.

In 1981 Beijing helped Nei Monggol set up a T.V. production line.

A team from the Beijing economic and technical consulting service went to Ju ud League of Nei Monggol last October to help the locality develop such industries as making pastries, soybean products, soy sauce and vinegar, chicken raising and fur products. The team also helped the locality train over 60 technical people and more than 100 managerial personnel.

Qinghua University, Beijing University and the teachers' university and 11 middle schools in Beijing have undertaken exchanges with nine schools of higher learning and 11 middle schools in the autonomous region. They sent teachers to give lectures and exchanged books and reference materials. Altogether, Beijing has trained 70 teachers and 200 students for Nei Monggol.

Beijing, Tianjin, Hebei, Shanxi and Nei Monggol began regional economic cooperation in October, 1981. The conference that has just closed discussed how to expand the cooperation. Representatives attending the conference expressed the opinion that such cooperation is beneficial both to the technically advanced areas and to the resource rich but technically backward areas.

CSO: 4006/574

BRIEFS

STATE FUNDS FOR QINGHAI--This year, the state has appropriated development funds of 30 million yuan for underdeveloped areas in Qinghai Province. The total amount of development funds appropriated by the state from 1981 to 1983 is 120 million yuan. All places have used these funds to solve problems which urgently needed a solution in a large number of poor communes and brigades. However, due to insufficient experiences, no plans were formulated for the distribution of these funds. In view of this, the provincial underdeveloped areas funds administrative committee recently held a conference to sum up and exchange experiences and to make arrangements for the distribution of the development funds. The conference pointed out that in distributing and using these funds, it is necessary to act in accordance with state regulations. It is essential to regard supporting agricultural and livestock production, supporting the collective economy, and supporting individual contract households as the main work. [HK280650 Xining Qinghai Provincial Service in Mandarin 1100 GMT 12 May 83]

CSO: 4006/574

AGGREGATE ECONOMIC DATA

LUO GUIBO'S GOVERNMENT WORK REPORT TO SHANXI CONGRESS

SK241103 Taiyuan SHANXI RIBAO in Chinese 2 May 83 pp 1, 3

[Governor Luo Guibo's government work report delivered on 23 April 1983 at the First Session of the Sixth Shanxi Provincial People's Congress]

[Text] Fellow deputies: This provincial people's government was established in 1979 and now its term of office is over. At the fifth session of the fifth provincial people's congress, which was held in December of 1982, I delivered the report on the 1982 government work and the report on the 1983 work tasks. Now, I make the report on the major work done in the past 3 years or so since the establishment of the provincial people's government. Please examine and discuss it.

In the past 3 years or so since its establishment, under the leadership of the CPC Central Committee, the State Council and the provincial CPC committee, this provincial people's government has conscientiously implemented the line, principles and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee, abided by the guidelines of the 12th party congress, adhered to the principle of democratic centralism, persisted in setting things right which had been thrown into disorder, continually eliminated the "leftist" influence, paid attention to the building of material civilization as well as spiritual civilization, and, thanks to the concerted efforts of the large number of cadres and people across the province, has successfully accomplished the tasks assigned to us by the CPC Central Committee and the State Council as well as the resolutions adopted by all sessions of the fifth provincial people's congress. The present political and economic situations in our province are very good and the prospect of flourishing has emerged.

In the past 3 years or so, in the sphere of agriculture, we have resolutely implemented the party's policy concerning the rural economy and, in particular, have instituted and improved the agricultural production responsibility system with stress on the system of contracted responsibility with payment linked to output. As a result, the socialist labor initiative of the peasants has been fully mobilized and a gratifying situation in which various production undertakings are thriving and in ascendance has emerged in rural areas. In 1982, grain output totaled 16.5 billion jin, an increase of 3 percent over the previous peak year, 1979; cotton output

reached 2.42 million dan, up 86 percent over 1979; total output of oil-bearing seeds was 4.24 million dan, up 177.9 percent over 1979; and total beet output was 4.53 million dan, an increase of 135.8 percent over 1979. All these were a record high. Output of other cash crops and diversified undertakings also increased by a big margin. In the past 3 years, forestry has been developed speedily. A total of 10 million mu of land has been afforested, equal to 29.6 percent of the total land afforested in the 30 years since the founding of the PRC. The 1982 total provincial agricultural output value increased by 19.4 percent over 1979. During these 3 years, the state and the locality have used a total of 500 million yuan to develop mountainous areas and provide relief to disaster areas. The provincial CPC committee and the provincial people's government held a conference on work in mountainous areas before the Spring Festival. On the basis of summing up the experiences, the conference formulated the principles, policies and measures for developing mountainous areas. The conference also decided that except for the investment and the operating expenses which have already been covered by the annual plan, an additional 150 million yuan will be issued this year to support developing mountainous areas.

The industrial, communications and capital construction fronts have implemented the eight-character principle for readjusting the national economy and an initial achievement has been scored. This achievement can be manifested in the following aspects: The state has made more and more investments in building energy resources and communications undertakings in our province. In the past 3 years, some 2.35 billion yuan have been invested in building coal, power and communications projects and 10 large and medium-sized key projects have been completed and put into production totally or partially. Coal production has been developed at an average speed of 10 million tons. The electricity generated increased 20 percent over 1979. New progress has been made in building new railways and rebuilding the existing ones. The section of the Shitai railway has already been electrified and some sections of the Hanchang railway and the Taifeng railway have opened to traffic. In the course of rebuilding the main highways, new development has been made in building highways in counties and communes. After readjusting the product mix, the machinery and metallurgical industries have begun to serve the energy resources industry, the light and textile industries and the people's daily lives. Through implementing the principle of combining the soldiers with the civilians and combining the peacetime needs with preparedness for war fair achievements have been scored in the national defense industry. The weak situation of the consumer goods industry has been improved somewhat. In these 3 years, output value of light industry increased by 32.2 percent. The proportion of investment in nonproduction construction projects in the capital construction projects as a whole increased from 21.8 percent in 1979 to 42.6 percent in 1982. The improper ratio between production and nonproduction sectors has been improved somewhat. In the course of carrying out readjustment, we have constantly approached the ways to reform the economic system, experimented and instituted with various forms of economic responsibility system and contracting system and have vigorously carried out enterprise consolidation. Meanwhile, some 200 enterprises have been closed down,

suspended, amalgamated with others or switched to the manufacture of other products, because the quality of their products was poor, they had high energy consumption and big operating deficits, or their products did not meet market demand. At the same time, more funds have been used to carry out technical transformations at some enterprises. In the whole process of industrial production, the principle of raising economic results has been implemented. In 1982 all the targets for profit increase, the profits delivered to the state, and the tax and profit from each 10,000-yuan output value raised noticeably. In these 3 years, total industrial output value increased at an average rate of 4.5 percent. Now, our province's industrial production has been initially lifted out of its passive situation and has embarked on a sound path of steady growth.

In the sphere of financial work, in the course of fulfilling or overfulfilling the state loaning task and the treasury bond buying task, our province has achieved a balance in revenue and expenditure with a small amount of surplus. In 1982, the revenue surpassed the budget by 273 million yuan. This indicates that our province's financial situation has been improved. While implementing the state bank's policy and the tax collection policy, banks and tax collection departments have collected funds and have played an important role in supporting production and construction.

The commercial front has done much work in the fields of relaxing the restrictions of policy, opening up circulation channels and enlivening the economy. State-run commercial departments have strived to eliminate the malpractice of "eating from a big common pot" and have instituted the managerial responsibility system and the contracting system. The work of restoring the nature of cooperative commerce for supply and marketing cooperatives has been developed speedily. Various kinds of individually run and collectively run commerce and service trades have emerged in urban and rural areas. The price of goods has been basically stabilized. At present, the urban and rural markets are imbued with a brisk, prosperous, and stable atmosphere seldom seen since the founding of the PRC.

The volume of foreign trade has increased year after year. From 1980 to 1982, local coal export volume totaled 2.52 million tons, earning $128 million of foreign exchange for the state. In the meanwhile, our province has made progress in utilizing foreign capital, important advanced foreign technologies, and organizing labor cooperatives with foreign countries.

The scientific and technological departments have implemented the principle of serving economic construction, organized scientific and technical researches, tackled major problems through cooperations, and have brought a number of research projects to fruition. The results of 75 scientific and technical research projects have been awarded by the provincial people's government and the results of 17 scientific and technological research projects have won the state's scientific invention prize and the natural scientific prize. Many scientific research achievements have been applied to production with noticeable economic results. Our province has achieved outstanding results in applying the technology of remote agricultural sensing, which has been thought of highly at home and abroad. The

enthusiasm of a large number of the masses in studying and applying science has run high every day.

Through the practice of setting things right which had been thrown into disorder, our province has scored new achievements in reforming the educational structure, the schooling system, and the enrollment system and in raising the teaching quality. The number of higher learning institutions has increased from 15 in the past to 17, and 12 classes have been newly opened by universities and colleges. Having initially readjusted the structure of secondary education, vocational and technical education has been developed. Ninety-eight percent of the school-age children across the province have attended school. The cultural and technical training work among workers and staff members has developed and new progress has been made in developing various kinds of spare-time schools, radio and TV education, correspondence education, and press education.

The work in the spheres of mass culture, literature and art, journalism and publishing, radio and TV, and the protection of historical relics has played an important role in strengthening the building of socialist spiritual civilization and in encouraging the people to engage in the socialist modernization drive.

In terms of public health undertakings, the province has made a great effort to improve the urban medical treatment and public health situations, to strengthen the construction of the rural third-grade medical treatment network, and to intensify the prevention and cure for the frequently occurring diseases and common diseases. Through the conducting of the "civility and courtesy month activity," environmental sanitation has improved in urban and rural areas. Jincheng County's experiences on public health work are now being popularized across the province.

Family planning has roused more and more attention of the party committees, governments at all levels, and of the mass organizations and society as a whole. The provincial government has set up a family planning committee and has strengthened leadership over this work. With the approval of the provincial people's congress standing committee, the provincial government has promulgated several regulations concerning family planning, conducted mass family planning propaganda activities and intensified population control. In 1982, the birth control rate of childbearing-age couples throughout the province reached 88 percent and the one-child rate reached 56.8 percent.

The professional level of sports teams has been further enhanced and the sports training for juveniles and youths has been strengthened. In the sports competitions held in the past 3 years, athletes in our province won 122 gold medals and broke 33 national records. Some 150 athletes attended world competitions on behalf of the country and scored fairly good achievements.

We have worked very hard in implementing the party's policy on intellectuals and have made proper readjustment for some intellectuals who have not been

assigned to posts that are related to their specialties. We have appraised and conferred professional titles on some 189,000 specialized technical personnel and have promoted some 6,700 young and competent intellectuals with leadership ability and political integrity to leading posts at all levels. Many departments and units have paid attention to improving allowances and housing conditions for intellectuals. The problems of couples living in separate places of most intellectuals and technical personnel at and above medium level have been solved.

Social order has markedly improved after vigorous consolidation. The crime rate has dropped, and the rate of cracking criminal cases has improved. The social order of rural areas has become more stable. In the economic sphere, we have handled some 1,292 criminal cases and have dealt blows to a number of serious economic criminals guilty of smuggling, trading in smuggled goods, graft and embezzlement, giving and accepting bribes, profiteering, and cheating. In line with the stipulations of the constitution and the law, we have reactivated the judicial administrative organs and strengthened the building of public security organs and grassroots security organizations. We have deepened the activities on "five-stresses, four-beauties and three-ardent loves" and promoted improvements in social conduct.

New development has also been achieved in civil administration, militia, religious affairs, foreign affairs, and other spheres of work. The people's governments at all levels have scored pronounced achievements in leading the people to overcome all kinds of natural disasters and in supporting the army and giving preferential treatment to families of servicemen.

On the basis of developing production, we have improved the material and cultural life of the urban and rural people. In 1979, the average per capita income of peasants in the province, including incomes from the collective and from domestic sideline occupations, was about 100 yuan. That figure went up to more than 200 yuan in 1982. The long unresolved food and clothing problems of many localities have been basically solved. The housing conditions of most peasants have been improved. According to incomplete statistics, more than 600,000 peasant families moved into new houses in the past 3 years. The state has readjusted on two occasions the wages of middle and primary school faculties, public health personnel, physical culture and sports personnel, and some personnel of the state organs, and of scientific, cultural and educational departments. The average wages of staff and workers have raised by 15.9 percent. More than 560,000 rural and urban job-seekers, graduates of colleges, secondary vocational, and technical schools, and demobilized servicemen have been employed throughout the province. In the past 3 years, our province invested 1.2 billion yuan in building residential houses for staff and workers, doubling the total investment in the 17 years prior to the "Great Cultural Revolution." The area of housing completed during this period totaled 7.54 million square meters. The investment in urban construction rose by 25.3 percent. The construction project to ensure gas supplies to Taiyuan city is being speeded up and some residents have already received gas supplies.

The above are the main work done by this government in the past 3 years and more. However, we still have some shortcomings and mistakes in our work, and we still need to face many problems and difficulties. Compared with the national advanced level, the economic benefit targets for our province's industrial production are middling and low and the stockpiling of some products is still serious. There are a considerable number of inefficiently managed enterprises, and their production safety situations are bad. Many enterprises are still pending consolidation. Our province lacks ability in combating disasters. Agricultural production is unstable and relies on heaven. The financial revenue system has some loopholes. Our province has failed to implement financial and economic discipline and has caused losses and waste in utilizing funds. The network facilities, circulation channels, operations and management and service quality on the commercial front cannot suit the needs of consumers. Our province is still weak in constructing educational and scientific undertakings, has failed to make sufficient investments in these fields, has failed to completely eliminate the "leftist" influence in approaching the problems in intellectuals and do not have effective measures for solving these problems. Some problems that should be solved still exist. We still have some unreasonable phenomena in the operations and management of the administrative and the labor and personnel affair systems which gradually need to be solved in the course of comprehensive and systematic reform. Besides, some units under government organs use a bureaucratic work style, have poor work efficiency, fail to give rewards and punishments impartially and fail to strictly implement political discipline. Some leading cadres took advantage of their functions and power to carry out unhealthy practices in building and distributing houses, arranging personnel affairs, recruiting workers and transferring household occupants. These unhealthy practices have greatly dampened the enthusiasm of the people. From now on, we must overcome and solve the above-mentioned shortcomings and problems in work.

Deputies, the people of Shanxi Province are undertaking the glorious and arduous task of fulfilling a strategic objective of our nation's socialist modernization--building our province into a coal and heavy chemical industrial base--set forth at the 12th party congress. This is of vital importance for our national economic situation and a central task for our province's economic construction. We should make unified plans and proper arrangements for all tasks around the central task. We should insist on seeking truth from facts, proceed from reality and suit measures to local conditions to fully bring our province's superiority into play. We should, on the basis of previous achievements, make far-reaching plans for the construction of coal and heavy chemical industrial bases as soon as possible. The plans will set forth clear objectives for our province's modernizations and may reduce and avoid blind construction in the days to come. At present, the nation has increased funds for our province's capital construction, plans to invest 7.56 billion yuan during the "Sixth 5-Year Plan" period and is arranging 41 large and medium-sized coal, power, railway and chemical industrial projects. Never since the PRC's founding have we experienced construction on such a large scale. We should do our best to support our nation's key projects, to ensure smooth completion of these key projects and to ensure appropriate completion of subsidiary projects.

Efforts should be made to properly control the construction of general projects and nonproductive projects whose funds are collected by localities and enterprises. We must resolutely carry out the system--examined and approved by the State Council--of controlling investment in capital construction, and avoid expanding the capital construction front in violation of the plan. Industrial production must continue to implement the principle of readjustment to speed up the pace of reform and to strive to raise economic results. Efforts should be made to continue to strengthen enterprise consolidation, further center on conducting the technical transformation, firmly attend to turning deficits into profits and continue to economically and technically cooperate with brotherly provinces and cities. All prefectures and cities across the province should carry out economic and technical cooperation with each other. In the development of our province's coal production, we should attend to the construction, expansion and reconstruction of key, big mines as well as local coal mines and commune- and brigade-run mines. The implementation among state-owned enterprises of the system of substituting taxes for delivery of profits to the state is a great event in the current national economic life. We must make good preparations in all tasks to successfully carry out reforms. Attention should be paid to correctly handling the interests of the state, the collectives and individuals. Priority should be given to ensuring that the state obtains the greater portion of the profits to fulfill the tax and profit delivery tasks in line with state policy and regulations. It is necessary to strengthen financial supervision, to strictly enforce financial and economic discipline, to practice economy and to combat extravagance. The agricultural front should continue to perfect contracting systems with payment linked to output and, while vigorously supporting the development of specialized households and households doing specialized jobs besides crop cultivation, to implement the principle in which "by no means should we slacken our efforts to engage in grain production, meanwhile, we should actively develop a diversified economy." It is necessary to concentrate on popularizing agricultural science and technology and to pay great attention to processing farm and sideline products and fodder. In line with the natural condition that our province is mostly located in semiarid areas, it is necessary to implement the farming system of fully exploiting and utilizing water sources to develop agricultural irrigation, on the one hand, and doing a good job in developing crops suitable to arid land by applying organic fertilizer over large areas of farmland that has no irrigation, on the other hand. In construction in mountainous areas, our province has formulated a policy favorable for bringing into play the enthusiasm of the vast number of the people and for accelerating the pace of exploiting mountainous areas. Next, the province will map out practical work plans and measures and will organize all forces to realistically implement them. We should continue to vigorously introduce contracting systems in exploiting the valleys of small rivers and to arouse every household to enhance their work in water and soil conservation and in planting trees and grass in order to improve their relations to the environment. In the latter 3 years of the implementation period of the Sixth 5-Year Plan and the implementation period of the Seventh 5-Year Plan, we should adopt every possible means to increase investment in developing intellectual capability and make all-out efforts to improve the weak

situation in the province's undertakings in education and science. Efforts should be made to continuously make elementary education universal and to pay attention to upgrading the rate of elementary school students who are able to thoroughly complete their courses in the given period. It is necessary to actively transform secondary education structures. In higher education, it is necessary to conduct reforms in student enrollment systems, specialized courses, teaching materials and methods and school managerial systems in an effort to upgrade education quality and scientific research standards and to meet the need for talent for the province's long-term construction. In scientific and technological spheres, scientific research units should be perfected and reinforced and research equipment and conditions and research methods should be improved. It is also necessary to strengthen organizational leadership over the work to conduct technical coordination in order to overcome difficulties in major research projects and to popularize scientific research results. The application of remote sensing technology in agriculture should be continuously enhanced. Our province has over 210,000 intellectuals who have education standards equal to middle and secondary vocational schools. They are precious and dependable forces for the province's program of achieving the four modernizations. We should further improve our understanding of the important position and role played by intellectuals in building the four modernizations. We should continue to eliminate the "leftist" influence of looking down on knowledge and on intellectuals, change irrational employment and managerial affairs concerning intellectuals, show particular concern in politics for middle-aged intellectuals, and actively improve the work, study and living conditions of middle-aged intellectuals so as to enable them to fully employ their wisdom and talent. Our province is short of water sources. Dealing with the water shortage is the key issue in building the province into a base of coal, heavy and chemical industries, and one to which the people's governments at all levels and the people across the province should attach great importance. In solving this problem, first, it is necessary to uncover more water sources; second, it is necessary to vigorously conserve water. Recently, the Ministry of Water Conservancy and Power put forward a project to divert Huanghe River water at Wanjianzhai. This is a fundamental way to get rid of the province's water shortage and the province should actively do a good job in arranging basic work in this regard and successfully fulfill the tasks of the state. The province's southern areas should also attach importance to diverting Huanghe River water for irrigation, rebuild their electric irrigation stations--including Yumenkou and Beizhao--and continuously do a good job in building the conveyance system of the Zuncun electric irrigation station. In the meantime, it is necessary to continuously take into consideration rational water exploitation and utilization along the Qinhe River. We should also organize the water conservancy and geology departments to actively discover new water sources. Currently, a practical and effective measure is to do a good job in controlling water consumption and conserving water and to earnestly implement the provincial people's government's "The Administrative Provisions of Shanxi Provincial Water Resources," approved by the provincial people's congress standing committee, and the corresponding measures of the provisions. Our province's serious environmental pollution may directly harm the people's health. We should take effective measures for changing these

conditions. From now on, in developing capital construction, we must strictly implement the "three simultaneous" regulations of the State Council and avoid creating new sources of pollution. Enterprises should center technical transformation on getting rid of "three waste" pollution and adopt advanced technology and use advanced installations to comprehensively put an end to it. We should properly invest more funds to strengthen the prevention and control of pollution in Taiyuan, Datong, Yangquan and Changzhi cities, which are seriously polluted.

Further efforts should be made to strengthen the consolidation of public security. On the one hand, we must strictly punish serious public security offenders in a timely manner; on the other hand, we should pay full attention to "comprehensively tackling problems" in public security, generally carry out the system of taking responsibility for defending public security and rely on the forces of mass organizations and the collectives to conscientiously attend to the educational work in redeeming misled youths. We should continue to deal blows at serious criminal activities in the economic field and strengthen the self-construction of public security departments and ranks at all levels. Leading cadres at all levels should take the lead in abiding by discipline and the law. Efforts should be made to continue to launch the "five-stress, four-beauty and three-ardent love" activities, strengthen ideological and political work and propaganda and educational work among cadres and the people and strive for a further turn for the better in social conduct.

Our province has made initial progress in administrative reform in line with the directives and plans of the party Central Committee and the State Council and under the leadership of the provincial CPC committee. But we should continue work in streamlining organs, arranging old cadres, training cadres at their posts, reforming the work system, improving work style and overcoming bureaucracy. We must carry the reform through to the end so as to raise work efficiency, economic results and labor productivity.

Deputies, the achievements and progress by the provincial people's government in the past 3 years were made through firmly implementing the lines, principles and policies of the party and, simultaneously, through the concerted efforts of the people of the province and working personnel of government departments at all levels. I wish to take this opportunity to extend my respects to the large number of workers, peasants, intellectuals, commanders and fighters of the PLA units stationed in Shanxi Province, personalities of various circles and the broad masses of cadres.

The work of the fifth provincial people's government is about to be finished. The session will elect the sixth provincial people's government. On the occasion of the transition in the work of the fifth provincial people's government and the sixth provincial people's government, we are full of joy and confidence in reviewing our province's achievements in the developing situation since the 3d Plenum of the 11th Central Committee and in looking ahead to our prospects for socialist modernization. Our province has great potential and favorable conditions. Although we have had some difficulties

in the course of development, we will overcome them so long as we work hard in line with the principles and policies of the party Central Committee and the State Council. Let's be united in further implementing the guidelines of the 12th party congress and the Fifth Session of the Fifth National People's Congress. We should further work diligently to strive to fulfill our province's "Sixth 5-Year Plan" and the far-reaching plan for building our province into our nation's coal and heavy chemical industrial base.

CSO: 4006/573

BRIEFS

GANSU COOPERATES WITH BEIJING--At the recent conference in Beijing on economic and technological cooperation in northern China, Gansu Province signed 33 contracts with Beijing, Nei Monggol, and Shanxi Province for cooperation. Of these 33 contracts, 19 contracts were signed by the privince with Beijing. These contracts include the establishment of a Lanzhou restaurant in Beijing, the establishment of a show window in Beijing for the sale of native and special products and famous brand commodities of superior quality, the imparting by Beijing to the province of the technique for the production of vegetables pickled in soy sauce, and assistance given by Beijing to the province in developing foodstuff processing industry in the Hexi area. [HK110852 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 22 May 83]

CSO: 4006/588

FINANCE AND BANKING

FINANCIAL, ECONOMIC DISCIPLINE DISCUSSED

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING] in Chinese No 3, 20 Mar 83 pp 2-5

[Article by Zhu Zhenchang [2612 7201 2490]: "Some Problems Concerning Financial and Economic Discipline"]

[Text] At present, like comrades on the country's other fronts, we financial and economic workers are conscientiously studying and resolutely implementing the spirit of the 12th Party Congress and struggle for the creation of an overall new situation in China's socialist modernization and construction. The socialist modernization and construction is a great undertaking devoted to the developmnnt of a socialist economy and the building of an advanced material civilization. Its tasks are heavy and formidable, and there are myriad things to handle which can only be most complex. In order to make it possible for all component parts of the national economy, all departments, all links, and even all cells at the basic level to evolve normally with vigor, develop healthily, and bring about best economic results, we must rely on correct principles and policies, they still may under certain conditions encounter this or that kind of obstacles and interferences, such as decentralization, departmentalism, egoism, tencency of liberalization, and interference by various unhellthy trends. In order to preclude these various obstacles and interferences and make it possible for economic policies to be implemented smoothly, we need to reinforce propaganda and education, reinforce organization and management, and at the same time reinforce discipline and supervision.

To make financial and economic discipline strict and strengthen economic supervision is a component part of the economic work that cannot be overlooked. It is the important link of strengthening the rule of law in the economic rellm, and a regular, longterm task.

Financial and economic discipline relates to the implementation of principles and policies; it relates to the ways by which we [use funds thriftily through improved] methods of acquisition, accumulation and spending; it relates to the effects of economic construction; it relates to correctly handling the economic relationships between the various internal aspects of socialism; and it relates likewise to the development of normal external economic

relations. Financial and economic discipline not only affects the building of material civilization directly but also closely links it to the building of socialist spiritual civilization. Maintaining financial and economic discipline is the important content of professional responsibility, professional ethics, and professional discipline. All financial and economic cadres must inevitably touch on this question regularly in their work and submit to its strict test.

Now let me discuss some of my views on this financial and economic discipline

Coerciveness and Consciousness

Financial and economic discipline is the common designation for all economic laws and regulations (including laws and decrees, ordinances rules and regulations) promulgated by the state. Their essence is to protect the socialist system, protect a normal economic order, defend the smooth development of economic construction, and protect the general interests of the state and the legitimate interests of the localities, departments, collectives and individuals. In the final analysis, their point of departure is to protect the fundamental interests of the state and the masses of the people.

This essential character of financial and economic discipline determines the fact that it must be coercive in nature. All economic activities must abide by it and not permitted to violate it. It does not evolve around people's subjective wishes; nor does it permit people to adopt an attitude, on account of their own interests and gains, of taking from it whatever they need, practicing it if there are gains to be made and resisting it if encumberances are in sight. As a discipline, it requires 100 percent implementation. This is its coerciveness.

Apart from this aspect of its coerciveness, financial and economic discipline also pays great attention to relying on the self-consciousness of the vast ranks of cadres and masses. The financial and economic discipline of our socialist state takes the fundamental interests of the masses of the people as its point of departure. This determines the fact that it can have a broad mass basis and it can win the hearty support of the broad masses. This is also where the power of financial and economic discipline lies. We should combine well this coerciveness and this self-consciousness in its implementation and give full play to its power. The key in accomplishing this lies in: first, strengthening education in the law and discipline, enhancing and the self-consciousness of the vast ranks of cadres and masses in protecting their financial and economic discipline, heightening our vigilance against various unhealthy practices and spiritual "pollution"; second, combining prevention with treatment, with emphasis placed mainly on prevention, so that measures can be taken to prevent and stem off slight beginnings, and once the buds of discipline violation are discovered, they would be tightly grasped, with no unhealthy and devious practices being allowed to run rampant; third, enforcing laws and discipline, so that whenever there is a law it must be followed, whenever a law is implemented the implementation

must be strict, and whenever there is a violation of the law, it must be scrutinized with no condonement or accommodation whatsoever; fourth, grasping models energetically by making full use of the weapons of commendation and criticism, reward and punishment to uphold the upright and get rid of the devious, enhance benefits and eliminate shortcomings. Once our work in these aspects is done well, we may expect to nurture a fine situation in which people's abiding by discipline and the law becomes a natural social disposition.

Scientific Nature and Authoritative Nature

The authoritative nature of financial and economic discipline is founded on the scientific nature of economic laws and regulations; and however much our economic regulations are scientific, however much they are also authoritative.

Socialist economic laws and regulations should reflect the objective economic laws of socialism--including the fundamental economic laws of socialism, the law of planned and proportionate development of the national economy, the law of to each according to his work, the law of value, etc. This is its scientific nature. If it fails to reflect these in time or it reflects them in an imperfect and insufficient way, it would detract from its scientific nature, it would also detract from the authoritativeness of financial and economic discipline or would even prevent them from playing their full role.

In recent years, we have been practicing the policy of opening to the outside world and enlivening the domestic economy, so our situation has been developing rather rapidly. However, the work to perfect our economic laws and regulation has not been able to entirely catch up. For example, in the case of accepting imported material to process, compensation trade, joint ventures, putting into effect the principle of relying mainly on the planned economy and supplementing it with market regulation, establishing various forms of the economic responsibility system and reviving the reward system, etc., some are carried out in our practical work first and then attention is paid to the formulation of laws and regulations. Thus, during a given period, there may be no laws and regulations to follow; Some are carried out in our practical work even while laws and regulations are at the same time also being formulated, in which case such laws and regulations are formulated in a hurry and may therefore be not coherent enough so that they need to be repeatedly amended some we do not fully understand, with the result that the laws and regulations have vague texts, and "elastic" in their application, and are not interpered uniformly. Some happen to be entirely newly created businesses whose channel of control is not yet clear so that laws and regulations governing them come from many sources and each set would have things done their way. All of these many influence our work in definite ways and make the executers or the law feel in a dilemma; and if they fail to do a good job, they might even provide some loopholes to activities which violated discipline. In order to change this situation and effectively establish the authority of financial and economic discipline, in the first place we should sum up and sort out our current economic laws and regulations,

amend them and supplement them. In the second place, whenever a policy is put into effect from now on, we should carry out full investigation and study and a careful analysis of its feasibility, go through the practice of selecting necessary points of experimentation and, in some cases, we should even look forward and backward and carry it out only after repeated considera-ation (experiment); and once it is put into effect, scientific economic laws and regulations which correspond to the actual situation must accompany it step by step in order to ensure the smooth implementation of economic policy.

Legitimacy and Rationality

Economic laws and regulations and financial and economic discipline should be the unity of legitimacy and rationality. Legitimate things should be at the same time reasonable; and the reverse is also true. But sometime we may also encounter a situation in which the two are not entirely unified, when legitimate things may not be all reasonable, and reasonable things may not have any basis in law. This may be due to several reasons. First, the economic laws and regulations in question may be not perfect enough; and they may still have defects, and include some irrational factors. Second, they are influenced by a "time lag." Due to changes in the objective situation, some things were reasonable in the past but are now found to be obsolete, or some things prove to be reasonable now but have not yet been turned into regulations. Third, economic life is complex, but economic laws and regulations cannot possibly be all-inclusive and all-encompasing. As a result, they can only regulate the major aspects, there are bound to be certain things which are not covered by and for which we must depend on precedent for guidance. Fourth, many things have a dual character, as what is beneficial may contain something that is harmful, and what is harmful may contain something that is beneficial. The formulation of economic laws and regulations must weigh the advantages and disadvantages and choose between them, and can only result in general rationality or relative rationality.

We should do our best to make economic laws and regulations more perfect and more comprehensive, and provide timely amendments and revisions according to changes in the objective situation in order to achieve a unity between legitimacy and rationality. We should also avoid "frequent changes in policy" but our policy also cannot remain forever unchanged once formulated. If laws and regulations are formulated and changed in a rash manner that would be no good; but if laws and regulations are revised and amended following the trend of our time and in accord with the laws and thereby become more perfect and reasonable, then that is necessrry.

There are also other things which seem on the surface reasonable but which are actually irrational in terms of substance, or which seem reasonable from a partial view but which are actually irrational from an overall view. For instance, we may sell piled up goods in warehouses and allocate parts or the income to be used as bonuses; or, we may seek to "find rice to put into the pot" when our tasks are not compared and also allocate such bonuses from our income. Things of this sort may, from one point of view, seem to

suggest that those responsible have after all done some work and there possibly will also be some results and effects. Hence their examples should also be promoted and encouraged. But from another point of view, if bonuses are allocated from income because of these examples, that would really be open to question. In such a case, not only the channel for spending money on the bonuses is improper, but the allocation also deviates from the premise of above-quota work and above-quota contribution; to take the loss that should ordinarily be avoided or reduced as an above-quota contribution to the state is obviously improper. In respect to such spacious "rationality," we should adhere to principles, make clear our reasons, and not allow it to become legitimate.

Because people's perception of rationality cannot become mature or unified all of a sudden, it is often possible for some situation to emerge in which such person says he is right. Things subjectively held as reasonable may not actually be reasonable objectively. Perception of questions of this kind may, after full discussion and gradual penetration, become gradually mature. Then, we can reach a conclusion and make the rationality and legitimacy of economic laws and regulations lead to unity. Rationality is the basis for legitimacy, and legitimacy is a recognition of rationality. Only after it is recognized by law can rationality acquire legal validity. Therefore, in practical work we must still stress running things according to the law and not practice what we ourselves think is right and ignore financial and economic discipline under the pretext that there is still controversy concerning the rationality of some or the context of laws and regulations.

Principle and Flexibility

In implementing financial and economic discipline we often encounter the debate over the question of its principle and its flexibility. How to handle well the relationship between the two? Principle should be addressed first, and flexibility second. Principle is the premise of flexibility; and flexibility can only be a supplement to principle and not a negation of it. Financial and accounting personnel are often reproached for being too rigid. and inflexible; but those who are subjected to such reproach often find, in most circumstances, that this is precisely because they have adhered to principle and operated in the spirit of public office. It is possible that a few people may have been too rigid and inflexible, but they are at least not the main current at present. Viewed from the actual situation, problems rising in the financial and economic realms are due not to a lack of flexibility but to a surplus of flexibility; and what should not be flexible is made flexible. Financial and the failure or economic personnel to guard their stations strictly is actually a noteworthy problem. At present, we should advocate even more the strict and impartial enforcement of the law and we must in particular oppose the unhealthy workstyle that abandons principle, does things according to the people involved or according to who has more "power" and "connections"

Are we to have no flexibility at all? Of course not. Economic laws and regulations are usually formulated according to common situations. Even though they may have take particular situations into consideration, it is

hard for them to take account of everything and every aspect. Once unforeseen, special situations pop up, flexible handling becomes necessary. Take a most obvious example: if a sudden natural disaster or accident happens, the spending of money sometimes cannot be handled according to any regular rule; and this may have no basis in law but somehow conforms to reason. Such flexibility serves to make up for the deficiency of principle, and it is also not difficult to for it to win universal acceptance, because it is applied only under special circumstances and will not be commonly invoked so as to incur chain reactions.

Uniformity and Diversity

Financial and economic discipline must first stress uniformity; it must treat all alike and not vary from person to person; it must have a consistent chain of command and orders should not be issued from many (different) depnermours. It must be relatively stable and not change in the evening after being issued in the morning. Only thus can it win popular compliance and be authoritative.

The formulation and interpretation of economic laws and regulations should be unified in a chain of command under a special organ appointed by the state. For example, laws and regulations concerning public finance and tax matters should be assigned to the financial and tax departments; and laws and regulations regarding labor and wage should be assigned to labor and wage departments. But in recent years, the phenomenon of decentralization has occurred often. For example, in some case regulations come from many agencies; those which are not financial departments go so far as to arbitrarily prescribe criteria for disbursement and provide vouchers for reimbursement; and those which are not labor and wage departments go so far as to arbitrarily establish reward systems and authroize bonus norms. Decentralization is likely to seriously impact on the gravity and consistency of financial and economic discipline. Once a locality breaks a law or a regulation, it often quickly causes chain reactions and creates confusion, gives rise to malpractices and loopholes and brings about economic losses. Conscientious efforts should be made to prevent this.

Stressing the maintenance of the gravity and uniformity of financial and economic discipline by no means excludes reasonable diversity. Differences in different localities, different production enterprises and different economic entities objectibely exist, and they cannot but become reflected in the economy; but such differences may and should be reasonably reflected in economic laws and regulations. For example, different commodities are charged at different tax rates; and under special circumstances, they are also granted reductions in taxes or even exemptions from taxation. Again, when different people take business trips to different localities, they have different standards for getting lodging and activity subsidies. This is known to everyone. In this are included the uniformity of similar localities and similar commodities as well as the diversity of different localities and different commodities. The two have achieved unity in economic laws and regulations. Some national laws and regulations have also left room for the

different localities and different departments to demonstrate their differences, allowing them to operate flexibly according to different localities and different matters; and some even permit special regulations for special cases. For instance, in the special economic zones, we do need regulations that are somewhat different from those in other areas. Despite this, these differences are still principled, controlled differences which are legitimate ones allowed by such laws and regulations; and they are not illegal differences in violation of the laws and regulations.

Professional Character and Mass Character

Financial and economic discipline not only is an important issue of policy it also has a strong professional character and a mass character. The role and influence of financial and economic discipline are felt in all corners of the economic realm, and they involve the gains and losses of hundreds and thousands of households. Implementing financial and economic discipline not only depends on professional personnel, but also depends on the broad masses; and it requires especially the leaders to attach importance and set personal examples.

Implementing financial and economic discipline requires the practicing of strict supervision. We must unite together the supervision by the party's discipline inspection departments, the supervision of the business departments, as well as the supervision of the workers' congresses; we must unite together the internal supervision by the economic units themselves and the external supervision by financial, tax, and banking departments; we must unite together professional supervision and mass supervision; and we must unite together prior supervision and pursuant inspection. In so doing the supervisory system of financial and economic discipline can become institutionalized, regularized, professionalized and mass-oriented and thereby play the role of guarding against tricks and loopholes and nip evil in the bud. After the state's auditory organs are established, economic supervision will be further strengthened.

During the last few years, the Party Central Committee and the State Council have attached great importance to rectifying financial and economic discipline; they have grasped it firmly; and their determination is great. This is most timely and profoundly popular. It can be expected that, after a period or endeavor, the customs and order in the economic realm will also bring about a new situation. The building of spiritual civilization and material covilization will achieve important results; and the undertakings building of China's socialist modernization are bound to advance triumphantly along a healthy course!

9255
CSO: 4006/464

FINANCE AND BANKING

SHANXI PROVINCIAL FINANCIAL REPORTS 1982, 1983

SK030338 Taiyuan SHANXI RIBAO in Chinese 4 May 83 p 2

[Report delivered by Yan Yuansuo, director of the provincial financial department, at the first session of the sixth provincial people's congress on 23 April with regard to the 1982 final accounts and the 1983 draft budget]

[Text] Fellow deputies: I, on behalf of the provincial people's government, would like to make "The Reports on the 1982 Final Accounts and 1983 Draft Budget" and to ask for examination.

1. The 1982 Financial Final Accounts

In 1982, various fronts across the province, by further implementing the party's line, principles, and policies set forth in the period since the 3d Plenary Session of the 11th CPC Central Committee, simultaneously building the two civilizations and by relying on concerted efforts exerted by the broad masses of cadres and the people, scored better achievements than we had expected, resulting in the further consolidation and development of the political situation of stability and unity. The province reaped an all-round bumper harvest in agriculture, resulting in a prosperous rural economy. It scored an all-round increase in industrial production and somewhat increased economic returns. As a result, markets in both urban and rural areas were brisk, creating prosperity. On the basis of developing production, the province further improved the people's livelihood and maintained a balance between revenues and expenditures.

In early 1982, the state revenue assignment to our province was 1,924,100,000 yuan. According to the plan for the national economy and in line with the guideline of increasing incomes by increasing output and upgrading economic results, our province formulated the revenue budget of 2,010,000,000 yuan. Owing to the profit delivery changes of the electric power enterprises, the state revenue assigned to our province was then readjusted to 1,675,380,000 yuan. The state also approved the revenue budget of 1,753,950,000 yuan, which had been readjusted by the province. According to the figure revealed in the final accounts, the 1982 gross revenue was 2,026,960,000 yuan, accounting for 115.57 percent of the 1982 budget and a 273,010,000 yuan increase over the budget figure. Of the total volume, enterprises'

income was 645,890,000 yuan, accounting for 118.41 percent of the budget. The incomes of industrial and commercial taxes were 1,221,000,000 yuan, accounting for 112.1 percent of the budget. The income from agricultural taxes was 70,790,000 yuan, accounting for 105.36 percent of the budget. The income from depreciation funds handed over by the enterprises was 62,420,000 yuan, accounting for 129.5 percent of the budget. Other incomes were 26,860,000 yuan, accounting for 685.2 percent of the budget.

The 1982 expense budget was 2,378,680,000 yuan. The total expense revealed by the final accounts was 2,083,590,000 yuan, accounting for 87.59 percent of the budget. Of the gross expense, expenditures for capital construction were 539,990,000 yuan, accounting for 82.54 percent of the budget. Expenditure of the funds for tapping latent power of enterprises and conducting technical transformations were 115,930,000 yuan, accounting for 81.66 percent of the budget. The expenditure of additional circulating funds was 51,300,000 yuan, accounting for 95.1 percent of the budget. Expenditures for supporting rural communes and agricultural undertakings were 248,660,000 yuan, accounting for 84.51 percent of the budget. The expenditure for undertakings in culture, education, public health, and science was 507,560,000 yuan, accounting for 95.56 percent of the budget. The expenditure of social pension and relief funds was 79,860,000 yuan, accounting for 82.71 percent of the budget. The administrative expenditure was 237,740,000 yuan, accounting for 93.77 percent of the budget.

According to the statistics compiled in line with the financial system of "units at every level being responsible for computing their revenues and expenses," the province's 1982 final accounts are as follows: The province's revenues were 1,486,200,000 yuan. The income from various central subsidies was 674,220,000 yuan. The province's 1981 surplus was 415,730,000 yuan. Funds transferred from other places was 1,240,000 yuan. All available funds in 1982 totaled 2,577,390,000 yuan and the 1982 gross expenditures were 2,083,590,000 yuan. In addition, the province spent 5 million yuan for buying state bonds. After settling accounts, the province had a surplus of 488,800,000 yuan, from which 314,410,000 yuan is available for the use of 1983 in line with the provisions. The province's net surplus was 174,390,000 yuan.

In 1982, the situation prevailing in the province's financial work was fine. The province maintained a balance between revenues and expenditures and had a little surplus. All of this resulted from the tremendous effort of people throughout the province.

1) Industrial production has undergone fairly rapid development and the production of energy resources has steadily increased. In 1982, the province's industrial front, by continuously implementing the principle of readjusting, restructuring, consolidating and upgrading and by further readjusting the industrial structure, increased its production on a large scale, surpassing the demand of "scoring a 5 percent increase and striving to score a 6 percent increase." The state industrial enterprises across the province generated an output value of 7,356,510,000 yuan, accounting for 106.78 percent of the annual production plan and an 11.18 percent

increase over the 1981 figure. Through 2-year efforts to conduct readjustment, heavy industry has begun to rise again. The production of energy resources has steadily increased. The province's coal industry prefulfilled its 1982 production plan by 1 month, a 10.7 percent increase over the output plan and an 8.5 percent increase over the 1981 volume. The power industrial enterprises across the province overfulfilled their annual output plan by 6.9 percent, a 9.8 percent increase over the 1981 figure. The excellent situation prevailing in industrial production created favorable conditions for increasing revenues. According to statistics, the 1982 increased revenue was 178 million yuan.

2) The economic returns of enterprises have increased somewhat and a certain progress in switching losses to profits has been made. In 1982, leading personnel at all levels across the province vigorously grasped economic work and, by upholding the principle of increasing economic returns, conducted in an all-round way enterprise consolidation and the work to switch losses to profits, to perfect economic contracting systems and to strengthen managerial affair among enterprises, resulting in the steady increase of economic returns and the reduction of money-losing units and deficit volume. The state industrial enterprises across the province earned 1,056,500,000 yuan of profits, a 13.8 percent increase over the 1981 figure. They handed over to the state 808.23 million yuan of profits, surpassing their income budget by 5.2 percent, and showing a 7.43 percent increase over the 1981 figure. They lowered their product costs by 1.1 percent as compared with the 1981 figure, calculated in terms of comparable products. The profit amassed per 100-yuan output value was 14.1 yuan, a 1.29 percent increase over the 1981 figure. The circulation period of funds was 123.3 days, 8.2 days earlier than the 1981 period. The fund occupied by per 100-yuan output value was 35.81 yuan, 1.81 yuan less than the 1981 figure and a 5.05 percent drop. By the end of 1982, the number of money-losing state industrial units across the province reached 487, 135 units less than the 1981 figure. The deficit volume of money-losing enterprises was 92.52 million yuan, 38.15 million yuan less than the 1981 figure, a 29.2 percent drop.

3) It is necessary to support agriculture to develop production and to give a helping hand to improving the appearance of mountainous areas and old revolutionary bases. In 1982, the province appropriated 248.66 million yuan in funds to support agriculture, a 39.24 million yuan increase over the 1981 figure. Following the fund distribution, leading personnel at all levels across the province upgraded the efficiency of utilizing funds by strictly controlling fund utilization orientation and by stressing the effective usage of funds. Over the past year, the province has sunk 2,626 electric pump wells, built 343 water conservancy facilities, 50 small pumping stations, 30 water spraying areas and 4 new small reservoirs, and has added 130,000 mu of farmland of which small electric pumping stations have been set up, added 453,200 mu of paddies that have been reformed and 3.04 million mu of land on which water and soil conservation work has been completed. The province has built 75,090 facilities of potable water (including the drilling of 73,970 water-retention wells), thus solving the potable water problem for over 270,000 people and over 41,000 animals. The province

has completed the prevention and control work of insect pests over 10.83 million mu of farmland, fine seed popularization work over 9.58 million mu of farmland, prevention and control work of animal diseases for 16.42 million head and the development of fresh water fishery on 22,000 mu of water areas, providing over 800,000 jin of marketable fish for markets. Over the past year, the province has also appropriated special funds for popularizing the sowing of cotton seed covered by plastic sheet, resulting in an increase in cotton output from 20 to 30 percent.

In addition, the province also appropriated 31 million yuan of special funds for emphatically supporting mountainous areas and old revolutionary bases to develop production and to tackle the housing problem of veteran cadres. Over the past year, the province has assisted 28,255 rural poor households to develop a diversified economy, including cropping, breeding, knitting, weaving and silkworm raising undertakings. The province has increased incomes by 64.72 million yuan and established 668 commune-brigade-run enterprises what have generated over 118 million yuan of annual output value. These special funds have been spent for setting up schools run by communes and brigades and for repairing simple highways and dangerous houses, thus playing a great role in improving the backward appearance of these areas. In the meantime, the province financial department has appropriated 43.78 million yuan for the flood and drought victim areas and actively given them agricultural tax exemption and reductions totaling 31.86 million yuan in order to help these areas restore production and make arrangements for the people's livelihood.

4) We have continuously increased the expenditures on cultural and educational, scientific and public health undertakings, supported the development of these undertakings and readjusted the wages for part of workers and staff members, resulting in a continuous improvement of the people's living conditions. In 1982, the provincial expenditures on cultural and educational, scientific and public health undertakings totaled 507.56 million yuan, an increase of 97.62 million yuan, or 23.81 percent, over the previous year. Of this, the expenditure on cultural undertakings increased by 33.97 percent; on educational undertakings, by 19.22 percent; on scientific undertakings, by 15.7 percent; and on public health undertakings, by 30.43 percent. The proportion of allocations for these undertakings in the total provincial expenditure increased from 23.47 percent in the previous year to 24.36 percent. This year, to change the backward features on educational and public health undertakings in the mountainous and old revolutionary base areas, the province will allocate 29.24 million yuan of special funds to develop educational and public health undertakings and improve the conditions for running schools and medical service in these areas.

Thanks to the concerted efforts of various relevant departments, new development has been made in educational undertaking. In 1982, the province repaired 1.026 million square meters of school buildings, an increase of 31.7 percent over the previous year, and added 458,000 sets of desks and chairs for classrooms. The institutions of higher education admitted 8,792 new students, an increase of 1,027 students over the previous year; the secondary vocational schools enrolled 17,000 students, an increase

of 484 students; and the workers' technical schools admitted 38,100 students, an increase of 28,200 students. In addition, more results have been achieved by scientific departments, and the work of popularizing and applying these scientific results has been strengthened. Public health, cultural and physical cultural departments have scored new achievements in preventing and curing diseases, strengthening the people's constitutions, popularizing family planning work and conducting cultural and sports activities.

In terms of wage readjustment and residential building, following the 1981 wage raises for teachers of primary and middle schools and for a section of medical workers, the wages for the state functionaries and for the workers and staff members of some institutions were also raised in 1982. This year, the construction of 4.92 million square meters of residences has started in the urban industrial and mining zones, an increase of 750,000 square meters over the previous year. Meanwhile, a total of 2.18 million square meters of residences have been completed and made available to the users, an increase of 340,000 square meters over the previous year. In addition, in 1982 a total of 236.26 million yuan were released from the local finance to make up the losses from marketing foodstuffs and vegetables, to subsidize the prices of grain, cotton and oil-bearing crops and to make up the added prices for the above-quota procurement. These subsidies have given real benefits to the people in urban and rural areas.

5) We have consolidated financial management, strengthened financial supervision and eliminated loopholes in various fields. To eliminate loopholes in revenue and expenditure and check and correct law violations, in 1982 general inspections on financial affairs and on revenue and expenditure were conducted among enterprises in the province. Under the leadership of CPC committees and governments at all levels and thanks to a year's efforts, a total of 18,728 enterprises and administrative units were inspected and 68,725 cases of violating financial and economic disciplines with 196.07 million yuan of illegal-gained money have been cracked. After handling these cases and money, an additional 93.78 million yuan were brought under revenue control and by the end of 1982, some 67.26 million yuan were delivered to the treasury. This is not only conducive to consolidating financial and economic order and achieving a balance of revenue and expenditure, but also can help correct some malpractices and deal blows at economic crimes.

Having scored the above-mentioned achievements in financial work in 1982, our province also fulfilled the task of giving 180 million yuan of loans to the state on schedule and subscribed for 107.97 million yuan of treasury bonds, overfulfilling the task by 7.98 percent. All these have expressed the lofty style of giving considerations to the overall situation and commonly bearing the state's difficulties of all localities, departments and units. We should continue to carry forward such a patriotic spirit.

Of course, we should also note that there are still many problems in the economic and financial work. The economic results in production, circulation and construction are still very poor and many enterprises fail to

greatly improve their management. In addition, financial management and supervision are not strict, wastes are serious in some localities, departments and units and economic criminal activities and serious violation of financial and economic discipline take place frequently. Therefore, we should continue to work hard and successfully do our work so as to bring about a fundamental turn for the better in the province's financial situation.

2. Draft Budget for 1983

The 12th national party congress called for efforts to quadruple the country's annual industrial and agricultural output value by the end of this century and to enable the people to become comparatively well-off materially and culturally. In order to accomplish this great strategic objective, we should strive to bring about a fundamental turn for the better in the state's financial and economic situation in the 5 years between 1983 and 1987. This is a glorious and yet arduous task. In carrying out our financial work in 1983, we should take the spirit of the 12th national party congress as our guide and act in accordance with the demands set forth at the national Sixth 5-Year Plan and the overall provincial work plans to continue the principle of readjustment, restructuring, reorganization and upgrading and increase revenue on the basis of developed production and improved economic results. We should rationally distribute and utilize funds to ensure key projects, support potential tapping and technical transformation, accelerate energy and communications construction, develop education, science and public health, render greater support to agriculture, improve the people's living standards and continue to guarantee a balance between revenue and expenditure.

According to our province's 1983 draft budget, the revenue is 2,144,900,000 yuan as assigned by the state. The figure is 5.82 percent, or 117.94 million yuan, more than the revenue actually realized last year. The major sources of the revenue are: 742.84 million yuan from enterprises, which is a 15 percent increase over the amount realized last year; 1.264 billion yuan of industrial and commercial taxes, which is a 3.52 percent increase over the amount realized last year; 79.36 million yuan of agricultural tax, which is a 12.11 percent increase over the amount realized last year; 54.7 million yuan turned over by enterprises as depreciation funds, which is a 12.37 percent decrease from the amount realized last year, and 4 million yuan from other sources. In the principle that the system of fixed quotas remains unchanged, the past system under which state revenue is separated from provincial revenue and the industrial and commercial taxes are shared by the state and the province according to a fixed proportion will be changed into a system under which the total revenue of the province is to be shared by the state and the province. It has been decided that the province shares 82.6 percent of the total revenue. According to this ratio our local budgetary revenue will be 1,727,680,000 yuan.

The state will continue to issue treasury bonds in 1983. Our province is assigned to buy 98.9 million yuan of treasury bonds, the same as last year according to comparable standards. Treasury bonds to be purchased by

institutions will be 36.9 million yuan, a drop of 5.6 million yuan from last year, and those to be purchased by individuals will be 62 million yuan, an increase of 5.6 million yuan over last year.

In order to speed up energy and communications construction, the state decided to collect "funds for key state energy and communications projects" in the last 3 years of the Sixth 5-Year Plan period. The funds will come from all localities, departments and units, which will pay 10 percent of their funds not covered by their budgets, and from large urban state economic sectors, which will pay 10 percent of their after-tax profit. Our province is assigned to collect 90 million yuan. If we collect more than this quota, the above-quota amount will be used by ourselves for energy and communications construction.

According to our province's 1983 draft budget, our total expenditures are 2,193,490,000 yuan which is the same as the budgetary expenditures set in early 1982. The annual 500 million yuan of special subsidies issued by the central authorities has not been totally allocated to us and we have not made arrangements for the 100 million yuan of balance of our local revenue. If all the state subsidies are allocated to us and the 100 million yuan of balance is arranged, our budgetary expenditures will be greater. The current budget for expenditures comes from the following sources: 1,727,680,000 yuan of 1983 local revenue; 86.26 million yuan of special subsidies allocated by the central authorities; 314.41 million yuan saved last year as a result of closing up or converting some projects; 65.09 million yuan of surplus of last year's local revenue; and 50,000 yuan from other sources. The arrangements for major expenditures are: 315.72 million yuan for capital construction, which represents a decline of 47.12 percent, or 281.31 million yuan, from the budgetary amount set in early 1982. It is estimated that the expenditures for capital construction will not decline and will probably increase when the central authorities have allotted all the special subsidies to us and when the investments for department and commercial [bu shang 6752 0794] capital construction projects are realized. Also included in the arrangements for major expenditures are: 99.71 million yuan will be allocated for tapping the potential of enterprises and carrying out transformation projects, which represents an increase of 4.78 million yuan, or 5 percent, over the budgetary amount set in early 1982. The central authority will also make an additional special fund and allot 63.11 million yuan of more floating funds for enterprises, which represents an increase of 26.08 million yuan, or 70.43 percent, over the budgetary amount set in early 1982. A total of 278.71 million yuan will be allotted for supporting people's communes and for developing various agricultural undertakings, which represents an increase of 30.93 million yuan, or 12.48 percent, over the budgetary amount set in early 1982; 506.84 million yuan for developing cultural, educational, scientific and public health undertakings, an increase of 62.41 million yuan, or 14.04 percent, over the budgetary amount set in early 1982; 67.31 million yuan will be allotted for pensions for the disabled, for the families of the deceased and for relief funds, which represents an increase of 7.51 million yuan, or 12.56 percent, over the budgetary amount set in early 1982; and 250.87 million yuan for administrative expenses, an increase of 45.78 million yuan, or 22.32 percent, over the

budgetary amount set in early 1982. The total preparatory funds are 95.3 million yuan (of which, 20 million yuan are for the units at the provincial level). In addition, 150 million yuan in subsidies will be arranged for building the mountainous and revolutionary base areas, of which 46 million yuan will be arranged by the Ministry of Water Conservancy and Power and by the provincial communications departments, and 104 million yuan will be covered by our province's revenue. The major uses of these funds are: 15 million yuan will be used as living allowance for the workers and staff members in communes in mountainous areas; 10 million yuan will be used to build houses for organ use in mountainous areas and to repair or build living quarters for workers and staff members; 10 million yuan be used to subsidize counties with financial difficulties; 5 million yuan will be used as working funds for popularizing agricultural technologies in mountainous areas; 20 million yuan for developing industrial enterprises in various counties in mountainous areas; 5 million yuan for building small cold storages for pastoral areas; 13 million yuan for improving conditions for running schools for mountainous areas; 6 million yuan for developing public health undertakings in mountainous areas; 4 million yuan for developing mountainous areas' radio and television undertakings; 25 million yuan for setting up electric circuits in mountainous areas and 30 million yuan for repairing and building highways in mountainous areas.

The above-mentioned draft budget has embodied the demands of ensuring the key projects and making overall plans and taking all factors in consideration. We must conscientiously implement various economic and financial measures, strive to make proper preparations for all tasks, actively increase revenue, and vigorously economize on expenditures so as to satisfactorily achieve the 1983 provincial budget.

The year 1983 is a key year to fulfilling the Sixth 5-Year Plan. To ensure success in fulfilling the 1983 provincial budget, we must pay attention to the following tasks:

1) We must shift all items of economic work to the road of centering on increasing economic results. All economic departments and enterprises should pay attention to improving product quality, reducing energy consumption, promoting marketing of products and making profits, organize production in line with the social needs, strive for economic efficiency of the society as a whole, maintain a stable rate of growth, unite efficiency with the growth rate and strive to comprehensively fulfill and overfulfill the state-assigned plans. We should note that our province's level of enterprise management is low, the basic work for economic accounting is weak, the attention paid to economic information is insufficient and economic results are poor. In the past 2 years, we have paid attention to these problems and some improvements have been made. However, owing to various influences, in 1982 industrial enterprises in our province failed to set a record high in fulfilling the major economic targets. At the same time, 487 industrial enterprises ran at a loss and the amount of deficits totaled 90 million yuan. This indicates that our province's industrial enterprises have great potential for raising their economic results. At present, in developing production and construction, our province still has the tendencies of

overemphasizing the output value and speed to the neglect of economic results and overemphasizing the expansion of production at the expense of tapping potential, thus adversely affecting the economic results. Therefore, we must further readjust the economic structure, accelerate the reform of the industrial management system, strictly control the scope of investments in fixed assets, ensure the construction of key projects and guarantee the completion of plans for equipment renewal and technical transformations. We should also apply advanced science and technology, produce still more products which are needed by the society with as few laborers and materials as possible and constantly improve product quality and increase designs and varieties. In particular, we should strengthen operation and management of money-losing enterprises to halt their deficits and avoid any deficits caused by poor management so as to greatly raise the economic results of all professions and trades. On this basis, we should effect a greater increase in revenue.

2) Substitute taxation system for profit delivery in a vigorous and steady manner. It is a great reform to try out the taxation system at state enterprises. It is also an important aspect of the reform of the economic management system. In handling the relations of distribution between the state and the enterprise, the orientation of the reform is substituting profit delivery with tax payment, just as Premier Zhao Ziyang said: "The orientation of replacing profit delivery with tax payment should be affirmed." To institute the taxation system is to define the relations of economic interests between the enterprise and the state with the tax payment. The purpose is to invigorate enterprises and give them pressure and strength, that is, to grant them greater autonomy and solve the problem of "eating from a common big pot." The basic principle for the replacement of profit delivery with tax payment system is: Doing everything conducive to establishing and improving the management responsibility system at enterprises, enlivening the economy and improving the economic results, and everything conducive to correctly handling the relations of interests among the state, the enterprise and the worker to ensure that the largest share goes to the state, the second largest share to the enterprise and the rest to the individual. We should first make sure that the state gets more so as to steadily increase its revenue. In the meantime, we should also protect the legal share of enterprises so that they will gain more interests from increased production and profit and from improved economic results and their initiative in improving management will be fully aroused.

The State Council decided to implement the taxation system comprehensively at state enterprises beginning 1 June. The reform should be carried out in two steps. The first step is to make tax payment and profit delivery coexist. Enterprises will pay income tax at a fixed rate of the profit realized and the after-tax profit will be shared properly by the state and the enterprises in various ways according to different conditions at enterprises. The second step is to levy a progressive income tax from enterprises according to their profits on the basis that the price system is basically reasonable and enterprise management is gradually improved. The profits of enterprises should be turned over to the state only in the form of a tax. We will take the first step this year. All large- and

medium-sized industrial enterprises and commercial wholesale enterprises should implement the tax payment system according to unified state regulations. Enterprises which have already enforced various forms of the contract system should also change their system into that of tax payment this year if possible. If they have difficulty, they may make the change next year, but should start preparation for the change now. As the reform concerns large areas and is an important matter of policies, it should be conducted under the unified leadership of party committees and governments at all levels and under the guidance of relevant regulations of the State Council and the unified plan of the Ministry of Finance.

3) Conscientiously improve and strengthen state enterprises' financial management in the course of enterprise reorganization and consolidation. The level of enterprise management decides, to a great extent, the financial steadiness and growth. The State Council has decided that 3 years are to be devoted to consolidating enterprises group after group at different times and that financial consolidation should be placed on an important position in the course of the enterprise consolidation. Through consolidation, enterprise management and other basic work should be strengthened and the economic accounting and the economic responsibility systems should be instituted so that enterprises' financial chaos can be stopped and the practice of "eating from the common big pot" eliminated. Contract responsibility systems should be widely applied within enterprises so that every worker and every post is assigned production, technique, supply and marketing or financial responsibility. Overall quality control and economic accounting systems should be strengthened to increase variety, improve quality, lower costs, increase profit and achieve overall good economic results. We should carry out the basic work of enterprises in a down-to-earth manner and strengthen primary record, metrological, checking and survey, statistical and accounting work. The basic work for financial accounting should be successfully carried out through consolidation of financial accounting. Special accounting and management system should be established and improved in handling fixed assets, circulating funds, special funds, capital construction loans and loans for technical transformations. With all the work successfully done, losses and wastes will be reduced and the economic results improved, more products will be produced with less money, more returns will be yielded with less investments and production and income will be increased.

4) Make the most of money in handling affairs, handle more affairs with less money, pay attention to careful calculation and strict budgeting, practice economy and raise the efficiency in utilizing funds. At present, our province's financial situation is rather poor. On the one hand, the contradiction between needs and availability is still prominent; on the other hand, some unreasonable phenomena in fund distribution and utilization still exist. Thus, efficiency in utilization of funds is not high, and the province suffers serious losses and waste. Therefore, financial departments at all levels must insist on the principle of acting according to one's capacity, taking the whole situation into account and making overall consideration in distributing funds. Efforts should be made to spend the limited funds on projects which are urgently needed and can achieve

ready results in economic and social development, to bring the function of financial departments into full play, to strive to firmly grasp expenditures, and to resolutely ban the non-plan practices of blind projects, blind organizational structure and duplicate construction. We should strictly distribute expenditures in accordance with plans and budgets and never go against plans and budgets to handle affairs which we can not. Efforts should be made to manage special funds in line with economic contracts, to strengthen examination and supervision, and to continue to strictly control the purchasing power of the collectives. All departments and units should cherish each copper coin of the country, pay full attention to careful calculations and strict budgeting, practice economy, make the best use of money, raise efficiency in utilizing funds and do well in all affairs.

5) Strengthen supervision over finances and enforce financial and economic discipline. In terms of strengthening supervision over finances and financial affairs, the new constitution has stipulated that people's governments at and above the county level should set up audit organs, and the State Council issued a circular in this regard. Governments at all levels should enthusiastically make plans to carry out this work as soon as possible. All units should conscientiously implement the state financial and taxation policy and relevant systems. Financial departments should closely work together with audit organs to strengthen examination and supervision work, oppose the activities of diverting, occupying and embezzling state income and arbitrarily spending and wasting state funds, and should resolutely deal blows at serious criminal activities in the economic sphere. The enforcement of financial and economic discipline is a matter of great importance in a turn for the better in financial and economic situation, social conduct and party work style. Therefore, governments at all levels should conscientiously attend to it. From now on, those units and individuals that violate the financial and economic discipline must resolutely be put right. Efforts should be made to recover their illegal funds and goods. Serious criminals should be punished according to the law. Leading persons of all departments and units should play an exemplary role in implementing state financial and economic discipline, insist on principles and resolutely wage the struggle against the activities of violating financial and economic discipline.

Finally, I should put special stress on the issues of purchasing treasury bonds and collecting funds for key energy and transport projects. The state has taken two key measures to solve the current financial difficulties, concentrate funds on key projects and lay a good foundation for developing the economy and quadrupling the industrial and agricultural output value in the coming 10 years. Therefore, we call on all localities, departments and units to seriously conduct propaganda and mobilization work to mobilize the people to vie with one another to buy treasury bonds, enthusiastically pay funds for constructing key energy and transport projects, and ensure the successful fulfillment of treasury bond-purchasing and fund-collecting tasks.

Fellow deputies: At present, the political and economic situation of our province is good. With further economic readjustment and the rapid pace of reform, our political and economic situation will get better and better. We must conscientiously implement all the tasks set forth at the 12th party congress, work with one heart, and go all out to attend to work and strive to fulfill the 1983 budget and to effect a fundamental turn for the better in the financial and economic situation.

CSO: 4006/575

FINANCE AND BANKING

GUO CHANGCAI'S FINANCIAL REPORT TO SHANDONG CONGRESS

SK020352 Jinan DAZHONG RIBAO in Chinese 3 May 83 p 2

["Excerpts" from the report on Shandong Province's 1982 final financial accounts and 1983 draft budget delivered by Guo Changcai, deputy director of the provincial financial department, at the first session of the sixth provincial people's congress]

[Text] Deputies: I, entrusted by the Shandong Provincial People's Government, am going to deliver a report on our province's 1982 final financial accounts and 1983 financial draft budget to the session for examination.

1. Financial Final Accounts for 1982

In 1982 under the leadership of party committees and governments at all levels, all localities and departments across the province conscientiously implemented the principles and policies set forth at the 3d plenum of the 11th party Central Committee, carried out a series of fruitful tasks, made much progress in readjusting and reforming the economy, made new developments in industrial and agricultural production and all construction undertakings, and scored great achievements in building socialist spiritual civilization and dealing blows to serious criminal activities in the economic sphere. On the basis of these achievements, our province achieved good results in implementing the financial budget. Revenue was on the increase, overfulfilling the budget plan, and expenditures were picking up, changing the situation of the continuing decreases in financial expenditures of recent years. According to statistics, the province's revenue and expenditures were balanced, putting an end to the financial deficits of the past 3 years.

According to the 1982 final financial accounts, the total income was 4,929 million yuan, fulfilling the budget plan by 103.54 percent. After deducting the income of the power industry, which should be turned over to the central authority, the total income increased 7.5 percent over 1981. Of this, tax revenue fulfilled the budget plan by 112.24 percent, increasing by 12.1 percent over 1981, and enterprises' income fulfilled the budget plan by 71.54 percent, decreasing by 9.76 percent as compared with 1981. The main reasons for enterprises' income decrease and failure to fulfill the budget

plan under the situation of greatly increased tax revenue are that in 1982, our province began to impose oil-utilization taxes among enterprises, to readjust the tax rate of some industrial products, and to rescind the decision on reducing and remitting the taxation of some products whose production is limited; thus, the profits of enterprises should be handed over to the state as taxes. At the same time, another important reason for the drop of enterprises' income is that, compared with 1981, the enterprises allocated 200 million more yuan from their income for returning loans for technological innovation, for retaining certain profits, and for subsidizing the prices of grain, cotton and edible oil.

As everyone knows, since 1979, the state has taken a series of great policies and measures to readjust the national economy and tackle the long-existing problems in people's livelihood, such as raising the prices of procuring agricultural and sideline products, reducing and remitting rural taxes, arranging jobs for urban unemployed youths, readjusting and increasing the wages of staff and workers, giving bonuses and allowances, building houses for staff and workers, and expanding the property rights of localities and enterprises. From 1979 to 1981, our province used 9.2 billion yuan to improve people's livelihood, and the enterprises retained 1.48 billion yuan of profits temporarily influencing revenue. Comparing 1979 to 1978, the province's revenue dropped 13.18 percent. The 1980 and 1981 revenue increased but failed to reach the 1978 level. The 1982 revenue surpassed that of 1978, setting a record. This change shows that our province has made a turn for the better in its financial situation and has scored achievements since the economic readjustment.

According to the 1982 final financial accounts, our province's total expenditure was 2.945 million yuan, fulfilling the budget plan by 92.41 percent and amounting to an increase of 15.33 percent over 1981. Of this, the funds for capital construction, for tapping the latent power of enterprises, and for enterprises' technical transformation decreased 5.21 percent compared with 1981. Although the expenditure covered by the budget decreased, the investments, not covered by the budget in enterprises' retained profits, improving the quality of products, and bank loans increased. Though the 1982 total investments in fixed assets increased 46.1 percent over 1981, the scale of investment is still overextended. Efforts should be made to continue to strictly and conscientiously control and reduce the scale of investment, in line with the demands of the State Council. Some other expenses showed increases of varying degrees over 1981: The expenses in scientific and technical undertakings increased 34.21 percent; the expenses in supporting agricultural production increased 30.5 percent; the expenses in maintaining urban facilities and the people's air defense increased 30.53 percent; the expenses in cultural, educational, scientific and public health undertakings increased 17.45 percent; the expenses in comforting and compensating bereaved families and providing social relief increased 35.46 percent; and the expenses in administrative management increased 19.05 percent.

Our province's expenditures dropped in each of the past few years, and we cut down our expenses time and again. Last year, our expenditures began

to pick up. Priorities were given to supporting the development of urgently needed undertakings, and we scored pronounced achievements in this regard. Last year, funds allocated directly from the financial department for combating drought, developing small farmland water conservancy projects, and sending relief totaled 180 million yuan. We used such funds along with the more than 400 million yuan raised by communes and brigades to build 111,000 farmland water conservancy facilities and to expand and improve some 500 mu of irrigated land. In addition, some 70 million yuan were allocated to help rural communes and brigades develop diversified undertakings and carry out construction in mountainous areas, thus effectively supporting the struggle to combat drought and to win a bumper harvest. With the development of agricultural production and diversified undertakings last year, the average per capita net income of commune members in the province increased by 16.2 percent over the previous year. In order to support the development of the cultural, educational, scientific and public health undertakings last year, funds allocated for such purposes reached 1.57 billion yuan, an increase of 157 million yuan over the previous year. With the concerted efforts of all spheres, the provincial enrollment in senior high schools increased by 11 percent; secondary vocational schools, by 5 percent; and technical middle schools, 2.7 times that of the previous year. The province as a whole achieved some 600 important scientific research achievements and disseminated and applied more than 90 of them; built and reconstructed 295 cinemas and theaters in the urban and rural areas, adding some 1,800 film projection units; built hospitals and sanatoriums with an area of 100,000 square meters, adding some 10,000 professional medical personnel; and began to regularly and systematically carry out family planning work. The expenditures for 1982 also guaranteed job arrangements for jobless youths in the urban areas and covered the needs of readjusting the wages of some staff and workers. Last year, some 224,000 persons were employed through state arrangements or by organizing themselves to run collective economic units or to find jobs by themselves. The total amount of wages for staff and workers increased by 6.47 percent over the previous year. The total area of housing construction for urban residents invested in by the financial department and relevant departments totaled 4.52 million square meters. The living standards of the urban people are improving continuously.

The balancing of our province's local finance in 1982 was: Revenue totaled 3.4 billion yuan. In accordance with the financial system, that sum includes 2.69 billion yuan from local revenue, 188 million yuan of special funds carried over from the previous year, 595 million yuan of special funds and subsidies allocated by the central authorities, and some 8 million yuan of funds not covered in the budget transferred by some prefectures and counties. Expenditures totaled 3,366 million yuan. This includes 2,945 million yuan of expenditures for the year, 221 million yuan of special funds carried over the continued use in the next year, and 200 million yuan borrowed by the state. According to the province's statistics and calculations, revenue and expenditures balance with a surplus of 34 million yuan.

The province's financial achievements in 1982 comprehensively reflect our steady economic growth in the course of readjustment. This resulted from the concerted efforts of all localities, departments and the people across the province. Practice shows that strengthening the leadership of party committees and governments at all levels, conscientiously implementing the financial and economic policies, and mobilizing the people to increase production and practice economy is an important guarantee for doing financial work well and ending the difficult financial situation. The key to balancing revenue and expenditures lies in improving economic results, actively increasing financial resources, adhering to the principle of acting according to one's ability, and strictly controlling expenses. Strengthening financial management and supervision, and correcting and controlling the spending and waste of funds in a timely manner are an important matter for guaranteeing the fulfillment of financial tasks. We must sum up these experiences so as to continuously improve and achieve progress in our future work. The current financial difficulties in our province are, however, still great, and we still have many unresolved problems. We must not slacken our vigilance or lower our guard. Last year, despite a balance in the provincial revenue and expenditures, some prefectures and counties still suffered deficits, and the total amount of years of deficits incurred by provincial units running in the red was as much as some 200 million yuan. In addition, some problems left over from carrying out county-run industry in the past still remain unsolved, and our financial burden is still very heavy. Despite the upward trend in financial expenditures last year, the outlay lags fairly far behind practical needs because of years of curtailment. The problem of the decentralized utilization of funds is fairly prominent. The amount of funds in the hands of departments, enterprises, and units has increased by a large margin. They have, however, failed to make full use of such funds for key construction projects. The financial management level and the speed of reform are low, falling far behind the current situation. In the future, we must make continued efforts, work diligently, and strive to achieve a fundamental turn for the better in the financial and economic situation.

2. The 1983 Financial Budget

In line with the guidelines of the 12th party congress and the demands on the state budget set forth at the Fifth Session of the Fifth National People's Congress, the principles for our province's 1983 financial budget of revenue and expenditure are arranged as follows: Continue to implement the principle of readjustment, reform, consolidation and improvement, enthusiastically conduct all reforms, support the development of production, promote the economic results, tap new financial resources, increase financial revenue, make a unified plan to rationally arrange all expenditures in line with needs, amass financial resources, support the construction of agricultural, energy, transport, educational, scientific and other key projects, further improve the people's livelihood, keep expenditures within income, enhance budget management, improve financial work and continue to maintain a balance between revenue and expenditure.

In 1983, the central authority assigned a 5.349 billion yuan revenue task to our province, an 8.52 percent increase over the 1982 figure. Our province worked out the revenue budget according to the task. Of this, the enterprises' income is 1.005 billion yuan, an increase of 34.83 percent and the tax revenue is 4.341 billion yuan, an increase of 4.23 percent.

The 1983 financial expenditure budget is arranged by leaving some margin and in terms of deducting the local available funds from the total 5.250 billion yuan income, "a 6.5 percent increase over the 1982 income figure." Expenditures total is 2.740 billion yuan, a 6.81 percent or 175 million yuan increase over the 1982 real expenditure. In accordance with the principle of overall consideration and attending to key projects, the arrangements are made as follows: The funds for cultural, educational, scientific and public health undertakings have been increased by 72 million yuan, the expenses in supporting agricultural production have been increased by 29 million yuan, the funds for administrative management have been increased by 28 million yuan, the funds for tapping the latent potential of enterprises and enterprises' technical transformation have been increased by 8 million yuan, the funds for people's air defense and maintaining urban facilities have been increased by 6 million yuan, the funds for comforting and compensating bereaved families and for providing social relief have been increased by 5 million yuan and some 30 million yuan in reserve funds have been arranged for readjusting other expenditure plans.

Agriculture is a strategic priority in developing the economy. Along with the increases in the income of communes, brigades and peasants, the investments in agriculture are rising. The state should continue to offer financial assistance to the agricultural production. In 1983, the funds for supporting agricultural production totals 343 million yuan, a 9.09 percent increase over 1982. The funds center on the construction of key farm water irrigation projects, supporting the diversified economy with the focus on the crop and breeding areas, developing the mountainous areas, supporting agricultural scientific research and expanding and applying new techniques.

In order to fulfill the four modernizations, we must increase investments with each passing year to tap intellectual ability, improve scientific research and protect the people's health. At present, our province's expenses in cultural, educational, scientific and public health undertakings account for over 35 percent of the total financial expenditure and reach 1,126 billion yuan. The increased portion accounts for 41.14 percent of the total increased local expenditure budget. Under the current poor financial situation, our province has done its best in these fields. From now on, we should further increase the better in the financial and economic situation. However, we should understand that the development of cultural, educational, scientific and public health undertakings cannot rely merely on financial allocation and must take the path of linking the state investments with collective funds and linking the people's efforts with state subsidy. All localities across the province have achieved good experiences in these fields. For instance, since 1979, our province has invested 410 million yuan to build, rebuild and repair 710,000 schoolhouses, has added 2.97 million sets of desks and chairs and has improved

rural teaching facilities. Over 70 percent of the funds are collected by communes and brigades. From now on, we should take various measures and rely on the forces of the collectives, and collect funds to rebuild rural secondary and elementary schoolhouses, to run spare-time schools for the staff and workers, to conduct scientific research activities among the masses and to run rural cultural centers and small public health facilities. By so doing we can achieve development in cultural, educational, scientific and public health undertakings.

One of the important ways to develop industry and improve economic results in the future is to carry out technical transformation, adopt advanced science and technology and tap the potential of existing enterprises. In 1983, funds arranged for carrying out technical transformation and three scientific and technological undertakings and for tapping the potential of enterprises is 40 million yuan, an increase of 22.74 percent over the previous year. In addition, the central authorities will allocate special funds and the province will grant science loans to support enterprises to carry out technical transformation and scientific research and to disseminate and apply research achievements.

According to the budget, some 223 million yuan will be allocated for capital construction. Such funds will be arranged by the provincial financial resources. In line with the demand of controlling the scope of capital construction, this year, all localities generally must not use funds covered by the budget to arrange capital construction projects. In line with capital construction procedures, they must submit to the province for approval all projects that are badly needed and within their financial ability.

Administrative funds covered in the budget have markedly increased. This is because we have increased personnel and administrative funds for the public security, procuratorial and judicial departments. In line with the stipulations of the State Council, we need to increase expenditures in readjusting wages for personnel.

One thing I must explain is that such budget expenditures will be arranged by the province's local financial resources of the year and will not include special funds carried over from the previous year and all special funds to be allocated by the central authorities. The outlay will be inevitably greater than the budget figure. Furthermore, this budget expenditure is meant for the whole province. In line with the present financial system, the financial departments at all levels may make specific arrangements in accordance with their actual situations.

Our province's 1983 financial revenue and expenditures budget is fairly tight and our revenue will come only through hard work. We must continue to strictly control expenditures, because the task on achieving a balance in revenue and expenditures is very arduous. However, we must note that the present provincial political and economic situations are very good and we have many favorable conditions for fulfilling the financial budget. We will surely realize the 1983 financial budget so long as we

conscientiously implement all financial and economic policies of the party and the state, work hard, increase financial resources, increase revenue and cut expenditures.

3. Struggle To Create a New Situation in the Financial Work and To Realize the 1983 Financial Budget

The year 1983 is the first year for creating a new situation in all fields of socialist modernization. Fulfilling successfully this year's financial budget is of great significance in realizing the strategic objective set forth by the 12th national party congress and achieving a fundamental turn for the better in the financial and economic situations. In line with the demand of quadrupling the total industrial and agricultural output value of the province by the end of the century, our tentative plan for attaining the financial fighting goal in the first 10 years is: Beginning this year, we must gradually increase investments in key construction projects, continuously improve the people's livelihood and, while keeping a balance in revenue and expenditures, eliminate deficit years in 3 years, solve leftover financial problems in 5 years and accumulate more strength for invigorating the economy in the last few years. Therefore, we must enhance spirit, be brave in blazing new trails and, on the basis of developing production and improving economic results, achieve a new breakthrough in financial revenue, explore new ways for making, accumulating and using money and make wise use of financial funds. We must attend to the reform of financial, financial affairs and tax systems and greatly raise the financial management level. At present, we must grasp the following work well:

1) Resolutely and orderly reform the financial and economic systems and mobilize the enthusiasm of all quarters to promote an increase in production and revenue. At present, agricultural, industrial and commercial enterprises are continuously promoting all forms of economic responsibility systems. This has and will play an important part and produce far-reaching influence in overcoming the malpractice of eating from a common pot in the economic management and in mobilizing the broad masses of people to carry out the modernization construction. This reform will inevitably promote the financial reform and will set forth new demands on the financial reform. The long-standing practice of eating from a common big pot in financial work is mainly reflected by three aspects. The first is "unified management." In distribution, the state has carried out a too rigid unified management of the profits and expenditures of enterprises and units. The second is to "cover." All expenditures and worker's welfare benefits of enterprises and administrative establishments, as long as they are "run by the whole people" or "state-run," are covered by state revenue no matter whether they make or lose money. The third is "egalitarianism." Regarding the distribution and utilization of funds and expenditures granted to individuals, egalitarianism is applied in major aspects while distinction is made only in minor aspects and, therefore, not much difference exists between the advanced and the backward and between those who do a good job and those who do a poor job. Many methods which were feasible under certain historical conditions fail to conform with the developed and changed

economic situation. In line with the guidelines of the 3d Plenary Session of the 11th CPC Central Committee, we have instituted the financial system of eating from each one's individual pot. We have applied the profit-sharing system and the system of fixed profit and deficit quota at state enterprises and applied the system of fixed budget at administrative establishments. The results of these reforms are good. But they are only preliminary and have not thoroughly changed the practice of eating from a common big pot characterized by "unified management," "covering" and "egalitarianism." Where shall we start to carry out the current reforms?

First, substitute taxation system for profit delivery comprehensively at state enterprises. This is an important economic management system reform by which to fix the relation of distribution between the state and the enterprise in a form of tax payment. This method is more advantageous than others. The reform should be conducted in two steps. The first step is to make tax payment and profit delivery coexist. Small enterprises should assume full responsibility for their own profit and loss after paying income taxes. Enterprises with rather large after-tax profits should pay a certain amount for contract fees. Large and medium-sized enterprises should pay an income tax and the after-tax profits will be shared by the state and the enterprises, either by fixing quotas, or a regulatory tax or according to fixed proportions. The profit shared by enterprises should be kept at the same level as 1982. Profit which is too high or is unreasonable should be readjusted. The second step is to institute only the taxation system on the basis that the price system is reasonable. The guidelines of the work to replace profit delivery with taxation is to ensure a success in the two tasks: a) enlivening enterprises and b) guaranteeing state revenue and ensuring that the state receives the largest share of the annual increased profit realized by enterprises, enterprises get a considerable share and the workers the rest.

Second, try out the business management system at various establishments. Over the past years, many units have implemented the business management system to diversify their work and services for which reasonable fees are collected. This enhanced their capacity to develop through self-reliance and proved that this kind of reform is correct and can be greatly developed. Therefore, we should sum up experiences and accelerate the reform. All profit-making establishments, such as state crop, forestry and livestock farms, water conservancy stations and reservoirs, cultural and art troupes and medical and public health units should implement the system to develop their work through self-reliance so as to reduce state expenditures. These departments and units may receive the same amount of state funds in 1 to 3 years, but they should work out plans and measures to enhance their self-reliance of funds, strive to fulfill these plans and do more work with less money.

Third, reform the quota for expenditures granted individuals and relevant regulations to overcome egalitarianism. For example, we may consider the question of changing stipend for students of colleges and secondary vocational schools into scholarship. Expenditures granted to individuals are complicated because there are many categories of them and because they

concern wage, commodity prices and the lives of cadres and staff and workers. For this reason, we should conduct wide-range investigations and study and solicit opinions from all quarters to make the reform reasonable.

Fourth, reform tax collection and the management system and readjust tax collection policies. In order to meet the need in developing various economic sectors and urban and rural contracted collective and individual units, it is necessary to establish and improve the methods to collect taxes from collective and individual economic sectors, improve the method to collect taxes from village fairs and for temporary businesses, restore and levy taxes for livestock trade and other local taxes, implement the policy of giving reasonable burdens and promote the healthy economic development in urban and rural areas. It is also necessary to try out, on a larger scale, the system of levying value-added tax, solve the problem of duplicate tax for some industrial products and better utilize taxes as an economic lever and as a means of collecting revenue.

Fifth, improve the current financial management system to conform to the new situation in restructuring prefectural and city organs and in separating commune's government administration from economic management. On the one hand, we should arouse the enthusiasm for financial management of governments at all levels and, on the other, properly concentrate financial resources to support key projects.

2) Consolidate the enterprise financial affairs, support enterprises in carrying out our technical transformations and raising economic results. In the past 2 years, the situation in economic work of overemphasizing output value and growth speed to the neglect of economic results has been improved. However, the poor economic results in the spheres of production, construction and circulation are still a conspicuous problem. For instance, the taxes and profits from each 100 yuan of fixed assets of the state industrial enterprises across the province were 38.31 yuan in 1965 and only 19.9 yuan in 1982. The turnover days for the floating funds of the state industrial enterprises across the province were 57.9 days in 1965 and 103.4 days in 1982. Although there have been many unique factors for these situations, most of them have been caused by unreasonable economic and technical structures and poor operation and management methods. We should support old enterprises to carry out technical transformations in a planned way and make them gain profits through the progressed technologies. At present, there are relatively more funds for carrying out technical transformations. The problem is whether or not we can make proper arrangements for these funds and make good use of them. From now on, an overall consideration and all-round arrangement should be made for the funds appropriated by the provincial finance for tapping potential, carrying out technical transformations and producing new products on a trial basis, for the depreciation funds and profits retained by enterprises and departments according to regulations as well as for loans issued for developing technical transformations. Each trade should formulate the plans for technical transformations and rationally utilize the funds in order of importance and urgency. All practices of scattering financial capacity are forbidden. We should reduce the large-scale building projects and should

not engage in expansion of production. We should spend our funds on developing and applying new technologies, new equipment and new techniques so as to better exploit the efficiency of funds.

We should further consolidate enterprise financial affairs and change situations in which enterprise management is confused and the loss and waste is serious. At present, we should give prominence to the basic work for enterprise financial management, institute and improve the systems of original records, estimation and inspection, and a fixed number of staff members and a fixed production quota, replenish the financial and accounting personnel and conduct economic accounting in an all-round manner. Those enterprises which have high material consumption, poor product quality and poor management for a long time and which still run in losses after being consolidated should assume sole responsibility for their profits and losses. Some of them should resolutely close down, suspend operations, amalgamate with others or switch to the manufacture of other products. It is demanded that within this year three-quarters of enterprises operating at a loss be eliminated and the amount of deficits of these enterprises be reduced by two-thirds. Great efforts should be made to decrease deficits caused by policies by 15 to 20 percent.

3) Adopt various measures to collect funds and support the construction of key projects. The 12th party congress defined agriculture, energy and communications, and education and science as three strategic priorities for building socialist modernization. This is a policy of far-reaching influence. In making the budget, the departments at all levels should release as much funds as possible for this purpose in line with the principle of acting according to one's capability. However, under the situation in which there are still some financial problems and financial capacity is limited, it is difficult to meet the needs of key construction projects while relying only on funds covered by the budget. It is necessary to emancipate our minds, expand the field of vision, open up new channels, research new methods and collect funds for developing key construction projects. At present, our province has more than 2.6 billion yuan of funds which are not covered by the budget and this is a force which cannot be underestimated for the four modernizations. It is necessary to strengthen planning and management, institute necessary systems concerning the budget and final accounts, formulate a comprehensive plan for financial and credit affairs and guide and encourage various departments, enterprises and units to spend their funds on the construction of key projects through the ways of giving guidance in understanding policies, mapping out plans in coordination and making the plans dovetail. The funds collected by the people are also an important force which cannot be neglected. In the past few years, the people in urban and rural areas have had more income, and some production and construction projects and public welfare undertakings have been run by the masses with their own funds. We should proceed from reality, adroitly guide action according to circumstances, adopt the forms which are welcomed by the masses and draw such funds according to policies to serve the construction of key projects.

To enable the financial work to better support and serve the construction of key projects, we should adopt the methods of combining the utilization of funds covered by the budget with the utilization of the funds not covered by the budget, combining the investments from the provincial finance with the funds collected by the people, and combining the free appropriations with the utilization of loans so as to establish various funds for key projects. At present, our province has already established or is establishing the fund for supporting the development of mountainous areas, the fund for the project of diverting the Huang River water to Tianjin, the fund for building the base of a high-yield forest, the fund for developing and transforming technologies and the fund for developing secondary vocational education. Except for the funds for exploiting coal mines and developing the secondary vocational education, all these funds can be put into circulation as loans. Under the situation of having financial difficulties, this will be conducive to promoting a normal circulation of funds. In this way, not only can the present needs of funds for developing key projects be solved, but also we can store up forces for the development of the economy in the future.

4) Strengthen financial management and enforcing financial and economic disciplines. Strict supervision and management on financial work is an important guarantee for successfully fulfilling the budget and making various economic construction causes develop in a sound manner. In the past few years, through the ways of strengthening education on the legal system and consolidating the party style and discipline, the situation on implementing the financial and economic disciplines has been improved somewhat. However, in some units, their management is not strict and their discipline is slack. In the past 2 years, through conducting inspections on enterprise financial affairs and on the delivery of taxes and profits, it has been found that many units have failed to implement the responsibility system, the amount of their property has been not clear, their cost has been false, their cash on hand has failed to tally with the figure in their accounts and their management on financial affairs has been confused. Some units have engaged in tax evasion, illegally retained profits, used the illegally raised funds to develop capital construction projects not covered by the plan, privately divided up products, presumptuously issued bonuses and materials, engaged in entertaining guests and giving presents and so on. Just in 1982 a total of 180 million yuan of illicit money had been uncovered. At the same time, by dealing blows at serious economic crimes, a group of graft and embezzlement, speculation and profiteering and smuggling cases had been cracked and handled. Because of these problems, a great amount of state funds were dispersed, lost and wasted and, still worse, economic criminals were given opportunities to seriously undermine and adversely affect the socialist cause. Therefore, we must approach the task to strengthen financial supervision and management and to strictly enforce financial and economic discipline in the perspective of achieving a fundamental turn for the better in the economic situation, in social conduct and in party style and in the perspective of building the socialist spiritual civilization. We must work with concerted efforts to successfully fulfill this task.

We should strengthen the building of the legal system, intensify education on the legal system and raise the awareness of the masses of cadres and the rank and file in abiding by discipline and law. All units and individuals should strictly implement state financial and economic law and discipline and the financial and economic system and see to it that all regulations are followed, and all laws are enforced strictly. Those who violate financial and economic discipline, once discovered, should be resolutely corrected, should return all the illegally gained money and, if the offenses are serious, should be punished.

We should strengthen financial supervision. Governments at all levels, in following the stipulations of the constitution and the calls of the State Council, should step up establishment of auditing organs to supervise and examine financial activities and revenues and expenditures. They should also strengthen tax organs, replenish tax collection and management workers, select financial personnel to station at large and medium-sized enterprises and gradually build up a contingent of cadres in charge of financial supervision. In order to meet the needs in the rapidly developing new situation in diversified undertakings in towns and the countryside, accounting service organs should be set up to offer guidance and counseling and notarial services for economic units to carry out their financial and accounting activities.

All financial departments and financial and tax cadres should promote the two civilizations and be diligent in study and work, be bold in reform and creating the new and be good at collecting and managing money. They should be loyal servants of the people, be honest and diligent state work personnel, serve the people wholeheartedly, achieve better results in their work, score new achievements in and make contributions to fundamentally improving the financial and economic situation and add new luster to our great cause.

CSO: 4006/575

FINANCE AND BANKING

HEILONGJIANG PROVINCIAL FINANCIAL REPORTS 1982, 1983

SK041243 Harbin HEILONGJIANG RIBAO in Chinese 3 May 83 p 2

["Excerpts" from report delivered by Chen Jingxin, acting director of the provincial financial department, at the first session of the sixth provincial people's congress on 13 April in regard to the 1982 final accounts and the 1983 draft budget]

[Text] Fellow deputies: On behalf of the provincial people's government, I would like to deliver the reports on the 1982 final accounts and the 1983 draft budget, and to ask for its examination.

1. The 1982 Final Accounts

During the implementation period, both of the 1982 revenue and expenditure budgets were readjusted upward because the state had adopted additional policy measures and the central authorities had made a supplementary budget and subsidies.

Judging from the 1982 final accounts, the province's implementation of the budget was fine. The gross revenue totaled 104.5 percent of the annual budget (the readjusted one; similarly hereinafter). Except for the 1981 surplus and incomes handed over to the central authorities, the funds available in 1982 for expenditures were 3.181 billion yuan. Including 315 million yuan of funds that were transferred to 1983 or retained by various units as surplus, the province actually spent 3.165 billion yuan. The accounts showed a favorable balance of 16 million yuan.

Of the 1982 gross revenue, incomes organized by the province itself totaled 109.2 percent of the annual budget, an 11.5 percent increase over the 1981 figure calculated in terms of comparable items, greatly surpassing the increased scopes of industrial and agricultural production of the corresponding period. The industrial and commercial tax incomes totaled 105 percent of the annual budget, with industrial enterprise incomes totaling 104.6 percent of the annual budget; the agricultural and animal husbandry enterprise incomes were 9 percent lower than the annual budget; the grain enterprise incomes (including subsidies concerning policies), were 0.4 percent lower than the annual budget; the commercial enterprise incomes were 49 million yuan lower than the annual budget because of price

fluctuation, meat imports and managerial mistakes; the agricultural tax incomes totaled 105 percent of the annual budget that had been deducted by the central allocation; the income amassed from cultural and educational units, material supply departments and from urban public utilities totaled 104 percent of the annual budget.

In 1982, the province handed over 300 million yuan to the state. The enterprises across the province retained over 400 million yuan. Under the situation in which the 1982 expenditure should be much higher than that of 1981 because of the extremely serious natural disasters over the past 2 years, the agricultural front deserves praise for maintaining a balance between incomes and expenditures and for the small surplus in 1982. Under the leadership of the CPC Central Committee, the State Council, the provincial CPC committee and the provincial people's government, various localities and departments throughout the province did a great deal of work with high efficiency. They made new progress in readjusting the national economy and conducting reforms, achieved remarkable success in consolidating enterprises in an overall way, scored great achievements in dealing blows at serious economic crimes and achieved new development in undertakings of various fields of production. In agricultural production, in spite of the reduction of grain output resulting from serious natural disasters, they scored a fairly great increase in cash crop output thanks to resolutely implementing the policy set forth by the party and the government for the rural economy, thanks to further upgrading the enthusiasm of the broad masses of peasants toward production and to the necessary assistance and support given by the state. The 1982 agricultural output value surpassed the 1981 figure by 5.5 percent. Industrial production showed steady progress in undergoing readjustment and its output value surpassed the 1981 figure by 7.1 percent and its economic returns increased somewhat. Along with the development of agricultural and daily consumer goods production, the province's market supply has become better day by day and commodity prices have basically become stable. All of this has laid a foundation for overfulfilling the 1982 provincial budget.

The province's success in creating a basic turn for the better in finance in 1982 is closely related to the correct implementation by the people's governments at all levels throughout the province of the policy set forth by the party and the state for financial and tax revenues. In 1982, the province invested 494 million yuan in agriculture in order to promote production, a 28 million increase over the 1981 figure. Of this investment, 37 million yuan was spent for supporting the development of a diversified economy. By resolutely implementing the policy on stabilizing the peasants' burden of agricultural taxes, the province collected 46 million yuan less in the name of tax reduction and exemption. To gradually improve the people's livelihood and stabilize market prices, the province continued to implement the policy on giving subsidies to regulating farm and sideline products. The province gave over 400 million yuan--3 times the agricultural taxes collected by the province in a normal year--as subsidies to regulating the prices of grains, edible vegetable oil, diesel for farming usage and beets. To support the development of industrial production, the province spent over 34 million yuan to renew equipment, conduct technical

transformations and trial-producing new goods among enterprises. The province continued to enforce the measures of letting enterprises share profits and assume responsibility for their losses and profits, allowing enterprises to retain 420 million yuan, which has become an important financial source for solving questions concerning production development and funds of staff and worker welfare. Meanwhile, to promote economic readjustment and bring into play the level role of tax revenue in the economy, the province in 1982 cut over 45 million yuan of collection in the name of tax reduction and exemption in addition to readjusting the tax rate of a number of industrial products covered by the state provisions. This has effectively contributed to promoting production among enterprises that have temporarily encountered difficulties. All of these measures have played an active role and had a fairly good effect in accelerating progress in the province's economic development and in achieving a turn for the better in the financial work.

Of the 1982 financial expenditures, expenses for the capital construction of facilities in the fields of culture, education, science, public health, agriculture, light industry and the people's livelihood surpassed the 1981 figure by 15.6 percent.

A fairly great increase in expenses for undertakings in culture, education, science and public health was made and expenses surpassed the 1981 figure by 12.5 percent and the 1979 figure by 50 percent. Through efforts exerted by the departments concerned, the province's educational undertakings have showed new developments. The student enrollment quota of the higher educational institutions across the province surpassed the 1981 quota by over 3,000 persons. The rate of urban middle and elementary schools that have two part-time shifts declined from 36 percent to 26 percent. The public health front has scored new achievements. The scientific and technological departments have increased their research results, strengthened their work to popularize and apply science and technology and have gradually expanded their scientific and technological advisory activities in service of production. Sports activities have increased day by day and records scored in sports events have been steadily upgraded.

In 1982, the province also raised over 37 million yuan of funds through various channels in an effort to newly build four large flour mills, to rebuild or repair the public bath houses run by the 43 counties and to build or expand 31 cold storage plants and 64 grain supply network and centers so as to basically improve the facilities of commerce, service trade and grain supply. In addition, the province also spent over 55 million yuan for making job arrangements for over 300,000 urban jobless youths by adopting various measures.

Though the province's implementation of the 1982 financial budget was fine, we should also note that there are still problems existing in our work, such as relatively low economic returns and the backward situation prevailing in the managerial affairs of a large number of enterprises, which remains unchanged. The province's number of money-losing enterprises and its enterprise deficit volume are still greater than that of other provinces.

The province's management and supervision over tax revenues have not been strict enough. This has shown that there are still many problems existing in the financial work and the foundation of maintaining a balance between budget revenues and expenditures is still not very stable. The task for maintaining an overall and long-standing balance between revenues and expenditures still is very arduous and requires hard work. Hereafter, we must make continuous efforts to do a good job in work so as to further achieve a turn for the better in the province's finance.

2. The 1983 Draft Budget

In line with the guidelines of the 12th CPC Congress and the demand set forth by the provincial CPC committee for financial and economic work, the general principle of formulating the 1983 budget is to continuously implement the principle of readjusting, restructuring, consolidating and upgrading, to support the development of industrial and agricultural production, to promote the increase of economic returns and to open more income sources in order to increase earnings. Efforts should be made to constantly uphold the reform orientation of financial and tax revenue systems and to bring into play the enthusiasm of various social circles so as to properly concentrate financial capacity on ensuring the construction of key projects. In line with the need and possibility, it is necessary to rationally arrange in an overall way various expenditures for supporting the development of cultural, education, scientific and public health undertakings and for continuously improving the people's livelihood. Efforts should be made to uphold the principle of keeping expenditures within the limits of income and to strengthen a comprehensive balance between expenditures and revenues and budget management so as to ensure a small favorable balance.

The 1983 financial budget is based on this principle. The major budgetary targets are as follows: The financial revenue is 2.665 billion yuan (not including 357 million yuan of funds that should be handed over to central authorities after raising the tax rate on Daqing crude oil, the 1982 surplus, or the special funds allocated by central authorities). Of this, the income earned by our province is 1.58 billion yuan. The arrangements for major sources of income are: Industrial and commercial tax revenue, 2,223 million yuan; income of industrial enterprises, 272 million yuan; the deficit of agricultural and animal husbandry enterprises, 138 million yuan; the deficit of grain enterprises and subsidies for price differences, 48 million yuan; the income of commercial enterprises, 7.8 million yuan; agricultural tax revenue, 150 million yuan; state subsidies, 830 million yuan; and state subsidies for the soybean price rise and interest rebates, 255 million yuan. After deducting 200 million yuan that should be handed over to the central authorities and 54 million yuan in state depreciation funds, funds available to our province in 1983 are 2,411 million yuan. In line with the principle of "keeping expenditures within the limits of income," total expenditures will increase by 8.9 percent over 1982, calculated in terms of comparable standards.

The specific arrangements for expenditures are: Funding for capital construction is increased by 37.8 percent over 1982. The allocation of more

funds for capital construction is due to the slight surplus in 1982. Capital construction funds originally to be covered by the surplus are rearranged in the budget. The subsidies for tapping the potential of enterprises, conducting enterprise technical transformations and "five small" enterprises are increased 10 percent over 1982. The subsidies include funds for supporting commercial departments to run industries--developing the production of bean products, soy sauce and vinegar. The circulating capital of enterprises is increased by 9.1 percent over 1982, and the circulating capital is centered on making up recent years' deficiencies in developing production. Expenditures to support agricultural production are increased by 4 percent over 1982 and center on supporting the agricultural diversified economy and developing aquatic products and breeding industries. The funds for conducting scientific research in industrial, commercial and communications trades and educational undertakings are increased by 7 percent over 1982. The funds for cultural, educational, scientific and public health undertakings are increased by 5.6 percent over 1982, owing to increases in expenditures on family planning work, offering allowances to barefoot doctors, supporting two-shift elementary and secondary schools and wage readjustments.

The expenditures administrative management are increased by 2.4 percent over 1982. The increase results from wage readjustments and increasing the funds for some trades. The expenditures on scientific research, technical innovation and urban facility maintenance are increased by a certain margin as compared with 1982. The funds for constructing grain, supply and marketing and farm machinery enterprises, making arrangements for intellectual youths, comforting and compensating the disabled and the families of the deceased, people's air defense and militia undertakings and other expenditures remain at the 1982 level in line with the state budget.

Some 79 million yuan is earmarked as the province's reserve fund.

The arrangements for our province's 1983 budget, revenue and expenditures are fairly full ones. This year's revenue and expenditure tasks are rather arduous. So long as we closely rely on the leadership of the central authorities and the provincial CPC committee, mobilize the people of the province, comprehensively implement the principle of readjustment, reform, consolidation and improvement, center on raising the economic results and strive to tap potential by increasing production, practicing economy, increasing revenue and economizing on expenditures, the 1983 budget will certainly be fulfilled.

3. Strive To Fulfill the 1983 Budget and Effect a Fundamental Turn for the Better in the Financial Situation

The 12th party congress called for effecting a fundamental turn for the better in the financial and economic situation within 5 years. The fourth plenum of the sixth provincial CPC committee stipulated that the growth in economic results should be faster than that of output value, and the province's revenues should increase at an annual rate of 7 to 8 percent in the coming 5 years. In order to ensure the fulfillment of the province's

budget and to further improve our province's financial situation, we must attend to the following tasks:

1) Vigorously promote the development of production and enthusiastically tap new financial resources. The key to increasing revenue and to taking a fundamental turn for the better in the financial situation is to raise rate of growth in economic results and production development and to attend to both the growth rate and economic results. In recent years, though our province's economic results in the production, construction, and circulation fields have improved, they were below the state level by a large margin and failed to reach our province's best record. In 1982, industrial enterprises across the province whose production is under the state unified budget offered 11.48 yuan of profits and taxes per 100 yuan of fixed assets and floating capital, and only attained 47 percent of the state level. The circulation per 100 yuan of floating capital was 175 days, surpassing the state level by 65 days. Some 700, or 41 percent, of enterprises suffered losses. Commercial enterprises across the province suffered losses due to such objective factors as readjustments in commodity prices and poor management. The situation in which economic results are poor urgently needs to be changed. Efforts should be made to bring into full play the economic lever function of financial and tax revenues. With good policy and financial assistance, the development of production and the improvement of economic results will be promoted. In the agricultural field, we should vigorously support the construction of farm water conservation facilities. Special efforts should be made to dig wells in drought-stricken areas and to develop a diversified economy. In the industrial field, we should continue to promote readjustments, reorganization and integration among enterprises, accelerate technical transformation among old enterprises, enthusiastically apply new techniques, promote and protect the development of local industrial enterprises, improve the quality of products, increase the varieties, colors and designs of products and increase the competitive capacity among enterprises. Those enterprises whose techniques are poor, whose products are unmarketable, and which suffer long-term losses must be closed down, suspend operations, be amalgamated with others, or switch to the manufacture of other products. In the sphere of commodity circulation, efforts should be made to reduce marketing links, invigorate marketing channels, enthusiastically expand the sales of commodities, and promote the sales of local industrial products. At the same time, we should support the development of scientific, technical and educational undertakings and popularize and apply scientific research achievements and take necessary measures to promote technical progress. Enterprises should improve operations and management, comprehensively carry out economic accountings, enhance examination of the income rate, the circulation rate of floating capital and the rate of recovery from investments in fixed assets, economize on energy utilization and reduce consumption. Strategic priority should be given to having large profit-making and loss-suffering enterprises raise economic results and to comprehensively conducting consolidation among large enterprises. Prime priority should also be given to conducting technical transformation and supplying energy and raw materials to those enterprises so as to strive for remarkable improvement in the economic results of large enterprises, which may influence the financial situation, and to promote a steady growth of revenue overall.

2) Conscientiously reform the system of substituting taxes for the delivery of profits to the state among state enterprises, and, with good policies, arouse the enthusiasm of all quarters to increase production, practice economy, increase revenue and economize on expenditures. The system of substituting taxes for the delivery of profits to the state among state enterprises is a key economic reform. This is a major policy decision made by the party Central Committee and the State Council. In handling the relations of distribution between the state and the enterprises, the system of substituting taxes for the delivery of profits to the state has more advantages than other reforms. This is a matter of importance in further granting decisionmaking rights to enterprises, introducing economic contracting systems, improving managerial affairs and increasing economic returns; in breaking the bounds of ownership between areas and departments so as to promote enterprise reorganization and integration; and in correctly dealing with the relationship of interests among the state, collectives and individuals and striving to achieve a fundamental turn for the better in finances and the economy. The drive for replacing profit delivery with payment of taxes is imperative under the circumstances. Various localities and departments must strengthen their leadership over the work, attach great importance to the drive, and do a good job in conducting the important work, step by step and in a guided manner. In distributing after-tax profits among departments and enterprises, it is necessary to appraise and decide, one by one, the profit retention level. Efforts should be made not only to protect the legal profit retention of enterprises to enable them, by increasing output and practicing economy, to tap their latent potential and to increase their economic returns but also, proceeding from the situation as a whole, to readjust excess and irrational profit retention among a few enterprises so as to ensure that the state will obtain the greater part of the profits, the enterprises will obtain the smaller part and individual workers will obtain an ever smaller portion. It is necessary to give enterprises not only strength but also pressure so as to truly implement the spirit of commending the diligent and punishing the lazy and to thoroughly break the practice of "eating from the same big pot." Upon implementation, it is imperative to do a good job in integrating the drive for replacing profit delivery with the payment of taxes with the current enactment of contracting systems so as to bring into play the enthusiasm of enterprises for increasing output, practicing economy, and increasing economic returns. In the meantime, it is necessary to further sum up experience gained in enforcing the financial system of "each level is responsible for mapping out both revenue and expenditure plans" so as to affirm the achievements, to consolidate the results, and to steadily conduct reforms. While conducting reforms in tax revenue and financial affairs, it is necessary to have the reform contribute to transformations in other fields and be suitable to overall enactment of economic and business contracting systems.

3) It is necessary to strengthen the management of tax collection and to do a good job in organizing revenue. Efforts should be made to fully collect in a timely manner enterprise taxes and profits that deserve to be handed over to the state and to realistically do a good job in collecting taxes and profits that have a vital bearing on the 1983 budget. Our province's

revenues chiefly come from industrial and commercial taxes, and the proportion of tax revenue will become greater than before after replacing profit delivery with the payment of taxes. Therefore, efforts should be made to continuously consolidate and correct tax reductions and exemptions without authorization, to do a good job in ferreting out tax evasion and delayed tax payment and, according to the law, to strictly deal with serious cases of tax evasion and tax resistance. In introducing business contracting systems, in order to safeguard the prestige of the tax laws, we cannot incorporate taxes with contracts. All enterprise profits that currently deserve to be handed over to the state or deserve to be after replacing profit delivery with payment of taxes are an important revenue component. We must strictly enforce discipline governing tax payment and, according to the state's provisions, fully collect in a timely manner all such payments. In the meantime, it is necessary to carry out an overall investigation of various financial resources across the province and, in line with the policy, to impose taxes on units that deserve to pay taxes and to incorporate into the financial budget production by enterprises that deserve to do so. Various incomes, such as fines and confiscated money, should be handed over to the authorities in line with the provisions. All irrational apportionments imposed on enterprises and establishments should be resolutely corrected in line with the provisions of the State Council and the provincial people's government. Through conducting investigations, efforts should be made to implement the policy and to open more financial resources in order to increase revenues. It is necessary to strengthen the management of extra-budgetary funds and to vigorously map out comprehensive financial plans so as to truly use these funds as supplements to the financial budget. Efforts should be made to actively fulfill the task imposed on the province by the state in regard to buying treasury bonds and the task for raising funds for key construction projects in energy resources and transportation in support of major state construction projects.

4) It is necessary to stress principles in utilizing funds and to vigorously upgrade the efficiency of fund utilization. Over the past few years, the province's effectiveness in utilizing funds has been upgraded somewhat. However, some localities, departments and units have not spent their money in a planned manner and have lacked feasibility studies in utilizing funds. As a result, they have suffered losses and waste and have not effectively utilized the state's limited financial capacity. It is imperative to solve the problem of spending money regardless of effect and to foster the thinking of arduous struggle, diligence and frugality. We must pay attention to the policy, the principle and the effect while spending money, spend money in a scientific way, justly and forcefully oppose extravagance and waste, and we must combat the practice of acting shamelessly in applying state subsidies. Efforts should be made to spend money when it is really necessary, to keep expenditures within limits of income and to refrain from engaging in construction beyond financial capacity. It is necessary to spend money for the projects in order of importance and urgency, to pay attention to the past experience and upcoming interests of money utilization and to make an overall arrangement for all things that will cause a cost. It is necessary to increase the investment in science and in developing intellectual capability and to have the investment in this regard score a relatively great increase each year.

5) It is necessary to continuously do a good job in consolidating financial affairs among enterprises and to further strengthen financial supervision. Thanks to the consolidation work done in the past year, the enterprise financial work across the province has been newly upgraded, resulting in a large number of advanced units and individuals emerging from the financial and accounting work. For the first time the provincial economic commission, the provincial financial and trade office and the provincial financial department have conferred the first grade title of model economic accounting work on 35 industrial and commercial enterprises. At present, there are still a number of enterprises that have lagged behind in financial management and have done poor basic work in business management. This has adversely affected the increase of their economic returns. Therefore, efforts should be made to continuously take financial consolidation as an important content of consolidating enterprises in an overall way and to realistically do a good job in the work. Through financial consolidation, it is necessary to do a good job in conducting the basic work of enterprises, such as original records, standard measures, quality inspection, examination and acceptance of products and economic and technical fixed quotas, and it is also necessary to develop in an all-round way the economic accounting work and to establish or improve the financial managerial systems that are possible to be incorporated with all enterprise managerial systems. We must approach the work to strictly enforce financial and economic disciplines from the high plane of striving to achieve a fundamental turn for the better in finance and economy, in social morale and in party style. We should by no means consider only the work that will be done by the financial and economic departments. Efforts should be made to continuously deal blows at serious economic crimes and to block all malpractices running counter to the financial and economic disciplines, such as embezzling state funds, using state funds arbitrarily, converting public into collective ownership and diverting funds covered by the budget to extra-budgetary ones. Those who have caused losses and waste by ignoring their duties and freely spending state funds should be earnestly investigated and punished.

Fellow deputies: The situation prevailing in politics and economics throughout the province is very fine. The people throughout the province are fully confident of fulfilling the tasks set forth by the 12th CPC Congress and the provincial CPC committee. Though there are still various difficulties along our advancing road, we, under the leadership of the party committees and the people's governments at all levels and by relying on the concerted efforts exerted by the people of various nationalities across the province, are certainly able to fulfill the 1983 budget and to make new contributions to creating a new situation in all fields of socialist construction and achieving a fundamental turn for the better in the economy and finance.

CSO: 4006/575

FINANCE AND BANKING

TIANJIN MUNICIPAL FINANCIAL REPORT 1982, 1983

SK060525 Tianjin TIANJIN RIBAO in Chinese 2 May 83 p 2

["Excerpts" from report delivered by Li Changxing, deputy director of the Tianjin Municipal Financial Department, at the first session of the 10th municipal people's congress, in regard to the 1982 final accounts and the 1983 draft budget]

[Text] 1. The 1982 Final Accounts

The 1982 financial budget plan was well implemented, and the municipality had revenue surplus, while it did not spend all budgeted funds.

The good implementation of the 1982 financial revenue plan resulted from the steady development of the national economy in the course of readjustment. In 1982, the municipality reaped bumper agricultural harvests, output of grain, cotton and vegetables increased by a large margin, and the development of the diversified economy was comparatively rapid. The gross value of industrial output showed a 6.3 percent increase over 1981. Industry made new progress in economizing on energy and water, local state industrial enterprises reduced the costs of products, and labor productivity was increased. On the basis of developing production, markets were brisk, both purchasing and marketing were brisk, and prices were basically stable. Economic development has created good material conditions for financial revenue.

Although the 1982 financial revenue plan was overfulfilled, it failed to catch up with the 1981 figure. The drop was caused by the following factors: (1) The prices of some industrial products, including watches and polyester fiber, dropped; (2) in the latter half of 1982, the state began to collect a special oil utilization tax; thus the local industrial costs for our municipality increased and revenue was commensurately reduced; (3) the people's bank increased the interest rate for loans to enterprises; thus enterprises' expenditures on interest increased, and revenue was correspondingly reduced; (4) enterprises increased paying back loans, and revenue dropped; and (5) owing to the increases in the sale of grain and edible oil and in the supply of state cotton, financial subsidies were increased. If the above factors for reducing revenue are excluded, 1982 financial revenue would have shown an increase over 1981. The implementation

of these economic measures was an essential condition for readjusting and stabilizing the national economy and improving the people's lives, though it resulted in a temporary drop in revenue.

In 1982, the task of issuing treasury bonds was satisfactorily fulfilled. The municipality bought 113.47 million yuan worth of treasury bonds, overfulfilling the state-assigned task by 14.5 percent.

According to the 1982 final accounts, expenditures met the budget plan by 89.08 percent, an increase of 46.22 percent over 1981. We have not scored such a big increase for many years.

In 1982, the allocation of funds for urban construction and capital construction were 85.52 percent more than 1981.

In 1981, expenditures for tapping the potential of enterprises and the trial production of new products reached 121.14 million yuan, and there were some 991 achievements in tapping potential and technical transformation. Of these, 225 were achievements in economizing on energy and water. According to statistics compiled by 45 district and county departments and scientific research units of the institutions of higher learning, in 1982, our municipality made 2,573 scientific research achievements and scored marked results in developing new products and new technology.

In 1982, expenditures in support of agricultural production dropped by 3.08 percent over 1981 because expenditures on flood prevention were cut.

In 1982, funds for cultural, education, scientific and public health undertakings showed a 13.26 percent increase over 1981. Through the efforts of all relevant departments, new progress in educational undertakings has been made. Subsidies for scientific undertakings centered on experimental facilities, and that has created favorable conditions for developing scientific research undertakings. [sentence as published] With regard to public health undertakings, some hospital beds and sickbeds were added and CT [as published] instrument for conducting general physical checkups and medical instruments for angiography were imported. In regard to cultural undertakings, we set up many public cultural places, built and expanded libraries and children's libraries and increased subsidies for cultural activities of people's communes. Special funds were allocated to troupes to solve problems in costuming, stage property and scenery, and the efficiency of performances has been raised. In the sphere of sports undertakings, the municipality allocated more funds for the convening of the fifth municipal games, the construction of competition arenas and the purchases of more sporting goods.

In 1982, rural people's living standard showed much improvement. On the basis of recent years' achievements, the income of rural people increased in 1982. The municipality took various means to arrange jobs for some 140,000 unemployed people. Special funds were allocated to build 1,336 commercial centers. Some 2.88 million square meters of new houses with good housing conditions were built in 1982. The staff and workers' housing conditions have been improved.

In order to solve our municipality's difficulties in getting water, the State Council decided to allocate 97.2 million yuan of special funds to divert the Huanghe and Yuehe water to Tianjin and approved the use of 195.7 million yuan from income handed over to the central authority to develop water-diverting projects. The investment in the water-diverting projects totaled 292.9 million yuan. Thanks to the concern of the State Council and the support of the Ministry of Water Conservancy and other provinces, the water-diverting task was overfulfilled by 4 January 1983. The fulfillment of the task provided a guarantee for the supply of water for industrial production and people's livelihood.

Also some 371.26 million yuan were allocated as floating capital for enterprises, as funds for arranging jobs for urban youths, funds for simply constructed commercial projects, administrative funds, funds for maintaining urban facilities and funds for compensating and comforting the disabled and the families of the deceased.

Generally speaking, 1982 financial revenues and expenditures plans were well realized. Calculated in terms of the financial system, 1982 revenues and expenditures were balanced, with revenues showing a surplus of 393.99 million yuan. The special funds for capital construction, for tapping the potential of enterprises, technical transformations, scientific research, technical innovation and small farm water conservancy projects showed a surplus of 247.67 million yuan. Of this, 198.57 million yuan from the cities' surplus and 49.1 million yuan from the counties' surplus should be transferred to the 1983 budget. Our municipality showed a net surplus of 146.32 million yuan. Of this, the cities showed a surplus of 96.63 million yuan and the counties a surplus of 49.69 million yuan. Some 89 million yuan of the cities' surplus have been marked as 1983 flexible funds and the remaining 7.63 million yuan have been makred to continue developing all undertakings.

2. Arrangements for the 1983 Financial Budget

The major arrangements for the 1983 financial budget are: Further implement the principle of readjustment, reform, consolidation and improvement, support the development of production, raise economic results, tap new financial resources and increase financial revenues. In order to bring further into play incentives for all quarters, we should amass our financial resources to ensure construction of key energy and transport projects. All expenditures should be arranged rationally, in line with needs and possibilities. We should support the development of cultural, education, scientific and public health undertakings, further improve the people's living conditions and make efforts to maintain the balance between state revenues and expenditures. The 1983 financial revenues and expenditures budget was worked out in accordance with the revenue and expenditure targets assigned by the central authority and in line with our municipality's specific conditions.

The state plans to increase our municipal financial revenue task for 1983 by 2.29 percent over the previous year. Of this, revenues from local

enterprises will increase by 3.64 percent and tax revenues by 1.69 percent over the previous year. Enterprises' basic depreciable funds to be handed over to the state will drop by 1.49 percent and revenues from other spheres will drop by 62.69 percent over the previous year.

The 1983 financial revenue task will be fulfilled mainly by relying on developing production and raising economic results. There are many favorable conditions for better fulfilling the 1983 financial revenue task. Generally speaking, the arrangements for the 1983 financial revenue tasks are positive and it is possible to fulfill this task through hard work.

In order to speed up economic construction, the state has decided to raise key construction project funds for badly needed energy and communications construction projects during the last 3 years of the "Sixth 5-Year Plan" period, beginning in 1983. The State Council has decided that, except for a few specified items, all localities, departments and units are to turn over 10 percent of their receipts not covered in the state budget to the state as a contribution to funds for the key energy and communications projects. The remaining 90 percent of their receipts not covered in the state budget will be retained by units for their own use. This will not affect the normal expenses of units so long as they strengthen management and make rational arrangements.

The state-assigned state treasury subscription task for our municipality in 1983 is 99.1 million yuan, the same as the previous year. We will overfulfill our state-assigned task so long as the party committees and governments at all levels strengthen leadership, extensively carry out propaganda work, mobilize the people, and intensify their political and ideological work.

Under the plan, the financial budget for 1983 drops by 12.01 percent as compared with the actual expenditures of the previous year. The reason for the decline is that the 1982 expenditures included the additional expenditures not covered by the budget formulated in the beginning of the year and the 1983 financial budget does not include the future additional expenditures. Compared with the expenditure budget approved by the third session of the ninth municipal people's congress, which was held in early 1982, this figure grows by 8.84 percent.

1) Special funds arranged for urban construction will stand at 627.38 million yuan. In 1983, such funds will be used mainly for building residential houses, reconstructing Xiqing road and speeding up municipal administrative public facilities and increasing building materials supply. It is planned that an area of 3.5 million square meters of housing will be completed and about 3.15 million square meters of housing will be brought up to the required housing standards. In municipal administrative public facilities, we will use such special funds for building waste water disposal plants, widening Daguangming bridge and Heiniucheng road and expanding the Jieyuan water works.

2) Under the plan, investments in capital construction stand at 393.01 million yuan. The main projects under arrangements are the Luanhe diversion project, some projects for the cultural, educational and public health spheres and winding up work on some ongoing industrial projects.

3) Under the plan, funds arranged for tapping the potential of enterprises and carrying out technical transformation total 75.36 million yuan. It is arranged that in 1983, such funds are to be used mainly for updating the equipment of enterprises, carrying out technical transformation, conserving energy and water, manufacturing good-quality and brand-name products and treating the three industrial wastes.

4) Funds for trial production of new products stand at 31.35 million yuan. Such funds will be used mainly for exploiting energy, producing and carrying out research on energy-saving equipment, developing and applying water and natural resources and conducting scientific research on new materials, new technology and new products.

5) City maintenance funds are planned at 27.97 million yuan and such funds will be used mainly for maintaining and improving roads, bridges, sewers, public facilities and environmental sanitary facilities, planting trees in parks, lands and along streets, building lawns and improving city appearance.

6) The municipality plans to spend 67.76 million yuan for supporting agriculture. The fund is chiefly aimed at developing the production of non-staple foodstuffs and, while promoting grain production, developing a diversified economy. A good job should be done in fulfilling the three basic tasks, such as breeding more fine strains, processing fodder and preventing or controlling plant diseases. It is also necessary to strengthen the research of agricultural sciences and the popularization of agricultural technology so as to achieve an overall increase among agriculture, forestry, animal husbandry, sideline occupation and fishery.

7) The municipality plans to spend 302.64 million yuan for developing the undertakings of culture, education, science and public health, surpassing the 1982 figure by 1.73 percent. Of this fund, education undertakings will cost 168.8 million yuan, a 1.24 percent increase over the 1982 figure. In 1983, the higher educational institutions plan to enroll 9,341 new students; the secondary vocational, technical and agricultural schools, 18,615 new students; middle schools, 170,900 new students; and elementary schools, 96,600 new students.

Public health undertakings will cost 68.97 million yuan, 7.97 percent less than the 1982 figure. This is mainly because public health units received additional funds and compensation in 1982 for making up deficiencies caused by past official treatment. As a matter of fact, the 1983 public health budget surpasses the 1982 figure approved at the third session of the ninth municipal people's congress by 9.13 percent. In 1983, the municipality plans to continuously buy advanced medical equipment so as to gradually modernize the key hospitals and to upgrade the levels of medical

quality and scientific research. It plans to renew or buy more medical machines and to set up more beds or delivery beds among hospitals, public health centers and other medical units.

The municipality plans to spend 64.87 million yuan for developing the undertakings of science, culture, sports, broadcast, family planning, earthquake research and cultural relics, a 15.61 percent increase over the 1982 figure. Except for normal expenses, the fund is chiefly aimed at unfolding professional activities and developing their work.

In addition, the municipality plans to spend 362.36 million yuan for arranging circulating funds, funds for arranging jobs for urban jobless youths, funds for commercial simple construction projects, administrative expenses, urban maintenance expenses, pension and social welfare and relief.

Over the past few years, the central authorities have shown great concern for our construction projects. Our expenditures have increased on a relatively large scale. This is mainly because we have spent a lot of money on investing in water resources and urban construction. Therefore, we have not scored great increases in other investments, and the contradiction between needs and possibility remains sharp. Under the current difficult situation prevailing in the state finance, various expenditures are unable to meet demands. So, we ask that various units keep their expenditures within the limit of their existing financial capacity, make proper arrangements, conduct careful calculations and strict budgeting, pay attention to economic returns and do a good job in developing their undertakings.

3. Efforts Should Be Made To Upgrade Economic Returns, To Increase Incomes and Curtail Expenditures and To Strive To Completely Fulfill the 1983 Municipal Financial Budget

The year of 1983 has a vital bearing on successfully fulfilling the "Sixth 5-Year Plan." It is the first year of the 5-year target set forth by the 12th CPC Congress in regard to achieving a fundamental turn for the better in the economy and finance. To completely fulfill the municipal annual budget and to create conditions for the 5-year task of achieving a fundamental turn for the better in the economy and finance, a good job should be done in emphatically grasping the following several tasks:

1) It is necessary to develop production in order to increase economic returns and revenues.

2) It is necessary to uphold the principle of "getting enough food on the one hand, and engaging in construction on the other hand" and to properly deal with the relationship between national construction and the improvement of the people's livelihood. To fulfill the task of collecting certain funds for building key projects of energy resources and transportation, various units should hand over in a timely manner the fund for this purpose to the state in line with the state's provisions.

3) It is necessary to actively and properly accelerate the progress of conducting reforms among financial and tax revenue systems. The State Council recently approved "The (Draft) Procedures for State Enterprises To Shift From the Profit-Delivery System to One of Taxation" formulated by the Ministry of Finance, and is ready to put it into effect this year. By following the demands set forth by the State Council, we should proceed from our actual situation and enforce the procedures step by step and in a guided manner so as to achieve a relatively good effect. After shifting the profit-delivery system to one of taxation, state enterprises should pay attention to successfully conducting planned management and maintaining a comprehensive balance, strengthen the guidance on a macro level of enterprises' utilization of their own funds and should bring into play the level role of the economy so as to enable enterprises to truly spend their money on conducting technical transformations, renewing equipment, developing new products and in engaging in construction of projects that are urgently needed by the state and that can have good economic returns. To accelerate the progress of developing science and technology, to open a path for making technical progress and to upgrade standards and quality of products, it is necessary to formulate as soon as possible financial policies and systems which are effective in urging enterprises to make technical progress. Efforts should be also made to devise ways for upgrading the managing of funds aimed at developing various undertakings.

4) It is necessary to strengthen financial supervision and to strictly enforce financial and economic discipline. Though we have strengthened financial supervision somewhat over the past few years, there are still many problems in this regard. To strictly implement the state laws and discipline, it is imperative to block or correct all malpractices, such as embezzling or abusing state incomes, increasing capital arbitrarily, retaining excess profits, borrowing and using funds arbitrarily, deciding tax reduction and exemption arbitrarily, evading taxes and making fraudulent tax reports, changing enterprise ownership arbitrarily and diverting funds covered by the budget to extra-budgetary ones. It is also necessary to recover all stolen property and money. Those who have committed serious crimes should be given due punishment. The leading personnel of units that have opened production by using state funds, but have not scored due economic returns and whose policies have resulted in serious losses and waste should be investigated and charged with responsibility for the failure.

The broad masses of financial and accounting personnel assume important responsibility for strengthening financial supervision, strictly enforcing financial and economic discipline and for steadily upgrading the level of financial affairs. For this, it is imperative to make all-out efforts to successfully build the contingent of financial and accounting personnel. Efforts should be made to supply step by step and in a planned manner a large number of university, college and secondary vocational school graduates to the contingent, to open training classes for existing financial and accounting personnel and to encourage the broad masses of financial and accounting personnel to vigorously engage in research so as to upgrade the

level of policy and work, to better do their work and to play a due role in achieving the four modernizations.

The current situation prevailing in the economy and politics across the municipality, as elsewhere in the country, is very fine. The people throughout the municipality, under the leadership of the municipal CPC committee and the municipal people's government, are earnestly implementing the tasks set forth by the 12th CPC Congress. Various fronts have steadily created a new situation. Though there are still various problems along our advancing road, only by unswervingly implementing the line, principles and policies of the 12th CPC Congress, uniting as one and making all-out efforts to conduct work will we certainly be able to successfully fulfill the 1983 plan for the national economy and the 1983 budget and to make contributions to achieving a fundamental turn for the better in the economy and finance throughout the country.

CSO: 4006/575

FINANCE AND BANKING

GUANGDONG PROVINCIAL INDUSTRY CONFERENCE OPENS

HK060640 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 5 May 83

[Text] The Guangdong Provincial Industry and Communications Work Conference opened in Shaoguan yesterday.

During the meeting, the view of Ren Zhongyi, provincial CPC committee first secretary, on persistently carrying out reform and instituting the system of substitution of taxes for delivery of profits in the reform spirit, which was expressed at the provincial CPC committee standing committee meeting, was relayed.

Comrade Ren Zhongyi said: We must treat the system of substitution of taxes for delivery of profits as a major reform and carry it out conscientiously. The advantages of the system are that it will stabilize the profit distribution relationship between the state and the enterprise and it will automatically adjust things and bring improvement in the general situation. The profit of the state and the enterprise will then grow steadily so long as there is improvement in production. The advantages of the system, however, should not be set against the responsibility system. We should not negate that system.

Comrade Ren Zhongyi said: In order to enliven the economy, we should give the enterprises a greater degree of decisionmaking power after substituting taxes for delivery of profits. This includes a certain degree of power in cadre appointment and removal, recruitment of staff and workers, self-marketing of some products, price floating for some products, and awards and punishment for staff and workers.

We maintain that the pace of substituting taxes for delivery of profits should be speeded up as soon as possible. Furthermore, we must pay attention to practicality. The demands we require should be positive attitude, reliable steps, and solid work.

CSO: 4006/587

FINANCE AND BANKING

GUANGDONG HOLDS MEETING ON TAXES, PROFITS

HK150842 Guangzhou Guangdong Provincial Service in Cantonese 1100 GMT 12 May 83

[Summary] The provincial industry and communication meeting that was convened by the provincial government, concluded on 12 May in Meizhou City. The meeting focused on the problem of raising the understanding of substituting taxes for the delivery of profit. Li Jianan, vice provincial governor, made a concluding speech at today's meeting.

He said: "The problem of substituting taxes for the delivery of profit is an important content of the meeting. The provincial CPC committee has conducted serious research and meticulous discussions on the problem, and holds the delivery of tax in place of profits is an important part in the current economic structural reform. This work must be speeded up as possible. At the same time, we must pay attention to proceeding from reality.

"When we say we must adopt a positive attitude, it means we must fully understand that changing the practice of submitting all profits to the state to the levying of profit taxes in state-run enterprises is a good means to handle the relationship between the state and enterprises and an important decision to promote overall economic reform. We must treat the problem of substituting taxes for the delivery of profit in connection with the party's line, guiding principle, and policy since the 3d Plenary Session of the 11th CPC Central Committee and adopt a positive attitude. We must adhere to the orientation of substituting taxes for the delivery of profit and never vacillate. [Several sentences indistinct] It is imperative to substitute taxes for the delivery of profit. There is no question of whether or not we should do it. However, in substituting taxes for the delivery of profit, we must pay attention to [words indistinct]."

The vice provincial governor continued: "[sentence indistinct] We must proceed from reality and seek truth from facts. Since the 3d Plenary Session of the 11th CPC Central Committee, we have, in connection with the practical situation in our province, actively sought and explored experiences in the reform of economic structure and have carried out various kinds of pilot projects, such as promoting the experience of Qinyuan County, enlarging the decision-making power of enterprises, and practicing various responsibility systems centered on the contract. All these practices of reform in our province have produced considerable economic results. Particularly valuable is that they have provided experience for the overall implementation of substituting taxes for the delivery of profit.

Therefore, while substituting taxes for the delivery of profit, we must connect it with reform methods of previous years and maintain continuity. Never should we set the delivery of taxes for profits against the responsibility systems implemented in recent years so as to deny the experience derived from projects in previous years and cause ideological confusion. To maintain the continuity of policy, we must arouse the enthusiasm of the vast numbers of enterprises and the broad masses of workers and staff, and maintain the good trend in developing production."

Li Jianan made detailed and exhaustive explanations on the promotion of the experience of Qinyuan County, the decision of establishing pilot project enterprises in substituting taxes for the delivery of profit, the implementation of contract system in remitting profits in the province's metallurgical industry, and the retention of profits in enterprises and their distribution and use.

Li Jianan continued: "The problem of substituting taxes for the delivery of profit is an important reform. We must not treat it as a matter for financial departments only, but must, while grasping production, firmly grasp the work of substituting taxes for the delivery of profit. We absolutely cannot [words indistinct]. All departments must adhere to developing production, promptly resolve new problems which may arise in production, and make concerted efforts to grasp production and reform."

Finally, the vice provincial governor said: "Leaders at all levels must emancipate their minds, brace up, and improve their working style. [Sentences indistinct] They must, while grasping production, firmly grasp the reform and strive to win victories in both production and reform, thus fighting for the creation of a new situation in industry and communication production and financial work in our province.

CSO: 4006/587

BRIEFS

TIANJIN RURAL DEPOSITS--According to statistics, by the end of 1982, the balance of rural commune members' savings deposits in Tianjin municipality reached 288,450,000 yuan. Each peasant household averaged 271.96 yuan in savings. By the end of 1982, the fixed deposits in rural areas accounted for 67.6 percent of the total deposit figure, an increase of 49.27 million yuan over the beginning of 1982. [Tianjin TIANJIN RIBAO in Chinese 17 Jan 83 SK]

CSO: 4006/587

INDUSTRY

FIRST STAGE OF BAOSHAN STEEL COMPLEX NEARS COMPLETION

OW060215 Shanghai City Service in Mandarin 1100 GMT 4 Jun 83

[Text] As of May this year three quarters of the construction and installation work of the first stage project of the Baoshan iron and steel complex had been completed with quality requirements fully met.

On the afternoon of 4 June the Baoshan project command held a rally to mobilize the construction units at various levels at the Baoshan project construction site to strengthen enterprise management, improve the economic responsibility system and ensure that the first stage project of the Baoshan iron and steel complex will be completed on schedule with both qualitative and quantative targets fully met.

Under the guiding principle of ensuring quality first, the high-quality rate of the construction work at Baoshan has kept improving year after year, reaching 94 percent in 1982 and an even higher rate since the beginning of this year. Three construction enterprises at the Baoshan site have been named national high-quality engineering enterprises and Ministry of Metallurgical Industry high-quality engineering enterprises. More than 100 installations have been given top quality ratings.

In May this year a Ministry of Metallurgical Industry quality inspection group conducted an on-site test of more than 8,000 tons of steel structures already installed at Baoshan, and a 99 percent high-quality rate was given.

To guarantee the quality of the coking oven, the Baoshan (wu-ye-er) Company examined more than 1 million firebricks one by one and carried out the construction work meticulously without the slightest negligence. Among the installations already finished by this company, seven were given top quality ratings. From January through May this year, construction work done by the company was given a 95.7 percent high-quality rating, a record for the company.

CSO: 4006/587

BRIEFS

SHANXI METALLURGICAL QUARTER OUTPUT--As of 24 March, enterprises across Shanxi Province on the metallurgical industrial front overfulfilled their first quarter production plan in the products of steel, pig iron, rolled steel, metallurgical coke, silicon iron, raw copper and electrolytic copper. They scored a 15.6 percent increase over the total output value of the corresponding 1982 period. The provincial level metallurgical enterprises scored 1 5-fold increase over the profits handed over to the state in the corresponding 1982 period. As of 24 March, the Taiyuan Iron and Steel Company alone handed over some 26,427,000 yuan of profits to the state. [Summary] [Taiyuan SHANXI RIBAO in Chinese 29 Mar 83 p 1 SK]

CSO: 4006/587

CONSTRUCTION

LIANG LINGGUANG ON PRIORITY CONSTRUCTION

HK100605 Beijing ZHONGGUO XINWEN SHE in Chinese 1110 GMT 9 Jun 83

[Text] Beijing, 9 Jun (ZHONGGUO XINWEN SHE)--After listening to Premier Zhao Ziyang's government work report, Liang Lingguang, a deputy to the Sixth NPC and Guangdong provincial governor, answered some questions posed by this reporter about the situation of priority construction in Guangdong Province as follows:

Question: The government work report stressed that funds and materials should be concentrated to gear up priority construction. How is the situation in Guangdong?

Answer: The priority projects laid down by the central authorities in Guangdong include the building of multiple tracks in the section between Guangzhou and Hengyang of the Beijing-Guangzhou railway, the Guangdone nuclear power station, the Shajiao power station, the Yunfu sulphur-iron mine, and the building of a railway between Sanshui and Yaogu and the extension projects of the Huangpu harbor and the Zhanjiang harbor. According to a prescribed proportion, each year, Guangdong Province hands over 200 million yuan to the state to ensure priority construction throughout the country. In addition, Guangdong also provides funds to meet part of the needs of the multiple-track projects in the railway section between Guangzhou and Hengyang and the railway between Sanshui and Yaogu. The provincial authorities have organized strength to gear up the construction of the nuclear power station and the Shajiao power station. The provincial authorities have also proposed that the province take charge of the building of multiple tracks on the Guangzhou-Jiulong [knowloon ?] railway by making use of foreign capital so as to help facilitate passenger transport between Guangzhou and Hong Kong, which is now very busy.

In Guangdong Province, though industry has grown by 39 percent and agriculture has grown by 37 percent over the past 4 years, financial income has grown by only 2.5 percent. The problem that funds are overdecentralized also exists in Guangdong. Premier Zhao's report hits home on the current failings and is of great significance in guiding us to rational distribution of the national income, proper concentration of funds and materials, and doing a good job in priority construction.

Question: Do you have any new ideas for handling priority construction in Guangdong Province?

Answer: The priority for construction in Guangdong is in the fields of agriculture, energy, communications, education, science, and culture. But in the future, we will give priority to a few areas and speed up the construction there:

1. The Zhujiang River delta centered on Guangzhou. There are 17 cities and counties with a total population of 11 million. Though its area accounts for only 7.2 percent of the province's area, its industrial output value accounts for 3/5 of the provincial total and its agricultural output value accounts for 1/3, its financial income accounts for 2/3, and its foreign trade accounts for 1/2. This area is the most wealthy area of the province and is a construction base of the province. Its development of construction will promote construction throughout the province. At present, we are making investigations doing studies for drawing up a general construction program for this area by taking the State Council's methods for handling the Shanghai Economic Zone as a reference.

2. We will step up the construction of the Shenzhen, Zhuhai, and Shantou Special Economic Zones and will build them into advanced areas with a considerable scale and with high technological and management level by 1990.

3. We will step up the development of Hainan Island. By laying a foundation in the next 3-4 years, an economic "takeoff" is expected to appear on the island during the Seventh 5-Year Plan.

4. We will gear up the construction of various mountainous areas. Of the territory in Guangdong, 70 percent is covered by mountains and 10 percent is water surface, with the remaining 20 percent cultivated land. In Guangdong, 77 countries are located in mountainous and hilly areas. The economic development there is comparatively slow. By gearing up the construction in these areas, the face of Guangdong will be greatly changed.

In addition, Guangdong has a long coastline and faces vast areas of sea. This provides a great potential which we must tap.

Question: Can you tell us more concretely about the building of multiple tracks on the Guangzhou-Jiulong railway that you have mentioned above?

Answer: As the first step, we plan to lay multiple tracks on the railway by section; then, we will electrify this railway. All this requires an investment of about 400 million yuan. Now, we have submitted to the State Council a proposal for setting up a Guangdong railway construction company, whose task would be to raise funds through various channels and to take responsibility for the project.

Question: How is the feasibility study of the building of the Hong Kong-Guangzhou-Macao expressway going on?

Answer: An initial study of the feasibility of the building of the expressway has been conducted. In order to save investment at the initial stage and to achieve better economic results, we plan to build the expressway in stages and

in sections. The initial plan is to first build the section from Guangzhou to Human. The traffic can continue to Chiwan by ferries and the new road can be linked to the existing highroad between Chaiwan and Shenzhen. In this way, investment can be saved to a large extent. Now, this plan is under further consideration.

Question: What recent progress has been made in the building of the nuclear power station?

Answer: A special body has been founded to be in charge of the work. Leading members of the body are two provincial deputy governors and a member of the provincial CPC committee's standing committee. They are now stepping up the organization of strength so as to speed up the preparatory work for the construction project. It is expected that the project will start next year.

CSO: 4006/588

CONSTRUCTION

HUANGPU HARBOR COAL PIER UNDER CONSTRUCTION

HK030728 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 31 May 83

[Text] Guangzhou's Huangpu harbor coal handling company has borrowed a total of $39.86 million from the World Bank to be used for the construction of a coal pier at (Xiti) in the new harbor area. With support from the relevant quarters, this construction project has made rapid progress since it was initiated in August 1982. At present, the underwater works, the railway roadbed, and the pile driving works for the railway and highway bridges are under full construction. The (Xiti) coal pier at Huangpu harbor is one of the country's 70 key construction projects.

According to the design, two deepwater berths capable of berthing vessels of 35,000 tons displacement will be built at the coal pier. The pier will have an annual unloading capacity of 4 million tons of coal, plus an annual loading capacity of 2.47 million tons of coal handled by lighters, making a total handling capacity of 6.47 million tons. It has a storage ground covering 66,400 square meters, with a capacity of 375,000 tons. A portion of the coal will be transported by trains and automobiles.

The loan provided by the World Bank belongs to a (? series) loan for production and technology. It has been primarily obtained for buying leading and unloading equipment for the coal pier. According to the design, the pier will be equipped with 16 fixed conveyer belts and 1 mobile conveyer belt with a total length of 3,900 meters. There will be 4 gantry cranes with containers--each with an unloading capacity of 540 tons of coal per hour; 4 stackers, each with a piling capacity of 1,000 tons of coal per hour; and 4 unloading machines, each with a handling capacity of 800 tons of coal per hour. There will also be a loading machine with a total electrical and mechanical capacity of 6,600 kilowatt, which will be controlled by a computer control center. All operations will be mechanized. Tenders for this highly mechanized and relatively advanced loading and unloading equipment will be openly invited at home and abroad in June and July this year. The whole construction project should be concluded and put into operation before the end of 1986. To make full use of the loan provided by the World Bank, the Huangpu Harbor Coal Handling Company has been set up in the office building of the Huangpu harbor administration bureau. This company is responsible for inviting tenders at home and abroad, and for placing orders for the equipment.

CSO: 4006/587

BRIEFS

SHANXI CAPITAL CONSTRUCTION--Comparing 1982 to 1981, Shanxi Province increased the funds in fixed assets projects by 35.6 percent. Some 626 projects have been completed and put into operation. [Summary] [Taiyuan SHANXI RADIO in Chinese 22 Apr 83 p 1 SK]

AGENCY AT CONSTRUCTION SITE--Wuhan, 5 Jun (XINHUA)--The Ministry of Water Conservancy and Power recently set up a representative agency at the construction site of the Gezhouba multi-purpose water conservancy project. This important organizational measure by the ministry is designed to strengthen leadership over construction of the key project and to reform the method of operation and management. This is China's first ministry-level representative agency in capital construction projects related to water conservancy and power. The state has decided to adopt the all-round contract investment method in construction of the second-stage work of the Gezhouba multi-purpose water conservancy project, with the Ministry of Water Conservancy and Power signing a contract with the Changjiang Gezhouba Engineering Bureau which is responsible for the actual construction work. The representative agency specifically exercises first-party functions in the contract on behalf of the Ministry of Water Conservancy and Power. The representative agency is composed of a representative, deputy representative and adviser of the Ministry of Water Conservancy and Power. These people have been formally appointed by the ministry and have reported for duty. [By correspondent Tang Guangyou, reporter Li Yongchang] [Excerpts] [OW051027 Beijing XINHUA Domestic Service in Chinese 0020 GMT 5 Jun 83]

CSO: 4006/588

DOMESTIC TRADE

HENAN CONFERENCE ON COMMODITY CIRCULATION

HK061337 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 1 Jun 83

[Summary] At the end of May, the Henan Provincial People's Government held a conference on the circulation of commodities. The conference analyzed the current situation in the circulation of commodities in the province and formulated regulations on furthering strengthening control over the market and commodity prices in the future. Yu Mingtao, provincial CPC committee secretary; and He Zhukang, provincial CPC committee secretary and governor, attended and spoke at the conference.

The conference pointed out that the amount of retail commodities throughout the province in 1982 was 47.5 percent more than in 1978, the amount of industrial products purchased in 1982 was 31 percent more than in 1978, and the amount of agricultural and sideline products purchased in 1982 was 35 percent more than in 1978.

The conference pointed out: "In the situation where many kinds of economic sectors, many circulation channels, and many modes of doing business coexist, it is necessary to give full play to the leading role of the state-run commercial units. This is a decisive condition for guaranteeing supplies in urban and rural areas, stabilizing commodity prices in the market, and ensuring consumers' interests. All places must adhere to the principle of strictly dealing with wholesale business and relaxing the handling of retail business and further put the wholesale system on a sound basis."

The conference also emphatically pointed out: "At present, many problems still exist in commodity price control in the market. All state-run enterprises and catering and service trades must adhere to the socialist orientation, uphold the interests of the state and consumers, strengthen commodity price control, and put the commodity price system on a sound basis so as to enable the socialist unified market to develop healthily. We must strengthen leadership over collective and individual commercial units, which must have fixed places for doing business. Places must be designated for those which have no fixed places for doing business. No one is allowed to erect stalls in violation of regulations. All collective and individual commercial undertakings must do business honestly and mark prices on their goods. Those who do business without licenses must be resolutely prohibited. No one is allowed to fraudulently purchase from state-run shops goods which are in short supply in order to sell them at high prices

and to reap staggering profits. Other wise, they must be dealt with severely. Relevant departments must regularly supervise and inspect commodity prices in the market and strictly enforce commodity price discipline to ensure the basic stability of commodity prices. The ill-gotten gains of the units and individuals who violate commodity price discipline must be confiscated. In serious cases, they must be punished by law."

The conference also studied the issue on the purchase of summer grain. The conference pointed out that the province's situation in summer grain production this year is very good. All places must make good arrangements for the purchase of summer grain. In places where a bumper harvest is reaped, they must strive to fulfill their annual quotas for purchase in summer. In ordinary places, they must fulfill some 70 percent of their annual quotas for purchase.

The conference demanded that workers on the commercial front throughout the province continue to carry out the activities of five stresses, four beauties, and three loves as well as the activities of doing business in a civilized way. They must improve their service attitude and their service quality.

CSO: 4006/588

DOMESTIC TRADE

TIANJIN DEALS BLOWS AT LAWLESS PERSONS IN MARKETS

SK100510 Tianjin TIANJIN RIBAO in Chinese 8 May 83 p 1

[Text] On the morning of 7 May, Wu Zhen, deputy mayor of the municipality, sponsored a forum with the participation of directors of the industrial and commercial administrative bureaus and the public security bureaus to discuss problems existing in markets across the municipality. He urged the industrial, commercial, and public security departments to make concerted efforts to strengthen market management and to deal strict blows at lawless persons who disrupted the markets.

Deputy Mayor Wu Zhen pointed out: Recently, there have been a large number of lawless persons who have disrupted the markets by committing armed threats or by forcibly or fraudulently purchasing fine quality commodities which are in short supply and reselling them for profit. The TIANJIN RIBAO printed a report on 7 May reflecting such a state of affairs which leading personnel at all levels should regard as important. We should never allow a few lawless persons to continuously disrupt the markets and to harm the people's interests. It is imperative to consolidate market order in a timely manner and to strictly deal blows at lawless persons so as to protect the masses' interests.

Deputy Mayor Wu Zhen also put forward the following several tasks for departments in charge of commerce, commodity prices, industrial and commercial administration, and public security: 1. Industrial and commercial administrative departments should carefully read reports carried in the newspapers exposing unlawful activities witnessed by the masses, such as forcibly or fraudulently purchasing commodities in short supply, reselling these commodities at higher prices, and disrupting markets by conducting illegal business transaction in groups, arbitrarily raising prices, snatching or stealing commodities in public and beating or scolding personnel in charge of industrial and commercial administration and price management. Efforts should be made to deal with these cases in line with the seriousness of their mistakes. Those who have violated criminal laws should be punished according to the law by the public security and judicial departments. The few lawless persons who have repeatedly violated the criminal laws, refused to mend their ways despite repeated admonitions, snatched in public markets commodities in short supply, and beaten or scolded personnel in charge of industrial and commercial administration and price management should be strictly punished by the public security and judicial departments; 2. While strictly dealing blows at the few lawless persons, the departments in

charge of industrial and commercial administration, price management, and public security should earnestly implement the policy and strictly distinguish between the two different types of contradictions. Those who have committed minor mistakes, actively confessed their mistakes and willingly mended their ways should be vigorously educated or given a chance for repentance; 3. Commercial departments should step up their work in conducting ideological education among staff and workers so as to enable them to have correct business ideas, to strictly abide by the supply policy, and to safeguard consumers' interests. Those who have collaborated with illegal outside units and sold a large amount of commodities in short supply to small retailers in order to make profits should be clearly investigated and strictly punished; and 4. The departments in charge of industrial and commercial administration, price management, commercial affairs, and public security should immediately adopt effective measures to maintain normal order in markets, to protect the masses' interests, and to stabilize the people's lives.

CSO: 4006/588

FOREIGN TRADE

NEW CHARACTERISTICS OF CHINA'S FOREIGN TRADE

HK100744 Beijing JINGJI RIBAO in Chinese 11 May 83 p 1

[Report by Dong Yulin [5516 3022 2651]: "There Will be Four New Characteristics in Our Country's Foreign Economic Relations and Trade This Year"]

[Text] As this reporter has learned from sources in the Ministry of Foreign Economic Relations and Trade, there will be four new characteristics in our country's foreign economic relations and trade this year: trade volume will greatly increase; imports will surpass exports; the supply of export goods will be ample; new changes will appear in trade relations between our country and some other countries and regions.

As is learned, the total volume of imports and exports this year will be $45.9 billion according to the state plan. This shows an increase of 19 percent over last year's actual figure--$38.6 billion. The volume of exports this year is planned to be $22 billion, increasing by 1.9 percent over last year's $12.6 billion; and the volume of imports is planned to be $23.9 billion, increasing by 41 percent over last year's $17 billion. This year, the expected adverse balance of foreign trade amounts to $1.9 billion. This is a new situation after our country achieved big favorable balances of international payments in the previous 2 years. The main reasons for the relatively great increase in imports are that, on the one hand, last year's actual figure was on the low side because of the fall in prices on international markets; and that, on the other hand, the new development in all fields in our country requires more imported resources, since this year is the third year of the Sixth 5-Year Plan. While consolidating and developing all trade relationships, our country will put emphasis on developing economic and technological cooperation and trade relations with the Third World. In particular, our country will make greater efforts to promote South-South cooperation in accordance with the four principles--"equality and mutual benefit, diversification in forms, practicality, and common development"--which were put forward by Premier Zhao Ziyang on his visit to Africa.

The increasingly serious protectionist tendency in Western nations has to a certain extent adversely influenced our country's export business. Our enterprises engaged in foreign economic work and foreign trade have taken some new measures, including producing more marketable products, improving the fulfillment of contracts, and opening up new markets.

CSO: 4006/588

FOREIGN TRADE

NPC DEPUTY GU GENGYU ON MARKET FORECASTING

OW121031 Beijing XINHUA Domestic Service in Chinese 0110 GMT 10 Jun 83

[Text] Beijing, 10 Jun (XINHUA)--Gu Gengyu, NPC deputy and sepcial [Te Yue 3676 4766] adviser to the Ministry of Foreign Economic Relations and Trade, proposed the stepped-up training of commercial talent, cutting down on overstocking and doing a good job in market forecasting. He was speaking on how to increase economic results at a panel discussion of the Sichuan provincial delegation to the NPC.

Gu Gengyu, 79, is a newly-elected NPC deputy. Three generations of his family engaged in a bristle export business. Before liberation, he was general manager of the Sichuan Animal Products Company which processed bristle and exported it to 40 countries. After liberation, he was general manager of the China Animal Products Import-Export Company. He has been in the foreign trade business for nearly 60 years and has tremendous experience.

He said: Regarding the matter of increasing economic results, Premier Zhao dealt with it in his government work report to the previous NPC. He has also stressed increasing economic results on many occasions. However, people have not paid enough attention until today because in our history we have had a long, long period of feudal society which belittled industry and commerce. In modern times, a capitalist commodity economy has never had the chance to fully develop in our country because of imperialists' aggression and the trammels of feudalist ideas. We have had too few commercial wizards. Today, very few management cadres in our economic departments really understand the laws of a commodity economy. Therefore, in order that all cadres engaged in economic work attach importance to economic results, we must begin with education, add to it the "software" of social science and train a large number of management cadres who understand the laws of a commodity economy and know how to do business.

Deputy Gu Gengyu offered his views on the problem of the overstocking of foreign trade goods and commercial goods and materials. He said: If the problem in these three categories of overstocking is not solved, it will be difficult to increase economic results. Every effort should be made to cut overstocking. He said that the best way to avoid overstocking is to do a good job in market forecasts. Before you manufacture a product, you must think about whether people will want the product or can afford it. An overseas market forecast is more difficult to undertake; yet, it is not impossible. As to a domestic market forecast, it is like "catching a turtle in a vat": It is a cinch; much easier than doing foreign market forecasts. He emphatically pointed out that in doing economic work, it is imperative to make investigation and study.

CSO: 4006/588

FOREIGN TRADE

GUANGDONG INSURANCE BRANCH REPORTED DOING WELL

HK061434 Cuangzhou Guangdong Provincial Service in Mandarin 1000 GMT 1 Jun 83

[Text] By adopting flexible measures and providing reliable service to foreign clients, the Guangdong branch of the People's Insurance Company of China has been winning a higher and higher reputation and becoming more and more prosperous.

In the past, this company provided only two kinds of insurance to foreign clients, namely import and export cargo transportation insurance and ship insurance. Since the implementation of the open-door policy by the country, the company expanded its business to more than 20 types of insurance in relation to the business of processing and assemblying goods for foreign merchants, compensation trade, cooperative management, joint venture, prospecting and exploitation of oil fields, and so on. These services provide foreign, overseas Chinese, and Hong Kong and Macao businessmen, with a guarantee against losses in their economic interests and safeguarding their life.

In provinding an insurance service to overseas clients, this company has adopted flexible measures with regard to insurance terms, insurance tax rates, insurance procedure, and so on. Insurance can be provided based on the insurance terms and tax rates currently adopted in China, or on those practiced abroad or in Hong Kong and Macao, on the condition that the procedure does not violate the spirit of our country's law concerning insurance. As far as insurance procedure is concerned, the company has made it as simple and as convenient as possible to the insurance applicant. At present, the company provides insurance applicants with choices of insurance procedures.

The handling insurance claims, this company emphasizes facts and adheres to the principle of sincerity, speed, accuracy, and reason, thus providing insurance applicants with a full guanantee. For example, 5 days after the completion of the investigation into the dire at the Xiaolan embroidered shoes factory in Zhongshan County, the company promptly compensated the Hong Kong merchant concerned with a sum of HK$230,000. Three days after a boiler explosion in (Xinnanxin) dyeing mill in Shenzhen, the company promptly compensated the insurance applicant HK$300,000. Thus, the company has gained a higher and higher reputation and is doing better and better.

CSO: 4006/587

BRIEFS

TIANJIN WORLD BANK LOAN--Tianjin, 1 Jun (XINHUA)--The World Bank and the Investment Bank of China have approved a $5.56 million loan from the World Bank for Tianjin Municipality to import six new projects including a new production line for the Tianjin Printing Ink Plant and capsule manufacturing equipment for the No 2 Zhongyang Pharmaceutical Plant. Total investment in the six projects is 19.59 million yuan. [OW040517 Beijing XINHUA Domestic Service in Chinese 0037 GMT 1 Jun 83]

SHANGHAI INDUSTRIAL ZONE--Shanghai, 22 May (XINHUA)--Work has begun to turn Minhang, a district under the Shanghai municipality, into an industrial zone producing export goods, according to the Shanghai municipal government sources. Development of this 160-hectare area 30 kilometers from the city center is part of Shanghai's efforts to expand its exports, taking advantage of the newly-acquired independence in handling its own foreign economic and trade affairs. Hong Kong, Macao, Overseas Chinese and foreign firms are welcome to start factories independently or in cooperation with local enterprises, the sources said. The municipal government has approved a plan under which electronic, meters and instruments, watch, toy, garment and food factories will be started in the area. Ground is being cleared and construction sites will be available in this area by the Huangpu River in the second half of this year, the sources said. Roads and drainage works, power and gas supply, and other public facilities are being planned. [Text] [Beijing XINHUA in English 0718 GMT 22 May 83 OW]

CSO: 4006/573

TRANSPORTATION

RELIEF OF RAILWAY FREIGHT TRANSPORT URGED

SK130235 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 12 Jun 83

[Station commentary: "It Is Imperative To Rationally Distribute Material Delivery Tasks To Various Transport Means"]

[Text] Over the past many years, the province has been strained in railway freight transport. In particular, main railways across the province have suffered serious backups of freight. At present, throughout the province there are large quantities of key materials covered by the state plan such as coal and timber, which are backed up and waiting for delivery. In addition, a large amount of materials to be delivered short distances still depend on railway transport. According to preliminary investigation data, the province's railways must assume an annual transport task of more than 5.6 million tons of freight which is delivered less than 50 kilometers. Per-day freight volume reaches 364 freight trains, or over 18,200 tons. If this railway transport task is shared by highway transport units, it is very possible to lighten the transport burden of railway lines and to ease their strained transport tasks so as to have them assume more tasks of long-distance freight transport, and to provide steady sources of freight for the development of highway transport.

An important measure of rationally dividing work between railway and highway transport units, tapping the latent potential of transportation and easing the strained situation prevailing in the transportation field is to gradaully switch short-distance transport tasks from railway units to highway units. This is also an important way to increase economic returns in social transportation. The highway transport departments in various localities should give priority to arranging delivery schedules for short-distance tasks so as to bring into full play the mobility, adaptability, and convenience of motor vehicle transportation. They should also fulfill their transport tasks safely, successfully, and in a timely manner.

Except for the freezing season, the province has very convenient river water transport. Areas along the banks of the Songhuajiang, Wusulijiang, and Heilongjiang rivers should give priority to arranging water transport schedules for materials that are suitable to this regard so as to bring into full play the superiority of low cost and energy consumption and high economic returns of water transport. Implementing the principle of rationally distributing material delivery tasks to various transport means is in conformity with the needs of developing the national economy and is also an important way to increase economic returns in the transportation field.

CSO: 4006/588

BRIEFS

SHANXI RAILWAY SECTION OPERATION--The Fenhe-Zhencheng section of the Taiyuan-Lan County railway in Shanxi Province opened to traffic on 1 April. [Summary] [Taiyuan SHANXI RIBAO in Chinese 1 Apr 83 p 1 SK]

BEIJING CARGO OWNERS' FORUM--Yesterday afternoon, the Transport Bureau of the Ministry of Railways the Beijing Railway Bureau, and the Beijing Railway Subbureau jointly held a forum of owners of cargo in Beijing. At the forum, Li Senmao, first vice minister of the Ministry of Railways, said that the masses and industrial and mining enterprises are best qualified to speak on railroad transport work and are the necessary social strength which helps railroad departments improve work. He sincerely hoped that the masses and industrial and mining enterprises will put forward criticisms, expectations, and demands in regard to freight and passenger transport on railroads and to railroad construction so that railroad departments will make improvements. [HK220724 Beijing City Service in Mandarin 2300 GMT 5 May 83]

CSO: 4006/587