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Qian Xuesen on Structure for Building Socialism

HK2711031192 Beijing ZHONGGUO XINWEN SHE in Chinese 1146 GMT 15 Nov 92

["Qian Xuesen Expounds on Structure of System for Building Socialism"]

[Text] Beijing, 15 November (ZHONGGUO XINWEN SHE)—Not long ago, renowned Scientist Qian Xuesen offered his views on both the contents and specific aspects of the socialism being built in China.

Qian Xuesen, who is known in China as the "Father of the Missile," wrote, in collaboration with another individual, an article entitled "The Structure of Our Country's System for Building Socialism." The article pointed out that China's socialism building should comprise four major aspects, namely, political civilization building, material civilization building, spiritual civilization building, and geographical building.

The article, which was written jointly by Qian Xuesen and Tu Yuanji, noted that the political civilization building should consist of the following three aspects: 1) democracy building, 2) structural building and political structural reform, and 3) legal system building.

Regarding material civilization building, both Qian and Tu maintained that, apart from economic construction—which is the center—it should include building in the area of the people's health, including medical and health projects, population control, and structural improvement in food and nutrition.

They divided spiritual civilization building into two aspects, specifically, ideological building and cultural building. Cultural building was further divided into 13 parts, including educational projects, scientific and technological undertakings, literature and art, news and publication, flowers, birds, insects and fish, as well as good and delicious food.

Regarding geographical building, which is considered the fourth main part, the writers maintained that it should comprise environmental protection and ecological building on the one hand and infrastructural facilities building on the other, which includes the construction of telecommunication, communications, and transport facilities.

The writers of the article also proposed that a general design department be set up to take charge of the overall work, formulate plans, coordinate the aforementioned four main aspects, and push ahead with work in nine aspects. They believed that efficient coordination will certainly serve to quicken the overall pace of construction.

Qian's article was carried in Volume 10 of RENMIN LUNTAN [PEOPLE'S FORUM].

Biographical Sketches of Selected Media Personalities

92CM0409A Beijing ZHONGGUO JIZHE [THE CHINESE JOURNALIST] in Chinese No 8, 15 Aug 92 pp 62-64

[Article: "Biographical Sketches of Special Advisors to the Magazine"]

[Text] **Shao Huaze [6730 5748 3419]**

Editor-in-Chief, RENMIN RIBAO; Deputy Chairman, All-China Journalists Association. Born June 1933, Chun'an County, Zhejiang; joined PLA in 1951; graduated from Philosophy Study Class, Chinese People's University in 1960. Began journalism work in 1964 serving successively as editorial writer, theory editor, and deputy editor JIEFANGJUN BAO, becoming deputy press director in February 1981. Became director of the Propaganda Department, General Political Department in February 1985. Became editor-in-chief RENMIN RIBAO in June 1989. Major works include *Life and Philosophy, Thoughts in the Midst of Historical Change, Thoughts While Moving Ahead, Informal Discussion of News Commentary Writing*, and *Essentials of News Commentary.*

Yang Zicai [2799 1311 2088]

Editor in Chief, JIEFANGJUN BAO; Deputy Chairman, All-China Journalists Association, Deputy Director Beijing Municipal Essay Institute. Joined PLA in 1946 and was awarded two commendations for exceptionally meritorious service during the war years. Changed profession to news work in 1958 serving as reporter, press section chief, news department chief, deputy editor, editor, and internal director All-China Journalists Association, secretariat secretary, and member of party organization. Took part in several air-sea combat missions along the southeast coast during the 1962 Sino-Indian border counterattack in self-defense, and in the 1974 combat zone inquiry into the war for recovery of the Xisha Islands. Commended as a PLA correspondent model soldier. Has published *Collection of Essays on Study by the Light of Fireflies*, and *Second Collection of Essays on Study by the Light of Fireflies.*

Fan Jingyi [5400 2417 1355]

Editor-in-Chief JINGJI RIBAO. Born 1931. Native of Suzhou, Jiangsu Province. Following graduation in 1951 from the Chinese Language Department of St. John's University in Shanghai, assigned to DONGBEI RIBAO (named changed to LIAONING RIBAO in 1954) to do news work. Beginning in 1979, held successive positions in LIAONING RIBAO as deputy director, director, member editing committee, and deputy editor-in-chief. Following the Third Plenary Session of the 11th Party Central Committee, wrote a series of reports that had a nationwide impact, including *Do Not Regard a Beginning as Going Too Far.* Commended as an advanced

worker in Liaoning Province and as a model party member in units under direct jurisdiction of the Liaoning Provincial CPC Committee. Transferred to Beijing in 1984. Became director of the Foreign Language Publishing Bureau, and secretary of the party branch organization in the Ministry of Culture. Transferred to current position in March 1986. Selected outstanding national newsman in 1991 for his contribution in giving JINGJI RIBAO a more distinctive flavor.

Zhang Changhai [1728 1603 3189]

Editor-in-chief GUANGMING RIBAO. Born 1930. Native of Luannan, Hebei. Pen names: Yi Su [0122 4725] and San Tian [2718 3944]. Graduated in 1946 from the Journalism Department of the Academy of Literature and Art, North China Joint University, Zhangjiakou. During the liberation war, served as correspondent for ZHANGJIAKOU RIBAO and HEBEI-REHE-CHAHAR DAOBAO. Was deputy director, Nankou Branch, XINHUA. After founding of the People's Republic, served as special correspondent to CHAHAR RIBAO; editor, Central Documentary Film Studio; GUANGMING RIBAO deputy editor in charge of literature and art; and editor in editor-in-chief's office. Member Chinese Author's Society; director, Chinese Poetry Society; permanent member, All-China Journalists Association; and chairman Chinese Documentary Literature Research Association.

Chen Li [7115 4351]

Editor-in-chief, ZHONGGUO RIBAO. Born May 1929. Native of Cixi, Zhejiang. Graduated Beijing University in 1948, and began revolutionary work in November of the same year. Served as editor; chief, editorial section, and chief theory section of TIANJIN RIBAO from January 1949 to January 1962. Served as political section chief, deputy director, director, and party organization secretary of Tianjin Press from January 1962 to November 1982. Served as ZHONGGUO RIBAO deputy editor-in-chief, and editor-in-chief from November 1982 to the present.

Yang Weiguang [2799 0251 0342]

Director, Central Television Station. Born November 1935. Native of Meixian, Guangdong. Graduated from Journalism Department, Chinese People's University in 1961, and assigned in the same year to the Central People's Broadcasting Station where he served as editor, correspondent, deputy manager, and deputy station director. Transferred in 1985 to become deputy director of the Central Television Station. Appointed to present position in 1991. Is concurrently a member of the Standing Committee of the All-China Journalists Association, member of the Chinese Radio Broadcasting and Television Society, deputy director of the Television Research Association, and deputy director (or deputy chairman) of the Economic Correspondents Association, the Legal Correspondents Association, and the Health Correspondents Association. Has helped organize numerous major propaganda campaigns and has actively promoted reform of broadcasting and television propaganda during the past more than 30 years. Has published more than 1,809 articles as well as *Rudiments of Broadcast Propaganda*, and *Collection of Essays on Television Journalism*.

Yang Zhengquan [2799 2973 3123]

Director, Central People's Broadcasting Station. Born 1940. Native of Feicheng, Shandong. Following graduation from the Beijing Broadcasting Academy in 1964, he went to work in the Central People's Broadcasting Station. He has held positions as editor, correspondent, team leader, manager, assistant to the station director, and assistant station director. He began work in his present position in July 1985. He has organized and led reporting on numerous political campaigns and athletic competitions, and he has led the programming of reform adjustments and new reform. Writing under the pen names Lu Shi [7627 4258], Lu Mu [7627 3668], and Yang Mu [2799 3668], he has explored the news business, the broadcasting business, and broadcasting theory in articles such as *Some Observations on the Broadcasting Course, the Development of Television and the Future of Radio Broadcasting*, and *Hastening Reform and Deepening Reform*. He has also headed the Chinese Broadcast Reporters' Team, and the travel abroad of a delegation. He has served as director of the All-China News Workers Association, deputy director of the Chinese Radio Broadcast and Television Society, deputy director of the Chinese Health Correspondents Association, and member of the High Level Professional News Qualifications Evaluation Committee of the Ministry of Radio, Cinema, and Television.

Cui Yuling [1508 3768 7117]

Director, Chinese International Radio Broadcasting Station . Born at Changchun in 1932, her ancestors hail from Ninghe, Hebei. Joined the revolution in 1948 after which she began to work in domestic broadcasting. Became successively a translator, an editor, head of the Russian language section, and director of the Eastern USSR Department in the Chinese International Broadcasting Station after 1955. Became deputy director of the International Broadcasting Station in 1982 in charge of propaganda work. Acceded to present position in 1985. Has also serves as deputy director of the Chinese Broadcasting and Television Society, director of the Chinese Overseas Exchange Association, director of the Chinese Handicapped Persons Fund, and director of the Chinese Women's Development Fund.

Qu Zugeng [4234 4371 1649]

Editor-in-chief, GONGREN RIBAO. Born in 1939. Native of Sushan, Zhejiang. Following graduation from Zhejiang Chemical Engineering Training School in 1960, he was assigned to a Ministry of Chemical Industry agency where he first did preparatory work for HUAXUE GONGBAO, and subsequently transferred to

HUAXUE GONGYE [CHEMICAL INDUSTRY] magazine to work first as correspondent and then editor. During this period, he also worked at the Beijing Chemical Industry Testing Plant and the Yanshan Petrochemical Company. In 1980, he transferred to GONGREN RIBAO where he served as local reporter, deputy director of the Reporters Department, acting director of the Current Affairs Political Department, and deputy director of the news department. In 1985, he became deputy editor-in-chief, and in 1991 he assumed his present position.

Lin Yushu [2651 3768 2885]

Editor-in-chief KEJI RIBAO. Born December 1941. Native of Fujian Province. Following graduation from Xiamen University in 1964, he went to work for GUANGMING RIBAO where he served as a reporter, editor, roving reporter, special correspondent, deputy director of the Mass Work Department, director, director of the Education Department, and member of the editorial committee. He assumed his present position in March 1991. He has written articles totaling approximately 2 million words, winning 15 prizes for them. He is a member of the Chinese Writer's Association. Representative newspaper articles include "The Explorer's Road -In Memory of Yuan Longping [5913 7127 1627], Zhang Guanghou [1728 1639 0624] and His Wife, He Is a Large Tree—In Memory of Hua Luogeng [5478 5012 1649]," and "A Few Remarks About Nurses." His books include *Twinkling Stars, Credentials, Credentials*, and *Midnight Stars*. In 1991 he received a national honor for outstanding newspaper work.

Xu Zhuqing [1776 4376 1987]

Secretary, China QINGNIAN BAO party organization, newspaper office director and concurrently editor-in-chief. Born August 1943. A native of Haian, Jiangsu. Graduated from the Chinese language department of Fudan University in Shanghai in 1967 and began newspaper work the same year. Served as editor successively in RENMIN RIBAO's international department and editorial department. Transferred to QINGNIAN BAO as deputy editor-in-chief in 1983, becoming editor-in-chief in 1986. Member of the Seventh Chinese People's Political Consultative Conference, and member of the Standing Committee of the Fourth Council of the All-China Journalist's Association.

Wu Shenzong [0702 1957 1350]

Editor-in-chief FAZHI RIBAO. Born December 1933. Native of Yizheng, Jiangsu. Joined PLA in June 1949. Passed entrance examination for Law Department, Chinese People's University in 1955. Following graduation in 1959, he went to work in BEIJING RIBAO where he served as a reporter and editor. Transferred to editor-in-chief's office in 1963 where he served as night editor for about 20 years. Served as editor of international edition and as deputy director of editor-in-chief's office. Transferred to editorial board of BEIJING WANBAO in 1983 and served as deputy editor-in-chief. Appointed deputy editor-in-chief of ZHONGGUO FAZHI BAO in May 1984 and promoted to present position in June 1988. He is director of the All-China Journalists' Association, and director of the Chinese Public Relations Association.

Liu Hushan [0491 5706 1472]

Editor-in-chief BEIJING RIBAO. Born in 1939. Native of Zongyang, Anhui. Has been a party journalist for 32 years serving as a reporter, editor, director of the news department, and deputy editor-in-chief of BEIJING RIBAO. Has published about 400 editorials, news, and information articles amounting to 500,000 words. In his more than four years as editor-in-chief, he has followed the party's propaganda policy in formulating the principles of "stability, drive, realism, and innovation" in running a newspaper. In organizing and directing BEIJING RIBAO reporting on the Asian Games, he boldly tried out and gradually fashioned the Asian Games coverage style of "large amounts of information, big photographs, and large headlines." He reformed the old individual personality propaganda style, encouraging the inauguration of columns on groups of personalities such as *Vignettes on Unknowns*, and *Stars of Science and Technology*. In 1990, he was honored as an outstanding national journalist and decorated by Beijing City for building spiritual civilization.

Zhao Keming [6392 0344 2494]

Editor-in-chief SHANXI RIBAO. Born in 1933; a native of Wuxiang County, Shanxi. Began work in 1947, and has served as a primary school teacher, a printer, a county CPC committeeman, and a prefecture committee rural work department secretary. In 1956, he was transferred to SHANXI RIBAO where he served successively as editor, head of the reporter's station, head of the editorial department, political department director, and rural department director. Was promoted to deputy editor-in-chief in 1983, and was appointed to his present position in 1990.

Yi Hongbin [2496 3163 2430]

Editor-in-chief JILIN RIBAO. Born in 1943 in Changsha, his ancestral place of origin is Xiangyin, Hunan. Graduated from Beijing Teachers College at the end of 1968 and was assigned to Jilin Province where he did propaganda work first, later going into news work. In 1978, he was transferred to JILIN RIBAO becoming deputy editor-chief in 1985. In 1989, he became permanent deputy editor-in-chief, and in 1991 he assumed his present position. He is director of the All-China Journalists Association, deputy chairman of the Jilin Provincial Journalist's Association, and deputy chairman of the Jilin Provincial Literature and Arts Circle Association. He is a member of the Chinese National Aesthetics Society, a member of the Chinese Writers Association, and a member of the Chinese Poetry Society. He has

published many works about news, aesthetics, and literature and artistic criticism, and he has authored many novels, essays, poems, and paintings.

Ding Ximan [0002 6932 3341]

Editor-in-chief JIEFANG RIBAO. Deputy Chairman, All-China Journalists Association. Born February 1934; a native of Tiantai, Zhejiang Province. Pen name is Xiao Ding [5618 0002]. Graduated from the Journalism Department of Fudan University in 1958. Except for the period 1983-1988 when he was deputy director of the Shanghai Municipal CPC Committee Propaganda Department, and a period when he was concurrently acting director of the Shanghai Municipal Bureau of Culture, he has always been involved in news work. He is skilled in writing prose, essays, poetry, and dramatic criticism. During the 1960's, he worked with the famous cartoonist Zhang Yueping [1728 2867 1627] to produce many satirical international poems and cartoons. He is a member of the Chinese Drama Association and a member of the Shanghai Writers Association. He has written a collection of essays titled *A Dazzling Spectacle.*

Zhang Qicheng [1728 0796 2110]

Editor-in-chief WEN HUI BAO. Born February 1932. Native of Shaoxing, Zhejiang. Graduated from Shanghai Finance and Economics Academy in March 1953. Graduated from the Marxism-Leninism Study Class of Chinese People's University in August 1956, and performed both teaching and research in the Marxism-Leninism Teaching and Research Section of the Shanghai Social Sciences Academy. Was transferred to WEN HUI BAO in December 1965 where he worked as a theoretical editor. Following the Third Plenary Session of the 11th Party Central Committee, he became director of the theory department. In November 1983, he became deputy editor-in-chief; in January 1986, he was promoted to permanent deputy editor-in-chief; and in February 1989 he acceded to his present position. He is concurrently deputy chairman of the Shanghai Municipal Journalists Association, and director of the All-China Journalists Association.

Liu Xiangdong

Editor-in-chief XINHUA RIBAO. Born October 1940. Native of Xuzhou, Jiangsu. A career journalists for 30 years serving as a reporter for XINHUA RIBAO, station chief, deputy department director, and deputy editor-in-chief. Currently a member of the Jiangsu Provincial CPC Committee, director of the Chinese Journalists Association, deputy chairman of the Jiangsu Journalists Association, director of the Jiangsu Newspaper Association, deputy director of the Nanjing University News Education Guidance Committee, and a professor at Nanjing Teachers College. In the course of a busy editorial career, he has nearly 2 million words (including more than 60 major news articles). He received more than 50 Jiangsu Province, East China, and national awards; has published four books including *Eastward Flow Collection*, and *Guangxia Spirit*, and he was nominated for the country's first Chang Jiang news prize.

Wang Hong [3769 7703]

Editor-in-chief of ANHUI RIBAO. Wang Hong was born Wang Hongzhang [3769 7703 4545] in 1936. He is a native of Huoqiu County, Anhui Province. In 1955, he graduated from the Anhui Middle School Teachers Academy and was assigned to work in the Anhui provincial education department. From the 1960's to the 1980's, he held positions as secretary in the Anhui Provincial CPC Committee office, as director of the Organization Department Office of the provincial CPC committee, as director of the research office, and as secretary of the CPC Committee of the Qunkou Party Branch, which is under direct administration of the provincial party. In 1985, he was transferred to the position of party organization deputy secretary and deputy editor-in-chief of ANHUI RIBAO. In the summer of 1988, he became chairman of the Anhui Provincial News Publication Bureau, party organization secretary, and director of the provincial publishing bureau. In the spring of 1992, he was appointed deputy director of the Propaganda Department of the Anhui Provincial CPC Committee and editor-in-chief of the ANHUI RIBAO.

Ding Fazhang [0002 3127 4545]

Editor-in-chief XINMIN WANBAO. Born in September 1940 and a native of Yancheng City, Jiangsu Province. Graduated from the Journalism Department of Fudan University in 1966 after which he held positions successively as a reporter and editor for GANZHONG BAO and JIANGXI RIBAO in Jiangxi, and was appointed deputy director of the editorial department. In September 1973, he became a professor in Fudan University's journalism department. In November 1983, he was transferred to the position of editor-in-chief of Shanghai's QINGNIAN BAO and SHENGHUO ZHOUKAN [LIFE WEEKLY]. In February 1988, he was appointed deputy editor-in-chief of XINMIN WANBAO, acceding to his present position in the following year. He is deputy chairman of the Shanghai Journalist's Association, a member of the Shanghai Municipal Writer's Association, and a professor in Fudan University's News Institute. He has written two books: *Newspaper Writing*, and *Newspaper Commentary*. Academicians have termed this second work, "the premier treatise on news commentary theory since founding of the People's Republic" that "reflects the current level of development of this subject."

Liang Xinchun [2733 2450 2504]

Editor-in-chief HUNAN RIBAO. Born in 1936, Liang is a native of Lianyuan City, Hunan. During the 1950's, he did teaching and propaganda work, and ran a local newspaper for several years. In the 1960's, he was transferred to HUNAN RIBAO where he served as a reporter, editor in charge of rural reporting. He served as

director of both the theory department and the reporters department. Since 1984, he has served successively as a member of the editorial committee, as deputy editor-in-chief, and as newspaper chairman and editor-in-chief of HUNAN RIBAO. He was a member of the fifth and sixth Hunan Provincial CPC committees, a member of the Hunan Provincial Joint Philosophy and Social Sciences Association, and director of the All-China Journalists Association.

Lu Ji'an [4151 0679 1344]

HUBEI RIBAO newspaper chairman and editor-in-chief. Born in October 1938, Lu is a native of Taojiang County, Hunan. Began work in September 1956 and joined HUBEI RIBAO in September 1965 where he served as an editor, correspondent, deputy director, director, and deputy editor-in-chief. Acceded to present position in March 1992. During this period, he matriculated in the Chinese Language and Literature Department of Wuhan University and the Journalism Department of Fudan University, in the theory class of the Hubei Provincial CPC Committee Party School, and in the journalism class of the CPC Central Committee Party School. He has written more than 2 million words of news, and he organized, directed, and edited, *A Living Lei Feng—Zhu Boru [2612 0130 0320]*, and *Finance Bodyguards—Yang Dalan [2799 1129 5695] and Pan Xinglan [3382 2502 5695]*, as well as doing major reporting on economic system reform in Wuhan, Changsha, and Huangshi Cities.

Lin Fengsheng

Editor-in-chief HAINAN RIBAO. Born in December 1936, Lu is a native of Jieyang County, Guangdong. Graduated in September 1959 from the Chinese Language Department of Zhongshan University in Guangzhou. Worked for GUANGMING RIBAO from 1959 to 1987 as page 2 editor, and as permanent deputy director of the editor-in-chief's office. Worked in the national Press and Publication Administration from May 1987 until October 1989, served as director of the Newspaper Control Office, and as deputy director of the National Enterprise Newspapers Association. Went to work in HAINAN RIBAO in October 1989. Appointed deputy director of the Hainan Provincial CPC Committee Propaganda Department and concurrently editor-in-chief of HAINAN RIBAO. Served as chairman of the Hainan Provincial Journalists Association, and as director of the National Newspaper Reporters Association. During the period 1980-1985, he received three national awards for newspaper excellence.

Zhang Weiguo Discusses Dissident Wu Jiaxiang

93CM0035A Hong Kong TANGTAI [CONTEMPORARY] in Chinese No 19, 15 Oct 92 pp 35-37

[Article by Zhang Weiguo: "The Wu Jiaxiang I Know"]

[Text] Editor's Note: *The person Wu Jiaxiang discussed in this article was formerly an associate researcher at the Investigation and Research Office of the General Office of the CPC Central Committee. Although many people disagree with him, he is nevertheless generally considered one of the most talented among the young and middle-aged scholars. His name became even more widely known because of his putting forward the idea of "neo-authoritarianism." During the 4 June incident, he was arrested for demanding that Li Peng step down. He was held without trial in solitary confinement for three years before being released in the summer of this year.*

When he was in solitary confinement, prison authorities refused to give him any paper or pen. This was doubtlessly the most cruel blow to a thinking person. While in prison, in order not to forget the three books that he created in his mind, he forced himself to memorize "books in mind" each day. The resultant mental over-exertion led to sever neurasthenia. This was a living example of the CPC's use of the inhumane "solitary confinement" to thoroughly destroy a man of talent. [end editor's note]

I believe that even after experiencing the bloody storm of the 4 June incident, and after experiencing three years of prison life and other hardship, he has no regrets about the explorations and choices that he made . . .

The period of less than two years between the CPC 13th Congress and the spring of 1989 was the most open one since the CPC came into power in 1949. It was my great luck that during that period I spent most of my time completing the task given by Qin Benli to collect information, solicit contributions, conduct interviews and organize some gatherings in Beijing, in my status as a reporter of the newspaper SHIJIE JINGJI DAOBAO. Due to the opportunity given by those activities, I came to know in person Wu Jiaxiang who was then extraordinarily active in the theoretical circles in Beijing.

According to my recollections, Jiaxiang went around a lot, wrote a lot, spoke a lot, and more importantly did a lot of thinking. He had strong capabilities for synthesizing issues. After being stated and synthesized by him, many issues quickly were widely discussed in the various circles of intellectuals. For instance, at the time he described the "end of century" mood and the "short-term-oriented behavior" in the following way: peasants eat land; workers eat machines; cadres eat investment; the whole society is eating up tomorrow.

Proposed "Price Decontrol" Very Early

In the summer of 1988, the article "Control the Supply of Money—An Approach to Price Decontrol" that he co-authored with a friend was published in two installments in SHIJIE JINGJI DAOBAO. At that time, the confusion and corruption of all kinds under the dual-track price system had developed to an intolerable degree. The spontaneous price increases and the reemergence of price for land were accelerating. In view of the situation, Jiaxiang suggested that the ratio between the

total flow of money and the total flow of goods be stabilized by reducing money reserves, controlling the increase in the supply of money, and regulating the flow of money, and that except for products of a few monopoly industries, all prices be freed, so as to let market mechanisms regulate the price ratios between different commodities, thereby forcing and facilitating the adoption of reforms of enterprises' labor system and ownership system.

In his view, what was directly affecting consumer goods prices and money reserves was mainly the money at the disposal of people, including cash and bank deposits for mainly two purposes: for definitively planned near-term purchases or for expenses in the future. To deal with this problem, he made concrete proposals: (1) selling ownership rights of the state and reducing money reserves, in such forms as selling state-owned housing and selling the ownership rights over some state enterprises by issuing stocks and bonds and transferring, with compensations, all or part of the assets of loss-incurring state enterprises to more efficient enterprises, including township enterprises and private enterprises; (2) transforming financial institutions and controlling the increase of money supply; and (3) building a "reservoir" for bank notes, and regulating the flow of money through such means as opening value-preservation deposit accounts (this proposal was later adopted by policy-makers) and opening futures trading markets, . . . Jiaxiang emphasized: "The price mechanism is the core of the market mechanisms. It is not that there cannot be price decontrol without market mechanisms, but that there will never be market mechanisms without freeing prices. The process of freeing prices is also the process the formation of market mechanisms."

After publication, his article aroused strong reactions in the circles of intellectuals in Beijing.

Proposed the Idea of "Neo-Authoritarianism" and Debated a Large Number of Scholars

At the time of commemorating the 90th anniversary of the 1898 reform movement, the academic and theoretical circles in Beijing had a gathering at which the poet Shao Yanxiang suggested that China should move beyond the 100 day reform movement, but not retreat from the 100 day reform movement. Chen Xiaochuan of the newspaper ZHONGGUO QINGNIAN BAO argued that in the contemporary time it was necessary to think about whether China had deserved Tan Sitong. At the meeting Jiaxiang made an analysis. The present and 1898 reform movements both originated from the highest authorities, and are characterized by the process moving from top to bottom, he contended. According to him, reform movements go through a period of honeymoon between freedom and authority, and to crush resistance from the middle levels calls for efforts on the part of the political authority. Authority is needed before the birth of new mechanisms, and is no longer be needed after the birth of new mechanisms. Freedom in the final analysis has to be linked to democracy. The 1898 reform movement tried to establish a constitutional monarchy; the 1911 revolution wanted to establish a bourgeois republic; the revolution led by Mao Zedong established the dictatorship of the proletariat. Such was the triple jump from the 1898 reform movement to revolution. If resistance to reform should develop to a certain degree, a jump would become likely and as a result there would occur development from reform movement to revolution. This problem should be given great attention.

Although his statement was rather explosive while forceful in its reasoning, there were no cheap shots. The statement almost caused an uproar at the meeting. Many people became suspicious of his motive, and various harsh criticisms followed. Jiaxiang then became even more straightforward and openly hoisted the flag of neo-authoritarianism. He conducted a rarely seen debate against the critics. He made many speeches and published many articles, including "Neo-Authoritarianism: An Introduction and an Appraisal," "Have a Thorough Philosophy of Pragmatism," "Promote Democratization Through Marketization," ...thereby appearing to be fighting alone against a large number of scholars.

The stalemate in the war between the new and old regimes has led people to think about problems at a deeper level, and neo-authoritarianism began to spread again, he suggested. The centralization of power at the top of society and the development of individual freedom at the bottom of society are two sides of a single process. Denying people of or giving people individual freedom is the dividing line between the old and the new authoritarianism. According to Jiaxiang, social development goes through three stages: the stage of traditional autocratic regime, the stage of development of individual freedom under the protection of neo-authoritarianism, and the stage where freedom and democracy join hands. Neo-authoritarianism's emphasis on individual freedom is in effect an emphasis on economic freedom, and thus neo-authoritarianism resembles conservative economic liberalism. Neo-authoritarianism is a fast train that can avoid detours and quickly move to democratization through marketization.

Views on Deng Xiaoping

One day in December that year, Jiaxiang came to our compound and showed me the proofs of a new book *Deng Xiaoping—His Ideas and Practice* that he had written in his spare time when working at Beidaihe. The book struck me as being full of new ideas. Base on my knowledge as a reporter, I came to the conclusion that that was, on the mainland, the first book devoted to analyzing the ideas of the highest leader still alive, and believed that the book was very newsworthy. Thus I asked my colleague Fei Xiaodong to join me in a special interview granted by Wu Jiaxiang on the book.

Jiaxiang said: He considers Deng Xiaoping the founding figure in the development of the theory about China's modernization. That book was designed to provide an

analysis of Deng's ideas from the perspective of a person who understands Deng, in order to counter the attempts to distort Deng's ideas. History gives Deng a much smaller arena for performance than the one given to Mao Zedong. He was Mao's contemporary and does not want to break away from everything Mao did. Neither does he want to follow Mao's method of enforcing ideological uniformity or a break with the past through dictatorial means. He does not want to put forward a set of ideas and viewpoints that are unacceptable to the majority in the party. China's reform is an attempt to find solutions to problems by turning ideological and political problems into economic problems. In this way, the dogmatism that is unable to provide solutions to China's economic problems no longer has a role to play. Politically, it is necessary to emancipate people from relations of personal dependence. Economically, the problem is the unclear ownership rights. The biggest problem is the lack of protection for private property, while the situation concerning public ownership rights is rather confused. The key to overcome the crisis facing the reform movement is to tackle the two issues.

An Analysis of Deng Xiaoping's Ideas

He summarizes Deng Xiaoping's reform ideas into two theories, that is, the "cat theory"—whether black or white a cat is a good cat so long as it catches mice—and the "groping theory"—to find the way across the river by groping for the stones. Our problem is not that we do not have our philosophy, but that our philosophy is not a thorough one, he said. We dare not to step forward even when we have touched the stone. When we find a cat that catches mice, we tend to feel that there is something wrong with its color. What is difficult to understand is that some people still believe in the dogmatist theory even after the theory as the basis for the old system made a complete mess of the country. Meanwhile, as soon as there occur some problems in the reform effort, there are attempts to completely repudiate the pragmatist philosophy underpinning the reform movement. Therefore, the development of reform has benefited from the emergence of the philosophy of pragmatism, and the success of reform depends on the philosophy of pragmatism becoming a thorough one.

Although the basic argument of the book puts the current highest authorities on the mainland in a very positive light, and has thus caused much criticism among intellectuals working to overthrow or improve the system. However in fact, in his book there are many places demonstrating the influence of contemporary ideas on democracy and rule of law. For instance, he criticizes traditional society for achieving social stability by instituting ideological dogmas and personal dependence, that is, relying on a system of rule of man based on consanguineous relations and solidified by the imposition of ideological dogmas. The stabilizing mechanisms for modern society are the market mechanisms and the social contract, or, in other words, the rule of law. The soul of market mechanisms is the freedom of choice. Everyone makes choices and can also be chosen by others. A society where people cannot easily express their views (in many forms such as choosing leaders, demonstrating, or making speeches) is a society that does not have "fevers," and is thus also a society that does not have an early-warning system for various social illnesses. This is the fundamental reason why traditional societies swing between stagnation and turmoil. If a society can do nothing about government corruption, that society is doomed.

Positive Prison Experience

On 20 June 1989, when I "was taken into custody and put under investigation" by the Public Security Bureau of Shanghai under the circulated arrest warrant issued by the Public Security Ministry, they took away several of my working diaries and notebooks that contained notes on a lot of Jiaxiang's insightful discussions. It is a pity that my memories of those discussions are no longer clear. Several times I demanded the return of those materials, but the Public Security Bureau refused to give them back to me. I believe those materials may have caused Jiaxiang a lot of trouble.

As I recall, not long after the 4 June incident, I read that book by Jiaxiang again, and wrote the following words on the book's blank pages where readers can register their comments: "Beethoven's third symphony *Hero* was planned to be dedicated to Napoleon in the stage of being composed. Later, when he learned that Napoleon declared himself emperor, he became so angry that he wanted to tear up that immortal music. It was only because of others' intervention that he did not do more than tear away the dedication page of the music! 10 June 1989, in Jinshanwei, Shanghai."

Today, I do not know how Jiaxiang has changed his views after experiencing the bloody storm of the 4 June incident and three years of prison life, or whether he has come to a great comprehension. But I believe he has no regrets about the exploration and choices that he made. I believe he has many new understandings and ideas about China's development. Perhaps he is already preparing another book. Some friends are worried about how Jiaxiang, with the character of a romantic poet, can endure the hardship of the loss of freedom during imprisonment. But it is hard to say. Before entrusting a great task to a person, heaven will first make that person do hard physical labor and endure physical pains . . .

NATIONAL AFFAIRS, POLICY

New Stage, Objectives of Price Reform

93CE0122A Beijing ZHONGGUO WUJIA [PRICES INCHINA] in Chinese No 10, 17 Oct 92 pp 4-6

[Article by Deng Huansong (6772 1360 2646), Bureau of Commodity Prices, Sichuan Provincial Government: "A New Stage, New Objectives, and New Thinking in Matters of Price Reform"]

[Text] **I. Revelations and New Problems From 12 Years of Reform**

1. Price Reform Has Progressed in Stages.

The 12 past years of price reform may roughly be divided into two stages: One, 1979-1984, was the preparatory stage, which comprised theoretical preparation and partial experimentations. One, 1985-1991, was the stage of full-scale reform and comprehensive exploration. It is estimated that during the period from the Eighth Five-Year Plan to the Ninth Five-Year Plan, developments will have to undergo a further two stages, namely the "basic formation of the market pricing system" and the "ultimate completion of the new price system." Only then, in the final years of this century or in the early years of the next century, will the price reform have become fully accomplished.

2. Theoretical Direction of Reform

The first stage was one of "planned economy supplemented by market regulation," as manifested in the fact that price deregulation was limited to small commodities, farm produce and sideline products of the third category, and products outside the plan. In the second stage, planned economy was combined with market regulation, as manifested in the fact that prices for a large sector of agricultural products were deregulated, that a dual-track pricing system was in effect for means of production, and that in fact overall three pricing systems had come to exist side by side.

3. Major Achievement During the Second Stage.

The deregulation of 70 to 80 percent of all prices resulted in an extensive liberation of productive forces. The practical effects of the reform, and the social benefits it created, deepened understanding among the state's policy-makers and the millions upon millions of commodity producers (especially the peasants) of the role and function of the market and of commodity economy. It imparted in particular a theoretical understanding of the fact that planned economy and market economy must not be separated as two different systems, and in this respect efforts during the said stage constituted a new breakthrough and a new development in the theoretical guidance of the reform.

4. Negative effects resulting from the transitional nature of the shift from the old to the new system, and also resulting from certain reform measures, as experienced during the second stage of the reform:

- The positive effects of the dual-track pricing system had in the course of time faded away;
- Reform measures that still allowed the state to fix prices for basic products, while prices for "downstream" products were deregulated, resulted in a "restoration of the old price parities," price signals lost their credibility, and social investments unduly favored the manufacturing industries;
- Coexistence of three pricing patterns—state-fixed prices, state guidance prices, and market-regulated prices—is a pattern of a transitional stage. Frictions between the three pricing patterns resulted in state-adjusted prices and market-regulated prices mutually offsetting each other's positive effects, which in turn was the cause for the price system beginning rationally, but ending chaotically, or rational in one sector but chaotic in others;
- Throughout the entire price system, the readjustment by the government, incrementally and in a planned way, of prices for a small group of primarily important commodities, and the relaxation and then tightening of the state's guidance prices, have engendered a special pricing pattern. This way of tightening controls when deregulation was thought to have gone too far, and deregulating when controls were thought to have gone too far, had the pricing system bogged down in a seesaw battle of adjustments and deregulations, which slowed the reform process. It did bring, though, a deeper understanding for the need to break with a reform ideology that entailed these repeated adjustments, relaxations, and reimposition of controls.

II. The Fundamental Objectives of Price Reform During the Periods of the Eighth and Ninth Five-Year Plans

5. Establishing a market pricing system and a new market price system is a stage resembling a crucial battle against heavy odds.

Conclusion of the movement for "improving the economic environment and rectifying the economic order," and execution of the Eighth Five-Year Plan, signify the fact that price reform is now entering its third stage. The fundamental task during this stage is elimination of the dual-track pricing system, and performing the shift from the threefold pricing pattern to a new market price system with government-fixed prices and enterprise-fixed prices as in one organic entity.

6. The fundamental objective during the third stage of the reform is to establish a nationwide unified market pricing system.

Unified market pricing system, in this sense, covers two areas, namely enterprise-fixed prices and government-fixed prices. In the future, pricing of every single commodity will have only one particular pricing authority,

i.e., either the enterprise or the government will determine the price, while in doing so both will ultimately arrive at market prices.

7. The reform of the price management system during the third stage will establish a new system of market prices, consonant with the market pricing system, i.e., a market price system which is unified and yet deregulated, in which state control is mainly effected indirectly, and in which plan mechanism and market mechanism permeate one another.

The fundamental characteristics of the market price system are:

- A single pricing authority. The pricing decision for every single commodity or service charge shall come from only one particular pricing authority.
- A uniform basis for price formations. Regardless of which of the pricing authorities will be concerned, each will always have to base on market values. When the unified market price system will have been developed more fully, prices will then again be determined on the basis of producer prices.
- Disparities and competitiveness in pricing operations. Price disparity and price parity relations that emerge during the pricing process will be brought about by the market mechanism of supply and demand and by market competition. This is the only way that the market price system can become a mechanism which inherently "self-eliminates" distortions and which an automatic regulatory process will establish a supply-demand equilibrium.
- The planned nature of price management. Its main manifestation will be the macroeconomic, indirect regulation and control, predominantly effected by economic means. The state shall employ the various economic means at its disposal in the regulation and control of the market. It should use legislative means to normalize pricing activities of enterprises and local governments, and in this way regulate the formation and movement of prices.

With the implementation of the above-stated four points, the new market price system will show beneficial effects and advantages which, undoubtedly, will surpass all of the positive effects of the dual-track pricing system and of the threefold pricing patterns of former stages, as it will also avoid their negative effects.

III. New Thoughts and New Ways To Realize the Above-Stated Objectives

8. New ideas on price reform and new ways to realize the reform have emerged in the course of the reform practice of the last 12 years and are the consequence of guidance by the market theory.

Basing on the Marxist theories on market value and producer prices, also on the new plan and market theses of Comrade Deng Xiaoping, linked with the present realities, and with a clear enunciation of the future objectives of the price reform, namely to establish a nationwide unified pricing system and a consistent new market price system, we have to assert that it will be possible to achieve success, in theoretical respects as well as in actual practice.

The market price theory would require that some concepts formed during preceding stages of the reform be revised and updated. For instance, the term "state-fixed prices" in the "Price Control Regulations" calls all prices fixed by commodity price departments of county and higher ranks as state-fixed prices. However, "government" and "state" are not at all the same concept; only the central government represents the state; moreover, the term "state" should not merely indicate a concern with governments and leave the enterprises out of consideration. It would therefore be more accurate to use the term "government-fixed prices" instead of "state-fixed prices." Among the threefold pricing pattern, the term "market-regulated prices" refers to enterprise-fixed prices, and the term "market-regulated prices" should indeed be changed to "enterprise-fixed prices."

9. Implementation of the new market price system should furnish the theoretical foundation for an accurate separation of enterprise-fixed prices from government-fixed prices.

Enterprises are the primary subjects of all exchanges of commodity production, and the pricing of commodities must be a matter to be decided by the enterprises, i.e., it should be an internal matter of enterprise function. Theoretical boundary lines to separate the spheres of government-fixed prices and enterprise-fixed prices must, therefore, be drawn according to the extent of involvement in the market, in circulation, and in exchanges. Thus: all prices for those commodities that are to enter the market, enter circulation, and that are objects of exchanges, as well as all prices for key elements of production and prices for labor services, i.e. prices that must be engendered through the market mechanism, belong to the sphere of enterprise-fixed prices. In the opposite case, prices and charges for items that do not directly enter the market, that are of an intensely monopolistic and public utility character, that do not need to be formed through the exchange mechanism or competitive mechanism of the market, belong in principle into the sphere of government-fixed prices.

According to these theoretical boundary lines, prices for commodities of the first category (agriculture) and of the second category (industry) belong in principle to the sphere of enterprise-fixed prices (this sphere comprises producers as well as dealers). Prices and charges for commodities or services of a predominantly monopolistic and public utility character among the tertiary industry shall then in principle belong to the sphere of government-fixed prices.

The following is the sphere of government-fixed prices:

- Public transportation, running water and gas supply in the cities; electric power for production and private use; freight and passenger fares on railways, highways,

and for waterway, sea, and air transportation; charges for postal and telegraphic services;—charges for services provided by government agencies and their subsidiary corporate bodies, such as radio and television fees, charges for official business transactions, charges for publicly conducted cultural, educational, health, and insurance affairs.

- Key elements of production, interest rates and exchange rates charged by the Central Bank and the Bank of China, prices for government-built houses.

Everything outside the scope of government-fixed prices shall belong to the sphere of enterprise-fixed prices.

If separated in this way, determination of prices for the purchase and marketing of grain should be shifted from the system of contractual purchase prices fixed by the government to the system of market prices to be determined between enterprises and peasants. Because prices for agricultural products are basically already decontrolled, and since social supply and demand is basically in balance, all preconditions have already been established for removal of grain prices from the sphere of government-fixed prices. If only the grain prices were now moved into the market price system, the market price system for the whole range of agricultural products would then have been basically accomplished. Tasks of the future reform will be such issues as how to develop a futures market for grain and other major agricultural products, establishing and perfecting the indirect regulation and control of market prices for agricultural products, and a system of safeguarding market prices.

As to prices for means of production, the pricing of petroleum and coal should be shifted from the sphere of government-fixed pricing to the sphere of enterprise-fixed pricing. The difficulty here is with the pricing of petroleum, namely raising the prices from parity prices to high prices, and finally to go on to market prices, and ultimately to draw close to international market prices. If it will be possible to find an appropriate reform measure, ensuring the success of the price reform for crude oil, at the same time pushing on with adjusting and reforming the prices for electric power and transportation, the market system for the entire range of means of production would have been completed.

If we can successfully accomplish the reform in the case of grain and petroleum, within the reform of China's pricing system, i.e. for the two items so closely related to economic development and social stability, we would have victoriously overcome the most critical and risky problems of the price reform.

10. New formulations will have to be found for the criteria that determine the rationality of the equilibrium prices and the pricing system.

Criteria to judge whether the equilibrium prices are rational must be found in the economic returns achieved by producers and dealers and in the purchasing trends of the general consumers. Assessment whether the pricing system, as between the various industrial sectors, is rational is mainly possible by means of the economic indicators of the statistical departments, as they examine the average profit and tax rates of the various industrial sectors, the investment returns, the national income created. etc. In future, the government will guide the rationalizing mechanism of the pricing system in the various industrial sectors, principally using the signals provided by market prices, and will effect regulation and guidance through economic policies with regard to investment of capital funds, tax revenue, and by monetary means.

11. Some fundamental thoughts on the establishment of the market pricing system and the market price system:

- Genuine efforts must be made to deregulate prices for all commodities that should be deregulated, also prices for key elements of production, as well as charges for services. The government must gradually withdraw from the field of commodity pricing, and must instead turn to the control of charges and prices for communication, postal, and telegraph services and for those items of the tertiary industry that are of a predominantly monopolistic and public utility character. This is a precondition for the development of a nationwide pricing system.
- In conducting its plan management of prices, the state (Central Government) must place particular emphasis on balancing aggregate social demand and aggregate social supply. It must also maintain a relative stability in the general price level, and must make every effort to avoid pernicious currency inflation, as all these issues are of crucial importance for the normal operation and development of the market pricing system.
- In establishing a macroeconomic regulatory and control system for the relations between the central government and the local governments, also in the operation of the market commodity economy, the objectives of our economic developmental strategy and the state's industrial policy must serve as primary guideposts. With the employment of various economic means, such as prices, taxes and duties, investments, monetary means, and the import-export trade, as well as legislative means, initiation of a comprehensive readjustment and of indirect economic readjustments and controls will ensure the sound development of the market pricing system and of the operation of the market price mechanism.

Forecast on Future Inflation Trends

93CE0123A Beijing ZHONGGUO WUJIA [PRICES IN CHINA] in Chinese No 10, 17 Oct 92 pp 18-19

[Article by Yang Fan: "Inflation Forecast for China"]

[Text] In recent years, there have been prominent inaccuracies in the price forecasts in China. Retail prices rose by 7.3 percent in 1987, but unexpectedly underwent a huge hike of 18.5 percent in 1988. In 1989, it was demanded that the price index be clearly lower than in

1988, but the real figure still came to 17.8 percent. Because of an act of overkill due to the eagerness to suppress price rises, the inflation rate came down suddenly to 2.1 percent in 1990, and the figure for 1991 was 2.9 percent. The pressure caused by changes of a dozen or so percentage points led mainly to enterprise losses and smaller fiscal revenues. To provide price subsidies, it was necessary to increase fiscal outlays. The pressure of inflation overly influenced fiscal policies. There were failures not only to control but also to forecast big annual rises and falls of a dozen percentage points. In addition, there was no accurate estimate on the impact of the anti-inflation measures adopted.

The precondition of fighting inflation is to have accurate forecasts. Of foremost importance is to renovate our ideas. It is necessary to emancipate oneself from the mode of thinking characterized by a tendency to want to set prices through planning, an understanding of only cost-related motivation but not supply and demand relationships, an understanding of only economic laws but not psychological laws, and a tendency to conduct postmortem examinations but not forecasts. The following is an effort to provide an approximate forecast of future trends on inflation.

1. The economic boom of 1992-1995 will create pressure for increasing aggregate demand. The level of China's economic fluctuation is higher than the average level for other countries. In 1953-1985, the overall fluctuation rate was plus or minus 22 percent in China, 6.63 percent in the United States, 8.73 percent in Japan, 7.46 percent in West Germany, 6.15 percent in France, and 7.53 percent in Britain. In the future, China should try hard to keep the fluctuation rate within the range of less than 10 percent. China's total social output value increased by 15.8 percent in 1988, and 1989 saw a smaller increase of 5.8 percent, still exceeding 10 percentage points. A new economic boom for this year is now certain, and the growth rate will be much higher than the planned 6 percent.

Growth rate is mainly dependent on investment. Every increase of 100 million yuan in investment will lead to an increase of $15 million in imports, resulting in 40 million yuan in consumption demand, and over 200 million yuan in the value of industrial output. Every increase of 1 percentage point in national income will lead to an increase of 1.769 percentage points in the amount of money in circulation. During the extraordinary economic boom in 1988, 27 billion yuan more was issued in currency than usually was the case. China's system is prone to investment and consumption expansions in the first place. When the growth rate is raised, aggregate demand will rise immediately.

2. The impact of grain production. In a rather regular manner, grain output goes through five or six year cycles, with two years of bumper harvest, two years of poor harvest, and one or two years of average harvest. In China, the grain commercialization rate is low (20-30 percent), and farming households operate on small scales. Whenever there is a bumper grain harvest, peasants vie in selling the grain left from the previous harvest and the surplus grain produced the year in question. Whenever there is a poor harvest, there will be efforts to keep grain stocks. Activities of 800 million peasants selling or keeping stocks of grain are sufficient to make fluctuations in the amount of commodity grain larger than fluctuations in output. According to an estimate, every increase of 10 percent in output will lead to an increase of 14.5 percent in the amount of commodity grain. Small farmers have difficulty engaging in futures trading, and the government has a limited capacity to store grain. All this makes it difficult to stabilize grain prices, and also affects prices for other agricultural products such as pork and cotton, resulting in large fluctuations in production. China's total grain output is 900 billion jin, but only an increase or decrease of 50 billion jin is enough to cause marked fluctuations in price. Agricultural products account for over 50 percent of what determines the retail price index which is thus greatly affected by the grain price. There have already been three consecutive years of bumper harvest in 1989-1991. The years 1992-1994 should be expected to be of poor or average harvest, and consequently there will be inflationary pressures.

3. The market is likely to be brisk. According to the analysis made by the Information Center of the Ministry of Commerce, in China the total volume of retail sales goes through four-year cycles. The stringent austerity measures in 1989 caused an early arrival of the trough, and the peak was delayed and did not come until August 1992. According to the 1992 plan, the total volume of retail sales should increase by 12.3 percent, but the total volume of retail sales has increased at an annual rate of more than 15 percent, a situation called overly active market. This can cause large rises in price levels. According to another view, durable consumer goods have a 10 year cycle. For the period 1985-1995, the peak in purchasing for the new leading commodities such as automobiles and housing is yet to come, and therefore the market is still a stable one.

4. Analysis of the growth of surplus purchasing power. People's savings have increased greatly and now exceed 900 billion yuan, and there is 200 billion yuan of cash in the hands of people. The two items come to a total of 1,100 billion yuan, which is 1,000 yuan per person. People regard this amount of money as a tiger in a cage, and fear that it will disrupt the market. In fact, since 1990, people have become more inclined to save, mainly because they want to be able to pay the ever increasing housing rent, medical and insurance bills and children's college tuition when the anticipated abolition of subsidies comes. However, when there is an overly large amount of bank deposits, simultaneous withdrawals in the amount of only a few billion yuan is enough to cause payment crisis. Another issue worth analyzing is: In whose hands are the huge deposits concentrated? According to an estimate, one-fourth is public money deposited under the names of individuals, and one-fourth is private money. The rest is also distributed

unevenly. According to a 1990 State Statistical Bureau survey on urban family living expenses, currently 20.8 percent of the population already enjoy a per capita annual income used for living expenses of over 1,660 yuan. But at the same time, 14.8 percent are in low-income households or households with hardships in life. According to a 1991 All China Federation of Trade Unions survey, 9.4 percent of employees cannot make ends meet in family finance. Two crises may now exist side by side: Some people have enough purchasing power to cause panic buying and run on banks, and other people lack the basic capacity to endure price rises. If the rate of inflation should exceed the rate of income growth for the majority of people, there will be panic. There will be a widespread problem of insufficient payment capacity, and demand will be smaller than supply, thus leading to the very dangerous situation of production stagnation and inflation occurring at the same time.

5. No reduction in fiscal deficit. In 1979-1989, China's accumulated deficit was 206.725 billion yuan, as calculated by the more-inclusive standards used around the world. One-fourth of the deficit was covered by foreign borrowing, and the rest was covered by bank overdrafts that contributes to inflation. Whether the economy expands or constricts, the fiscal deficit has kept on growing. This is the main source of inflation, and also makes it impossible to increase subsidies to suppress price rises. On the contrary, it has been necessary to reduce subsidies, thereby leading to the continual rise in the index of cost of living for people. Fiscal deficit is the greatest danger to price stability.

6. The domestic impact of price fluctuations in the world market will continue to grow. First, the domestic general price level is moving closer to the world level. Second, under the situation of continued existence of the dual structure in the domestic economy, the further opening up of the national economy will inevitably spread inflation from the coastal regions and the sectors which have been opened up to inland regions and sectors which are low in productivity. Third, renminbi will further devalue in terms of exchange rates. Fourth, the state has too few reserves to regulate price fluctuations on the world market, and the conflict between foreign-exchange creation plans and the freedom to purchase will continue to cause great fluctuations in the purchasing prices for, and production of export commodities in the country.

7. Costs propel price rises. The costs for various items—appreciation, interest, wages, raw and other materials, and energy—appear to tend to rise. If the increase in productivity cannot offset the increase in cost, prices will inevitably rise.

8. Emergence of monopoly prices. 1992 will be a year of freeing many prices, and according to estimates 80 percent of prices will be regulated by the market. When everyone is calling for freeing prices, one important fact is overlooked: A market cannot form spontaneously; after the government frees the prices, various monopolies will inevitably occur. First, administrative supervisory bodies may keep price-setting authority. Second, industrial organizations may control prices. Third, various monopolies may raise prices at will. Fourth, private businesses may achieve control over certain markets. Fifth, enterprises may fix prices jointly, etc. Some monopoly prices must be set by the government. In some cases, it is necessary to mobilize consumers to joint efforts to constrain the producers in relation to their monopoly practices. For example, cities can broadcast on television the prices for major commodities in main local markets and shopping centers every day, so as to provide information and guidance for consumers.

9. Change in the capacity of the government to regulate and control prices. Administrative measures are very effective for stabilizing prices in the short term, especially under a system of planned economy. In the early 1950s, our government achieved control over inflation, while setting up the bases for a socialist economy. In 1949, the flow of gold and foreign currency was banned; fiscal policies were unified nationally; and banks mostly became state-run. The government first used methods of state capitalism to achieve control over the buying and selling, and then carried out the transformation of private businesses into businesses of mixed ownership, thereby gradually achieving control over production nationwide. In such a situation, it was of course easy to control prices. In 1962-1965, the state used strong administrative measures to move 26 million workers back to the countryside; suppressed prices and consumption through a large amount of rationing; used high-price luxury foods to recover currency; and many enterprises closed, suspended operation, merged or change their lines of business. The conditions for doing all those things are difficult to create now. The capacity of the government to use administrative measures to control prices has been weakened. The method of using a price fund to control state-directed prices has just been put into practice. It is even more difficult to affect market prices through exercising macroeconomic regulation and control to control the supply and demand situations of the market.

10. Continued adjustment of the price structure. Prices for energy, transportation and some raw and other materials that are still set by the state are much too low. For instance, the oil price is only one-fourth of the price on the world market, and thus needs to be further adjusted upward. This will certainly lead to rises in prices for electricity and a whole series of industrial and agricultural products.

Around 1994-1995, prices in China can be expected to enter a period of large rises. The fundamental way of dealing with this problem is to accelerate enterprise reform, and improve economic efficiency. Next, we can develop the capital market, so as to direct some purchasing power to stocks, bonds and real estate. Third, we may consider adopting the method of linking wages to the price index. Such a method would accelerate price

increase. But if one considers the fact that harsh economic austerity measures can affect the economy in too sever a way, the method of indexation may be inevitable, for it can eliminate inflationary expectations, and thus prevent panic buying by exerting a calming effect on society.

Scholar on Nonstate-Owned Economy

HK2311075892 Beijing JINGJI RIBAO in Chinese 25 Oct 92 p 2

[Interview with Fan Gang, associate research fellow at the Economic Research Institute of the China Academy of Social Sciences, by staff reporter Yang Xiaolin (2799 2556 2651): "Reevaluation of the Strategic Position of the Non-State-Owned Economy"]

[Text] Fan Gang, an associate research fellow at the Economic Research Institute of the China Academy of Social Sciences, won the Sun Yefang outstanding economics thesis award in 1991. The "grey market theory" and new train of thought for China's gradual reform proposed by this young doctor of economics have evoked great repercussions in economic theoretical circles.

[Yang Xiaolin] China's nonstate-owned economy, which includes the urban and rural collective sectors, Sino-foreign joint ventures, private sector, and individual sector has suddenly come to the fore over the past decade. By 1991, it had accounted for 50 percent of the gross social product. Its proportion in total industrial output value also rose to 47 percent. Because of the rapid growth of the nonstate-owned economy, reform of the state-owned economy has become very pressing. Many people believe that the main contradiction at present is: Regarding the state sector, it is necessary to "transfuse blood" to state enterprises; it is unnecessary to attach further importance to township enterprises and other non-state-owned sectors; and some people have even proposed restricting the growth of the nonstate-owned sector. What are your views of these questions?

[Fan Gang] Undoubtedly, the ultimate success of economic reform is determined by the market behavior of most of the state enterprises. Nonetheless, we should not neglect the difficulty of reform of the state economy. The "timing" for the entire economic reform is pressing. Before the vanishing of the favorable internal and external conditions, we should seize the time to initially establish a relatively intact framework for the market mechanism. Only in this way can we ensure social stability and growth in income. As the conditions are not yet mature, it has been difficult to immediately make a breakthrough of the outstanding problems related to the old structure. Under such circumstances, the correct strategic choice is to vigorously accelerate the development of all kinds of nonstate-owned economic sectors and create favorable external conditions for reform of the state-owned economic sector, rather than restrict the growth of the nonstate-owned economic sector.

[Yang Xiaolin] You mean that when it is difficult to transform the old structure, it is necessary to vigorously establish and develop a new economic structure which is different in property right, management system, operation mechanism, and behavioral means from the old structure. Along with the changes in economic structure as a whole, and other conditions, it is then necessary to gradually deepen the process of reform of the traditional state-owned economy. Indeed, this is a new train of thought in attaining the objective of reform. It seems that we should reevaluate from a new angle the strategic position of the non-state-owned economy in reform and development.

[Fan Gang] That's right. There is now a controversy over "radical" and "gradual" reform in the world. As a matter of fact, the fundamental difference between these two reform roads does not lie in timing or giving priority to either economic or political reform. "Radical" has the following characteristic: Adopting coercive means to transform the old system at any cost, when a new system has not yet taken shape. This is bound to intensify social contradictions. The practice of slowing down reform of the old system and yet taking no corresponding measures to nurture and develop a new structure cannot be regarded as a "gradual" reform. To successfully take the road of gradual reform, maintain economic growth in the course of reform, and narrow our gap with the advanced countries, China must vigorously develop the nonstate-owned economy in the 1990's and accelerate the growth of the new structure.

[Yang Xiaolin] The key to "gradual" reform lies in nurturing new economic factors, which are conducive to removing the obstacle to reform. Following the development of the non-state-owned economy, many reform problems can be easily resolved. Why?

[Fan Gang] Historical experience shows that timely compensation for people who suffered temporary losses in the course of reform is one of the greatest difficulties of reform. In a large country like ours in particular, we cannot rely on "external aid" to make compensation. On the one hand, the development of the non- state-owned economy can increase national income and pay for the necessary cost of reform; on the other hand, social turbulence can be avoided when the redundant staff and workers of the old system can seek new jobs with better remuneration in the growing non-state- owned economic sector. We can easily break through the reform predicament and resolve the problem of economic compensation through the "internal aid" between the two systems within a state. This is one aspect of the problem.

Second, the development of the nonstate-owned economy and formation of the market mechanism in society can create a competitive market, namely, an external environment for state enterprises to effect a change in their operation mechanism. Third, the non-state-owned economy can also offer "behavioral demonstration" to "people living under the old system," which can help them change their traditional concepts and

social habits so that they can subtly adapt themselves to the new system, reduce the obstacle to reform, and race against time.

[Yang Xiaolin] In your opinion, what are the most important measures for accelerating the development of the nonstate-owned economy, particularly the township enterprises?

[Fan Gang] First, guarantee in the status of law; that is, protection of property rights. Second, eliminate the discrimination against credit for the nonstate-owned economy and extend credit to township and private enterprises. China's current national income savings rate exceeds 30 percent a year. However, most of it is used through bank loans to make up for the losses of state enterprises, break the "debt chains," or continue the practice of the old system by increasing investment and expanding the scale of state enterprises. In many localities, the projects suffer losses once they are built and they become a new burden rather than the new source of revenue of the departments at all levels. Meanwhile, many township enterprises cannot get credit to expand their scale even when they can make a profit. Some people say that township enterprises may also make mistakes in investment and run into debt. Under the existing system, however, we should be aware of an essential difference: The negative effect of the "bad debt" of the nonstate-owned enterprises, which operate in light of the market mechanism that allow only the best to survive, is limited. It will not become a new "bottomless pit" of financial subsidies and will never be like the losing state enterprises which continuously take new credit before clearing their old debts. Viewed from the angle of the structure, it is indeed a pity to use large amount of the valuable funds to "duplicate the old system." Instead of providing the development of the non-state-owned economy with "preferential treatment," we should genuinely "distribute resources" in light of the market means, treat all sectors equally, and carry out fair competition based on efficiency.

Economist He Wei on Establishing Market System

93CE0111A Beijing JINRONG SHIBAO in Chinese 17 Oct 92 p 3

[Article by He Wei (0149 0251): "The Establishment of a Market Economy"]

[Text] **I. The Market Economy Must Replace the Planned Economy**

Since the theory of market socialism has been affirmed, we should consider how to establish the market socialism economic system. The market economy stands in fundamental opposition to the planned economy. The planned economy excludes the market economy, and the market economy cannot be established upon the foundation of a planned economy. The two cannot be combined, much less is it a matter of tinkering a bit with the planned economy, as, for example, by carrying out decentralization. The two cannot exist side by side. Unless the planned economy is completely done away with, the new market economy cannot be established.

The foundation of the planned economy is the system of state ownership, under which the means of production belong to various levels of the government. The core of this system is governmental control of the various factors of production. Under such conditions, the government performs three functions. First, it is the owner of the means of production. Second, it controls the factors of production. Third, it carries out regular governmental activities. The first of these functions includes all the responsibilities that go to the any owner of the means of production: maintaining the security of public property, and assuring that it will continually valorize. Thus, the government must check into and interfere with the operations of the enterprises under its jurisdiction. Under this system of ownership, it is impossible to separate government and enterprise activities. This type of economic base determines that fact, and subjective humans will cannot change it. The practice of reform in recent years has shown that the government's decentralization cannot threaten its ownership function, or decentralization will be rolled back, either explicitly or in some other guise. The government's second function as controller of the factors of production is a byproduct of its ownership function. Since all the means of production belong to the government, then the government should regulate production, allocation, exchange, and sometimes even consumption. Under such a system, if the government did not control the factors of production it would have no other means of macroeconomic regulation and control. The fact that chaos immediately ensues upon deregulation is a classical phenomenon of this method of regulation and control.

When the government controls the factors of production, a market for the factors of production cannot form; they can only be allocated by government organs, which excludes the possibility of these factors being allocated by a market. The government's third function (carrying out regular governmental activities) is difficult to separate from its other two functions, because the government itself performs all three functions. With a government that assumes these three functions to itself, enterprise property belongs to the government, and enterprises themselves are inevitably part of the government, which regulates enterprises the same way it regulates government.

Under such a system, the government dismembers the enterprise function of allocation the factors of production. Materials departments are in charge of the raw and semi-finished materials needed by enterprises, as well as the marketing of their products; personnel departments decide how enterprises will use labor; banks control the funds they need; finance and tax departments decide where their money goes; planning departments hand down the plan; price departments decide on prices; the organ with overall authority decides on the hiring or

replacement of the enterprise's leaders, as well as its organization; and so on. Because the enterprise function of allocating the factors of production has been dismembered by various government organs, the enterprise's lack of vitality is natural.

Under government ownership, the policies formulated by the government are categorized according to the form of ownership at the enterprises to which the policies apply—ownership of the whole people, collective ownership, privately run, individual entrepreneur, foreign-invested enterprise, etc. These various categories of enterprises are treated differently with regard to taxes, loans and credit, supply and pricing of raw and semi-finished materials, and approval for export and foreign exchange usage. Similar enterprises turning out the same products are treated differently simply because their form of ownership is different. In this manner, the national economy is split vertically into different sectors based on form of ownership, each sector being subject to different policies. This leads to the formation of separate and independent markets and circulation channels. At the same time, when government ownership is exercised at the local level, local authorities split up industries along geographical boundaries. Every locality has its own economic interests, so they cut themselves off and engage in protectionism. In this manner, the unified domestic market is splintered along administrative lines. These two factors combine to split up the domestic market both vertically and horizontally. This type of economic system is the fundamental reason why China's market economy cannot take shape. It must be completely eliminated.

II. Prerequisites for the Establishment of a Modern Market Economy

The first prerequisite is clearly identified interest entities. Enterprises should own their assets, and be responsible for their own profits and losses within the limits of their asset ownership. Thus, we need to explore a reform of the state ownership system and find another way to achieve public ownership. The various forms of ownership which have appeared in China to date must be classified within a theoretical framework. The first type is enterprises at which government allocations have been converted to loans. After taxes have been paid and loans have been repaid, to whom should the remaining assets belong? They cannot, in the first place, belong to the state because the state has not invested anything, nor can they belong to the bank because its loan has been repaid. They cannot, in the second place, belong collectively to the enterprise's workers and staff because they have not invested anything nor do they never receive dividends as property owners; what they do get is income in accordance with the principle of "to each according to his labor." They cannot, in the third place, belong to private individuals. The same situation applies to large collective enterprises in cities. They do not belong to either the state, workers and staff, or private individuals. It is the same "none of the above" situation with collective enterprises run by the people, such as the Stone Group in Beijing's Zhongguancun. These "none of the above" enterprises should be independent producers and sellers. This should be described as a low-level form of social ownership, or a low-level form of coalitions of private individuals. If these enterprises meet the requirements of the market economy, we should take enterprises with existing state-owned assets and gradually convert state investments in them into loans, just as has been done before when we converted state allocations to enterprises into loans. These loans would have to be repaid with interest. This would free enterprises from government jurisdiction and form a social ownership system. If conditions permit, some enterprises with existing assets could implement a shareholding system. This type of low-level ownership system, in conjunction with the various other ownership systems, should constitute the microeconomic foundation of the market economy.

The second prerequisite is that the market be completely open. The market economy will give enterprises an environment characterized by a level playing field, free exchange, and equal opportunity. In other words, apart from retaining authority over the allocation of those production factors which are absolutely necessary for the exercise of macroeconomic regulation and control, the government must turn over all other factors of production to the market to bring about the formation of a capital goods market, funds market, labor market, technology market, information market, real estate market, stock market, equity transfer market, etc. All factors of production, whether tangible or intangible, should be tradable, and all markets must be completely open. Only then can a modern market economy develop, and only then can markets determine the allocation of resources. Under such conditions, enterprises would get all the factors of production they need from the market. They would no longer require the approval of any government organ. They would have autonomy over the allocation of the factors of production, and would no longer be dismembered by government organs. Only then will enterprises have vitality.

Completely open markets and the formation of a market economy provide enterprises with a level playing field. They would go not to the mayor but to the market to get needed factors of production. With a uniform external environment and equal opportunity, the appropriateness of an enterprise's operations would depend mainly on hard work and correct policies. It would have nothing to do with government policies. The government would have policies for entire industries not differentiated according to form of ownership. All enterprises would be treated equally. The market treats all products the same and does not care if they are produced by capitalist or socialist enterprises. Prices depend on quality; it is a matter of survival of the fittest. This would be a test for enterprises. It would be the market choosing among enterprises. Bankruptcy and mergers among enterprises would provide the industrial structure with an internal self-adjustment mechanism. No longer would we depend on external government agencies to close enterprises

down, suspend production, merge them, or shift production. In this manner, as existing assets begin to circulate markets would be able to optimize the allocation of the factors of production.

The third prerequisite is that the function of the government change from control of the factors of production to market guidance. Unlike a free market economy, a modern market economy requires a plan and state intervention, i.e.—macroeconomic regulation and control. This intervention has the following primary characteristics. First, when the market regulates the allocation of resources, the government should use economic, administrative, and legal means to implement industrial policy. Second, the government must keep total supply and demand in equilibrium, control the money supply and the amount of money circulating in markets, and regulate the balance of payments. Third, the government uses various policies, and even direct investments, to regulate industrial structure, enterprise structure, and the product mix, and to assure equilibrium of supply and demand. Fourth, before the government turns various functions over to the market, it must first establish corresponding means of control and legal strictures so as to prevent deregulation from leading to chaos. In other words, a series of coordinated reforms are required. For example, we cannot "smashed the three irons" (iron ricebowl, ironclad wages, and iron armchair [lifelong tenure]) without first having established a social security system, since that would have harmful consequences. It is the same with the allocation of enterprise funds. The government absolutely cannot deregulate the use of these funds until an enterprise self-regulatory mechanism and a tax reporting system have been established, otherwise consumption funds would explode and social distribution of wealth would become unfair. This shows that the process of reform not only requires coordination, but that sometimes new systems must be put in place before old ones can be dismantled. The function of government must be made that of macroeconomic control, otherwise our actions will not be a matter of changing the function of government, but simply paying no attention to anything. Changing the function of government is not only an economic issue, but also touches upon political reform, and there is also the question of how the government and the superstructure, under the guidance of Marxism, are to adapt to the demands of the market economy.

Official Comments on Socialist Market Economy

HK2411071592 Beijing ZHONGGUO XINWEN SHE in Chinese 0935 GMT 9 Nov 92

[Report by Sun Yongliang (1327 3057 5328): "Gao Shangquan Comments on the Conception of a New System of Socialist Market Economy"]

[Text] Beijing, 9 Nov (ZHONGGUO XINWEN SHE)—Gao Shangquan, vice minister of the State Commission for Restructuring the Economy, expounded here today the conception of a new system of socialist market economy, saying that the conception comprises five aspects including the enterprise system, market system, macroeconomic regulation, control system, and so on.

At the opening ceremony for the advanced seminar on China's stock market held today, he made a speech entitled "Expedite Reform and Set Up a New System of Socialist Market Economy."

He said: The basic conception of a new system of socialist market economy consists of the following five aspects.

—Set up a modern enterprise system, making the enterprise the main body of the market. The enterprise must gear its activities to market needs and become the main body of the market. The functions and responsibilities of administration must be separated from those of management and ownership of enterprises from their management. The status of the enterprise as an accessory of the government must be thoroughly changed. Enterprises must make every effort to gain profit, be truly responsible for their profits and losses, and practice self-restraint. Enterprises must compete with one another in the market on the basis of equality and must be allowed to develop on their initiative on the principle of survival of the fittest.

—Set up an open, competitive, and orderly market system so that every essential factor of production will enter the market. First, it is necessary to build a modern market system which is based on the commodity market, focuses on the market for funds, and is complete with markets for essential factors of production. Since development of the market for essential factors of production is clearly held up at present, we must make great efforts to develop markets for funds, labor services, technology, real estate, and other essential factors of production. Second, price reform should be stepped up to build a price formation mechanism based on the market. The price formation mechanism must be gradually made to bear characteristics of a market with a view to turning it into a complete mechanism by which "the state regulates and controls the market, the market determines prices, and prices play a key role in allocating resources." Other than a few monopolistic commodities, commodities that lack resources, and a few facilities necessary to guarantee public welfare, prices for all other commodities and labor services should be gradually freed and should be fixed by the market and enterprises.

—Set up a macroeconomic regulation and control system that meets the demands of socialist market economy and changing government functions as soon as possible. In developing a market economy, we aim to give more effective play to government functions and planning rather than otherwise. Instead of being a panacea, market economy has its own limitations and

drawbacks. Hence, some countries started strengthening government intervention a long time ago, especially following World War II. The move was designed to make good the shortfalls of market regulation so as to optimize the allocation of resources and improve economic efficiency. To build a macroeconomic regulation and control system, we must change government functions to manage economy and streamline the administrative structure—this is an important step for developing socialist market economy. How should government functions be changed? In which direction should they be changed? Gao Shangquan gave his own answers: One, change the original direct management, which was part and parcel of government functions to manage economy, into indirect management; two, change the original microcontrol to macrocontrol; three, change the original practices of examining economic operation, of adjudicating and granting permission to new projects, and of distributing money and materials into the practices of using economic leverage to exercise macrocontrol, drawing up plans, coordinating efforts of various sectors, exercising supervision, and providing services. In a word, let the market and enterprises take care of those things which can be managed well by them and let the government take care of those things which cannot be managed well by the market and enterprises.

—Set up a social security system which meets the needs of socialist market economy. Socialist market economy must adhere to the principle of attaching importance to efficiency as well as the principle of maintaining social justice. Stepping up the reform of the social insurance system and setting up a social security system are essential to successful economic restructuring. It is necessary to set up an enterprise insurance system at an early date so that workers of bankrupt enterprises will be provided with subsistence allowances. In the meantime, we should accelerate the reforms in the old-age insurance system, medical insurance system, and housing system.

—Set up a market order and a legal system which suit the needs of socialist market economy. One of the basic tasks of socialist market economy is to set up a market order and to standardize and improve the legal and supervisory systems. The relevant legislation should be stepped up. In developing a socialist market economy, we must also oppose improper competition. We must use various regulations and rules to maintain market order, and ensure impartiality of competition in the market.

PROVINCIAL

Shanxi Publishes Urban Housing Reform Plan

93CE0134A Taiyuan SHANXI RIBAO in Chinese 23 Sep 92 p 2

[Article: "Implementation Plan For City and Town Housing System Reform in Shanxi Province"]

[Text] This implementation plan has been especially drafted in accordance with the provisions and requirements of *State Council Circular Notice on Continued Steadfast Reform of the City and Town Housing System,* and *State Council Office Circular Notice Forwarding the Views of the State Council Housing System Reform Leadership Team on Full Reform of the City and Town Housing System* as they apply to realities in Shanxi Province.

1. Basic Principles and Objectives

(1) Basic Principles: Adherence to the mechanism transformation principle, transforming the operating system of the traditional system by changing the low rent in kind housing allocation system to a new mechanism employing allocation for money and in exchange for commodities; establishing a housing mechanism whereby government, units, and individuals pool funds for the building of housing as a means of accelerating the building of housing for staff members and workers; adherence to the principle of simultaneous leasing, selling, and construction of housing in the fashioning of a joint order that promotes house construction; reform of the low rent and rent-free housing allocation system, instituting a system whereby the larger the dwelling the higher the payment, thereby curbing unwarranted housing demand through economic means.

(2) Phased Objectives: The basic goal during the Eighth Five-Year Plan is to change the allocation of housing at low rents and free of charge, introducing step by step a rent payment level that takes into account housing depreciation expenses, maintenance expenses, and administrative expenses. This change seeks to solve the problem of less than 2 square meters of space per person in needy households, to provide 7.6 square meters of space per person for city and town residents, and to attain a 50 percent unit rate [chengtaolu 2052 1152 3764] in housing; attainment during the Eighth Five-Year Plan of a rent payment level that covers housing depreciation expenses, maintenance expenses, administration costs, interest on investment, and real estate taxes, basically solving the problem of less than 4 square meters per person of space in needy households, providing 8 square meters per person of space for city and town residents, and attaining a 60 to 70 percent housing unit rate. Later on, the rent to be paid is to be based on a total of eight factors (the addition to the five foregoing factors of land use expense, insurance expense, and profit), meaning a commercial rent level. This will provide each household with a comfortable home and will permit the gradual commercialization and socialization of housing.

2. Steps in Implementation

The purview of current housing reform is as follows: The 15 cities in the province (including the nine county-level cities), the province's 106 counties (and districts), and its 498 organized towns and some independent industrial

and mining areas. The principle to be applied is housing reform by stages and in groups.

During 1992, housing system reform plans are to be presented successively for the cities of Taiyuan, Datong, Yangquan, Changzhi, and Jincheng. Each prefecture (and city) must select three to five cities, or counties (or districts) under its jurisdiction to begin planning. Before the end of 1993, housing system reform plans are to be inaugurated bit by for all the cities and towns in the province.

During the initial stage, public housing rents will begin to be calculated in terms of two factors (maintenance costs and administration fees). Cities and towns having requisite conditions can move ahead somewhat faster. Plans must be based on surveys of the living requirements and incomes of staff members, workers and urban residents, and housing construction and maintenance requirements, reasonable calculations made for all the factors that go into the rent to be paid for housing in order to set standards for raising rents and for calculating the amount of housing allowances.

3. Concrete Implementation Methods and Requirements

After calculating the rent for public housing, the sale of public housing should begin, staff members and workers being encouraged to pool their funds and cooperate with each other in the building of housing. Allocation of newly constructed housing requires payment, a security deposit, or purchase of housing construction bonds. A housing fund and a public reserve fund system is to be set up. All jurisdictions throughout the province may proceed by suiting general methods to specific circumstances under centralized planning and policies.

(A) Issuance of Allowances for Rent Increases

1. A uniform rent standard figure based on the amount of space used is to be applied for all public housing within the same city (or county seat) (including public housing that is directly administered by real estate administration units and public housing that units themselves manage).

2. In adjusting public housing rent standards, rents may be adjusted gradually in a planned way to the point where they cover costs. When rents can be raised step by step, cities and towns, and entrepreneurial and public units that can do so may act in unison.

3. When public housing rents reach a certain point, staff members and workers may be provided a suitable housing allowance. In figuring the standard for raising public housing rents and for payment of a housing allowance, the principle to be followed is "an allowance that is smaller than the amount of increase," individuals to bear responsibility for no less than 25 percent of the new rent hike.

4. The source of money to pay allowances is as provided in Guofa (1988) Document No 11, and Caizongzi (1992) Document No 31 issued jointly by the State Council Housing Reform Leadership Team, the Ministry of Finance, and the Ministry of Construction.

5. Additional rent is to be paid for housing in excess of standards. Housing area standards are to be enforced in accordance with pertinent national and provincial provisions. Those who refuse to relinquish housing that exceeds standards are to be charged an additional amount of rent for the additional portion that is sufficient to cover the five aforestated costs.

(B) Sale of Public Housing

1. The uniform rental standards may be used as a basis for selling public owned housing in an organized way to staff members and workers in cities and towns.

2. Sales prices for public housing consist of the market price and the standard price.

When housing is purchased at the standard price, the buyer holds some equity rights. He may use the housing and pass it along to his heirs, but he may not give it away.

When public housing is purchased at the market price, the buyer holds full equity rights.

3. Buyers may either make a lump sum payment or they may make payments in installments. The first payment of an installment payment plan may be no less than 30 percent of the price of the dwelling. For the remainder of the housing payment, application for mortgage may be made to the Real Estate Credit Department, the loan interest rate to be set on the basis of the period of the loan. The loan repayment period for new housing may not exceed 15 years; for old housing, it may not exceed 10 years.

(C) Institution of New System For New Housing

1. Beginning 1 January 1992, a new system is to be instituted for the reallocation of all newly built housing and vacated old housing in cities and towns. The principles to be followed for new housing are sales before rentals, new rent rates for new houses, and renting of housing for money.

2. New rent rates for new houses. The rent on new houses is to be higher than the rent charged for local houses of the same kind following rent increase, and it is to go into effect before rents are raised on old houses to cover costs. Where possible, local areas and units may act in unison in raising rents to cover costs.

3. Business enterprises may carry as costs allowances paid in connection with rent rises on new housing; government institutions and entrepreneurial units may include them in their financial expense budgets.

4. When new houses are allocated for money, but the rent does not cover costs, the rent payment may be supplemented by requiring payment of a security deposit or through the purchase of dwelling construction bonds.

All prefectures, cities, and counties may set the amount to be collected on the basis of the kind of construction, the number of stories, the exposure, and the equipment provided. In addition, renters are to pay rent according to regulations.

When renters pay a security deposit, a rental security agreement must be signed between the title holder and the renter. Housing rental security deposits are to be collected by the title holder and deposited in a designated financial institution to function as a housing construction revolving fund used for building houses. It may not be diverted to other uses. Housing construction bonds are to be included in city and town housing funds. The term for security deposits and bonds is tentatively set at five years.

When rental security deposits and housing construction bonds become due, they are to be repaid with interest. Public housing rent standards may be put into effect at the same time.

5. Whether a city (or county seat) institutes new rents for new houses in unison, or whether it institutes in unison the payment of a rental security deposit for new rentals or construction bonds for the purchase of housing, the prefecture government or the city and county government are to decide.

(D) Pooling of Funds and Cooperative Building of Housing

Either society as a whole or individual units may organize the pooling of funds and the cooperative building of housing. Cooperative action is not to have profit as the goal; it is to abide by the principle of individual voluntary pooling of funds, assistance from the units of those involved, government support, democratic management, and looking after its own needs. Governments at all levels, all departments and all units must support this work, providing support in providing land, on programs and planning, on materials, credit, and taxation.

(E) Establishment of a Public Reserve Fund System

The main purpose of a public reserve fund is to increase staff members' and workers' ability to solve their own housing problems as well as to expand city and town financing of dwelling construction, thereby accelerating the building of city and town housing. In 1992, large- and medium-sized cities promoted public housing reserve funds as a part of their housing reforms, and small cities and towns as well as county seats that are able may establish the public reserve fund system as circumstances require.

Staff members and workers in units that have a public reserve fund pay a certain percentage of their monthly pay into the reserve fund, and the units themselves also pay a certain percentage of staff member and worker wages into the reserve fund, both sums becoming the property of the staff members and workers individually. These funds are deposited in local housing reform-associated financial interests where they draw interest at the same rate as bank demand deposits. The public reserve fund may only be used for the purchase of a dwelling that one is to occupy, for a dwelling that one is going to build and live in, for the renovation of a private dwelling and for major repairs on a dwelling. Should a staff member of worker retire or be separated from employment, establish residence abroad, or die during the period of employment, his or her remaining share of the public reserve fund plus interest is to revert to the staff member or worker or to his or her heirs.

4. Maintaining Funding Channels and Establishing Housing Funds

Establishment of a housing fund is crucial to smooth housing reform, and it is also a fundamental task. People's governments at all levels must organize agencies concerned to use various means for maintaining channels for funding housing. They must do a conscientious job of transferring, pooling, and administering funds, setting up housing funds at three levels, namely for cities and towns, units, and individuals.

Housing funds form the material foundation for smooth conduct of housing reform as part of the steady improvement of city and town residents' housing conditions. Leadership must be improved to prevent losses. In this regard, all cities and counties must establish a housing fund administration center under leadership of the local government's housing reform leadership team. This center is to be an entrepreneurial kind of economic entity that represents the government in its responsibility for raising, managing, using, and administering the housing fund, uniformly administering the three level housing fund as different circumstances require, and entrusting specialized banks to act as agents in housing reform financing.

5. Setting of Pertinent Associated Policies

Housing system reform must change the traditional operating system, using associated financial, planning, tax collection, financing, pricing, and real estate management reform for the gradual building of a system in which housing is produced, allocated, exchanged, and consumed just like any commodity. A planned administrative system must be shaped that ties together command style plans and guidance style plans for housing construction. The system must provide for guidance style planning and management for individual raising of funds and cooperative housing construction.

1. In all cities, counties, and units conducting housing reform in which the treasury formerly allocated all investment to be used for housing each year, the various housing expense channels from which all entrepreneurial units and government institutions drew money are to remain unchanged for the time being. All funds added following reform are to be put into the housing fund.

2. All units conducting housing reform that require new construction of staff member and working housing (including improvement of old housing) because of the serious shortage of housing may be exempted from or pay reduced fees. The kinds of tax reductions or exemptions are to be in accordance with pertinent state regulations.

3. Local government centrally planned special purpose housing for the purpose of "relieving hardship" and the raising of money for the cooperative construction of housing for "particularly needy households" is to be in accordance with Jinzhengfa (1991) Document No 21.

4. In the case of staff members and workers who were in the old Red Army or who did revolutionary work during the period of the war of resistance to Japan and the war of liberation, civil government- and labor unit-designated orphan and old people households to be given special care, social relief households and needy households on welfare, after offsetting the newly-set house rent by the amount of the allowance set for the members of the household, any rent increase that is higher than the rent prior to reform may be suitably reduced or excused. All jurisdictions must strictly control the extent of reductions and exemptions. The children of those entitled to these reductions and exemptions may not enjoy the same benefits, and if such a person desires to buy a dwelling, the purchase is to be handled in accordance with provisions for the sale of public housing.

5. For the sake of consistency in policy, the provincial housing system reform leadership team is to prescribe methods regarding public housing rent standards, the sale of public housing, pooling of funds for cooperative housing construction, fund raising for housing, administration and use, administration of housing finance, public reserve funds for housing, and the issuance of and subscription to housing construction bonds.

6. Improvement of Leadership and Perfection of Government Institutions

Housing system reform has a direct bearing on the personal welfare of the public; it is a multi-faceted and long-term task, the leadership of which governments at all levels must improve. Prefectures, cities, and counties conducting complete housing reform must establish agencies responsible for leading reform in which the government leaders concerned play a leading role and in which all government agencies concerned play a role. They are also to delegate corresponding policy authority and coordination responsibilities on the institutions in charge of housing reform. Housing reform offices at all levels must designate specific persons responsible, maintain a permanent corps, and integrate specialties, thereby providing organizational support for housing system reform. All prefectures, cities, and counties are to draw up implementation plans and detailed regulations in accordance with this plan. Units under central government, provincial, and local control are to enforce the policies and regulations that local government draw up. In the implementation of plans, all policies must be strictly enforced. The reform plans of all cities (counties, districts, and independent industrial and mining areas) are to be examined for approval by housing reform leadership teams following prefecture and city examination. Following local and city examination and approval, the plans of other organized towns and enterprises are to be reported for purposes of record to the provincial housing reform leadership team office.

Shanxi Land Administration Notice on Land Use Transactions

93CE0134B Taiyuan SHANXI RIBAO in Chinese 24 Sep 92 p 3

[Article: "Shanxi Provincial Land Administration Circular Notice on Various Problems in the Sale and Transfer of Land Use Rights"]

[Text] In order to meet requirements for development of the commodity economy, open the land market, hasten impetus toward reform of the state-owned land use system, enhance administration of land use rights transfers, make rational use of and conserve land, ensure no loss of national land assets, increase government financial revenues, and advance economic development, in accordance with pertinent provisions of the "People's Republic of China Land Administration Code," State Council Order No 55, and the Shanxi Provincial People's Government's Jinzhengbanfa (92) Document No 149, the following public notice is made:

1. Use rights for all state-owned land in cities, county seats, organized towns, and industrial and mining areas within the territory of the province may be put on the land market. All corporations, business concerns, other economic organizations, and individuals inside and outside the province holding legal entity status may participate in the land market according to law, developing, using, and doing business in land.

2. City and town land belonging to the state. Land administration departments at all levels represent the government in the sale of land use rights, i.e., they exercise a monopoly over the primary level land market. No other department, unit or development corporation of any kind may supplant the functions of the land administration departments. They may not sell land. Land use rights are to be sold largely through the calling for tenders and auctions. Returns from land that belong to the state may not flow into the pockets of units or individuals, or be turned into profits for business concerns. They must be turned over to the state.

3. All land use rights obtained through public tenders or auction may be transferred, leased, or mortgaged in accordance with regulations. All land use rights obtained from the government at a concessionary price as a result of negotiated transfer may not be transferred, leased, or mortgaged. Should transfer, lease, or mortgage be necessary, application and registration must be made at the local land administration office, the land sale price paid,

and sale procedures completed before the land may be put on the market. Otherwise, illegal transactions are to be investigated and punished, illegal earnings confiscated, and fines levied on the basis of the seriousness of the offense.

4. All state-owned fallow land, abandoned land, land slated for urban renewal on which structures have been razed, unoccupied land within a unit, and land requisitioned two years earlier on which construction has not yet begun in any city, county seat, or organized town in the province is to be taken back by the city or county land administration office and sold on behalf of the city and county people's government.

5. Once the land use administration office reports approval by government at the same level, land use rights are to be rescinded, land use licenses cancelled, and the land administration office is to issue public notice of the termination of land use for all land in old parts of cities and towns on which buildings have been razed for the purpose of urban renewal as part of government planning. For structures and appurtenances within the parcel of land, compensation must be figured separately for the land and the buildings on it. In no case may the value of the land be included in the value of the buildings. Units and individuals using land for the first time must make application for land use to the land administration office. Depending on the nature of the land use, the land administration office is to arrange transfer following examination and approval, or complete procedures for its sale for compensation.

6. All jurisdictions are to check on and rectify the invisible land market. All units and individuals who transfer, lease, or mortgage use rights to state-owned land without having sold them, as well as transfer, lease, or mortgage to others land use rights in conjunction with the buying and selling of structures and appurtenances on land, and who change the purpose for which land is to be used are to be included in such checks and rectification. Following investigation and verification, such instances are to be handled in accordance with provisions of Jinzhengbanfa (92) No 149. Pertinent procedures are to be completed in cases where approval was not received.

7. Land use rights for land to be used for construction purposes, including land in cities and rural villages, development zones and nondevelopment zones, and land to be sold or transferred are subject to land use examination and approval procedures according to regulations. Failure to obtain approval or overstepping approval is to be punished severely according to law.

8. Land administration offices at all levels represent state-owned land ownership rights. They are functional organs at all levels of government for administration of land markets according to law. They are responsible for supervising, examining, and administering the sale, transfer, leasing, and mortgaging of state-owned land use rights; they are responsible for examining, approving, and handling procedures pertaining to the sale, transfer, leasing, and mortgaging of state-owned land use rights, and for collecting money from sales and added value fees for land; and they are responsible for investigating and punishing illegal land transactions. All units and individuals engaging in land transactions must accept the supervision, examination, and administration of land administration offices. Those who refuse to accept this supervision, examination, and administration are to have their land use rights revoked, their land use licenses cancelled, and be fined subject to local government approval. In addition, depending on the seriousness of the offense, they are not to be accorded land use rights for a period of from 3 to 5 years.

Administration Director: Li Zhirong [2621 2655 2837]
15 September 1992

Shanxi Works on Small River Basin Control Projects

93CE0134C Taiyuan SHANXI RIBAO in Chinese 12 Sep 92 p 1

[Article by Correspondents Wang Rong (3769 2837), Fang Yongli (2455 3057 0448), and Ma Cunhong (7456 1317 3163): "Provincial Government Convenes Fourth Provincewide Work Conference on Harnessing of Small River Basins. Accelerates Control; Increases Returns From Development. CPPCC Vice-Chairman Qian Zhengying (6929 2973 5391) Makes Special Trip To Take Part in Conference and Make a Speech. Guo Yuhuai (6753 5940 2037), Vice Governor in Charge of Day-To-Day Affairs, Makes Report on Behalf of Provincial Government. Vice Governor Wang Wenxue (3769 2429 1331) Summarizes Conference Proceedings"]

[Text] Take scientific and technical progress as a guide for comprehensive development, and take economic returns as the key purpose in accelerating control, harnessing small river basins as part of the movement toward a commodity economy. This was the basic line of thought for the future harnessing of small river basins throughout the province raised at the fourth provincewide work conference on the harnessing of small river basins held in Lucheng County from 7 through 8 September.

This conference provided a transitional link to forge ahead toward the future. CPPCC vice-chairman, Comrade Qian Zhengying inspected several villages that have done advanced work in the harnessing of small river basins in Qinxian, Lucheng, and Pingshun counties. At the conference, she gave a speech titled, "Move the Harnessing of Small River Basins in the Direction of the Commodity Economy." The conference carried out the spirit of the fifth national water and soil conservation work conference, listened to and discussed the report that Vice Governor Guo Yuhuai gave on behalf of the provincial government, visited the key small river basin harnessing projects in Lucheng and Pingshun counties, summarized and exchanged achievements and valuable

experiences during the past 10 years in the harnessing of small river basins, particularly during the past two years, and decorated and issued awards to advanced collectives and individuals who have made outstanding contributions to water and soil conservation work. Vice Governor Wang Wenxue delivered a concluding speech. Deputy assistant directors, deputy mayors, water conservancy and water protection bureau chiefs in charge of small river basin control work from all prefectures and cities in the province, as well as deputy county magistrates in charge of such work from 56 mountain counties, and water conservancy and water protection bureau chiefs took part in the conference.

Since the Third Plenary Session of the 11th Party Central Committee, Shanxi Province has made startling achievements in water and soil preservation work that have been unprecedented in their speed and effectiveness. During the early 1980's, spurred by the tide of reform in which the family output-related contract responsibility system was the main component, household contracting of the harnessing of small river basins was born in Hequ County in Shanxi Province. This work began to spread everywhere in the province during the second half of 1982. By yearend 1991, a 3,791 mu eroded area has been brought under control throughout the province. This is 2.6 percent of the area to be brought under control, and it was done 1.3 times faster than the average speed of control during the previous 32 years. This work included the building of 4.52 million mu of basic farmland, the planting of 27.77 million mu of water conservation forests, the planting of 3.64 million mu of pasture grass, and the closing of 1.98 million mu of mountain areas to protect the forests. Within the control areas, 108 new key dams, more than 4,000 silt-arrester dams, and 460,000 meters of river embankments were built. A total of 870,000 meters of flood water drainage ditches were dug, and 26,000 check dams were built. By yearend 1991, the conservation brought under control totaled 41.81 million mu, which is 29.3 percent of the water and soil erosion area. Of particular note is the work begun in 1983 on eight state-designated key control areas in the upper reaches of the Sanchuan He and Yongding He on which cadres at all levels and the public struggled for nine years. In 1991, work was completed on 30 small river basins here, 74.7 percent of the area having been brought under control. Here, 2.3 mu of basic farmland, 4 mu of water conservation forests, and 3 fen of economic forests per capita were built providing 491 yuan per capita of income and 556 kilograms per capita of grain. This was approximately double the amounts prior to bringing the basins under control. In the four key control areas up river from the Fen He Reservoir, where work began in 1988, a control policy of "curing poverty to bring riches, and arresting silt to protect the dam" was diligently implemented. In a period of four years, a 718,000 mu area was brought under control in an annual 3.3 percent rate of control. Two hundred of the province's 547 small river basins slated for major construction were brought under 50 percent control. Household contracting of the harnessing of small river basins closely linked peasant households—that most basic economic and social unit—with small river basins—that most basic natural unit. It integrated responsibilities, rights, and interests, and unified harnessing, control, and use. As a result, not only were peasant households responsible for harnessing and control, but they had the right to make their own decisions about how the work was conducted as well as to reap corresponding economic returns. This greatly aroused the enthusiasm of myriad peasant households for harnessing innumerable mountains and valleys. From inception until the present time, this method has been rapidly extended from a single point to a wide area in a stage of rapid development of both the number of contracting households and the area contracted, and to a stage of adjustment, rectification, consolidation, and further amplification. It has now entered a stage of comprehensive harnessing, specialized operations, and intense development.

The conference proposed a basic line of thought and new requirements for future small river basin harnessing work as follows: First is continuation of the policy of reform and opening to the outside world, and further exploration of various forms of household-based contract responsibility systems. In contracting the harnessing of small river basins, perseverance and continuity are of first importance. Second is constant improvement and development. In addition, constant emancipation of thinking, and bold exploration of new mechanisms for bringing the basins under control is needed. Second is maintenance of the guiding thought of taking science and technology as a guide and taking returns as the key purpose in the vigorous promotion of highly efficient harnessing of small river basins. Third, leaders at all levels must stand in the front ranks of developing a socialist market economy. They must guide the peasants in updated product economy concepts and increase their awareness of the market economy. They must change the traditional centralized small commodity production methods, developing commodity production on a regional scale. Fourth is the need to maintain a spirit of constant perseverance and arduous innovation, genuinely improving leadership of water and soil conservation work. All jurisdictions must set up and perfect strict systems for checking responsibility systems at every level, and they must set up at all levels of government a system whereby leaders regularly check on water and soil conservation goals. Each level should supervise the next level, one level signing responsibility agreements with the next, spelling out duties, clarifying goals, setting time limits, making examinations preliminary to acceptance at the appointed time, and strictly handing out awards and punishments. This fall, much rain has fallen, making ground moisture conditions rather good. All jurisdictions must do a truly good job of planning and preparing nursery stock to launch a new campaign in the harnessing of small river basins once the autumn harvest is in.

Shanxi Creating 'Silicon Valley' in Taiyuan Suburbs

93CE0131A Taiyuan SHANXI RIBAO in Chinese 18 Sep 92 pp 1, 3

[Article by staff reporter Feng Qinxue (7458 0530 1331) and Li Jinsheng (2698 6855 5716): "Taking the Road to 'Silicon Valley'—Report From Taiyuan's Development Zone for High, New Technology Industries"]

[Text] **The Situation Demanded Action**

The leaders of almost every country now understand: whoever can take the lead in high science and technology will have full assurance of success in world economic competition.

In China Comrade Deng Xiaoping, in the early 1980's, said: "The next century will be the centery of high science and technology. China must, at all times, develop its own high science and technology, and take a position in the world the high science and technology domain." In March 1985 the CPC Central Committee, in its "Decision on Restructuring the Scientific and Technological System," stated: "Throughout China we must select some areas where intelligence is concentrated, adopt special policies, and gradually form new technology development zones that have different characteristics." Not long afterward, the "Shenzhen Scientific and Technological Industrial Park" was the first to be born, and Beijing Municipality's experimental zone for the development of new technology industries was established. Throughout China the "Torch Plan," with the aim of turning the results of high, new technologies into commodities, industries, and international products, began to be put into effect.

In 1988 the Shanxi Provincial Science and Technology Commission drew up the "Plan for Establishing the Taiyuan Science and Technology Park." This idea was taken very seriously by the provincial party committee and the provincial government. In November 1990 the provincial party committee and the provincial government sent an observation group, h eaded by Vice Governor Wu Dacai [0702 6671 2088], to other provinces and cities to observe and gather experience. At this time, throughout China it was announced with fanfare that more than 40 provincial and city development zones for high and new technology industries had been established.

In April 1990 Beijing held a national conference on development zones for high and new technology industries. Shanxi sent Wang Qizeng [3769 6386 1073], vice chairman of the Taiyuan City Science and Technology Commission, to the conference. Who would have thought that the conference would not admit him? A spokesman for the conference said: "You people in Shanxi don't have development zones, and the conference did not invite you." Telling the people with him not to leave, Wang Qizeng, without authorization, attended the conference. There, he learned that Shanxi, along with Tibet, Yunnan, Xinjiang, and Ningxia, were the last five provinces or autonomous regions in China that did not have high science and technology development zones.

The spirit of the Beijing conference shook Taiyuan City. The situation demanded action, and time would not wait for us!

Provincial Party Secretary Calls for "Special Express"

Amid the chaos of the world, sterling qualities are displayed. Faced with the vigorous growth throughout the world of development zones for high science and technology industries, the provinces and cities in China are competing with each other in setting up their own "Silicon Valley." On 6 July 1991, the Taiyuan City High and New Industries Development Zone was formally established!

Located in the southwestern part of Taiyuan City, the development zone is composed of Wucheng Subdistrict, Xiayuan Subdistrict, as well as two subdistricts connected by Yingze Street, Pingyang Road, and Xinjian Road. Its total area is about 20 square kilometers. In this zone are nine institutions of higher learning, including Shanxi University, Shanxi Mining College, and Taiyuan Industrial University. In addition, many state- and province-level scientific research organizations are scattered among them. The industrial targets set by the development zone are: microelectronics science and electronic information technology; photoelectronics science and machinery-electronic organic technology; bioengineering technology; new materials technology; energy technology; ecological science and environmental protection technology; biomedical engineering; basic materials science and radiation technology; and new crafts and new technologies applied on the foundation of the province's traditional industries.

At a news conference on the establishment of the development zone, Wang Maolin [3769 5399 2651], secretary of the provincial party committee, issued a statement. He said categorically: "The development zone must launch a 'special express,' so that the latecomer overtakes the old-timers!"

How is the 'special express' to be launched? A year of practice has proven that, on the basis of learning from the experiences and lessons of fraternal provinces and cities, the development zone has taken six practical and effective paths.

A man good at "leading the ox by the halter" was named the leader—the Taiyuan City government chose the assistant mayor, Wang Xiaolin [3769 2556 2651], to be the chairman of the Development Zone Management Commission. In his status as assistant mayor, Wang Xiaolin exercised authority as a representative of the government, and avoided many wrangles and troubles in work. At the same time, above the management commission was the "Leading Group for the High and New Technology Industries Development Zone" headed by

Vice Governor Wu Decai. This ladder-shaped decison-making body, coupled with the fact that each of its members was "a duke under the emperor" and had the authority "to lead the ox by the halter," without a doubt was a powerful guarantee that there would be high efficiency in getting things done.

The "stagnant water" in the personnel system was changed to "running water." With regard to the peresonnel chosen to work in the development zone, would the path of "inbreeding"—relatives, friends, fellow students , and aquaintances—be taken, or would only talented persons be picked, and not just one pattern be stuck to in their use? The development zone has begun to firmly put into practice the position-appointment system and has not set up "iron armchairs" and "iron rice bowls"; it permits talented persons to freely come and go, so that there are no cases of "aimless drifting" and talented persons stay in the right posts.

Functional departments went into the zone to act as servants. To avoid all sorts of drawbacks that existed in the old management system, government functional departments at all levels have sent administrative bodies into the development zone to stay in it and provide services "at the doorstep." Wang Maolin, secretary of the provincial party committee, also issued a special instruction: "Each one of the department personnel attached to the management commission not only is a liaison officer; he is also a plenipotentiary of the given department stationed in the development zone. He has the right to represent the department in signing documents, has the final say on plans, and makes the final decison. With regard to certain major questions for which instructions are requested, generally there will be a limit of five to seven days, and if no reply is made after this lime the responsibility of the leadership will be investigated and affixed."

High science and technology enterprises worthy of the name went into the zone. In marketing, production, extending credit, tax revenue, export and import, and many other aspects, the development zone enjoys preferential policies. What enterprise would not want to go into the zone? However, if enterprises come in that are not worthy of the name of high science and technology enterprises, in the end the development zone could have an undeserved reputation. For this reason, the provincial and city governments established the "Commission for Authenticating High and New Technology Enterprises. The commission makes strict checks, examinations, and verifications in order to insure that all enterprises that go into the zone are 'geese that lay golden eggs.'"

The high technology enterprises are the first to do things simply and thriftily in order to give birth to "babies" and then create conditions for erecting "Western-style buildings." The fraternal provinces and cities once encountered the knotty problem of enclosing land and erecting buildings for the high science and technology enterprises. Taiyuan City's method was: let the enterprises that go into the zone give birth to "babies" in a simple and thrifty way, accumulating financial resources to build high-standard sites. Arousing themselves, the enterprises proceeded in an orderly way step by step, avoiding the sapping of their vitality.

The idea of "small organization but big service" became a reality. In the initial period after the establishment of the development zone, a responsible person of the management commission put forward the principled idea of "small organization but big service," i.e., "fewer cadres but more work done." As of now, the management commission has only 15 staff and workers, and, compared with the management commissions of the development zones in the provinces and cities throughout China, it has the fewest personnel. One office does the work of eight or more offices. For example, the general office embraces the work of six or seven offices, including that of the administrative office, secretarial office, liaison office, personnel files office, and professional title examination and approval office. To get higher efficiency with fewer people, they made a point of simplifying procedures. In the past to become part of the zone an enterprise had to get 28 seals affixed to its application before it finished the entire procedure, but now only one seal will do.

"Birthing Bed" Full of Hope

Now, 111 high science and technology enterprises have become part of the zone, and a large number of "golden babies" are competing to come into the world. In the organic field of electronic information and of machinery and electronics there are: numerical controlled pipe bender, automatic magnetic field shaping press, and optical fiber board. In the field of high efficiency and energy saving there are: magnetic mirror-type direct-current arc furnace, mining explosion-proof vacuum feed switch, and closed-apeture steel barrel production line. In the field of new materials there are: thermocompressed holographic material, carbon fiber protofilament, active carbon fiber felt, fluoride fiber material, super-high rectifying neodymium boron permanent-magnetic material, nitrogenized silicon, oxidized zirconium, FM anticorrosive paint, and polyamin ester. In the field of refining chemical industry there are: high-efficiency energy-saving purified catalytic agent, DMDT pesticide, rutile titanium dioxide, and high-energy oxidized zinc. In the field of biomedical technology there are: metallic Goron euryale tremelli, (kelinmycin) [kelinmeisu 0344 2651 7199 4790] produced by new techniques, hydroxl phenyl glucoside amino acid produced by fermentation, derivative products of ethyl gutamic acid, pyroderivative acid, and (Denuo) [denuo 1795 6179] stomachic tonic. Many results of scientific research have already been swiftly transformed into commodities: the Taiyuan Computer Research Institute, set up by seven university students including Liu Shuangyin [0491 7175 0603], has emerged on markets inside and outside the province, and its annual profit is several million yuan. The products of the Wuzhou Electronic and Photographic Supplies and Equipment Company, set up by the peasants of Xinjiang County, have been put

on the international market; in April of this year these products won gold medals at the National Exhibition of New Products and New Technologies. In addition, more than 10 scientific and technological results that are used by some coal bases have been bought by the Wangzhuang Coial Mine of the Lu'an Mining Bureau and other units for their own use. In only the first half of this year, the Taiyuan High and New technology Industries Development Zone had an output value in science, industry, and trade of 76.85 million yuan, and had 14.26 million in profits tax. It is estimated that by the end of the year the total income of science, industry, and trade in the development zone could reach 200 million yuan. Standing in front of row after row of names that we feel are brand-new "golden babies," we cannot but be proud. Who says that the people of Shanxi only dig coal? Only produce foolish and clumsy things? Look, we ldo not fear sarcastic remarks and ljabbering by other people; we only fear not understanding outselves.

The development zone not only produces scientific and technological civilization; at the same time it is a laboratory for reform and opening up to the outside world, creating experiences in the management of socialist enterprises. In the first half of this year, the experience of "one factory, two manufactures" transmitted fromthe development zone drew the interest of all circles.

For the so-called "one factory, two manufactures," the best way of implementing the two kinds of operating mechanisms in an enterprise is: on the material and technical foundation of the original enterprise, separate out part of the human and material resources into an optimum combination to go into the development zone and produce and manage high and new technology products. The "subfactory" is the first to become active; it develops and then spurs all other factories to jointly advance. Beginning last year, the Taiyuan May First Machinery Plant set out a crack contingent that, with a certain American company in a joint venture, set up the Taiyuan (Suosiwosi) Hoisting Machine Company, Ltd. In only one year's time, the 96 kinds of product it produces were all appraised by the state as first-class products; they were put on the markets in the 28 provinces, municipalities, and autonomous regions of China, and were also sold in America, Japan, and Australia. Having learned something from this, the May First Machinery Plant not long afterward set up a new high science and technology enterprise—the Taiyuan Autostorage Materials Flow and Technical Equipment Company—which produces a piece of automated equipment, similar to a robot, that fetches goods from warehouses; its marketing prospects look good.

The development zone is also Taiyuan City's "experimental zone for stock-system enterprises." It is here that enterprises apply for being run under the stock system, and the procedures for doing so are simple and convenient: the management commission's approval is all that is required. As of now, 26 enterprises in the development zone are trying out the stock system. The three kinds of enterprises that are either partially or wholly foreign-owned, the township-town enterprises, and the privately run individual enterprises are vying with each other to enter the development zone.

The "special express" finally left the station! At the end of last year—when the zone had veen in existence for only half a year's time—the zone was ratified by the State Science and Technology Commission as a "provincial-level high science and technology development zone," praising it as "although starting late it developed swiftly, and some day could be in the first rank ..." In the fraternal provinces and cities, some experts and scholars said that it "traveled in one year what would normally take three years."

FINANCE, BANKING

Improve Macroeconomic Regulation, Control Mechanisms

93CE0127A Beijing JINGJI RIBAO in Chinese 10 Oct 92 p 3

[Article in "Exploring Theories" column by Zhou Zhengqing (0719 2973 1987): "Several Issues Pertaining To Improving the Macroeconomic Financial Regulation and Control Mechanisms"]

[Text] **I. Why Should We Continue To Impose Loan Quotas?**

Controlling loans via quotas, as a supplementary macroeconomic financial control and regulation measure used by Western central banks, was at one time very popular in many nations and played a very important role in strengthening macroeconomic regulation and control. Prior to the 1980's, before Great Britain, Japan, France and others decided to use money supply as the principal means of regulation and control, they had imposed loan quotas as a control measure to limit the increase in loans commercial banks could extend. Loan quota as a control measure is even more popular among developing nations.

China began imposing loan quotas as a control measure in 1985, and today, it is still regarded as a very important means of regulation and control and is implemented comprehensively in combination with other regulation and control measures. This is based on China's realistic situation today, and under present conditions, it is clearly playing a positive role in effecting macroeconomic financial regulation and control.

First, it is an effective measure for stabilizing the currency and controlling inflation. We clearly had inflation in 1988, and at that time, in order to stabilize the currency, besides raising the reserve to deposit ratio, People's Bank also imposed loan quotas on the specialized banks and implemented strict volume control. Accompanied by other relevant measures, we quickly curbed inflation. The inflation rate plummeted from

18.5 percent in 1988 to 2.1 percent in 1990. Practice has proved that strict loan control plays a "rigid restraint" role in macroeconomic regulation and control and is clearly effective in curbing loan expansion. It is an important means for curbing inflation.

Second, loan quota helps to control the total credit loan volume and readjust the loan structure at the macroeconomic level. China's economic development is uneven; there are great regional differences. To promote nationwide economic development, besides supporting the coastal regions and the economically well-developed regions, the state must concentrate some funds to guarantee key constructions and support the old industrial bases and economically underdeveloped regions and promote their economic growth. By imposing loan quotas, headquarters of People's Bank and the specialized banks can gather funds from regions with surplus deposits and redistribute the credit funds properly and concentrate some to guarantee the state's key constructions and support the nation's steady and coordinated economic development.

Third, currently no other regulation and control measures can replace loan quota to perform the same functions. In China's present stage of economic development, because of the economic system and the operating mechanisms and other factors, society's total demand is often larger than its total supply, and in terms of funds, the departments and regions' huge demand for funds is far beyond what the bank loans can satisfy. In view of China's imperfect market mechanisms, especially considering that enterprises' management mechanisms have not yet been changed and other reform measures have not been implemented, we cannot curb the strong demand for funds by relying purely on market mechanisms and economic measures. For example, China has raised loan rates on several occasions, hoping to raise the price of loans as a means to curb loan demands, but the effects have been very limited. If the central bank should abandon loan quotas as a control measure, inevitably, there would be a resulting surge in loans and excess circulation of currency in society, ultimately leading to runaway inflation.

It should be pointed out emphatically that while acknowledging the positive effects of loan quotas, we should also see its negative side. We must not lose control of the total loan volume, nor should we be too rigid which can undermine economic development. Thus, we must start out from practicality and regulate and readjust the loan quotas in a timely fashion. While we emphasize volume control, we should also strengthen quality control of the loans and gradually promote credit management based on the liability to asset ratio and promote credit risk management, so as to perfect the credit quota management system.

II. How Do We Make Better Use of Other Nations' "Three Magic Weapons"?

The so called "three magic weapons" refer to monetary policy tools used by foreign central banks to effect macroeconomic regulation and control, namely, open market policy, rediscount policy, and legally set deposit reserve policy. In Western developed nations, these "three magic weapons" are often used by central banks to tighten or loosen the money supply to achieve their macroeconomic regulation and control goals.

But the creation of any management method must fit and must be compatible with its objective circumstances and necessary conditions. Can China immediately replace loan quota with the "three magic weapons"? This question needs careful analysis.

One, on adopting the open market policy: This refers to the central bank buying and selling negotiable securities in the open market to achieve its goal to expand or contract credit and regulate the money supply. But certain conditions must be satisfied before we can adopt the open market policy:

First, the central bank must have a substantial amount of negotiable securities on hand in order to turn them into a means of exchange. Without a certain amount of securities in the central bank's assets, open market operations are but empty words. Approximately over 60 percent of the assets of some Western central banks are national debts, but in China, national debt is not a part of the central bank's assets.

Second, we must have a national debt market that has depth, breadth, and elasticity. In this market, commercial banks, securities companies, and individuals and other institutions own large sums of national debt and we should have a complete exchange system and standards. Only in this way are we equipped with the traditional mechanisms of open market operations, and only then can the central bank's buying and selling of national debts directly affect the asset and liability structures of commercial banks and other financial institutions and achieve the goal of tightening and loosening the money supply. China did not begin to issue any national debt until 1981, and its national debt market is still under-developed. Up to now, national debts only make up about 1 percent of the specialized banks' assets, and conditions are not yet ripe to ask the central bank to use buying and selling of national debts to regulate the money supply.

Currently, amid the thorough restructuring of the financial system, People's Bank is exploring ways to launch open market operations and actively creating the proper conditions. But we should realize that not only are our national debts inadequate in quantity but the national debt market is still under-developed and cannot meet the above-described requirements at this time. This means we must change the central bank's long-time asset structure; it must have a lot more government bonds in its portfolio. Only in this was can it lay the foundation for launching all-out open market operations.

Two, on implementing the rediscounting policy: The so called rediscounting policy is a monetary policy that lets the central bank set or adjust the rediscount rate to

interfere with and influence market interest rates and the supply and demand in the currency market and in turn regulate the total money supply. Several conditions must be met before this policy can be implemented:

First, the bases of the rediscounting policy are the existence of a certain amount of commercial bills in society and a fairly well-developed primary market. In the West, commercial bills as a credit tool are widely accepted in society, but in China, because the market is still undeveloped, only a handful of cities have a few commercial bills. Statistics show that in the first quarter of this year, nationwide, there were 4.3 billion yuan's worth of commercial bills, but we only had a little over 10,000 transactions, and only 1.3 billion yuan's worth were rediscounted by People's Bank, which could not begin to compare to the nearly 2 trillion yuan in total bank loans. Thus, the central bank's ability to make use of the rediscounting policy is very limited at this time.

Second, society as a whole must have a market interest rate system which is guided by the central bank's rediscount rate, and we must have variable loan rates and rates on securities. These are prerequisites if prices are to change freely in the commodity markets. In Western nations, the interest rate system as an indicator of the supply and demand of money is a very sensitive system. In the United States, as soon as the Federal Reserve lowers the discount rate, the commercial banks will lower their loan rates on the very next day, and in Germany, as soon as the central bank raises the discount rate, the value of the US dollar against the German mark will drop within a few minutes. Currently, China is still not ready for this kind of interest rate system which combines interest rates, exchange rates, and product prices and which rolls the domestic and international markets into one. The above analysis shows that there is much more work to be done if China is truly to give play to the role of the rediscounting policy.

Three, on implementing the deposit reserve policy: Deposit reserve was at one time an important macroeconomic regulation and control measure for the central banks in many nations. Today we too have adopted this measure, but reserve requirement plays a different role in China compared to most Western nations.

When People's Bank of China assumed the role of central bank in 1984, the first thing it learned from the West was to implement the reserve requrirement policy. But the goal and the result of the implementation of this policy measure have been quite different in this country compared to the West:

First, reserve requirement in foreign nations is a payment reserve, and their reserve to deposit ratio is fairly low, and their central banks generally pay no interest or little interest on the reserve.

From the very beginning, China's reserve requirement system has assumed two functions: It centralizes funds in the central bank to readjust the fund structure and also to create a payment reserve. While the reserve rate is fairly high, the central bank makes use of the reserve by lending it out again, and this not only helps to increase or decrease the total money supply but can also make structural adjustments to balance fund surpluses and deficiencies between regions and departments. This is mandated by the functions assumed by China's central bank, which besides maintaining monetary stability also shoulders two other important responsibilities: One is to gather as much idled funds as possible and put them to productive use and to guarantee the financial needs of the state's key constructions. The other is to balance the fund surpluses and shortages between regions and departments and continuously readjust the credit structure. In the Western developed nations, however, the motive force sustaining economic growth comes mainly from private investments, and fund gathering and distribution and regulations are done through market mechanisms. The main function of the central bank is to maintain monetary stability.

Thus we can see that under today's conditions, China's reserve requirement policy is different from that of other countries, and its regulatory and control functions are limited.

In summing up the above, because of the underdeveloped market mechanisms today, there are still many arduous and meticulous preparations we must make before China can use the monetary system's "three magic weapons" often used by Western central banks. At the moment, we can only explore the system in the experimental points and should not expect overnight success.

III. Insist on Thorough Reform and Constant Improvement of the Marcoeconomic Regulation and Control Mechanisms

In the future, we must further explore and put the following into practice:

While the central bank should strengthen control of the total credit loan volume and retain control over the right to issue currency and let the state retain its right to regulate and control the total credit volume, it should make greater use of market mechanisms and rely on indirect regulation and control to a greater extent.

The central bank should shift from emphasizing quantitative control to both quality and quantity control when extending loans. While continuing to impose loan quotas, it should gradually implement a management system based on the liability to asset ratio and promote risk management. It should constantly improve and perfect the method of management by loan quotas and regulate the money supply in a timely fashion to suit the objective needs of the socialist market economy.

We should change the banks' management mechanisms and operate banks as bona fide banks. They must turn to the market and gradually be allowed to make their own decisions, balance their own funds, bear their own risks, take responsibility for their own profits and losses,

constrain their own behavior, and be responsible for their own development, so as to lay a solid foundation for improving macroeconomic financial regulation and control.

We should accelerate the central bank's development of a research and information system, perfect the fund supply statistical monitoring system, and set up and perfect the monetary policy warning system.

We should strengthen management of the basic currency, balance the relationship between financial policy and monetary policy, try to involve the market when we remedy the financial deficits and engage in policy-oriented fund gathering and distribution activities, and change the current situation where the central bank is passively supplying basic currency; instead, it should make use of market mechanisms with flexibility to increase or decrease the supply of basic currency.

We should actively cultivate and develop the financial market and gradually form a national debt market with depth, breadth, and elasticity to create the conditions for the central bank to engage in open market operations.

INDUSTRY

Machine-Building Electronics Industry To Totally Open

93CE0108A Beijing GUOJI SHANGBAO in Chinese 13 Oct 92 p 1

[Author unnamed: "Machine-Building and Electronics Industry To Open Up Totally"]

[Text] China's Minister of Machine Building and Electronics, He Guangyuan [0149 0342 6678], recently stated that China's machine building and electronics industry will diversify, open up on all fronts to the outside world, and work hard to improve the industry's ability to take part in international division of labor and cooperation, so that the industry will become a part of the world economy. He Guangyuan listed the following concrete measures aimed at achieving total opening up of the industry:

1. The strategy of opening up on all fronts and diversifying shall be further implemented, and a vigorous effort shall be made to expand international markets. First, we shall actively assist the State Council Office for Machinery and Electronics Exports in its efforts to establish Chinese machinery and electronics trade centers in North America, Western Europe, and Southeast Asia. Second, we shall help industrial and export corporations as well as export enterprise groups under the jurisdiction of the Ministry of Machine Building and Electronics to take advantage of their strengths as well as the special characteristics of their products in order to selectively mount an assault on key markets. Third, when faced with the problem of insufficient foreign exchange which hampers developing countries, we shall adopt flexible measures, including barter trade, countertrade, compensation trade, delayed payments, installment payments, sales on consignment, establishing warehouse and retail centers, or using spot transactions. We shall use ports in Hong Kong, Singapore, the Middle East, and West Africa to develop entrepot trade. Fourth, we shall aggressively develop trade as well and economic and technical cooperation with the Commonwealth of Independent States and Vietnam.

2. We shall further liberate our thinking, and more freely allow foreign investors to participate in development of our machine building and electronics industry. We must first do away with the limitations imposed by the tendency of our bureaucracy to separate into isolated fiefdoms. We must truly look upon foreign-invested enterprises (FIEs) as integral participants in our machine building and electronics industry, and take full advantage of them. In developing FIE's, we must not worry about existing enterprises in our industry being squeezed out, nor can we worry about foreign firms making money. If we do not let them make money, who will invest over here? In setting up FIE's, we must overcome restrictions on the percentage of investment allowed to the foreign partner and minimum export requirements. We must dare to offer a part of our markets to attract foreign investment; we must trade markets for funds, technology, management expertise, and economic benefits. In particular, the Ministry of Machine Building and Electronics must encourage large- and medium-sized state run enterprises and basic component enterprises to make more use of foreign investments. Any form of joint venture or cooperative venture that is beneficial to the development of our machine building and electronics industry should be supported and encouraged, and procedures requiring the approval of our Ministry should be expedited.

3. We must develop the machine building and electronics industry by fully exploiting the strong ability of areas along the seacoast, rivers, and national borders to take advantage of opening up and concessionary policies. We must see to it that the Pudong development project in Shanghai spurs reform and opening up of our industry.

4. Industrial and trading corporations under this ministry's jurisdiction, as well as specialized corporations with authorization to engage in foreign trade, swing China's biggest bat in international markets. We must take full advantage of their activities. We must aggressively promote the formation of syndicates and industries among foreign trade corporations; in so doing, we must use economic relations as the link which binds together export-oriented enterprise groups that engage in scientific research, production, and financial services. FIE's, township enterprises, collective enterprises, and enterprises run by the people have become potent exporters and foreign exchange earners for our industry. We must make them a key component of our efforts to further open up our industry, keep them in mind in our work

with foreigners, and strengthen and coordinate management, thus enabling them to play a greater role.

5. We must vigorously readjust the export product mix and promote the export of turnkey facilities and high tech products. The focus of our efforts to develop an outwardly oriented machine building and electronics industry in the 1990's should be placed upon upgrading products. In order to cultivate high tech exports, we must receive necessary concessionary policies in such areas as foreign exchange retention rates, tax rates, and credit. We must open up a variety of channels by which to attract funds, accelerate the upgrading of technology in machine building and electronics industry export production bases, and continually increase the degree of processing and value added content of export products. We must organize our scientific research resources and obtain more necessary inputs so as to foster (in a planned and focused manner) the development of a number of high tech products which have good potential, and to maintain the momentum of increasing exports by our industry.

We must strengthen coordination and management, and promote the export of turnkey facilities. Our ministry, in coordination with the relevant agencies, shall strengthen the coordination and management of qualification reviews, bidding invitations, and market division of labor for enterprises which contract for the export of turnkey facilities. We must assure that exports will develop in an orderly manner. We must aggressively seek to use the export of turnkey facilities to spur exports of technology and labor. In particular, we must develop in a planned manner the export of highly skilled labor, thereby enabling a greater penetration of international markets by China's turnkey facilities.

TRANSPORTATION

Direct Mainland-Hong Kong Air Routes Increase to 32

HK0912091292 Beijing XINHUA Hong Kong Service in Chinese 1346 GMT 25 Nov 92

[Text] Hong Kong, 25 Nov (XINHUA)—The first flight from Lanzhou to Hong Kong reached Kai Tak Airport yesterday evening, thus increasing the number of direct air service lines between mainland destinations and Hong Kong to 32.

This is the second air passageway connecting Hong Kong with the great northwest after the Hong Kong-Xian line. Up till now, with the exception of Xinjiang, Tibet, Shanxi, and Inner Mongolia, businessmen and tourists may fly direct from many mainland provincial capitals and cities to Hong Kong.

The volume of air passenger transport between the mainland and Hong Kong has grown rapidly in the past three years. Take Hong Kong's China Travel Group for example. Its subordinate departments sell an average of 500,000 air tickets each year, and the average growth rate is 9 percent. This year, the growth rate has reached 16 percent.

China Travel Air Service Company Ltd., specializing in this business, has experienced several busy years in a row. The occupancy rate of seats on the Shantou-Hong Kong and Fuzhou-Hong Kong lines has always been 97 percent, and other lines have maintained a rate of over 80 percent. Those who travel between Hong Kong and mainland destinations are mainly Taiwan compatriots. Businessmen are the second most frequent users of these airlines. The rest includes overseas Chinese travelling to and from the mainland via Hong Kong. General Manager Lin Weiqi [2651 5588 6386] said: The consistency of the policy of reform and opening up has made our business prosper.

China Travel Air Service Company Ltd. has become Hong Kong's biggest company handling service of chartered tourist aircraft travelling between Hong Kong and the mainland. It boasts 19 chartered airlines bound directly for mainland destinations. The Lanzhou-Hong Kong direct air service line, run jointly with Lanzhou Chartered Tourist Aircraft Company and other organizations, is one of them.

Provinces Focus on Road Infrastructure Needs

Ningxia Expands Five-Year Plan Goals

93CE0135A Beijing ZHONGGUO JIAOTONG BAO in Chinese 15 Oct 92 p 1

[Article by Li Hongwen (2621 1347 2429): "Ningxia Puts New Transportation Development Strategy Into Effect To Bring Its Highway Advantages Into Full Play and Develop an Externally Oriented Transit System"]

[Text] On the eve of the 14th CPC Congress, the new highway transportation development strategy put into effect by Ningxia is opening up inspiring prospects for this interior minority nationality region.

This new strategy's guiding ideology is to fully implement the spirit of Comrade Deng Xiaoping's speeches on his southern tour this spring, by bringing Ningxia's highway advantages into full play and developing an externally oriented transit system, in order to lay the foundation for Ningxia's economic takeoff. It contains the following specific planks: to speed up the construction of high-grade highways linking Ningxia with the outside; to increase its township oiled-road mileage; to complete the "crisscross network" of main highways running through the region; to upgrade roads, by improving the quality of planning, design, construction, and management; and to ensure by the end of the century that main highways linking Ningxia with the outside and county and township roads "are open and convenient for freight and passenger transport."

According to this guiding ideology, Ningxia's highway construction during the Eighth Five-Year Plan will be

sharply revised. The new objectives for the last three years of the Eighth Five-Year Plan are as follows: to build a secondary special coal-transport line from Xidatan to Rujigou; to put a full no-exit system into effect on the section of the primary Yinchuan-Guyuan line West of the Huang He (Yellow River); to begin work ahead of schedule on the bridge over the Yellow River at Zhongwei, and to complete the major part of this project during the Eighth Five-Year Plan; and to build in sections a primary road from Hengcheng to Wuzhong. The key projects of the Eighth Five-Year Plan have been initially designated as follows: to build a special motor vehicle primary highway from Shizuishan to Qingtongxia; to build a primary road from Guyaozi to Wangquanguo; to rebuild the main eastern north-south highway; to rebuild the main central east-west highway from Xingren through Tongxin and Huianbao to Yanchi; and to rebuild the main western north-south highway from Zhongwei to Jingning.

In order to achieve these struggle objectives, the Ningxia Transportation Department has proposed the following steps: 1) Continuing to improve the key construction project responsibility system, by putting into effect a goal responsibility system with graded responsibility for governments at all levels, in order to achieve a new order in which all parties work hard with public support for accelerated development. 2) Converting mindsets, by overcoming the traditional dependency on government allocation, and raising funds in diversified means and forms, such as attracting foreign investment, using loans, and issuing bonds, in order to vigorously develop commercial roads and bridges. 3) Establishing the Ningxia Transportation Construction Development Corporation, to be specifically responsible for the organization and implementation of transportation infrastructure work, as well as road support to real estate industry development, in order to accumulate financial resources for transportation construction. 4) Adapting to market economy demands, by making transportation research, design, and construction units more businesslike, in order to gradually make them more domestic and foreign market-oriented. 5) Collecting car and tractor road tolls according to nationally set uniform standards based on existing preferential policies, by raising passenger surcharge standards, collecting fees, such as highway-land value-added and main-line passenger-reconciliation fees, in order to establish a highway development fund. 6) Reforming transportation market management in line with the market economy model. In passenger management, based on continuing to improve our "3-grade management" system, we have decided to publicly auction off main passenger road operating authority. And as to freight management, in addition to temporarily continuing to practice contract shipping for most goods supplies, we are completely deregulating some shipping and operating licensing formalities.

Shanxi Sets Highway Development Stragegy

93CE0135B Beijing ZHONGGUO JIAOTONG BAO in Chinese 13 Oct 92 p 1

[Article by An Zhengyi (1344 2973 5030), edited by Zhao Aiguo (6392 1947 0948): "Shanxi Sets Three-Stage Transportation Development Strategy To Quadruple its Highway Transportation Four Years Ahead of Schedule"] [Text] "We must seize the opportunity to break free of conventions with a highly motivated, high speed, high quality, efficient, multidimensional, and cross-century development strategy, by developing our transportation on a large scale and taking the lead in making breakthroughs, in order to raise Shanxi's transportation development to a new level during the decade of the Eighth and Ninth Five-Year Plans, so that we can quadruple our highway transportation four years ahead of schedule."

These were the words of Zhi Yulian [2535 3768 5571], CPC secretary and director of the Shanxi Department of Transportation, at a recent mobilization meeting of all department employees.

Based on Shanxi's economic development needs and the unanimous consensus of all involved, Shanxi's Transportation Department party organization has set the following three-stage development strategy for the Shanxi Transportation Department:

During the Eighth Five-Year Plan, Shanxi will build 48 km of new expressways in two sections and 216 km of primary roads, repave 1,600 km of secondary roads, build four new Huang He (Yellow River) highway bridges of 3,833 m, and build or repave 502 km of power, tourist, and national defense roads in eight sections. And it will support local construction of 168 km of special motor vehicle secondary roads in four sections.

During the Ninth Five-Year Plan, Shanxi will build 464 km of new expressways in five sections, continue and start the construction of 117 km of new primary roads in two sections, and build three new Yellow River highway bridges. By the year 2000, Shanxi will have a through-traffic highway mileage of 35,000 km, including 512 km of expressways, 280 km of primary roads, and 4,000 km of secondary roads. It will have basically completed its "spoke-shaped" highway framework, finished Taiyuan's surrounding expressways, and basically solved the cross-province transportation problems of cities under the jurisdiction of the provincial government and key county-level cities. This uprgading and improvement of its transportation infrastructure will enable it to quadruple its highway transportation volume four years ahead of schedule.

By the year 2010, it will have completed its whole "spoke-shaped" highway framework of expressways, key primary roads, and "two north-south and six east-west)" expressways and main primary and secondary roads, centered on the provincial capital of Taiyuan and radiating out to cities in all regions.

Governor Calls for Modern Road Network

93CE0135C Beijing ZHONGGUO JIAOTONG BAO in Chinese 15 Oct 92 p 1

[Article by Jiang Zhili (1203 1807 6849): "Shaanxi Governor Bai Qingcai Emphasizes on an Inspection Tour of the Primary Highway Being Built From Sanyuan

to Tongchuan That There Can Be No Developed Economy Without a Modern Transportation System"]

[Text] On 23 September 1992, Shaanxi Governor Bai Qingcai [4101 3237 2088] and specially invited provincial government advisor Zhang Bin [1728 2430], deputy director of the Foreign Affairs Office of the Heilongjiang Provincial People's Government, went on an enthusiastic inspection tour of the almost finished primary highway from Sanyuan to Tongchuan, visiting and saluting its large crew of construction workers, engineers, and technicians. Bai Qingcai emphasized on this tour that as there could be no developed economy without a modern transportation system, it was necessary to accelerate the pace of first-rate highway construction to stimulate Shaanxi's economy.

Bai Qingcai spoke as follows: While Shaanxi Province has rich resource advantages, they will be only potential and never turn into economic ones without a modern transportation system. In order to develop our economy to a new stage, we will first have to solve our transportation problems. As this has become the consensus and pressing demand of the people and the leadership at all levels throughout Shaanxi, now is the best time to build roads. As roads are infrastructures, while we may be very short of funds, we still need to pay particular attention to transportation development despite the difficulties, in order to gradually link up our "spoke-shaped" highway network and build first-rate highways in all directions. As to highway construction, we need to take active steps to obtain foreign and World Bank roadbuilding loans, which will promote the improvement of our management and construction quality, and speed up Shaanxi's first-rate highway construction.

When discussing the management of the primary highway from Sanyuan to Tongchuan, Bai Qingcai said that road administrators must be well trained to do good publicity, management, service, and oversight work, and that all government departments at all levels must cooperate with the transportation department to do a good job of highway administration.

Qinghai Highway Bureau Seeks Speedier Reform

93CE0135D Beijing ZHONGGUO JIAOTONG BAO in Chinese 15 Oct 92 p 1

[Article by Tang Yuru (3282 0056 0320): "The Qinghai Highway Bureau Proposes the Speedier Reform Measures of Vigorously Developing Diversified Operations and Allowing Second Jobs"]

[Text] The Qinghai Highway Bureau, which has been accustomed to little development of diversified operations and "allocations from above, with doing only as much work as they pay for," proposed speedier reform and opening measures the other day, whose major planks are as follows:

1. Freeing up thinking and refurbishing concepts. It is necessary to break free from the old highway department mindset of "job security despite performance" and just getting by no matter how bad things may be, by suiting measures to local conditions, acting according to the realism principle, getting free from the old shackles, and experimenting boldly, in order to speed up the pace of reform and opening;

2. Opening up further, by vigorously developing fund sources and channels, in order to gradually commercialize highway construction;

3. Focusing on local advantages and developing diversified operations. Local city and town officials and highway crews must make full use of street-side real estate paved surfaces, in order to develop commercial and service industries. Local resource development and economic experimental zones must take active steps to develop lateral alliances to start or jointly run gold, mineral, or coal mines and manufacturing industries. Local tourism zones must take active steps to vigorously expand highway tourism. Local farming and livestock raising zones must develop cultivation and aquatics breeding. And units' surplus vehicles and construction and maintenance equipment can be marketed for operation and rental, contracted construction jobs, and development of labor exports.

4. Bringing the highway sector's advantage of surplus highway engineers and technicians into full play, by urging them to actively apply for highway and bridge engineering survey and construction licenses, acquire survey and construction rights, actively participate in public competition, and contract projects both in and outside of Qinghai;

5. Encouraging employees to set up and contract production development enterprises in many forms. Employees will be allowed to keep their job titles without pay, take second jobs in their after-work spare time, or organize in some cases to engage in paid services, such as technical advise and training, and project oversight and management.

6. Opening to the public highway sector facilities, such as oil depots, mess halls, and guest houses, for the development of paid services, in order to gradually socialize logistics work.

7. Further deepening internal reforms, by improving goal management and economic responsibility systems, practicing a diversified hiring system, breaking down the barriers betwen cadres and workers, optimizing the workforce, and streamlining staffs, in order to establish a sound, proficient, coordinated, and efficient management system.

AGRICULTURE

State Council Office on Burdens of Jiangsu Peasants

93CE0159A Nanjing XINHUA RIBAO in Chinese 30 Oct 92 p 1

[Report by Long Gongbu (7893 6300 1580) and Bao Ren (5508 0088): "The State Council's Inspection Team Checks on Burdens Borne by Peasants"]

[Text] Practically lightening the burdens on peasants and rural enterprises, and safeguarding and arousing peasant enthusiasm for production are important measures in accelerating rural economic development and promoting social stability. How has this been carried out in our province? Organized by the Ministry of Agriculture, the Law Formulation Bureau under the State Council, and the Ministry of Supervision, a group of five people (East China Group) in the State Council's Inspection Team sampled Zhangjiagang City, Jiangdu County, and Huaiyin County in a survey for half a month.

During the survey, the inspection team, in addition to hearing the reports by leaders at provincial, county, township, and village levels and departments concerned, checked at each level the accounts of burdens borne by the counties, townships, villages, and peasants, visited peasants in their homes, and at the same time, issued 233 questionnaires to cadres at the county, township, and village levels and peasants. The result of the survey showed that the provincial committee and the provincial government attached importance to the work of lightening peasants' burdens, and various cities and counties had done a great deal of work around lightening peasants' burdens. By and large, peasants' burdens within contracts in our province have been controlled within normal proportions. In 1991, the direct burden on peasants within contracts throughout the province was 34.01 yuan per person, accounting for 4.8 percent of the per capita net income the year before; and the direct burden on peasants in the contracts signed last spring was 43.35 yuan per person, accounting for 4.8 percent of the per capita net income the year before. The direct burden on peasants within contracts have been controlled within 5 percent for two consecutive years. However, the work has proceeded unevenly. Some of the problems are quite outstanding, especially the burdens on outside contracts are running out of control.

The inspection team believes that the reasons for burdens outside contracts have run out of control are: First, quotas were raised at each level on outside accounts. Some townships had as many as 14 fee categories, the per capita charges made up 4.7 percent of the per capita net income the year before, almost the same as the charges within contracts. Second, arbitrary fund-raising and various apportions could be seen everywhere. In addition to helping collect service fees, some townships still had more than 10 categories of fund-raising and apportions. Third, there was a serious phenomenon in which various departments charge fees arbitrarily. The names of arbitrary charging included farming material distribution quota service fee, farming machinery management fee, market construction management fee, silkworm eggs fee charged ahead of time, fund-raising for setting up power generating plants plus lighting electricity fee, fees charged arbitrarily in the names of every description in rural elementary and high schools, and so forth. In the face of the numerous arbitrary fund-raisings, arbitrary fees, and all kinds of apportions, the masses of peasants were quite dissatisfied. The peasants said that now either seven or eight hands all have stretched out toward peasants.

The inspection team also pointed out that the problem that township enterprises bore excessive burdens at the present time could not be under-estimated. According to investigations, of every 100 yuan of net output value created by township enterprises, 30 yuan will be taken away in the names of various apportions, fund-raisings, and fees in society. In the examination of accounts belonging to two rural enterprises in Zhangjiagang City and Jiangdu County, the inspection team found that apportions and fund-raisings in the name of every description respectively amounted to as high as 15. In effect, the excessive burdens borne by peasants have been shifted onto the township enterprises.

After the inspection was completed, Lieutenant Governor Yu Xingde [0205 5281 1795] and people in charge of the offices of the provincial committee and the provincial government listened to the report by the State Council's Inspection Team. It has been decided that the provincial government will entrust the department of agriculture and industry under the provincial committee, the provincial government's law formulation bureau, department of supervision, administration of township enterprises to jointly organize inspection teams. Apart from Suzhou, Yangzhou, and Huaiyin Cities which have been surveyed by the State Council's Inspection Team in the examination, the joint teams would survey one county out of all other cities to carry out comprehensive examinations, sum up experiences, study and solve the existing problems, and practically lighten the burdens on peasants and rural enterprises. The inspection teams are expected to leave for different counties (cities) concerned at the end of October.

Outlook Good for Shanghai Grain, Cotton Crops

93CE0159B Shanghai WEN HUI BAO in Chinese 22 Oct 92 p 1

[Report by Yu Peihua (0060 3099 5478) and Fang Zhiquan (2455 1807 2938): "Shanghai's Suburbs Start Harvesting 3.54 Million Mu of Late-Autumn Grain"]

[Text] Shanghai's rural areas have started to get in the 3.54 million mu of late-autumn grain that turned out a bumper harvest. Yesterday Deputy Mayor Zhuang Xiaotian required rural cadres and the masses to concentrate their energy, take the "three autumn" as important

central work for the present time, and by practical actions of performing well in the "three autumn jobs" and stably developing agricultural production in the suburbs so as to carry out the spirit of the 14th Party Congress.

According to analysis of the municipal agricultural meeting held yesterday, if there is no disastrous weather in the near future, the single season late rice in the suburbs will score another bumper harvest this year. It is estimated that the average output per mu will amount to around 500 kilograms, plus summer grain, the total output for the whole year can reach 2.35 billion kilograms, maintaining last year's record. The total output of cotton is also expected to reach last year's level, which was a bumper harvest.

There have been some new circumstances in this year's "three autumn jobs" in the suburbs, mainly because the rural economy developed at a high speed this year. This has affected some leaders' energy in focusing on agriculture and consequently inputs in agriculture experienced some reduction. Furthermore, prices of farming production materials went up and the economic efficiency of grain, cotton, and oil decreased. Hence, peasant enthusiasm for production was affected. In view of this new situation, Zhuang Xiaotian required party and government leaders in all counties (districts) to attach great importance to agriculture, practically strengthen leadership in the "three autumn jobs," correctly handle the stabilization of the relationship between agriculture and economic development, and promote a coordinated development among primary, secondary, and tertiary industries. Governments at all levels must be held accountable and strictly guarantee that vast areas of fallow land will not appear and plowing and wasteland reclaiming at will will be forbidden. Meanwhile, they must grip the key of invigorating agriculture through science and technology, accelerate the process of Shanghai's agricultural modernization, continue to pay attention to the capital construction of farmland and water conservancy works, that is, to go about this little by little without a letup. To safeguard peasant enthusiasm for growing wheat, the municipal government has decided to adopt a policy of purchasing and subsidizing at different levels. That is, the government will continue to carry out the task of purchasing 50 million kilograms of wheat as the fixed quota next summer. The city will purchase at negotiated prices 50 million kilograms of wheat, and an additional 100 million kilograms of wheat will be purchased at negotiated prices by counties (districts) and townships (towns).

Researchers Report on Soil Erosion

OW0612035292 Beijing XINHUA in English 0310 GMT 6 Dec 92

[Text] Beijing, December 6 (XINHUA)—China has an area of 4.92 million sq km suffering from soil erosion of different degrees out of a total landspace of 9.6 million sq km.

Of this, water flows are washing the top soil on 1.79 million sq km and strong winds are threatening another 1.87 million sq km.

The conclusion is obtained from the research findings in a survey by way of satellite remote sensing and comparing ground data by China's water-control departments and three schools of higher learning in Beijing. The research findings will guide nationwide soil and water control efforts.

The first such survey was conducted in the 1950s, not long after the founding of the People's Republic. That survey put the area of soil erosion at 1.53 million sq km.

China is a country that has rich experience in fighting soil erosion. In the past four decades, it stopped soil erosion on 530,000 sq km. The new findings warn people that their task in this field is very difficult and more efforts are needed to protect their environment, officials pointed out.

New Progress in Elimination of Illiteracy

93CM0043A Beijing ZHONGGUO JIAOYU BAO in Chinese 6 Oct 92 p 1

[Text] On the basis of eliminating 5,300,000 cases of illiteracy last year, the elimination of illiteracy in China is still making new progress. According to preliminary figures from 14 provinces (cities), since last winter 3,100,000 illiterates have entered school, and 2,160,000 overcame illiteracy.

Government education departments at all levels placed the elimination of illiteracy as a goal of their administration, and as a fundamental task to vitalize agriculture with science and technology. They improved leadership to eliminate illiteracy. The Anhui provincial government proposed that after natural disasters the elimination of illiteracy should reach a new stage. Last winter, 890,000 illiterates enrolled in school, and tests given this spring indicate that 520,000 overcame illiteracy. This was the best year since 1979 when elimination of illiteracy was revived. Gansu Province held a provincial telephone conference on the elimination of illiteracy, and made contracts with all localities to clarify the goals and responsibilities in the elimination of illiteracy during the Eighth-Five Year Plan. Jiangsu Province placed the task of eliminating 450,000 cases of illiteracy as one of 28 practical things they planned to do, and now 575,000 persons in Jiangsu have enrolled in schools, 3.7 times that of last year. Beginning this year, Xinjiang Autonomous Region will allocate 500,000 yuan annually to support the elimination of illiteracy. Fujian will use 2,000,000 yuan from the governor's fund to support the elimination of illiteracy.

The work to certify the elimination of illiteray with high standards at all localities continued to develop in depth; they actively formulated relevant measures, and promoted the development of eliminating illiteracy. Guizhou, Sichuan, Fujian, Hunan, Hubei, Shanxi and other provinces made the pilot policies and procedures for certifying the elimination of illiteracy with high standards. In Sichuan, 110 counties applied for certifying with high standards; the Education Commission in the province formulated procedures to certify the elimination of illiteracy with high standards. Harbin promulgated "plans to certify the elimination of illiteracy by unified examination"; 22,700 participated, and 17,800 passed both the oral and written examinations, accounting for 78.3 percent of the examinees. Many other provinces and cities also began preparations for certifying the elimination of illiteracy with high standards.

All localities put emphasis on reinforcement and improvement after eliminating illiteracy. Fujian, Hunan, Hubei, Anhui, Heilongjiang and other provinces proposed the annual quota or ratio of the reinforcement and improvement for the elimination of illiteracy. Municipalities or counties gave students overcoming illiteracy in Beijing the surburban edition of BEIJING DAILY and *Xinhua Dictionary*, and now in general, they are able to read BEIJING DAILY. Tianjin City registered the students who overcame illiteracy, and organized them to study two books, *The Practical Foundations for Culture* and *The Practical Foundations for Science and Technology*. Ningxia Hui Autonomous Region combined the elimination of illiteracy with continuous education; after they overcame illiteracy, they continued to wipe out science illiteracy. Fujian Province, based on the characteristics of women illiterates, edited a text book entitled *Words for Sewing* and corresponding videos to eliminate illiteracy, combining the learning of culture with the learning of science and technology. They also edited a textbook entitled *Home Economics* and corresponding videos for reinforcement and improvement, and received an award for illustrated teaching materials in the elimination of illiteracy from the Asian Culture Center. After Henan Province, Sichuan Province also established a database of examination items to eliminate illiteracy. To certify the elimination of illiteracy in counties, they randomly selected examination items from the database.

Pattern of Female Crime Analyzed

93CM0011A Shanghai SHEHUI [SOCIETY] in Chinese No 91, 20 Aug 92 pp 22-24

[Article by Zhang Baoyi (1728 1405 5030): "Female Crime: Character and Remedies"]

[Excerpt] [passage omitted] **Basic Character of Female Crime**

With the transformation of urban society and the economy, and changes in ideology in Tianjin in recent years, the kinds of female crime have changed. More and more, female crime has exhibited the classic character of urban crime.

1. Property crimes have become the focus of female crime, constituting the dominant kind of crime. Statistics show that 74.5 percent of women offenders sent to jail committed property crimes, 46.0 percent of them committing larceny, 16.3 percent committing fraud, and 7.05 percent committing robbery. These were the three main kinds of crime that women committed, forming a basic pattern of female crime under new circumstances.

2. The amount of property and money involved in female crime was substantial. The increase in the amount of property and money involved in female crime is related to the increase in property crimes and economic crimes as a percentage of female crimes. Of the 87 women offenders sent to prison in 1991, all but 13 were guilty of property and money crimes, 70 yuan being the smallest amount and 600,000 yuan the highest amount of money or property involved. Twenty-seven percent of all women criminals committed crimes involving 10,000 yuan or more, and the total amount involved came to 1.72 million yuan, or 23,281 yuan per woman criminal. This value was double the amount for male criminals sent to prison during the same period.

3. A high percentage of female crimes remain hidden. People more readily ignore female crime than male crime. This is a subjective reason why female crime is more concealed. The survey showed that 13.8 percent of female criminals were arrested on the spot (including those who turned themselves in), and that 86.2 percent were apprehended later on following public security unit investigation. The average time from the beginning of a case to apprehension for all women criminals was one year eight months, and the average time between the initiation of legal proceedings and arrest was more than nine months, showing that people readily ignore female crime to a serious degree.

4. Tendency toward concentration of locales in which female crime is committed. As the amount of female property crime increases, the places in which they commit the crime are increasingly where materials, commodities, and currency are stored and circulate. Of the women criminals in this survey, 28.2 percent committed the crime in a residence, and 15.6 and 14.1 percent respectively committed the crime at an individual vendor's stall and at a market. Another 14.1 percent committed the crime in a factory or business enterprises. The above cited places have become the ones in which most of the female crimes, particularly female property crimes, are committed.

5. Women awaiting employment, working in temporary jobs, and working for themselves account for a fairly high proportion of women criminals. In recent years, a large number of women have been awaiting employment and working in temporary jobs, and economic reform has also brought a surge of large numbers of self-employed women into the streets as well. They have become high female crime groups. The survey showed 20.7 percent of women sent to prison as awaiting for employment or working in temporary jobs and 11.55 percent were self-employed women, the two totaling 32.2 percent. Such a high percentage represents a female crime problem that cannot be easily ignored.

6. The number of women criminals in the floating population is extremely pronounced. The emergence of a floating population is an inevitable consequence of the development of an urban economy, and it has also become a major source of increase in the number of women criminals. Statistics show that 20.7 percent of women criminals in Tianjin are in the floating population from other cities and rural villages.

7. The recidivism rate for females is fairly high. The recidivism level for criminals is an important indicator for checking how well society has transformed and helped educate criminals. In 1991, 23 of the women criminals sent to jail were repeat offenders, and the crimes that 70.6 percent of the women criminals committed were of the same kind as their previous crime. This shows that society and the authorities concerned have a long way to go in transforming and helping educate women criminals.

Social Reasons Influencing Women To Commit Crimes

The incidence of female crime is closely related to economic circumstances, value concepts, community role, family relationships, and conflicts in daily life.

1. During economic reform, women criminals took the opportunities that economic enlivening offered to commit economic crimes. The incidence of fraud, graft, and bribery as the main kinds of economic crimes that females commit is closely related to the as yet uncorrected imbalance in economic relationships and the imperfection of the economic system. Among women criminals sent to prison, a fairly high percentage committed fraud, and most of the fraud involved public property and collective property. The main method employed was to sign bogus contracts under the guise of being a procurement officer of a company, or to act as a sales agent to commit fraud. An additional 7.0 percent of women criminals went to jail for corruption and bribe taking. Most of them were accountants or cashiers, and some were leading cadres. Although small in number, the effect was fairly bad. They directly polluted the social atmosphere.

With reform of the economic system and as a result of contradictions in the operation of the economy, the number of women seeking employment and holding temporary positions mounted. This was also a direct social reason for the steady appearance of women criminals.

2. Group values also have an extremely great influence on female crime. Women are more prone than men to be influenced by group values, particularly by their colleagues, friends, classmates, and neighbors. In summarizing the lessons they learned from their crime, 22.4 percent of women criminals put the influence of friends in first place for all kinds of crimes. Group influence on female crime means the influence of group subjective values. For example, among 66.6 percent of women criminals, the greatest concern of their group was how to earn money, and among 25.1 percent of women criminals, the greatest concern was how to enjoy life. Second, is the direct participation in crime of groups. In 1991, for example, 36.8 percent of all women criminals sent to prison either jointly committed a crime or committed a crime as part of a group.

3. Poor family training and cold and detached family relationships had a very great effect on women criminals. Survey figures show that the head of the household of 78.6 percent of women criminals below 25 years of age had only a primary school or less than a junior middle school education, that 33.3 percent of parents rarely knew where their children went each day, and 16.1 percent of parents rarely knew with whom their children regularly associated. It is noteworthy that the parents of 87 percent of women criminals under 25 years of age had prohibited their children from smoking, but 92.3 percent of them had actually learned to smoke before age 21 without the knowledge of the head of the household. In

19.5 percent of families of female criminals under 25, arguments were frequent, and in 14.4 percent of families the children's opinions were not asked when major family decisions were made. In 21.6 percent of families, relations between parents and children were not very close; in 9.6 percent the children little trusted the head of the household, and in 19.2 percent the parents were not proud of their children. Clearly the cold and detached relationships that were the rule in the families of female criminals under 25 years of age played a detrimental role in the maturation of the female criminals.

Crimes may readily occur when individual income does not meet individual consumption needs. The survey shows women prisoners earned an average 159.80 yuan per month prior to their arrest. Only 19 percent of them felt that their standard of living was lower than that of others their same age. Most women criminals felt they had an upper medium standard of living. Thus, very few of them committed crimes because of poverty; it was only when their individual consumption exceeded their individual income that they committed crimes. The figures show that 35.3 percent committed crimes because of an "economic crisis" in their life; 29.4 percent committed a crime in order to enjoy life, and 11.8 percent committed a crime because of an urgent need for money to pay for a wedding. Therefore, to a certain extent, female crimes—particularly economic crimes—stem largely from a conflict between individual supply and demand for money. [passage omitted]

Taking Foreign Trips by Illicit Measures

93CM0009A Shanghai SHEHUI [SOCIETY] in Chinese No 91, 20 Aug 92 pp 11-13

[Article by Chen Donghu (7115 0392 3337): "Muddy Streams in the Great Currents of Foreign Trips"]

[Excerpts] Instead of cooling down, the hot spot of society created by Chinese citizens taking foreign trips for private reasons shows the tendency of heating up continuously. Not only has the number of people applying for foreign trips increased but the variety of reasons for application has also increased simultaneously to include self-financed study, permanent residency, visit to relatives and friends, sightseeing, and employment. There have been a wide variety of legal violations and crimes involving the entry and exit of the country. Their number has also skyrocketed.

I. Types and characteristics of cases

1. Using various illicit measures to obtain passports in the process of passport application.

One of the tricks is that applicants present falsified documents to obtain passports for themselves. In order to achieve the purpose of going abroad, a section-level cadre at a certain company in Shanghai Municipality abused his position and power to fill out and put official seals, without authorization, on a letter of recommendation and consent of his unit for foreign trips and a statement of political investigation for foreign trips issued to his unit by the entry and exit control department. He also concealed his position and status as a party member to obtain his passport. In order to elope with someone overseas, a deputy manager of a famous hotel in Shanghai ignored party discipline and state law to obtain a political investigation form through networking. After forging the manager's handwriting, he sealed it with the official seal of his unit. In order to get the approval of his supervising unit, he forged the official seal of his company and put it on the investigation form. At the same time, he also concealed his political status as a communist party member and illegally obtained his passport to go overseas.

The second trick is to collude with cadres in other units who would forge documents to help the interested party obtain passports. In order to help a friend go overseas, an attorney in a certian law office in Shanghai, who, as a legal worker, believed in the motto of "willing to do anything for a friend," collaborated with an individual in an advisory unit to pass his friend as an employee of that unit for the purpose of political investigation for foreign trips. This attorney wrote the word "approved" in the comment column of work unit in the political investigation report and then this responsible individual sealed it with an official seal, enabling their friend to get his passport under the table.

The third thick is to collaborate with several individuals to forge documents in the name of their unit to illegally obtain passports for the applicants. A few years ago an engineer named Hong in a certain unit in Shanghai tried to go overseas to study but was disapproved by his unit. His mother, who loved her son, turned to her own unit for help. Maybe the love of this mother "moved" God, the leaders of this unit okayed everything and "ferried" her son to their plant. They also provided him with letters of recommendation and comments on political investigation and covered up his work experience and job title, enabling him to exit the country through an alternative route.

The fourth trick is that applicants forge different certificates to illegally obtain passports. In order to achieve the purpose of going to South Amercian countries such as Bolivia, some individuals falsified certificates needed for the application of passports such as proof of relatives living in foreign countries and financial affidavits.

The fifth trick is that to illegally obtain passports, applicants falcify the comments of their units on political investigation reports for foreign trips. A monk of a certain temple wholeheartedly wished to preach in the West but his applications were rejected repeatedly by the Bureau of Religious Affairs. Later he obtained a political investigation form for foreign trips from the personnel department of the temple by lying that he was going to take care of some political matters at the Bureau of Religious Affairs. Then he had an official stamp of the Bureau of Religious Affairs made at a private engraving shop. He used it to stamp his political investigation

report for foreign trips and wrote the word "approved for foreign trips" in the column of comments by the unit in an attempt to illegally obtain passports.

2. Cheating people with various falcified materials or information to reap colossal profits in the name of assisting applicants in going abroad to seek advanced study, employment, and residency.

Chou brothers used to be private entrepreneurs dealing in local products before they emigrated to Bolivia with the help of their friends. At first they made a living running a restaurant. Then they found out that the falsified affidavit business could make them rich much faster, they too "got involved" in the falsified affidavit business. The two brothers had a clear division of work. The younger brother hunted for "models" in Shanghai while the older brother held down the fort in Santa Cruz. Within a year they captured over 40 targets. They charged each person $1,500 for affidavits and another $1,500 for visas, reaping a staggering profit. [passage omitted]

A Taiwanese businessman of U.S. nationality, known as Boss Xiong, opened a KAW leather company in Bangladesh. In October 1990, he recruited over 120 laborers in Shanghai. Using $250 as bait, he collected $90,000 of earnest money from 90 applicants and secretly collected $3,000 more from each of the first 21 people who made the trip. The first 19 people who made the trip (two went overseas through another channel) arrived at Dhaka, the capital of Bangladesh, only to find out that things were very different from what Boss Xiong described. There was no factory or equipment. The 19 people had no way to make a living. They had no friends or relatives. They were in dire straits. Together they went to the Chinese Embassy in Bangladesh. The embassy quickly sent this information to Shanghai. [passage omitted]

3. Forgetting about justice upon seeing money, ignoring the law, and organizing others to cross the border illegally.

Regarding citizens going abroad for private reasons, this type of crimes is relatively serious for they directly violate the criminal law and will be severely punished.

Mr. He, a manager of a retail department of a Shanghai company, took a leisure trip to Thailand a few years ago with the assistance of his friend Mr. Ye. While there, he bought from someone a fake stamp bearing the words of "the Entry and Exit Control Department of the Public Security Bureau of Shanghai Municipality" and a stack of "Cards of Registration for the Exit of Chinese Citizens." Later he purchased, among other things, ink pads, date stamps, ballpoint pens, and carbon papers to forge a large number of exit cards. Then he targeted over 100 people and collected 20,000 yuan renminbi from each in exchange for an exit "paper." He succeeded in organizing several people and smuggling them across the border. [passage omitted]

4. Using altered, forged, borrowed or illegally transferred documents to go overseas. Some do not have any kind of documents at all. They are willing to defy the law by getting involved in the smuggling.

A truck driver, by the name of Lu, of a container company in a certain harbor of Shanghai applied to study language in Japan in 1988 but was rejected. In 1989, he applied to study in Australia and was denied entry because he was too old. So taking advantage of his work on the dock, he prepared things he needed for the trip and stowed away in an empty container. After several days of "travel," he arrived at Pusan, South Korea. When he was preparing to get on a flight to Paris, he was detained by the police because his passport did not have an entry visa. He was sent back to China in the original ship. [passage omitted]

In September 1991, three young people from Guangzhou, escorted by a Hong Kong visitor, attempted to exit by presenting the fake passports, which they purchased from another Hong Kong visitor with tens of thousands of Hong Kong dollars. They were discovered and stopped by highly alert security personnel of Hongqiao airport. After the investigation of the Extry and Exit Control Department of the Bureau of Public Security, the three people were found to have violated the rules of entry and exit control law. They were put under administrative detention, and their documents were confiscated. [passage omitted]

5. In order to achieve the purpose of going abroad, some people sell out their national and moral integrity, some engage in sham marriages, and some risk the danger of committing bigamy, not to mention those who alter the passports issued by the Entry and Exit Control Department to fabricate relative relations and forge the cards of registration.

Tao sisters are originally twin sisters. The younger sister and her family emigrated to Denmark many years ago. They made a living running a restaurant and were fairly well-off. In 1988, the younger sister returned to Shanghai from Denmark to visit relatives. With the content of both parties, the older sister allowed her daughter, Qiao Qi [0829 3825], to seek permanent residency in Denmark. In August 1989, Qiao Qi went to Denmark in the name of visiting relatives. She did not know that the younger sister let her niece go to Denmark because she liked her beautiful appearance and wanted to find a good wife for her homely son, He Kai [0149 0418]. But Qiao Qi did not like He Kai. However, in order to obtain permanent residency, she went through the process of marriage with He Kai in November 1989 when her visa expired. Based on this, her aunt helped her get an extension on her visa and a certificate of temporary residency. Qiao Qi's parents emphasized to the younger sister through overseas phone calls that this marriage was only a formality, but they were really naive. How could they mock the law? He Kai thought that after the wedding he and his cousin could become real husband and wife, not knowing that Qiao Qi was heavily guarded

and would not let him near her. Right before the year was over, this farce of husband and wife finally ended with the aunt ignoring the feelings of relatives, cancelling the temporary resident's card for her neice, and personally escorting her back to Shanghai. After Qiao Qi returned to Shanghai, she cried every day. Her family was also sad for her. In the meantime, He Kai filed for and was granted a divorce in the local court. Qiao Qi's parents tried but could not take such an insult. When the family of the younger sister completed another visit to relatives in Shanghai and was getting ready to leave, Qiao Qi's parents took some men to the airport to intercept them. The two parties started an ugly fist fight in the waiting room of the airport. [passage omitted]

A Mr. Li and Miss Tian, who once attracted national attention for causing the first law suit regarding citizen's entry and exit control department, also played a not-so-honorable role. In early 1989, with the help of his sister living in Brazil, Li obtained a passport to Brazil. But due to an on-coming general election at home, Brazil temporarily stopped the processing of entry visas. However in order to enter Brazil before or after the general election and qualify as soon as possible for permanent residency, Li chose to exit the country through an alternative route: He asked someone to help obtain an entry visa to Uraguay. To match the first exit card with the visa, Li found someone he knew working at a printing house and had him print over 20 blank exit cards. He then let his wife, Tian, fill them out according to the exit card in his passport and sealed them with an official stamp for the Entry and Exit Control Department of the Shanghai Municipal Bureau of Public Security, which he had someone made at a private engraving shop. He tried to use the forged document to smuggle through the custom. [passage omitted]

A secretary of a certain newspaper office, named Xian, is an intellectual of older generation. She plunged into the wave of going to Japan and refused to change her mind although her husband dissuaded her from doing so. She obtained her passport to Japan as scheduled, but unexpectedly she was turned down twice by the Japanese Consulate because she was too old. To fulfill her wish, she asked someone to help her get a return visa and tactfully lowered her age by 8 years. To match the two, she lowered the age on her passport and exit card by 8 years. After doing so, she nervously submitted the altered materials to the Japanese Consulate for visa. The result was obvious to all. Visa personnel at the Japanese Consulate detected obvious signs of alteration in Qian's passport, they contacted the entry and exit administration and quickly found out her real age. [passage omitted]

An analysis of the social psychological cause of these violations of the law shows that many factors are involved. They are mainly as follows:

1. Chinese citizens taking foreign trips for private purposes is part of international migration, and it involves many different factors. Judged from the general trend, since World War II, the migration of population on a world-wide scale has been rising. Generally speaking, the pattern of international migration conforms to the law that "people strive to scale heights while water naturally runs downhill," namely flowing from underdeveloped to developed countries, especially to those industrially developed countries which have a relative shortage of labor. Judged from the form of migration, there are three main categories: 1) manpower export (labor type), 2) language study and academic pursuit (intellectual type), and 3) residency and visit of relatives. The first two categories in particular are closely linked to the social and economic level, the cultural and educational level, and the total social development level of the countries where people migrate from and immigrate to.

The increasing fever of Chinese citizens to take foreign trips for private purposes corresponds to the tempo of the reform and the opening up of China after the Third Plenary Session of the 11th CPC Central Committee. In the early period of liberation, very few Chinese citizens took foreign trips for private purposes. Most of them went overseas to visit relatives, seek residency, or to do manual labor. Almost no one went overseas to study. The number of Shanghai residents going through customs began in 1985 to increase geometrically and peaked in 1988. One of the main reasons for this is that the number of people going to Japan and Austrialia to study increased sharply. In 1988 as many as 65,000 people in Shanghai went overseas. Later Japan and Austrialia refused to issue such visas, causing unrest among those who wished to "study in Japan and Austrialia." Judged from the countries of destination, most people went to Japan, the United States, Austrialia, and some European countries. Judged from the composition of entry and exit personnel, most people who went overseas are skilled workers, scientific and technological personnel who hold primary and secondary professional titles, and government officials.

The fever of Chinese citizens going abroad for private purposes also basically conforms to the general trend and pattern of migration on an international scale. In other words, the labor type migrates to countries where the economy is relatively developed, but labor, especially low-level blue-collar labor, is relatively short; and the intellectual type migrates to countries where scientific and technological education is relatively developed, thus forming the main stream of this wave of going overseas. This is the general social environment for the waves of going overseas in the last few years as well as the basis for the "crowd mentality" which led to the main social psychology regarding the entry and exit of the country.

2. In the waves of international migration in China, the psychological principle of "seeking gains and avoiding losses" has always been the social psychological factor that controls this wave. The existence of this factor is a cause that cannot be ignored in law violations and criminal activities.

Using a simple classification method, these crimes can be classified mainly into the following three categories:

The first category is professional criminals who commit such crimes on a regular basis. As far as the number is concerned, these people constitute only a very small percentage of all such criminals, but their main body is pernicious and able to commit a large number of crimes. Besides, it plays the role of a backbone, organizer, and director. It should be the focal point of attack.

The second category is victim-turned-criminals who constitute a definite percentage of all criminals. The formation of the criminal mind of these people involves a complicated process from being cheated and ripped off by criminals in entry and exit activities to feeling depressed and vindictive, and finally to committing crimes.

The third category is that in order to achieve the purpose of going aborad, some people, who either clearly know or do not know that they are violating the law, cling obstinately to their course out of the need of their interest, leading to law violations and criminal activities.

Judged from the situation as a whole, the subjects of such crimes all have the mentality of "seeking gains and avoiding losses." In other words, out of the need of individual interest, through psychological transformation and reinforcement, they will violate law and commit crimes when objective conditions are ripe. Judged from individual criminals, the causation of their acts is closely linked to many factors such as individuals' psychological structure, social status, social environment, cultural climate, personal social relations, and family surroundings. Because of this, when researching individual cases, it is absolutely necessary to make concrete and in-depth analysis of social psychological causes of each case instead of reaching a generalized conclusion.

3. As in causation of all crimes, the formation and development of criminal activities regarding the entry and exit of Chinese citizens is a result of the interaction of various negative factors. First of all, due to the deepening of the reform and further opening up, the increase of the number of citizens entering and exiting the country is an inevitable trend. "When the mud and sand are carried along, there is a mingling of good and bad" and the number of factors causing law violations and crimes also increases. As a result, the crime rate also increases simultaneously. Secondly, the influence of international factors must not be ignored. In recent years, people making a fortune by engaging in the "trade of human cargo" are a common sight. It is inevitable for such criminals to penetrate into China and collaborate with those at home who are blinded by greed to carry out various criminal activities. The typical method is to organize others to smuggle across the border and engage in illegal recruiting of workers and students. Finally, we must realize that China's current economic level and living standards obviously lag far behind of advanced countries. The objective existence of this gap forms a drop in the mind of people, especially those who are not satisfied with status quo but unable to make any change. Such a psychological drop can be easily turned into a psychological motivational force under certain conditions. Sometimes when objective conditions do not exist, some people, driven by the strong internal motive power in their mind, would ignore law and policy and risk everything on a single venture, thus causing them regret for the rest of their lives. [passage omitted]

Ministry Publishes 'White Paper' on Social Welfare System

93CM0042A Beijing ZHONGGUO SHEHUI BAO in Chinese 13 Oct 92 p 2

[Article entitled "Report on the Development of China's Social Welfare Undertakings (1992 White Paper)," by the CPC Ministry of Civil Affairs dated October 1992; first paragraph in italics is a source-supplied introduction]

[Text] *"White Paper" is a way for the government of a nation to sum up and give publicity to the work it undertakes and the way its policies are being implemented, so that the people can understand the state of national economic and social development and increase the sense of citizen participation in government, and it is also a way for nations to exchange experiences. The Ministry of Civil Affairs is a functional department of the State Council. Welfare undertakings which the ministry is in charge of include taking care of disabled servicemen and families of revolutionary martyrs, adoption and foster care, social services, welfare production, welfare fundraising, rural social security, rural retirement insurance, disaster relief and general relief and other matters. Since the Third Plenary Session of the 11th Party Central Committee, civil affairs departments at all levels have upheld reform and opening up, and social welfare undertakings have made great strides. The purpose of summing up the development, policies, and experiences of China's 1991 social welfare undertakings is to give expression to the "window" of superiority of China's socialist system, to the good fortune of the Chinese citizens, and to the state of reform and the problems encountered during the development of China's welfare undertakings, to encourage the public pays more attention to, be more eager to participate in, and be more willing to support social welfare undertakings, so that the international community understands China's social welfare undertakings, and so that we can promote the socialization and industrialization of social welfare. Thus the Ministry of Civil Affairs' Comprehensive Planning Department has drafted this "Development Report on China's Social Welfare Undertakings (White Paper)" which is being published by ZHONGGUO SHEHUI BAO.*

As an important symbol of social progress and civilization, and as an important mechanism for maintaining social stability, social welfare undertakings have been given much attention by governments of all nations and by people worldwide. The social welfare undertakings we

are talking about here refer specifically to the measures designated to protect the material and culture lives of members of society. They are important social guarantees and are a part of the Chinese government's basic social policy. Developing social welfare undertakings is fundamental to China's socialist system. Here, social welfare undertakings include the preferential treatment given to disabled servicemen and families of revolutionary martyrs, adoption and foster care units, community services, welfare fund raising, welfare production, rural social security, disaster relief and so on. The basic goal of socialist production is to continuously satisfy the people's growing material and cultural needs, raise their living standard, and improve their welfare. The CPC and the Chinese government have always paid serious attention to social welfare undertakings and their fundamental aim has always been to care for those who are suffering, guarantee people's livelihood, and to work for the people's welfare with their hearts and minds. The development of social welfare undertakings has promoted economic construction, helped meet the needs of the restructuring of the economic system, raised the living standard, and stabilized social order.

I. Development

1. Preferential Treatment for Disabled Servicemen and Families of Revolutionary Martyrs.

Providing special social guarantees to servicemen and families of revolutionary martyrs is part of the preferential treatment and settlement work. China extends special preferences and comfort and compensation to families of revolutionary martyrs, to families of servicemen killed in action of died of diseases, to disabled revolutionary martyrs, veterans, and servicemen in active duty and to their family members. These preferential treatments and arrangements are mandated by the "Constitution of the CPC" and are an important part of the effort to build up the armed forces and reinforce national defense. They affect social stability and are the most practical way to support the army in the new situation.

Double-support work [the people support the army; the army support the government]. The PRC State Council and the Military Commission of the Central Committee have set up a National Double-Support Work Leading Group, and the provinces, autonomous regions, municipalities, and the garrisons have also set up similar organs. Twice the Ministry of Civil Affairs and Public Security jointly designated 49 national double-support model cities (counties). In addition, 28 provinces, autonomous regions, and municipalities have named 187 double-support model cities (counties). This activity is launched in depth and has effectively promoted the implementation of the policy of giving preferential treatment to and making special arrangements for servicemen, veterans, martyrs and their families. Some localities have raised the standard of treatment and have increased spending on servicemen and their families. Facts prove that this double-support work complies with the CPC General Secretary Jiang Zemin's demand that the armed forces and the country "share the same breath, share the same fate, and link together heart to heart." With the mutual efforts of the military and the localities, we have forged even closer ties between the military and the government, and between the armed forces and the people. This has played a very important role in reinforcing national defense and promoting the state's political stability, social peace, and economic development.

Preferential Treatment. In 1991, China extended preferential treatment to 39.48 million servicemen and their families. By integrating the state, collectives, and individuals, the state and society complied with the Constitution and other relevant policies to extend different forms of preferential treatment to the intended recipients. The state was in charge of giving out commendations, compensation, and subsidies to the bereaved families of martyrs; organizing activities in support of the armed forces and extending preferential treatment to the families of military personnel, and sponsoring and administering the units in charge of those undertakings. Society bore its share of responsibilities in accordance with the "CPC Compulsory Military Service Law." The state spent a total of 1.68 billion yuan on preferential treatment to families of military personnel, 3.4 percent more than in the previous year, and paid compensation and subsidies to 43.11 million people. Payment to families of revolutionary martyrs came to 1.06 million yuan, 6.0 percent more than a year ago.

Settlement Work. China's compulsory military service system is different from systems adopted by other countries. On the one hand, military service is the obligation of every young man and protecting the fatherland is the responsibility of every citizen which none should shirk. On the other hand, we also have a settlement policy to support the armed forces and reinforce national defense. The state is responsible for settling and finding jobs for active military officers and volunteers when they change jobs and for draftees enlisted in the cities and towns. The government has developed "dual-use personnel" program to encourage the draftees from the rural areas to stay in the rural areas and help develop the rural economy. In order to encourage the soldiers to serve the fatherland, the state guarantees jobs for all discharged veterans, second class. The state takes care of all furloughed or retired military personnel for the rest of their lives.

Institutions extending preferential treatments. The state has set up convalescence homes for the wounded and disabled veterans of the revolution to take care of special-class and first class soldiers. It has set up clinics for veterans with chronic diseases to take care of sick veterans who have returned to their hometowns. It has set up mental hospitals to shelter and provide medical care for veterans who have returned to their hometowns and has also set up "Glory Homes" to take care of the old and homeless people eligible for preferential treatment for the rest of their lives. Today, nationwide, there are 115 veteran public health institutions and 1,175 Glory Homes. The state gives praises to martyrs who sacrificed

their lives for the country. In 1991, nationwide, there were 630 administrative units taking care of the 7,542 assorted monuments dedicated to the martyrs. The state has also built convalescence homes for furloughed and retired military cadres. In 1991, there were 1,169 such convalescence homes nationwide, 3.5 percent more than in the previous year.

2. Public Adoption and Foster Care Units

China's public adoption and foster care units include various types of welfare institutions, retirement homes, children's welfare institutions, psychiatric hospitals, rehabilitation centers for the disabled, collection and dispatch posts, and other foster-care units in the urban and rural areas. They are welfare institutions run by the state and society collectively to take care of the homeless and aged and the handicapped and young, to rehabilitate the sick and the disabled, and to provide shelter for the homeless and the panhandlers. These are highly welfare- and service-oriented institutions. They directly give play to the superiority of the socialist system and help stabilize society.

Many of China's adoption and foster care units were set up in the 1950's and 1960's. A handful were so called "welfare institutions" previously set up by the KMT or foreign "charitable organizations." By 1965, local departments of civil affairs had set up 819 assorted adoption and foster care units, providing shelter for 110,000 people. There were nearly 10,000 rural retirement homes, providing "five guarantees" [food, clothing, housing, medical care, and burial] to the aged. They played a very important part in solving the social problems left behind by old China, in strengthening the new-born political power, and in promoting economic development. But during the 10 years of turmoil, because of extreme leftist thinkings, the adoption and foster care units were badly disrupted and left in ruins, creating a series of social problems.

After the Third Plenary Session of the 11th Party Central Committee, under the guidance of the general principle of reform and opening up, society was urged to take responsibility for welfare undertakings. In the cities, closure turned into openness, relief turned into welfare, support and care turned into support, care, and rehabilitation. In the rural areas, collectives began to take responsibility for collective welfare, which meant developing overall plans to extend "five guarantees" in the townships which were designated based units. These efforts put China's adoption and foster-care units onto the road of rapid development (see chart below).

Number of Adoption and Foster-Care Units and Number of Available Beds

Name of Unit	Number of Units			Number of Beds		
	1980	1991	Increase %	1980	1991	Increase %
Total	9,101	40,992	350.41	210,281	772,909	267.56
Comprehensive Welfare Institutions	669	930	39.01	47,785	67,248	40.73
Retirement Homes	8,262	39,820	381.97	139,744	667,126	377.39
Welfare Facilities for the Disabled	111	145	30.63	17,525	27,813	58,70
Children's Welfare Institutions	59	63	6.78	5,227	7,450	42.53
Others		24			3,272	

3. Town and Township Community Services

Town and township community services are assorted welfare-oriented services developed under the guidance of the Chinese Government. They are backed by the neighborhood (town) residential committees which systematically mobilize society's forces to provide all types of welfare services to support the weak and help the poor, show respect for the old and love for the young, and help and assist one another. Community services range from childcare, caring for the disabled, daycare for the aged, caring for the mentally ill, and even locating nannies for families, performing hourly housework, and provision of school lunches for elementary school children, and they also include many cultural and physical activities for the citizens. The purpose is to promote reform of town and township welfare undertakings, meet the diverse needs for services in the urban areas, and give expression to the CPC and the Chinese Government's aim which is to serve the people with all their hearts and minds through real action, and it also serves to vigorously promote the development of the residential committees. By meeting the people's needs, they have greatly promoted economic development and social stability and increased community cohesiveness.

The Ministry of Civil Affairs initiated these undertakings nationwide in 1987, and the localities also supported and promoted this effort through policies and measures of their own, and we have undergone rapid development in the last five years. At the end of 1991, the nation had 90,000 community service facilities. Specifically, there were 21,534 service facilities for the aged; 7,154 facilities for the disabled; 13,728 facilities for the servicemen and their families, and 47,502 community service centers and other service facilities. We have developed eight major programs, namely, services for the aged; services for the disabled; services for servicemen and their families; reform of customary practices; young people's education; services for the

convenience of the people; cultural, athletic, and entertainment activities; and comprehensive social administration. We have created a comprehensive social service network that starts at the grass-roots and is built on social guarantees.

Community services can be made universal and widespread so fast mainly because they meet the needs of the development of the socialist market economy and help raise the living standard. Their unique characteristics are:

a) They fully mobilize society's enthusiasm and strength to change the practice of relying only on the state to develop social welfare undertakings. This means adopting the principle of integrating the government's support, society's contributions, and the units' own efforts to raise funds for welfare.

b) They come in versatile and diverse formats. Community services are based on the principle of suiting measures to local conditions and starting out from practicality. In other words, we provide only the type of services needed by the people in the community and develop only the kinds of undertakings that suit local conditions. There is no fixed format. This makes it easier to solve the more urgent problems, takes less investment, and generates quick results.

c) These services mainly let the people serve themselves and manage themselves. Members of the community not only are served by and are the beneficiaries of the services but they are also the providers of the services.

d) They adhere to the guiding principle of integrating "no compensation, nominal compensation, and due compensation." In other words, different recipients may pay different amounts and different projects may charge different fees, so that these services can support themselves, sustain themselves, and develop on their own.

Currently, the localities have set up community service leading organs and have drawn up mid- and long-term development programs. They are actively but steadily making those services universal to form a team consisting of professionals, part-time workers, and volunteers. They have developed a variety of service facilities and projects and have made community services the backbone, the neighborhood community service centers and other facilities the main body, and the residential committees for the convenience of the people the bases.

4. Welfare Enterprises and Employment for the Disabled

Welfare enterprises are assorted production and management units set up by the state, collectives, and society at large to employ the disabled workers. They are special enterprises that are social security-oriented. The development of welfare enterprises helps to resolve the problem of settling the disabled. It gives full play to the superiority of the socialist system, promotes social stability, unity, and spiritual and cultural civilization, and creates wealth for the state.

China's welfare enterprises were born in the early days of the founding of the PRC. Back then, the CPC and the Chinese Government had to deal with the mass unemployment problem and the large number of poverty-striken people who needed relief, and so they developed the general principle of "production as salvation." After 1960, in the wake of the restructuring of the economic system, the civil affairs departments shifted most of these self-help production units to the industrial departments, retaining only 431 production units that mainly employed the disabled. But the 10-year disaster of the "Cultural Revolution" seriously jeopardized the welfare enterprises' development. By 1978 there were only 869 welfare enterprises. Many disabled could not find work and had to depend on social relief for survival, and the state and society's burden became very heavy.

Since the Third Plenary Session of the 11th Party Central Committee, under the state's policy of support and protection and supported by society at large, and through the efforts of the civil affairs departments at all levels, welfare enterprises have made great strides and have produced striking results. In 1991, the nation had 43,758 welfare enterprises of all kinds; they employed 1.702 million workers, generated 41.26 billion yuan in total output value and 2.13 billion in profit; their total labor productivity came to 24,236 yuan. They employed 701,000 disabled workers, and in the last 13 years, they have employed an average of 510,000 disabled workers a year. Today, nationwide, more than 70 percent of the disabled in the cities and towns at above county-level, and more than 90 percent in the cities, who are able to work have jobs.

The development of welfare enterprises is marked by the following five characteristics:

One, the state is implementing a policy of support and protection. Welfare enterprises whose disabled employees make up more than 35 percent of the work force are exempt from income tax, and if the disabled make up more than 50 percent of the total employment, they are further exempt from product tax or value-added tax. The specialized banks give priority to lending money to welfare enterprises and extend active support. Welfare enterprises' technological improvement projects are put under state or local plans depending on jurisdiction and based on planned management channels. These preferential policies are the basic conditions that sustain the welfare enterprises and are also important factors that promote their rapid development.

Two, we have strengthened enterprise management and changed the management mechanisms and put enterprises on the developmental path where they can make their own management decisions, take care of their own profits and losses, initiate their own development, and

constrain their own behavior. We have also implemented a series of reforms within enterprises to promote enterprise development.

Three, in accordance with the principle of whoever made the investment reaps the benefits, we rely on society's strength to develop welfare enterprises via several channels, at several levels, and in different forms. In 1991, welfare enterprises run by the neighborhoods, townships and villages, and factory and mining enterprises in China's rural and urban areas made up 86.8 percent of the total number of enterprises and accounted for 83.3 percent of the output value.

Four, we suit measures to local conditions, make good omissions and deficiencies, and diversify the production departments. Today, welfare enterprises are no longer limited to repairs, food and beverage, garment, small handicrafts, and other businesses. Instead, they have branched out into machinery, electronics, light industry, garment, foodstuff, packaging, printing, arts and crafts, and scores of other trades, producing nearly 50,000 types of products.

Five, welfare enterprises, retirement homes, and welfare institutions are "combining factory and institution." The factories are supporting the institutions and using a part of enterprises' earnings to set up more retirement homes and welfare institutions and supplement their ordinary expenditure, injecting vitality into welfare undertakings.

5. Disaster Relief and General Relief

Disaster relief. In 1991 China was struck by serious natural disasters that caused unprecedented economic losses. The flood disaster was among the worst, and the draught disaster was more serious than in previous years; typhoon, wind and hale, and earthquake and other natural disasters also struck. Nationwide, 55.47 million hectares of crops were affected, 27.81 million hectares were damaged, and 5.66 million hectares were destroyed. More than 400 million people were affected by the disasters, 280 million people were victimized, and more than 7,300 people died. More than 13 million people were evacuated, 5.81 million houses collapsed, and 112.2 million homes suffered some form of damage. In addition, factories, mines, enterprises, transportation, communications, schools and other facilities were also damaged, causing 121.5 billion yuan in direct damage.

The flood disaster was the worst in New China's history. In particular, between mid-May and mid-July of 1991, torrential rain fell in the Huaihe Valley and mid- and downstream of Zhangjiang. Anhui's Huaihe Prefecture, Jiangsu's Lixiahe and Yanjiang prefectures, northeast Hubei, and southeast Henan had as much as 700-1,200 mm of rain, 1-3 times more than normal for the period. It created a large waterlogged area which affected 246 million hectares of crops, ruined 146.1 million hectares, and destroyed 322 hectares of cropland for good; 5,113 people died in the flood and 4.98 million houses collapsed. The flood caused 77.9 billion yuan in direct damage. The CPC and the State Council were constantly worried about the people in the disaster area. Even before the flood water receded, General Secretary Jiang Zemin came to the frontline to be among the disaster victims and to comfort those whose homes had been washed out by the flood water. Twice, Premier Li Peng personally came to the Anhui disaster area to observe and direct the struggle against the flood disaster. On 16 July the CPC Politburo convened a working conference on combating disaster and to decide on disaster-relief measures. On three separate occasions, on 8 July, 22 July, and 26 July, the State Council held meetings to plan flood-relief work. The Office of the China International 10-Year Disaster-Easing Committee under the Ministry of Civil Affairs kept in close touch with the people in the disaster areas and toiled night and day to relay information about the disaster and stayed informed and directed the disaster-relief effort.

Under the leadership of the CPC, the State Council, the local party committees, and the local governments, civil affairs departments at all levels made disaster-relief the overriding focus of their work. They dealt with urgent matters urgently and special matters in a special way, and they conducted an unprecedented drive for donations and organized a successful disaster-relief effort. In particular, the masses of county and township civil affairs cadres in the disaster areas were not deterred by the hardship and worked selflessly and efficiently to resettle the disaster victims and organized production work to help the people help themselves. By the end of 1991, citizens at home and abroad have donated 2.3 billion yuan in cash and goods, and we have received more than 30 million pieces of clothing from our fellow citizens. The state has allocated 2.3 billion yuan in disaster-relief fund and has provided relief for 124.96 million people. Today we have restored social stability in the disaster areas; the sense of security has returned, and the people are ready to get back into production to help themselves and rebuild their homeland, and signs of prosperity are everywhere. This round of disaster-relief effort has aroused a strong sense of patriotism among all Chinese and has strengthened the unity of the Chinese nationality, giving full play to the superiority of the socialist system. It has served as a vivid lesson on patriotism, collectivism, and socialism.

General Relief The Chinese Government and society provide relief for low-income, poverty-striken households and guarantee the people's basic everyday needs and put people in production so that they can help themselves, have the ability to make new blood, and escape poverty. Through social relief we reduce the income gap between members of society, guarantee social equality, and ensure the rights of survival for all people, so as to promote social stability. In 1991, 36.46 million people in poverty-striken households in the urban and rural areas received emergency help from the state; 476,000 people received regular fixed subsidies; 379,000 homeless and old and disabled and young received regular fixed subsidies, 2.2 million received

"five guarantees"; 250,000 people who had been laid off from work or had retired received 40 percent of their original pay and 310,000 received regular fixed relief.

The CPC and the Chinese Government consider poverty-relief a very important task and have promulgated economic development programs in the underdeveloped regions. The whole party and the relevant government departments work closely together to help the poverty-striken households via policy measures, funding, supply of goods and materials, science and technology, and information so that the poor can rely on their own hard work to increase their own ability to make new blood, escape poverty, and embark on the road to prosperity. In 1991, nationwide, 756 million poverty-striken households received help; 3.136 million of them escaped poverty. This represents a success rate of 28.3 percent.

6. The Rural Social Security System and Social Insurance

China is a vast agrarian nation. In the wake of the restructuring of the rural economic system, the development of a new rural grass-roots social security system more compatible with the new economic system has been put on the agenda. In response to the demand for social security in the prosperous rural areas, rural social insurance pilot projects were started to gather experience. Today rural social insurance is offering retirement insurance and disaster insurance.

a) The rural social security system: In accordance with the PRC Seventh Five-Year Plan's program on developing a fledgling rural social security system and the State Council's instructions, beginning in 1986, the Ministry of Civil Affairs actively explored ways to develop a rural grass-roots social security system. Today many localities have moved beyond the experimental points to form a grassroots social security framework consisting of different programs and standards. Specifically the underdeveloped regions are concentrating on poverty-relief, improving disaster relief and general relief, and extending preferential treatment to servicemen and their families. On top of that, the moderately developed regions are also developing welfare production, tackling welfare undertakings, and launching fund-reserve activities of mass nature. In addition, the prosperous regions are also offering community-based retirement insurance. In 1991, the coverage of rural social security network continued to expand, and nationwide, 13,322 townships, or 24.2 percent of all townships, have set up their own rural social security network in which one home (retirement home), one factory (welfare factory,) one foundation (social security foundation), and five guarantees are the backbone. Township retirement homes could be found in 56.8 percent of the nation's townships, and nationwide, we had 52.7 welfare enterprises per one hundred townships.

b) Rural retirement insurance: The reason China's rural areas have set up retirement insurance pilot projects is to explore ways to restructure the social security system in the prosperous rural areas under the new economic mechanisms in order to expand the consumption domain, correctly guide the consumption direction, increase production and construction input, help provide for the workers after they retire, ease the increasingly pressing problem of the aging population, put into effect the basic state policy of family planning, and correctly balance the relationship between fairness and efficiency to promote social development and stability.

The State Council puts great emphasis on the rural retirement insurance issue and has instructed the Ministry of Civil Affairs to work on the restructuring of the rural retirement insurance system. In 1991, the Ministry set up a pilot program in Shandong and took the first steps and began to promulgate the "County-Level Rural Retirement Insurance Basic Program." Between August and September, pilot projects were installed in several townships in Shandong Province's five counties (cities) of Muping, Longkou, Zhaoyuan, Rongcheng, and Rushan, and 80,000 peasants in 81 village and 38 township enterprises in 30 townships took part in the insurance program. The participation rate exceeded 92 percent, with insurance premium topping 4.85 million yuan. The masses of grass-roots cadres and citizens were very enthusiastic about the program. The Ministry of Civil Affairs later convened a State Rural Retirement Insurance Pilot Project Work Conference to review and spread the pilot project's experience and further discussed the 'County Rural Retirement Insurance Basic Program." It has now decided on the next phase of work to be tested by the nation's 52 designated pilot counties (cities, autonomous regions, and autonomous banners).

c) Disaster insurance: Disaster insurance is a mechanism to pool the state, collectives, and individuals' funds to pay economic compensation to disaster victims and provide them with basic everyday needs and assurance of means for simple reproduction. It is a service-oriented trade that provides social insurance. The purpose of China's development of the disaster insurance industry is to correctly handle the interest relationship among the state, collectives, and individuals in their disaster relief efforts, promote rural social security, and develop and amplify the socialized service system to stabilize social order and agricultural production and to promote the two civilizations in the disaster areas.

China tried the commercialized form of agricultural insurance system in the 1950's, but it was unsuccessful. In the last decade or so, rural insurance business has made fairly good progress, but commercial crop insurance has remained at the small-scale experimental stage.

Since the founding of New China, we have always relied on direct state relief and delivery of money and goods to the households when natural disasters hit the rural areas. This method has played a very important role in stabilizing the disaster-victims' lives, stabilizing social order, and ensuring agricultural production. As the restructuring of China's rural economic system becomes more thorough, and in the wake of the development of the commodity economy, this method no longer meets the

needs of rural economic and social development and has even caused many problems. Specifically, this method is incompatible with the state's financial situation, the current financial system, the restructuring of the rural economic system, the actual needs of the rural social security, or the inflationary situation. In 1986, to ease these conflicts and meet the needs of reform, the Ministry of Civil Affairs suggested changing the traditional disaster-relief method and offer insurance instead. We set up rural disaster-relief insurance pilot projects in nine counties across seven provinces. From the very beginning, the aim of this pilot project was to make it a social insurance program to guarantee the disaster victims' basic necessities and simple reproduction, and in accordance with the disaster relief efforts, we introduced four types of insurance which were closely related to rural production and rural lives—crop, farmhouse, draft animals, and workers' accident, and these programs were very popular with the peasants. In 1991, based on the success of its pilot projects, the State Council approved the idea of setting up a province-wide disaster relief insurance pilot project in Fujian Province and starting two more pilot projects in two prefectures (cities) in Hebei. This marked the ushering in of a new phase to China's disaster insurance pilot projects. Today, a whole project involving one province and eight prefectures (cities) is being tested, and adding the scattered experimental points in various counties, nationwide, the scope of the pilot program has expanded to nearly 200 counties. Insurance is generating 66.97 million yuan in income each year, with reimbursement topping 99.87 million yuan.

7. Fund Sources

It is difficult to develop social welfare undertakings depending on the state alone. For this reason, China has adopted the method of raising funds via many different channels and is mobilizing society's forces to develop welfare undertakings together. The main sources of funds are state allocations, collective fund-gathering, donations (including solicitations that offer the donors a chance to win prizes), bank loans, and self-raised funds.

a) Compensation for bereaved families and welfare relief funds: These make up the most important part of the Chinese government's financial outlay and are also the main fund channel for developing social welfare undertakings. In 1991, compensation for bereaved families and welfare relief payment came to 6.254 billion yuan, 20.4 percent more than in the previous year; they accounted for 1.65 percent of the government's total outlay. The total outlay was made up of the following: Compensation for bereaved families, 26.87 percent; furlough and retirement payments, 14.30 percent; social relief and welfare undertakings, 18.64 percent; natural disaster relief fund, 33.47 percent; other expenses, 6.72 percent.

b) Collective funds: This refers to subsidies provided by the villages to families of servicemen and revolutionary martyrs in accordance with Article 45 of the "Constitution of the PRC" as part of their preferential treatment, to the "five-guaranteed" households, and to the poverty-striken households. In 1991, the collectives raised 2.378 billion yuan, accounting for 2.9 percent of rural collective retention. It represented a 6 percent increase compared to the previous year.

c) Various rural social security funds: In 1991, there were 187,000 mutual help reserved funds, poverty-relief funds, retirement insurance funds and other social security funds with an accumulated value of 1.67 billion yuan.

d) Donations: In 1991, some parts of China were struck by serious flood disasters, and in order to help the disaster areas recover even faster and more efficiently, the CPC and the State Council decided to seek emergency disaster-relief and assistance from the international community while soliciting disaster-relief donations at home as well. Nationwide, people of all nationalities, Hong Kong and Macao and Taiwan compatriots, overseas Chinese, governments of friendly nations, and international organizations and other friends responded with enthusiasm and gave generously. They donated cash and good and materials totaling more than 2.3 billion yuan and vigorously aided the disaster-relief effort.

Soliciting contributions while offering the donors a chance to win prizes: This is mainly in the form of selling lottery tickets to raise funds from the public to develop social welfare undertakings. It has opened up a new channel for raising money from the public and is an important supplement to the state's fund input. In 1991, 774 million yuan's worth of lottery tickets were sold; they raised 239 million yuan.

e) The state's fixed assets investments: In 1991, investments in welfare undertaking capital construction came to 113 million yuan and investments in welfare enterprise technological transformation came to 66 million yuan.

II. Basic Experience

Development of China's welfare undertakings has produced striking results. The development of China's welfare undertakings is marked by the following characteristics:

1. Embarking on a welfare development road with Chinese characteristics: Because we uphold the principle of integrating material guarantees and service guarantees, integrating the state's assistance and the masses' helping themselves, integrating help and relief and production development, and integrating development of social safeguard and reinforcement of family security, and because we uphold the principle of starting out from the nation's actual situation, emphasizing the important, providing different guidance for different situations, suiting measures to local conditions, and pursuing steady development, our welfare undertakings are constantly

being reinforced and developed amid the reform, and they have promoted social stability and economic development. Welfare not only provides social protection and services to the intended recipients but when necessary it also gives them spirit and courage, so that they not only receive social welfare as a favor but are also inspired with renewed enthusiasm to strive and struggle for a new life. The development of welfare enterprises to settle the disabled who can still work has paved a new way that combines work and welfare and is proof of this point.

2. Deepening the reform of welfare undertakings and socializing welfare to reduce the state's burden: Socialization of the welfare system is a fairly advanced form of welfare development. It includes socialization of the intended welfare recipients, socialization of fund sources, socialization of management, socialization of service facilities, and socialization of the service contingent. Socialization of the welfare system is the objective need of thorough economic reform and the development of commodity production. In a commodity economy, enterprises' main task is to develop production, and although they should pay a share of the workers' welfare, they should not be made to pay for everything. If enterprises are overburdened, they will not be able to focus their energy on developing production. Today, some of China's large- and medium-sized enterprises are like a "small society" or "small government." They must take care of the workers from birth to burial and provide them with food, clothing, shelter, and means of transportation. The pressure on enterprises is too much. The clamor for socialization of welfare so that enterprises can do battles without the extra burden is growing louder by the day. The newly-developed collective enterprises, the "three kinds of wholly or partially foreign-owned" enterprises, privately-run enterprises, and individual-owned factories and businesses too are eagerly waiting for the socialization of the welfare system to solve their employee welfare problems. The restructuring of the financial system puts pressure on society's only fund-raising method, and it is inevitable that the state, collectives, and individuals must share the burden of funding the welfare system. The peasants, especially the prosperous ones, are demanding more and more pension, medicare, and everyday services. They have come to realize that only socialized welfare can take care of their problems in later life and supplement the deficiencies in their domestic safeguard. Production development will also bring other changes in the social structure. The downsizing of families, the aging population, the changing lifestyle and so on will demand society to provide more and better welfare and social services. The socialization of the welfare system can address all these problems.

3. Consciously focusing on social stability and working in concert with economic construction: Social stability is the basic premise of the nation's economic development, and social welfare is an important link in the stabilizing mechanism. If social welfare obeys and serves the overall situation, we will have found the foothold for giving play to the stabilizing mechanism. Disaster relief effort has become a national event, the double-support work has generated broad social impact, and people are paying increasingly more attention to the other welfare undertakings because they are undertakings that bring national stability.

4. Broadening the scope of social welfare: To meet the needs of the development of the market mechanisms, the rural areas have begun to explore ways to set up a fledgling grassroots social welfare system and retirement insurance, mutual-aid reserve fund, and other forms of social insurance. The cities have developed community services which have undergone rapid development and have produced clear results. Selling lottery tickets to raise welfare funds is an activity still on the ascendancy. They help welfare meet even more of the people's needs and in turn improve social welfare's overall efficiency.

III. The Current Problems and the Direction of Reform

1. The Current Problems

a) The imperfect system and tangled relations: Currently China's welfare system is still marred by departmentalism in state and local governments. There are too many departments in charge and there are crisscrossed redundancies, loopholes, and blank spots, and we lack systematic coordination or planning.

b) The rural areas are a weak link: Developing a strong welfare system that serves several hundred million peasants is a very arduous task.

c) The low level of socialization: The state is in charge of too many welfare projects and its burden is too heavy; it cannot meet the level of efficiency demanded by the commodity economy. Moreover, the programs and their standards are very uneven among different trades, departments, and units. Welfare facilities have become a system of their own, and the result is wastefulness, inadequacy, and lack of vitality.

d) We have not developed a system where the state, collectives, and individuals pay a fair and adequate share of welfare expenses. Urban welfare expenditure is paid for almost entirely by the state, enterprises, or collectives. Their burden is heavy and they cannot keep this up much longer. The rural areas is dependent entirely on the peasants, and they are an inadequate force.

e) The inadequate legal system: The existing social welfare system is based mainly on government or departmental policies. There are few legislation and no laws to rely on.

2. The Reform Direction

Social welfare is a product of social progress and is a part of social civilization. People want social welfare in essence because they want some basic protection in life and seek equal economic and social rights. As a socialist nation, China's development of a welfare system is to provide this type of protection and preserve this type of

rights and privileges. Overall, China's welfare development must continue on the path of socialization to let society take care of social matters and let the people take care of the people's affairs. The focal point of development is to change the mechanisms and enhance the vitality of welfare undertakings.

Reform of welfare enterprises means acting in the spirit of the CPC's decision to reform enterprises and change their management mechanisms. The key to reforming the welfare enterprises directly under the jurisdiction of the civil affairs departments is to radically change the format of "letting enterprises run institutions"; enterprises should operate as enterprises. Collective- and society-run welfare enterprises should also continue the reform process to make the system stronger and better.

The focal point of institutional reform is on vigorously changing the closed operating mechanisms of "eating out of the big pot," on reforming and smoothing out the internal allocation, labor, and personnel systems, and on bringing in competitive mechanisms to open up to society even more, to provide quality service, increase efficiency, and enhance the institutions' ability to develop on their own.

The Eighth Plenary Session of the 13th Party Central Committee has pointed out unequivocally that we must "gradually set up a rural social security system and offer social retirement insurance in qualified localities." Today we must reinforce what we have already accomplished and gradually set up a rural social security system with Chinese characteristics which emphasizes the peasants' insuring their own security. Rural retirement insurance is an important part of rural social security reform. We must actively promote and accelerate the change to achieve economies of scale. We must continue to develop and amplify a county-level management system and set up some benign mechanisms to generate and propagate retirement insurance fund. Disaster relief reform must uphold the single-track disaster insurance system and actively explore ways to solve the excess payment of insurance claims.

Henan Publishes Eugenics Regulations

93CM0027A Zhengzhou HENAN RIBAO in Chinese 6 Sep 92 p 2

[Henan Provincial People's Government Order #36, *Henan Eugenics Health Protection Regulations*, examined and approved by the Provincial Government Standing Committee, and published to go into effect on 15 August 1992 by order of Henan Governor Li Changchun (2621 7022 2504): "Henan Province Regulations on Eugenics Health Protection"]

[Text] **Section I. General Rules**

Article 1: These regulations were drawn up based on national regulations and "Henan Province Family Planning Regulations," in order to improve the quality of our population, by safeguarding the physical health of women of childbearing age and infants.

Article 2: As used in these regulations, eugenics means taking various effective steps to prevent and reduce births of children with congenital deformities, in order to give birth to healthy descendants.

Article 3: These regulations should be complied with by all state organs, social groups, enterprises and institutions, military units stationed in Henan, and other organizations and citizens within the boundaries of Henan Province.

Article 4: People's Governments at all levels will exercise leadership over eugenics health protection' (abbreviated hereafter as simply eugenics') work, by drawing up plans and organizing their implementation.

Health administration departments at all levels are the eugenics oversight agencies of People's Governments at the same level that will exercise oversight and management of eugenics work.

Departments at all levels, such as family planning, civil administration, public security, labor, personnel, education, culture, news, and the broadcast media, as well as the social groups concerned, should act in close coordination with health administration departments, in a joint effort to do a good job of eugenics work.

Section II. Premarital Health Care

Article 5: Before getting married, citizens should go to their designated eugenics oversight agencies (at the township level in rural areas) for premarital health examinations, and can undergo marriage registration procedures only after obtaining premarital health certificates through such examinations. Until such examinations are undergone or premarital health certificates are obtained, marriage registration units will not conduct registrations, and family planning units will not issue birth quotas.

Units in charge of premarital health examinations must be qualified medical, maternity and child care, or family planning propaganda and technology units, and should conduct good premarital health examinations in line with the principles of public convenience, priority examination, and reduced fees.

As to the items involved in premarital health examinations, urban residents should be examined strictly according to the stipulated health department regulations, while rural residents' examinations will be limited to medically acknowledged diseases that preclude marriage or childbearing. Fee standards for premarital health examinations will be set jointly by the Provincial Eugenics Oversight Agency and the Provincial Pricing Bureau.

Article 6: Marriage is prohibited in either of the following cases:

1. When the persons concerned are direct blood relatives or collateral blood relatives within three generations.

2. When both parties involved are of severely low intelligence.

Article 7: Marriage is prohibited in either of the following categories until the diseases have been cured:

1. In ongoing cases of schizophrenia, manic-depression, and other mental disorders.

2. In statutory cases of contagious diseases, such as STD or leprosy.

Those who contract the diseases in the above second category after marriage will not receive or be issued birth quotas until they are cured.

Article 8: Those who suffer from any of the following serious hereditary diseases will not be allowed to have children after marriage, with at least one party being subject to premarital forced sterilization.

1. When either party suffers from polygenetic high-buildup series (including schizophrenia, manic-depression, and other chronic mental disorders, as well as congenital heart disease).

2. When both parties suffer from moderate dementia or either party suffers from severe dementia.

3. When either party has hereditary diseases, such as incomplete cartilage development, incomplete bone growth, Downs syndrone, retinal pigmentation denaturation, congenitally small eyeballs, or tonic malnutrition.

Article 9: Those who suffer from sexual-chain recessive hereditary diseases (including hemophilia and progressive muscular dystrophy) should sexually limit the sons and daughters they bear afer marriage.

Section III. Eugenics Oversight

Article 10: In the interests of eugenics, marriage and childbearing should be guided by eugenics. Medical, maternity and child care, and family planning propaganda and technology units should set up eugenics contraceptive-advise outpatient clinics in accordance with the provisions of the *Henan Province Family Planning Regulations*, where eugenics and contracption guidance will be provided.

Married women of childbearing age who have premarital health examination certificates and birth quotas should promptly establish health records at their designated eugenics oversight agencies, where they should receive pregnancy checkups and eugenics guidance after conception.

Article 11: Women who have borne children with severe congenital defects, but still want to have more children, should be dealt with according to the relevant medical determinations in family planning regulations on diseased and deformed children. Those who have conformed to childbearing qualifications and obtained birth quotas should receive regular monitoring at their designated eugenics oversight agencies after conception.

Article 12: Pregnant women who are discovered through examination to apply to any of the following conditions, must be sent to advisory clinics designated by their eugenics oversight agencies for prenatal diagnoses:

1. Those with family histories of hemophilia, or where the male party is a hemophiliac.

2. Those who have borne children with severe defects.

3. Those with too much or too little amniotic fluid.

4. And those where either party is a chromosome variant carrier.

Article 13: Doctors and midwives must fill out birth certificates conscientiously, and promptly report births of children with congenital deformities to the relevant county (municipal, district) eugenics oversight agencies.

Article 14: Doctors and midwives should adhere strictly to operating rules and improve their delivery skills and service quality, in order to prevent and reduce delivery injuries and protect the health of mothers and infants.

Article 15: The use of drugs that could cause deformities or genetic mutations is prohibited during early pregnancy.

Article 16: As breast-feeding is recommended, publicizing and producing advertisements for breast-feeding substitutes are prohibited. Infant formula nutrition advertisements should be submitted for examination to county (municipal, district) eugenics oversight agencies.

Section IV. Abortion and Sterilization

Article 17: Abortions should be performed on pregnant women in the following cases:

1. When pregnancies are in violation of articles 6, 7, or 8 of these regulations.

2. When prenatal tests diagnose severely deformed or abnormally developing fetuses.

3. When pregnant women become seriously ill or come into contact with materials that might cause deformities, so that continued pregnancy might endanger the life of the mother or severely jeopardize the health of the fetus.

4. When prenatal diagnosis determines the sex of the fetus based on Article 9 of these regulations, so that pregnancy should not be continued.

Article 18: When married couples of childbearing age are found to have any of the diseases that forbid childbearing according to Article 8 of these regulations, at least one party must be sterilized.

Article 19: Those subjected to abortion or sterilization will be given time off of work to recuperate according to the pertinent regulations.

Article 20: Those whom medical diagnoses determine need abortion or sterilization, but who still refuse despite advise, should be promptly reported to their county (municipal, district) eugenics oversight agencies, which will urge enforcement. And eugenics oversight agencies should notify the family planning departments concerned to revoke the birth quotas of those in these cases who have them.

Article 21: When the parties concerned in necessary sterilizations or abortions or their legal representatives disagree with the diagnoses or treatment views of medical or maternity and child care units, they can apply for determinations within seven days to their eugenics technique-determination agencies above the county level. And those who still refuse to submit to the conclusions of such determinations, can apply within five days of notification for redeterminations to their eugenics technique-determination agencies at the next higher level, whose determinations will be final.

Section V. Agencies and Responsibilities

Article 22: The major responsibilities of eugenics oversight agencies at all levels are as follows:

1. To oversee and inspect eugenics work.

2. To determine the penalties for units and individuals who violate these regulations.

3. To reconsider and rule on penalty determinations for refusal to comply by eugenics oversight agencies at the lower level.

4. And to guide and train eugenics oversight personnel.

In accordance with these and pertinent national regulations, health agencies in railway units, large factories and mines, and military units stationed in Henan will exercise eugenics oversight management within their jurisdictions, with their designated subordinate medical and maternity and child care units being held responsible for eugenics duties within their jurisdictions, and for accepting professional guidance from local maternity and child care units at the same level.

Article 23: Maternity and child care units at all levels will be held responsible for eugenics monitoring management duties within their jurisdictions. The major responsibilities of maternity and child care units at all levels are as follows:

1. To provide the concerned personnel with eugenics services and guidance, such as premarital, preconception, prenatal, delivery, and postnatal, and to conduct eugenics propaganda and education.

2. To conduct eugenics monitoring tests and provide technical guidance.

3. To provide infant health care services and guidance.

4. And to provide family planning technical service and guidance.

Article 24: Eugenics oversight agencies at all levels can hire health professionals from maternity and child care units or other medical and family planning propaganda and technology units as eugenics overseers. The major responsibilities of eugenics overseers are as follows:

1. To enforce all eugenics oversight agency decisions.

2. To exercise eugenics oversight over childbearers in accordance with these regulations.

3. And to investigate and oversee units and individuals that obstruct eugenics work or violate these regulations.

Article 25: Eugenics technique-determination agencies will be composed of concerned professionals hired by health administration departments above the county level, with their regular duties being under the responsibility of maternity and child care agencies at all levels. The responsibilities of eugenics technique-determination agencies are as follows:

1. To investigate, examine, approve, and make the pertinent determinations on all technical issues involved.

2. To provide technical advise to eugenics oversight agencies, overseers, and concerned units.

3. And to help eugenics oversight agencies do a good job of eugenices tasks, such as technical training, technical oversight, investigation, and new technology transmission.

Article 26: All specialized technicians engaged in marrital health care, genetics advise, and prenatal diagnoses must have professional training, with their test qualification certificates being published by eugenics oversight agencies above the county level.

Eugenics technology work may not be done without qualification certification.

Article 27: Eugenics workers should act legally and scrupulously in accordance with professional ethics, by not divulging private matters of the parties concerned.

Section VI. Penalties

Article 28: In cases where the parties concerned refuse to abide by these regulations, by not taking premarital health examinations or altering premarital health examination certificates and refusing to accept eugenics measures, which lead to births of children with congenital deformities, rural residents will be fined 500 yuan by their village (town) people's governments, while urban residents will be fined 1,000 yuan by their subdistrict offices. Violators of family planning laws and regulations will be penalized in accordance with family planning laws and regulations.

Article 29: All who violate these regulations in the following ways will be subjected to unit and individual criticism and indoctrination by eugenics oversight agencies in accordance with the severity of their cases, as well as being set deadlines by which to straighten up, with illegal income being confiscated and possible fines of 500-1,000 yuan:

1. By conducting unauthorized premarital examinations or prenatal diagnoses, and issuing unauthorized premarital examination certificates.

2. By divulging technical examination and approval results, which have harmful consequences for the parties involved.

3. And by collecting fees that do not conform to regulation.

Article 30: Fines must be formally receipted according to the relevant Henan regulations, as well as being totally handed over to local state revenue departments.

Article 31: Those who disagree with administrative penalties can apply for reconsideration in accordance with the *Administrative Reconsideration Regulations*, or sue in People's Court in accordance with the *Administrative Procedural Law*.

Article 32: Workers in health, civil administration, family planning, and other departments who commit violations of eugenics laws and discipline, such as malpractice for selfish ends, dereliction of duty, abuse of power, paying or receiving bribes, and issuing false certificates, will be subjected to administrative disciplinary sanctions by their responsible or supervisory departments all the way up to dismissal, with the criminal responsibility in serious cases that constitute crimes being legally investigated and affixed by judicial organs.

Section VII. Supplementary Articles

Article 33: Designated family planning propaganda and technology units should report premarital investigations and eugenics advisory circumstances for the record to eugenics oversight agencies at the same level.

Article 34: Particular issues in the implementation of these regulations will be interpreted by the Provincial Health Department.

Article 35: Where there are inconsistencies between these and previous provincial regulations, these regulations will be followed without exception. These regulations take effect on the day in which they were published.

Education Minister Li Tieying Presents Reform Targets

OW1811091992 Beijing XINHUA in English 0904 GMT 18 Nov 92

[Text] Beijing, November 18 (XINHUA)—China has set the main target for educational reform, which aims to readjust the educational system to meet the demands of a socialist market economy.

"The fundamental guideline for educational work is to let schools serve as training grounds for economic practice as well as for the liberation and development of productive forces," said Li Tieying, minister in charge of the State Education Commission.

Stressing this at a national higher educational work conference which closed here today, Li said that in the past decade China's educational reform has obtained great achievements and abundant experience in its quest to adapt to market forces and this must be further accelerated.

The minister pointed out: "A bold absorption and learning of some good educational administrative experience as well as teaching contents and methods from throughout the world, including from capitalist countries, should be encouraged."

He said that in order to accomplish the target, China will adopt new reform measures for universities. The new policies are as follows:

—All walks of life will be allowed to establish universities. Donations from overseas institutions and personnel are encouraged, and universities can be run by international co-operation under Chinese laws and policies.

—A new educational investment system will be formed with the central government allocating most money while other funds must be raised from various channels.

—Students will pay college tuition and graduates should choose jobs by themselves but under state guidance.

—Universities will be given more administrative power under a system of "running schools independently according to law."

—Universities will mainly be managed at state and provincial levels.

—Equalitarianism, bureaucracy and low efficiency in universities must be eliminated. Reforms in personnel and payment systems will be given a further push by offering greater rewards to established teachers and researchers.

Li also noted that the state will focus on developing about 100 key universities and some key majors. Several universities will be updated to the world level by the end of this century.

China now has 1,075 universities with a total of 2.05 million students. The funds and the flow of students are now mainly governed by central plans.

Temporary Armed Police Departments 'Detrimental'

93CM0032A Beijing RENMIN WUJING BAO in Chinese 11 Oct 92 p 2

[Article by Chen Qingzhen (7115 1987 2182), People's Armed Police Second Division Commander, Beijing: "Organ Duplication Detrimental to Normal Management"]

[Text] Special and ad hoc leading organs have been very much in vogue in recent years. There are an amazing number of such-and-such committees, such-and-such leadership teams, or such-and-such offices. In management work alone, for example, there are more than 10 "small leadership levels" and "committees" under a variety of names such as "the two regulars, regularized management, small dispersed unit management, equipment and materials management, apparatus and production management, work style and discipline rectification," and "police appearance, conduct, and discipline rectification." They make one's eyes gloss over, and leaders themselves do not even know how many units with irregular and unchartered titles they have.

To set up an ad hoc or special organ to complete some temporary task quickly is beyond reproach, but for a routine job such as military unit management, the setting up of another leading organ is neither necessary nor appropriate. Most importantly, the duplication of special organs is detrimental to the normal discharge of leadership and organ functions. The existing staffing system provides an organic totality for military unit management. Rules and regulations define the responsibilities of each level of leadership and each unit, and practice has demonstrated the division of labor using the prevailing system and functions to be scientific. The most important matter of the moment is for each unit to perform its duties and see that tasks are completed; otherwise, without efforts to complete tasks, the founding of duplicatory special organs as a means of showing that "leaders are paying close attention, organizing implementation, and taking vigorous action" can actually do nothing more than result in overstaffing and conflicting instructions that impede regular organizations discharging their responsibilities.

The first key to doing a good job of unit management is standardization, and the second one is regularization. Regular management means working carefully and working slowly, doing a lot of work to lay a foundation, to provide for management over the long-term, and to see real results. Quick rectification and frequent inspections and checks as a substitute for regular and painstaking work are of little benefit to the regular management of units. Management has its own rules; it has a percolating character, a widespread character, and a public character. To set up an organ for every aspect of management work is like treating the head for a headache and treating the foot for a foot ache, regarding each ailment individually while failing to get at the root of the problem.

The time has really come to clear away the "special organs" that are part of the above-mentioned formalism. Leaders at every level must stop making a superficial effort and do a real and solid job. Units at the detachment level and below, in particular, must take real action instead of mindlessly playing follow the leader. They must not try to succeed through half-hearted measures.

SOUTHWEST REGION

Seven Criminals Executed in Guizhou

HK1112133092 Guiyang GUIZHOU RIBAO in Chinese 20 Nov 92 p 1

[Article by staff reporter: "Guiyang City Deals Severe Blows to Criminal Activities and Executes Seven Criminals"]

[Text] Guiyang City held two public sentence pronouncement rallies on 17 and 18 November, at which the Guiyang City Intermediate People's Court sentenced two drug traffickers, four thieves, and one rapist to death. The seven criminals were immediately taken to the execution ground where they were shot with a bullet to the head.

In early December 1990, criminal Duan Renhui (female) obtained 1,000 grams of heroin from Duan Shuchang, a drug trafficker (still at large), and asked Lan Min, a co-defendant, to look for buyers. Lan Min then asked criminal Tao Zhizhou to help look for buyers. Criminal Tao then turned to Li Jinzhong, Zhang Wenli, Wu Xiequan, and Hu Taixiang (co-defendants who were also sentenced), asking them to look for buyers. On 23 December 1990, Lan Min rushed to Guan Ling where he joined Duan Renhui. The two criminals then carried 1,000 grams of heroin back to Guiyang. On 25 December 1990, Duan and Tao were arrested by the public security personnel while handing over heroin to a buyer. The Criminal Court of the Guiyang City Intermediate People's Court heard the case and decided to sentence Duan Renhui and Tao Zhizhou to death, depriving them of political rights for life, and sentence Lan Min to death, with a two-year reprieve, in accordance with the law and after verifying that the three had committed a serious crime by selling a large quantity of heroin.

Between May 1988 and April 1991, criminal He Weiyin, in collaboration with more than 10 other criminals, committed a large number of larceny cases. They stole things by breaking into private residences either by door or by window. They committed a total of 111 cases of larceny, and stole things worth 140,000 yuan. He Weiyin alone committed 55 cases of larceny and stole things worth more than 50,000 yuan. On the night of 7 February 1990, He Weiyin and two other criminals broke into the house of a certain Mr Wang in Jiaxiu Lane of Guiyang City and stole 400 yuan. However, they were bumped into by Mr Wang who came home. He Weiyin unleashed all his ferocity and killed Mr Wang with a knife. He then escaped. Criminals Zhao Hesheng and Wang Shengping, in collaboration with two other criminals (who were also sentenced), broke into a number of enterprises and undertakings where they opened safes and stole public property worth more than 100,000 yuan. Criminal Huang Jianhui, in collaboration with two other criminals (who were also sentenced), broke into many private residences and stole things worth a total of 36,000 yuan.

The Guiyang City Intermediate People's Court heard the cases and decided to sentence the above four thieves, namely, He Weiyin, Zhao Hesheng, Wang Shengping, and Huang Jianhui, to death, depriving them of political rights for life.

In addition, the court also sentenced Zhang Huazhong, a rapist and robber, to death, depriving him of political rights for life, in accordance with the law.

NORTHWEST REGION

Need for Everyone To Support Reformers

93CM0054C Urumqi XINJIANG RIBAO in Chinese 2 Oct 92 p 4

[Article by Chen Guojun (7115 0948 6571): "Help Out the Reformers"]

[Text] A few days ago, a reporter colleague said with a sigh that it is not enough to rely on reformers battling alone. He provided an example: When a certain enterprise reformed its worker assignment system, its leaders found themselves in a predicament. The personnel who were "optimized into lower positions" complained, law courts issued subpoenas, and leaders in departments concerned wrote notes asking for reconsideration. Thus, the enterprise had to abandon some of the reform measures, and now they feel misgivings about moving ahead.

This incident is somewhat representative in its reflection of a problem, namely that today when the momentum of reform is strong, just what should we do for the reformers?

We often hear people express the following sentiments: Reform is too difficult! Why is it difficult? The difficulty is that reform is a major readjustment of benefits and interests; it involves a revolution that rocks the whole corpus once launched. The difficulty is that the climate for reformers is not all it should be. Reformers frequently worry that they are skating on thin ice and will be blamed for whatever goes wrong. Consequently, they do not dare to commit themselves fully.

Comrade Deng Xiaoping said that reform is also a revolution. Since it is a revolution, the old is bound to be destroyed to make room for the new, and it is bound to impinge upon the interests and benefits of some, causing some people hardship and dissatisfaction. In addition, reform is experimental by nature. Unavoidably some mistakes occur, and the reformers themselves may also have certain shortcomings that will make reformers the focus of conflicts. If our leaders at all levels cannot correctly handle the environment in which reformers work, reforms may halt in mid-course. Of course, from the standpoint of dialectics, halts in mid-course and regressions in reform are consistent with the law of development whereby events move forward through twists and turns. Nevertheless, in making a concrete

analysis of reasons, numerous evidence today show that the thing that reformers need most is the support of leaders at all levels.

Therefore, the times are shouting: "Help out the reformers!" Of crucial importance in helping out the reformers is provision of a rather good climate for those who are devoted wholeheartedly to the nation and the people, who dare to innovate and dare to experiment, and who possess a pioneering spirit in carrying out reform and opening to the outside world, allowing them to move ahead boldly and free from worry.

Gongs and drums thunder before the opera begins, and birds chirp in expectation of the dawn. Helping reformers along requires, first, creation of a fine climate of public opinion. For geographic and historical reasons, the ideas of people in Xinjiang are old fashioned, and rules, regulations, outmoded conventions and bad customs abound. Objectively, some of the mistakes that have been made in the course of reform in Xinjiang have also aroused some misgivings among people devoted to reform. There is no reason for making them continue to have "feelings of disappointment." Our propaganda and public opinion organs must take the lead in this regard to create an atmosphere that to reform is an honor.

Of course, the key in supporting reformers lies in leading organs at all levels. I recall that a leader in a certain southern province told the manager of an enterprise the following: "So long as you don't break the law, go ahead without worrying; if problems occur, I'll take responsibility." This is a powerful "support mentality." Leaders and leading organs must protect reformers; they must look at the essence and the main trend when problems occur; they must help out with shortcomings and mistakes, and they must summarize experiences and lessons to find ways to move ahead and provide remedies instead of making blanket condemnations. Failure to do so may directly impair the enterprising spirit of the reformers, thereby damaging both the pace and progress of reform. This is but one aspect of the problem. Of greater importance is for legislative organs and government departments to draft a body of rules, regulations, and associated policies in keeping with realities in our region that get rid of some of the outmoded rules and regulations that clash with reform that provide reformers with a broad latitude for moving about freely under protection of policies and regulations. This is the way to help out reformers at a high level.

As the saying goes, "The pear-leaved crabapple needs watering from everyone." Similarly, reformers require the concern and support of discipline inspection and procuratorial organs. In the past, some reformers were frequently harassed by so-called "economic problems," and were also hurt by the rumors of some whose interests and benefits were damaged. Failure of discipline inspection and procuratorial organs to "investigate" and "examine" matters properly placed reformers in the awkward position of wanting to act but being unable to act, and wanting to stop but not being able to stop. They could not devote themselves wholeheartedly to their work. This state of affairs must be changed. So long as what they do meets the standard of "benefiting the state, collectives, and individuals," discipline inspection and procuratorial organs should support reformers boldly and assuredly. Those who harm reformers must be criticized and indoctrinated, and when necessary, investigated and legal responsibility fixed. A healthy atmosphere of reform must be fostered for escorting and convoying reformers.

Taiwan Firms Invest in Mainland Real Estate

93CE0138A Hong Kong CHING CHI TAO PAO [ECONOMIC REPORTER] in Chinese No 41, 19 Oct 92 p 33

[Article by Zhang Yi: "Taiwanese Businesses Enter Mainland Real Estate Market in a Big Way"]

[Text] Since the beginning of the year, the mainland real estate market has been very active, and business conglomerates from many countries and areas have been entering this market. In this regard, Taiwanese businesses are showing particularly high enthusiasm for, and interest in the mainland real estate market. There are signs that the mainland real estate market will be one of Taiwanese businesses' main targets as they enter the mainland market.

Over Ten Percent of Taiwan's People Want To Buy Property on the Mainland

With the opening up of the mainland, increasing numbers of people in Taiwan are coming to the mainland as tourists, to visit relatives, and to engage in business activities. This has aroused some demand for the mainland property market. At the same time, as the mainland real estate market is just beginning to open up, the preferential policies, and cheap land and labor all make the real estate industry an extremely profitable one. In addition, many large business conglomerates from Hong Kong, Thailand, Japan, and the United States have been entering the mainland real estate market one after another, appearing to be positioning themselves as first-comers. Faced with such a situation, many Taiwanese firms are worried that they might miss a good opportunity, and are thus stepping up their efforts, in an attempt to secure for themselves a share of the profit.

According to a public opinion poll in Taiwan, 12 percent of the people on the island would like to buy property on the mainland. The purpose for over 40 percent of those people is to preserve the value of their assets through investment; the purpose for 20 percent is to have a place to stay while visiting the mainland; the purpose for nearly 20 percent is to move to the mainland; the purpose for 12 percent is to have housing for use after having acquired a plant on the mainland; the purpose for only 5 percent is to provide housing for mainland relatives and friends. In terms of the kind of real estate to be purchased, 50 percent would like to buy country houses; 14 percent would like to buy factory buildings; and 12 percent would like to buy apartments including those in high-rises. Those of various mainland provincial origins tend to be interested in properties in the place of their ancestral origins.

In view of the situation, many real estate firms of substantial sizes in Taiwan are engaged in market development, focusing on such coastal regions as Fujian, Guangdong and Shanghai. According to a report, about 25 listed companies in Taipei have now declared the establishment of joint-venture enterprises on the mainland. Of those companies, many intend to engage in real estate development. As a result, the prices for some housing properties in Shanghai have risen to the levels of the Taipei market.

Tendency To Favor Block Development

In investing in the mainland real estate market, Taiwanese firms clearly tend to engage in block development.

According to the Taiwan newspaper KUNGSHANG SHIPAO, there is a new, gradual development in Taiwanese firms' investment activities in the mainland real estate market, that is, a tendency to favor block development. Jinshan County of Shanghai and the "Jihhao Development Company" of Taiwan have set up the mainland's first "Zone of Investment and Industry for Taiwanese Businesses" in Xinta Township. In Hainan Province, "China Airline Real Estate Company" made the investment for a comprehensive development zone of 2,000 mu in area, thus becoming the first firm from Taiwan to engage in block development in Hainan. In this regard, Hainan Province has made further plans to make 21 tracts of land available specially for Taiwanese firms to engage in block development.

In fact, in investing in the mainland real estate market, Taiwanese businessmen have already changed their previous cautious style, and have become rather bold. This is doubtlessly because Taiwanese businessmen are seeing a good prospect for China's real estate market and have confidence in this market. According to a source, the Tangchen Group won the bid for the land for a golf course in the Pudong New Zone in June. This was the third time in three months, after buying the Lujiazui land and the land for a general-use building in the Waigaoqiao Tax-Free Zone, that it purchased land in Shanghai. The Yashi Group invested huge sums of money to build the "Asia Industrial Town" in Xinglin, Xiamen, and is now developing the land in Shishi. The Kuangnan Enterprise, alone, provided all the investment for the development of the 60 hectares of land in Juzizhoutou of Changsha. It is recently rumored that Taiwan's richest man Ts'ai Wan-lin's Linyuan Group is going to invest in public projects including those of land development on the mainland.

Recently, in Guangzhou where the real estate business is brisk, the government bodies concerned receive, almost daily, Taiwanese businessmen who have come to seek information about and discuss real estate business. In this respect, companies from Taiwan and Hong Kong, in a cooperative venture, have acquired 300 mu of land in Huangpu, Guangzhou, and are planning to invest $1 billion in the construction of a commercial housing area. Previously, Guangzhou's real estate market was dominated by firms from Hong Kong, but now at least four Taiwanese firms are engaged in block development of land for industrial use. Each of those firms holds land of more than 300 mu, with the largest holding 3,000 mu.

The development of the 150 mu of land—the first phase of the Taiwanese-financed Guangzhou Pacific Industrial Development Zone project—is just under way, and all the land in the zone has already been bought up by Taiwanese firms.

Taiwan's Government Is Unable To Control the Situation

Since the late 1980s, the volume of Taiwanese investment on the mainland has been growing continuously. According to an estimate made by Taiwan's government, up to the present, the cumulative Taiwanese investment on the mainland exceeds $3 billion. The figure issued by the mainland is $3.4 billion. But officials and economists of Taiwan believe the actual figure is much larger. Nongovernment bodies estimate that the total volume is more than $10 billion.

A few years ago, the Taiwanese firms that went to invest on the mainland were mainly small- and medium-sized, and therefore the volume of investment was not large. But last year, enterprises that invested on the mainland were bigger and enjoyed a higher standard of technology. As a result, the volume of Taiwanese investment on the mainland reached $1.5 billion last year. This year, as the real estate market has also been opened up, the investment volume will certainly grow greatly. According to a recent report by Taiwan's "Central Bank," the large volume of Taiwanese investment on the mainland can cause the first deficit in 11 years in Taiwan's external balance of payment by the end of the year. Stock market analysts believe the recent price plunge on Taipei's stock market was related to a large flow of hot money to the mainland.

This fever of investing on the mainland is already causing uneasiness on the part of Taiwan's government. The government has been calling, from time to time, for cooling down the investment fever, but has been unable to stop Taiwanese investment on the mainland. Ma Ying-chiu, deputy chairman of the "Mainland Affairs Commission," also admits that there is no way to control real estate investment and other opportunistic investments. He believes it is necessary to be pragmatic, and not to try to suppress what will happen inevitably. From this perspective, as a matter of policy, Taiwan's mainland policy really needs to be adjusted in accordance with the changes in the objective environment.

Law Professor Analyzes National Identity Crisis

93CM0016A Taipei TZULI WANPAO in Chinese 2 Oct 92 p 3

[Article by Lin Shantian (2651 1472 3944), professor, Department of Law, National Taiwan University: "National Identity Crisis Awaits Urgent Resolution"]

[Excerpts] No other nation in the world has a national identity crisis quite like Taiwan's, which is intractable and too tangled up to unravel. The time has come for us to face up to the issue and arrive at a consensus through a wide-ranging and in-depth discussion. [passage omitted]

Ever since it was ceded to Japan by the Manchu government in 1895, Taiwan became separate from China politically. After half a century of Japanese rule, it was politically reunited with China in 1945. Because of the civil war in China, cultural conflicts between China and Taiwan, and the geographical isolation created by the Strait of Taiwan, political ties between Taiwan and China were neither long lasting nor close.

In 1949 the KMT was forced to flee to Taiwan and began to exercise effective rule over it. Henceforth Taiwan has been an independent country equipped for nationhood in everything, whether it be land, people, government, or sovereignty. Although it has been 43 years since the PRC replaced the Republic of China [ROC] and established a sovereign state on what was former ROC territory in 1949, it has never ruled Taiwan, not even for a single day. In terms of international political reality, therefore, Taiwan essentially has long been an independent and sovereign nation. It is only that the government of this nation has continued to call itself the Republic of China in all these years, a name no longer recognized by the world's leading nations. [passage omitted]

The government, and not the people, is the main reason why Taiwan, which is qualified for nationhood and has been an independent sovereign nation for almost half a century, has a national identity crisis within itself. Forced into exile to Taiwan, the ROC government always called the PRC a "rebel group" that had usurped its territory. Internationally, it claimed to be the only legitimate government representing China. It is this policy that has isolated Taiwan in the international community following the elevation of PRC's stature in the world. Today the world community has long recognized the PRC as China's sole legitimate government. Since this is the objective reality, we now no longer consider the PRC a "rebel group." Nor do we keep saying we are China's sole legitimate government. However, we stubbornly insist on a "one China" policy and have worked ourselves into a diplomatic dead-end. We have enough economic muscle to make every nation recognize us, yet we have no international personhood. When our people go overseas, they are inconvenienced or discriminated against in every way. Naturally it is difficult for people to identify with such a nation or government. [Passage omitted]

The crux of the problem today is that the ruling power within the government is in the hands of a few conservatives who retain strong sentimental ties to the mainland. They believe that only by hanging onto a "one China" policy can they manage to stay in power. If they pragmatically adopt a "one Taiwan, one China" policy, they reason, the Taiwanization of political power would inevitably follow and they would be forced to give up their vested interests. Deep down they are operating out of self-interest. On the surface, however, they emphasize their concern for the security of 20 million Taiwan people. In fact, they intimidate the people of Taiwan into accepting a problem-ridden "one China" policy by dangling before them the threat of a communist invasion, a message conveyed by the government-controlled media. This is why the people of a sovereign and independent country fully equipped for nationhood have such a profound national identity crisis. Everything that has to do with the national economy and people's livelihood is tangled up in the debate over reunification versus independence. Not only does this create antagonism and insecurity among the people, but it is a sheer waste of national energies.

Now that Article 100 of the criminal code has been amended and the civil strife crime used in the past to silence political speech was abolished, the government can no longer use the power of the law to suppress political proposals and actions calling for a new and independent Taiwan nation. Moreover, the many problems of the "one China" policy have now become obvious to all. Thus the "one Taiwan, one China" policy is gradually becoming acceptable to most people, as demonstrated clearly by the Tainan City Council's resolution calling on the government to abandon the "one China" policy and adopt the name "Republic of Taiwan" and also by the fact that several national assemblymen from the KMT have the audacity to openly advocate the "one Taiwan, one China" policy. [passage omitted]

In short, by stubbornly clinging to an obsolete and misguided policy, the government has lost Taiwan's international personhood and alienated its people. The severing of diplomatic ties between Taiwan and South Korea and the debate about using the Hong Kong and Macao formula to join the General Agreement on Tariffs and Trade have again provided us with a new opportunity to reevaluate our policy. It is hoped that the powers that be understand popular wishes and will come to their senses. It is hoped that they will be open-minded, open everything to public discussion, and compare the pros and cons of the "one China" and "one Taiwan, one China" policies. The national identity crisis should be resolved urgently, which would help the people present a united front to the outside world. The last thing the government should do is to call for a truce between the reunification and independence forces on the one hand, and use the state power at its disposal to advocate reunification and stifle the independence movement on the other. At a time when Taiwan still has enough

economic resources to use as its bargaining chip, it must never limit its options by putting itself into a situation like that of Hong Kong or Macao. To do so amounts to laying the necessary groundwork for the reunification of the motherland and the forcible reunification of Taiwan by China. In the process Taiwan will be betrayed.

Economist Urges Government To Avoid Large Deficits

93CE0120B Taipei CHING-CHI JIH-PAO in Chinese 21 Oct 92 p 2

[Article by Hsu Wei-ch'u (1776 0251 0443): "Specialist Forum—The Government Should Avoid Raising the Debt To Get By"]

[Text] The government is devising ways to revise relevant laws, hoping to raise the limits on the issuance of bonds to deal with the ever mounting financial deficit. This action by the government is very much deserving of discussion.

Redress of the seriously worsening trend in the central government financial deficit should be in encouraging citizens to participate in the Six-Year Plan for National Construction. We should temporarily delay the implementation of comparatively unimportant developmental projects and we cannot rely too much on bond issues to solve the financial deficit to avoid repeating the very painful experiences of the Japanese, United States, and British governments and others.

The central government's worsening finances have become ever clearer in the past three years. Since 1990 it has become increasingly acute. Especially in this 1993 fiscal year (July 1992 to June 1993), the rate of dependence on bonds reached 30 percent. The proportion of the government's reliance on issuing bonds to raise financial resources is the highest in the world. Three dollars of every 10 dollars in the government budget comes from borrowing.

According to Administrative Yuan Accounting Office estimates, the fiscal 1994 central government annual expenditures are expected to be held to 1.1 trillion yuan, but the annual revenue will only be 800 billion yuan for a revenue and expenditure short fall of approximately 300 billion yuan. This should be a preliminary estimate. The actual figures still need to undergo a budget conference approval before they can be known. But because regulations on the issuance of bonds specify that the limit on central government issuance of bonds (including nonredeemable bond surpluses) is 65 percent of the fiscal year budget, the fiscal 1994 bond issue surpluses should not reach 150 billion yuan. So, the financial short fall of 300 billion yuan, according to current laws and regulations, cannot be totally made up by relying on issuing bonds. But when financial revenue does not meet expenditures, we cannot simply rely on all out issuance of bonds to solve it, because money that is borrowed still will have to be paid back in the future and it could affect future government financial operations.

Generally speaking, when the government financial "revenue does not meet expenditures" and money is urgently needed, they first might consider increasing tax revenue by such means as broadening the tax base or raising tax rates. Then, government-owned facilities are sold off, using privatization of government-owned facilities to raise financial resources. Finally, bonds are issued.

When the government lacks money, raising taxes is perfectly justified and the most normal method. But Taiwan is very peculiar. The representatives especially oppose raising taxes and the administration also is helpless. Current policy seems already to be determined, a tax rise will not be adopted to raise financial resources. But if the stock market is not revived, I am afraid that strong government-owned facilities stocks also will not be sought after.

So, the capability of the three sources of revenue, raising taxes, privatizing or selling off government-owned facilities, and issuing bonds, to raise revenue is very limited.

Government budget expenditures truly cannot be extended with no restrictions whatsoever. Current remedial measures are: (1) To let the public participate in the Six-Year Plan for National Construction as much as possible and introduce private funds into guaranteed earning projects. (2) To wait for the stock market to take a turn for the better and sell off government-owned facilities stocks and increase government annual revenues from "nonbond" channels. (3) To devise methods to reduce the scope of annual expenditures and clarify the degree of importance and urgency of national construction projects and implementation can be postponed on projects that do not need to be totally completed in six years and are not as important or urgent.

The financial crises that advanced countries have experienced have provided a lesson. Japan's financial situation before 1984 was similar to Taiwan now. Japan had just entered the ranks of large income countries and people's demands of the government increased, but also not wanting to levy more taxes, made the government's financial deficit continuously expand and they fell into the increasing predicament of relying on bonds to survive.

The United States' financial deficit was very large during President Carter's time and during the eight years of the Reagan administration the deficit continued to expand. The United States Senate has passed a law that the federal budget must be balanced by 1992. Although there still is no way to accomplish that, the law demands that the ratio of the debt cannot exceed 12 percent and it must be reduced every year until there is no deficit.

From the examples given above, we can see that bonds cannot be a long-term tool for the government to raise financial resources. In the short-term it is all right, but the short-term often evolves into the long-term. Moreover, the government's issuing of bonds easily becomes

inertia and falls into raising debt to get by and this is not good at all for the country in the long term.

Editorial on Declining Agriculture

93CE0120C Taipei CHING-CHI JIH-PAO in Chinese 27 Oct 92 p 2

[Editorial: "The Winter of Taiwan Agriculture"]

[Text] With the pace for entering the General Agreement on Tariffs and Trade (GATT) constantly picking up, the prospects of Taiwan's agricultural operations also become more bleak.

Various control measures were adopted to guarantee the prices of agricultural products and the incomes of agricultural managers. In the process of entering GATT, tariffs are gradually being reduced, controls lifted, and guaranteed prices abolished. Present business returns are seriously lower, to the point that there is no way for agricultural income to hope to match nonagricultural income and there could be sudden conflict and it could become more withered. Faced with this type of situation, it is hard for us to keep from having a heavy heart.

The present agricultural predicament is a living example for us to fully realize what a waste of effort and how foolish it is to use manpower to resist the workings of the laws of the natural economy. Several well thought out basic ideas created all these aftereffects. The first was that we must seek grain self-sufficiency to guarantee national security. The second was that only by depending on controls, protection, and subsidies could we ensure that farmers' basic income would not fall. The third was that to keep nonfarmers from usurping these privileged guaranteed benefits and to avoid the explosion of farm land flowing into non-agricultural speculation, we needed to strictly control the designation of farmers who till their own land.

In our editorials we also have frequently stated that for a modern industrial nation faced with a modern war what is important goes far beyond rice, like petroleum. But we are almost totally incapable of being self-sufficient in petroleum and it does not hinder national security because with proper storage and control, even if the source is interrupted for several months, there is no concern about running short. With modern storage technology and equipment, in exactly the same way, we can store enough grain for several years. The cost and degree of difficulty is much less than storing petroleum. So, we can be even less concerned about a grain shortage. So, why do we want to bear several times the cost and tie up several hundred thousand from our diligently working human resources in low productivity, low recompense rice production. To allow all the public to consume so much of this precious resource daily, should the government laboriously devise various complicated price subsidy, rent and tax reduction or exemption, and insured payment methods to forcibly maintain these farmers' basic livelihood? Moreover, in Taiwan with land tight and people crowded and with business development and residential requirements growing, the price of construction land because of inadequate supply has been speculated sky high. So, converting agricultural use land becomes a convenient way to obtain windfall and it becomes a major channel for political corruption and causes the morality of the whole society to become depraved and public justice to be denigrated. What right do we have to brutalize nature and rigidly tie up these valuable land resources for this low efficiency use?

A traditional and totally out of date concept would allow several hundred thousand people and several hundred thousand hectares of land to be seriously misused and would let 20 million people's welfare be directly or indirectly damaged to the point of leading this society to fall into a deep abyss. Perhaps this is why they unexpectedly blindly persist in this concept and even today still are not aware of it!

That competition stimulates market efficiency and controls ultimately lead to industrial decline is an important uncontested conclusion of economics, but in practical society it is only a partially admitted stand. The wave of economic liberalization that is beginning to stir in such advanced countries as England and the United States is the concrete realization of this stand. Despite the fact that today the slogan of liberalization is on our lips and in some situations is shouted until the sound shakes the house, deep in our hearts our anti-liberal traditional sentiments remain hidden. The agricultural market is the most concrete example. To protect rice production, we adopt prices several times higher than the international market. To protect sugar cane farmers, we control the importation of sugar and even do not hesitate to restrict the outlets for the food industry. To protect tobacco and grape production, we do not hesitate to lower the quality of tobacco and alcohol products and raise their selling price. These types of examples come readily to hand. I do not know how many I could bring up. But what are the results of protection? Besides these few hundred thousand farmers who want through various means to use an almost bullying attitude to receive subsidies and relief from the outstretched hands of all the rest of society, overall agricultural production and sales suffer serious dislocation.

In one respect, we should look with disdainful eyes to snatch out from those compatriots who are provided with agricultural protection and convert agricultural land the numerous so-called false farmers. But we also constantly question how many true farmers there are in the remaining farmers.

In another respect protection and controls form various privileges and monopolies. We constantly hear and see, when market agricultural products and the sale of alcohol skyrocket, productive farmers with tears in their eyes sell the fruits of their hard work cheaply. The monopoly profits that various protections create line the pockets of the middle sellers and transporters and cannot protect the farmers that we truly think should be protected in obtaining very many benefits. But at the same

time it causes Taiwan to become the highest food price area in the world. We make one move and lose several. Except as tying our hands, how should we describe it?

Finally, we are fully aware that agriculture clearly has lost its competitiveness among industries and we are fully aware that quite a few people who are scrambling to get on the fast bus decide that they want to partake of the various preferences that the government gives farmers. And we are even more aware that windfall profits from the conversion of farm land attracts a number of drooling land speculators to stretch out both their greedy hands. Because of this, the agencies in charge of agricultural administration also must make painstaking efforts to strictly identify farmers who till their own land. So, the contradiction occurs that if they are not farmers who till their own land, they cannot buy farm land and people who do not have farm land cannot become farmers who till their own land. But if qualifications are not determined, how are they identified? There always is a problem. If we are lax and the charitable door is opened wide, every type of people will contend to take advantage of obtaining the status of a farmer who tills his own land. If we are strict, what we want to block will not be blocked, and on the contrary, those who truly want to farm will have no way to get in.

There is only one way to solve these current absurd, ridiculous, and stupid farces. Let agriculture return to the market and let windfall land profits return to the whole people. After the concept is correctly carried out, a large amount of agricultural land and agricultural manpower will be freed up. But if farm land is not confiscated or the government does not buy it up, it cannot be converted. Such a simple method as this is better than the current policy with countless ties and unclear entanglements. It is not that we cannot. It is just that we are not doing it.

Editorial on New Finance Minister's Difficult Task

93CE0121A Taipei CHING-CHI JIH-PAO in Chinese 24 Oct 92 p 2

[Editorial: "New Minister of Finance Faces Test"]

[Text] After the new Minister of Finance finally took office formally yesterday, the uproar over the resignation of former minister Wang Chien-Hsuen [3769 1696 3551] finally died down, but the causes for his resignation have not disappeared. There is cause to be concerned about whether a personnel change or a new minister's different personality and style can eliminate the factors which forced the former minister to resign, and whether the bitterly contentious atmosphere can be improved. This is a severe test facing new Minister of Finance Pai P'ei-Ying [4101 1014 5391].

It may be stated frankly that the fundamental factor behind Wang Chien-Hsuen's resignation is the fact that money politics has developed to an intolerable point. During his time in office, Mr. Wang accomplished liberalization of a financial system that was reviled, and not reformed in decades. He also took tough action to curb the atmosphere of speculation and illegality that law-abiding business people abhor. He took a broad axe to these two evils which have stifled Taiwan's economic development for decades, and we will continue to reap the benefits of his actions for 10 or 20 years to come. Nevertheless, the roof fell in on him in connection with a seemingly innocuous dispute over assessing value-added taxes upon the basis of actual prices in land sales. Elected officials and government functionaries of every stripe rose up against him, and in the end he was smote from his horse. In reality, those in the know are aware that people wanted him out because he obstructed people's plans for getting rich. Having already angered many with his rigorous auditing of tax returns, those who had always piled up personal fortunes by evading taxes and used lax tax enforcement to stimulate investment nursed an abiding resentment against the minister. They dared not openly oppose him, though, and the fury fermented and bubbled in their spleens, expanding until it became intolerable.

Furthermore, when he insisted on following the resolution passed by the National Economic Affairs Conference which called for value-added tax to be assessed on the basis of the actual selling price in land transactions, on the one hand he eliminated the main vehicle by which businessmen not worthy about the name engaged in tax-free concealment of profits, and at the same time he rendered useless the magic wand with which thousands of political land speculators turned small plots of land into big political capital. He plugged up the spring from which people could scoop up millions of dollars in the blink of an eye, and he took the land they had been hoarding and converted it from a gold mine back into manure fields. Gone were the assets they were planning to use in the future in order to have their way on the political stage. Outrageous! This was the real reason why he had no choice but resign.

Those who wanted him out naturally hoped that after the ouster of an honest official who did not know when to back off, a more pliable public servant might replace him, and that their show of force might frighten the successor into submission.

Thus the first test facing Minister Pai is how to handle this get-rich-quick issue. The lack of public scruples for decades has resulted in a deeply amoral streak in society whereby underhanded behavior is considered normal. The power of those who permit tax evasion on land transactions to score political points, and so-called businessmen who evade taxes in order to get rich, has deeply penetrated every nook and cranny of society. From the local level to the highest levels of government, from elected officials to administrative agencies, this scofflaw spirit has cast its pall.

What should the person in charge of tax policy and the tax system do when he finds himself manning his key post alone? Yield one step and everyone is happy,

problems disappear, and he can be a popular official. Countless headaches can disappear that way, but now that Mr. Wang Chien-Hsuen has stirred things up, the lid has been knocked off the latrine, and the future of the nation, the society, and the people is clear to see. As an honest official and a devout religious believer, will he have the courage to cover up the latrine again as if nothing had ever happened, and act as if he knew nothing?

The second test facing Minister Pai is the fact that the Six-Year Development Plan now under way requires astronomical outlays, but the economy is lagging, trading volume on the stock market has shrunk to one-tenth of what it was at the height of the market frenzy, and central government tax revenues come far from offsetting expenditures. How is the Minister of Finance, who is responsible for bringing in revenues, going to make something out of nothing?

In reality, the reason why Mr. Wang Chien-Hsuen went down to defeat so quickly in the battle over assessing taxes based on actual transaction prices is that is indirectly related to this problem, because assessing value-added tax on land transactions on the basis of actual transaction prices would have expanded the tax base by a factor of two or three, or even more. If, in addition, one takes into account the difference between the previous purchase cost and the publicly declared value at the time, one discovers that tax revenues would have increased by several hundred percent, and revenues from this source would have been several times greater than those from income taxes. Mr. Wang was not unaware of this fact, and the public bitterly criticized the way the government was taking advantage of a change in the system to increase tax revenues, but he was unwilling to effect a large tax cut and increase the previous purchase cost several times to keep from adding to the burden placed upon average people engaging in land transactions. His basic concern was that the government had a deficit crisis, and he was hoping to use this revenue source to alleviate a serious problem. We can only sympathize with his intention to serve the nation, but it was not worth it if, as a result, regular landowners fell prey to demagoguery and collaborated in his destruction, thereby preventing him from achieving his important task.

Now Minister Pai must immediately face this dilemma. The simplest way for government agencies to resolve this problem is to issue more bonds. The Legislative Yuan, which already doubled the upper limit on bond issue ratios last year, would have to be asked to sharply up the ratio again. Because public infrastructure work has been falling farther and farther behind schedule, progress on the Six-Year Development Plan has fallen far short of the projected average for each of the past two years, and bond issues have been postponed a full year as a result. Even so, we still have to increase the upper limit on bond issue ratios year after year to cover the deficit. We dare not imagine how we will cope when the pace of work on public projects picks up. There is little that can be done other than to issue more bonds, since the government has promised not to raise taxes, state-run enterprises dare not release initial offerings in a flat stock market, and longstanding calls for increased private investment have had little effect. This is another extremely difficult test for the new minister.

Like many other people, we feel that Minister Pai was the best choice to take over the Ministry of Finance. We must keep in mind these challenges, as well as the example of Minister Wang, as we assess the performance of the new minister. Apart from keeping a close watch to see how Minister Pai handles these problems, perhaps the only other thing to do is wish him the best.

Article on Huang Fu-hsing Party Tactics

92CM0403A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 283, 15 Aug 92 pp 22-24

[Article by Hsieh Chung-liang (6200 1813 5328): "Huang Fu-hsing Party Branch's Independent Ways and Careful Mobilization Tactics"]

[Excerpts] [passage omitted]

Every time an election rolls around, the Huang Fu-hsing party branch becomes a popular conversation topic. Its candidates are almost invariably nominated, making it the target of public criticism. But how good really is it at mobilization? As the outside society gradually makes inroads into the military dependents' villages, people are becoming skeptical. Nevertheless, compared to other local KMT party branches, Huang Fu-hsing does indeed have a high degree of cohesiveness. However, this cohesiveness is both a source of strength and a source of weakness, as we can see from its slate of candidates. [passage omitted]

Outsiders have criticized the Huang Fu-hsing party branch as a "party within a party," which, according to high-level party figures, is no exaggeration in some respects. As far as the management of party membership data is concerned, most such data is in the care of Room 6 (across from Chingtun) at the organizing committee. Yet the data on party members in the Huang Fu-hsing party branch and in the military is totally out of the hands of KMT organizing committee but is directly controlled by the Huang Fu-hsing party branch and the general political warfare department, respectively. In other words, the KMT organizing committee has no control at all over data pertaining to the Huang Fu-hsing party branch or to party members in the military. In an election, it is the Huang Fu-hsing party branch or, in the case of party members in the military, the general political warfare department, that decides the number of people to be mobilized, the nominees, and how to run the operation. As for the central party branch or the local party branch, they merely "cooperate" with the Huang Fu-hsing or the military.

The traditional electoral approach of the KMT to running an election campaign is the "square strategy." The emphasis is on mobilizing the members and making sure the work responsibility area fulfills its tasks. The idea is to mobilize the household and urge people to vote. The unit may be a village, neighborhood, or district. Each voting station is a unit. About 2,000 people or so make up a "square" where organized mobilization takes place in seven systems. One system consists of the Taipei, Kaohsiung, and provincial party branches that reach all the way to all county, municipal, and district party branches. This system is a system of organizational mobilization. The other six organizational mobilization systems are the production-undertakings party branch, financial-undertakings party branch, transportation-undertakings party branch, Huang Fu-hsing party branch, news party branch, and military party branch.

The social work association, youth federation, and women's federation are all mobilization systems of a support nature. It is clear from KMT's mobilization in supplementary elections that the Huang Fu-hsing party branch is merely a mobilization system and theoretically should come under the control of the central party organization. However, the fact is that the Huang Fu-hsing party branch has always operated independently with the central party branch playing a coordinating role. In past elections, the director of the organizing committee asked the Huang Fu-hsing party branch secretary and the deputy director cum executive officer of the general political warfare department to cooperate in supplementary elections. Normally the Huang Fu-hsing party branch and the military did nothing more than report the number of votes (including the number of votes of military dependents) and the names of nominees to the organizing committee. To show due respect to the other side and in the interest of harmony, the central party branch took a hands-off approach. Occasionally the party branch might ask the military or Huang Fu-hsing to support a designated candidate or electoral district. Nevertheless there have been frequent cases in which votes were suddenly withdrawn on the eve of election day. Although the two sides signed an agreement in black and white, it was not legally binding. [passage omitted]

The ability of Huang Fu-hsing's system to mobilize has always been the envy of candidates supported by non-Huang Fu-hsing systems. Its mobilization rate is high. High does it do it? According to insiders, Huang Fu-hsing is a provincial party branch. Its chairman is the chairman of the Vocational Assistance Commission for Retired Servicemen, but the person actually responsible for organizational operations is the general secretary. The various counties and municipalities under Huang Fu-hsing have their own party branches, all of whose names include the character "kuo," such as Huang Kuo-tung, Huang Kuo-liang, and Huang Kuo-tao. In theory local party branches in Huang Fu-hsing should be like the subordinate organizations under the county or municipal party branches in other party branches. In fact, however, they usually do things in their own way. Never have the local party branches under Huang Fu-hsing submitted a name list to the county or municipal party branches. In an election, they cooperate on an equal footing. Only when there is an excess of votes in support of a candidate is it possible for Huang Fu-hsing to set aside some votes to be shared with local party branches.

Under the local party branches with the character "kuo" in their names, there are village and district party branches which all include the character "chien" in their names, as in Huang Chien-chung and Huang Chien-tung. Other institutions, units, and hospitals under the Vocational Assistance Commission for Retired Servicemen also belong with "chien"-level organizations. Each level controls the next level under it, all the way to the work responsibility area, in a manner that fully corresponds to the KMT's mobilization style in county and municipal party branches.

The administrative structure of each chuan village consists of a village chief and a village self-governing council. If the village chief is a member of the standing committee, then the secretary will be the chairman of the self-governing council. If the village chief is the secretary, then a member of the standing committee will be the chairman of the self-governing council. Mobilization in Huang Fu-hsing also starts at the top and reaches all the way down to the district party branches, which is true for other party branches as well.

Now onto the strength of the Huang Fu-hsing party branch. In the past, the chuan village was a closed system with the polling station located within the village itself. During an election campaign, Huang Fu-hsing would go so far as to put guards on sentry duty to prevent non-Huang Fu-hsing candidates from entering the village to canvass votes. This practice often aroused the dissatisfaction of local party branches and was the source of many disputes.

After martial law was lifted, guards are no longer seen. Moreover, more and more tall buildings are being put up in the chuan villages and outsiders are moving into the villages, making them less homogeneous than in the past. As a result, the villages' ability to mobilize is less than what it was and significant changes have also taken place in the kind of candidates put up by Huang Fu-hsing.

In the past most candidates put up by Huang Fu-hsing had a military background and were characterized by a high degree of loyalty. To keep up with changes in political reality, Huang Fu-hsing has now changed its nomination strategy. Instead of looking at loyalty alone, it also considers academic qualifications, name recognition, record of service, communication skills, fresh image, and an ability to draw votes. Because of this change in strategy, Huang Fu-hsing has been able to spread out among several candidates the number of votes that in the past used to go to just one candidate. Its

number of supporters has doubled with a corresponding increase in influence. [passage omitted]

In election mobilization, the Huang Fu-hsing party branch usually cooperates with the military reserve. The reserve system (that is, the Ching-hsi system) consists of the military-controlled areas, division-controlled area, regiment-controlled areas, and the military reserve guidance center in the township and guidance group for military reserve in the village. This system targets the enlisted soldiers exclusively and its entire budget comes from the government budget, so it is more adequately funded than other local party branches. Ching-hsi has done a much better job in welfare and other things and is far superior to other local party branches when it comes to mobilization. In particular, this system reaches deep into the most grassroots level and exercises an influence that cannot be ignored. In 1989, Defense Minister Cheng Wei-yuan [6774 3634 0337] and deputy director cum executive officer of the general political warfare department personally lobbied the organizing committee of the central party branch on behalf of the candidates favored by the reserve system of Chang-hua County. At the suggestion of the general political warfare department, the party branch nominated the two candidates supported by the reserve. Or take Taipei County's Cheng Feng-shi [6774 6646 2514], who started out as a member of the military police reserve and has now become a powerful figure in Taipei County.

The reserve system does not nominate its own slate of candidates. What it does is to support those candidates ideologically compatible with it. As Huang Fu-hsing expands its influence, it naturally "cooperates" with the reserve system. Particularly after the military party branch was disbanded, it is through the reserve system that the general political warfare department conducts its miliary mobilization. So it is only natural for Huang Fu-hsing to team up with the reserve. [passage omitted]

Reports suggest that it was during the era of Chao Chu-yu [6392 5112 6877], former chairman of the Vocational Assistance Commission for Retired Servicemen, that the Huang Fu-hsing party branch began to remove itself from central control and make demands on the center. The reason is that Chao Chu-yu's seniority and his relationship with Chiang Ching-kuo were unique in the political circles at the time. Ever since then, Huang Fu-hsing has been going it alone in just about everything. During the Legislative Yuan election in 1986, Huang Fu-hsing nominated a former deputy commander of the air force, Chen Hung-chuan [7115 7703 6898], to run for the Taipei seat. It was Chen Hung-chuan's defeat that filled Huang Fu-hsing with a sense of crisis. Since 1986, Huang Fu-hsing has gone all out to fight every campaign and is highly resistant to any involvement by outside forces.

The "young intelligentsia party branch," which like Huang Fu-hsing is allowed to keep its own membership data, does not enjoy the kind of organizational freedom that Huang Fu-hsing does. The district party branches of the professional training schools, colleges, and universities under the Taipei, Tainan, and Taichung young intelligentsia party branches are no different from Huang Fu-hsing in organizational terms. Operationally, though, they lack Huang Fu-hsing's authoritarian manner and almost invariably manage to march in step with the party center. Rarely do they overstep the bounds.

Huang Fu-hsing's arrogance is not limited to elections. During the third plenary session this year, the organizing committee invited all local party branches and special party branches to a meeting to evaluate the votes of the direct election and indirect election groups. After the various party branches involved had presented their reports, Huang Fu-hsing's party branch secretary, Chang Chun-jen [1728 0193 0086], refused to disclose its evaluation results to the organizing committee on the grounds that there were too many people present and the results might be leaked. It is obvious that Huang Fu-hsing's confidence about its own power is not limited to election time.

As a party branch, Huang Fu-hsing is large and complex in organization. In terms of provincial origins and ideology, however, it is unavoidably in the minority relative to the larger political environment. Its power has been exaggerated simply because of its cohesiveness and mobilization capability.

Giuseppe Mazzini Profiled

93CM0047A Taipei TZULI WANPAO in Chinese 2 Nov 92 p 2

[Article by Kuo Shu-yuan (6753 3219 1254): "The Life of P'eng Ming-min (1756 2494 2404) from 1970 - 1991"]

[Excerpt] [passage omitted] P'eng Ming-min comes from Kaohsiung. He was born in 1932 in Ta-jia village, Taichong County, the youngest child of three boys and one girl. His grandfather was a minister, but he founded a medical family. More than 20 members of the P'eng family work in medicine. His grandparents, his parents, and his siblings, are also closely connected with the Presbyterian Church. Several of his relatives are ministers, and one was once president of a theological seminary.

P'eng Ming-min was intellectually gifted even as a child. At 16, he went to Japan, where he entered the faculty of literature at the Third Upper Secondary School, which was the most renowned in Japan at that time. Later, he passed the examinations for the department of political science at the School of Law of Tokyo Imperial University. In 1945, while the Pacific War was raging, P'eng Ming-min was on his way to Nagasaki to take refuge with one of his brothers, when he was caught in an American bombing raid and lost his left arm. After the war, he returned to Taiwan and took up studies in the department of political science at National Taiwan University. In 1951, he won a scholarship from the Sino-American

Cultural and Educational Foundation to McGill University in Canada, where he did specialized study in international aviation law at their Institute of Air and Space Law, and also completed studies for a master's degree, with behind-the-scenes help from Hu Shih. Afterwards, he transferred to the University of Paris School of Law, to finish his doctorate.

In 1954, P'eng Ming-min returned to Taiwan to teach at National Taiwan University. Three years later, he was promoted to full professor, though he was only 34 years old at the time, making him the youngest full professor since the war. His scholarly writings overflowed with brilliance, and soon earned him the recognition of such people as Ch'ien Szu-liang [6929 1835 0081], the former president of National Taiwan University. At that time, his classes in international law were among the most popular classes at National Taiwan University. His students went throughout the world, spreading the renown of Taiwan's scholarship in international law both in Taiwan and overseas.

While P'eng Ming-min was teaching at National Taiwan University, many of Taiwan's present party and government leaders were students in his international law classes, such as Shih Ch'i-yang [2457 0796 2254], vice-president of the Executive Yuan, Lian Chan [6647 2069], chairman of Taiwan Province, Ch'ien Fu [6929 1788], minister of foreign affairs, Ch'eng Chien-jen [4453 0256 0086], administrative vice-minister of foreign affairs, Chang Ching-yu [1728 0079 5148], president of National Cheng Chih University, and Hsiao T'ien-tsan [5618 1131 6363], national affairs adviser. Kuo Wan-jung [6753 1346 1369], chairperson of the Economic Construction Commission, is P'eng Ming-min's cousin.

Also, Yao Chia-wen [1202 0857 2429], chairman of the Democratic Progress Party, Zhang Chun-hsiong [1728 0193 7160], a member of the Legislative Yuan, Wang Tse-chien [3769 3419 7003], a distinguished professor in the department of law at National Taiwan University, Ma Chih-meng [7456 1807 7021], a famous lawyer, and also such figures in the field of law as Weng Yueh-sheng [5040 1471 3932], Yang Jen-shan [2799 0088 1108], Chu Shih-yen [2612 4258 3508], and Huang Chin-jui [7806 6855 3843], were all pupils of P'eng Ming-min.

As P'eng Ming-min once pointed out, "When I was in college, I was close friends with Li Teng-hui. Kuo Wan-jung is a relative of mine. Lian Chan and Fang Yu [2455 4416] listed me as the go-between on their marriage certificate, and I was adviser for Ch'ien Fu's undergraduate thesis."

In 1961, when P'eng Ming-min was serving as chairman of the political science department at National Taiwan University, and director of the Political Research Office, president Chiang Kai-shek appointed him adviser to the Republic of China's delegation to the United Nations General Assembly, to assist in handling legal problems related to the right to represent China. At that time, Li Teng-hui, who was a year older than P'eng Ming-min, was serving as an engineer for the Agricultural Revitalization Commission, Kuo Wan-jung was a lecturer in the department of economics at National Taiwan University, and Sun Chen-chin [1327 7201 0284], now president of National Taiwan University, was merely a part-time lecturer. Two years later, P'eng Ming-min and his student, Ch'ien Fu, were both selected in the first group of 10 outstanding young people.

The friendship between P'eng Ming-min and president Li Teng-hui has attracted a lot of attention. Apparently, in their college years, when one of them was in the department of agricultural economics, and the other in the department of political science, both of them were living in the dormitories at National Taiwan University, and since both of them had come back to the university from Japan, the two stuck closely together. According to P'eng Ming-min, "We often had occasion to chat, and sometimes we talked for a very long time." He also says that he spent the evening of the mid-autumn festival in 1964, which was the day before his arrest, with Li Teng-hui, but Li Teng-hui had nothing to do with the "Manifesto of the Taiwanese People's Salvation Movement."

In January of 1960 and 1962, P'eng Ming-min twice received summonses from president Chiang Kai-shek, and many people of importance in the party and government, exhorted him to join the Kuomintang, but he refused them all. That was how he snubbed the Kuomintang.

During this period, P'eng Ming-min began to ponder deeply the problems of Taiwan's future, and its place in the world. Early in 1962, he gave a lecture at the Tainan Theological Seminary, which is the only school in Taiwan where the southern Fukien dialect is used throughout the curriculum. Speaking the Taiwan dialect, he boldly discussed the problem of self-determination for the people of Taiwan.

In 1964, P'eng Ming-min and his students, Hsieh Ts'ung-mi [6200 5115 2404] and Wei T'ing-chao [7614 1694 2600], drafted the "Manifesto of the Taiwanese People's Salvation Movement." In September, they published the manifesto and were very shortly arrested. In February of the following year, they were indicted for "plotting to overthrow the government by illegal means," and on 2 April, they were sentenced to eight years in prison. Because of ceaseless pressure from overseas, they received a special pardon on 3 November of the same year. Afterwards, they were constantly watched, and lived in a state of virtual house arrest.

P'eng Ming-min's arrest attracted attention both inside and outside of Taiwan. Henry Kissinger and John K. Fairbank, then both professors at Harvard University, expressed their serious concern. Chiang Ting-fu [5592 1694 7833], the Republic of China's ambassador to the United States, also pleaded with the government to

handle the case gingerly. The Kuomintang authorities hoped that P'eng Ming-min would change his mind, but he stuck to his convictions.

In 1970, P'eng Ming-min made his escape, in disguise, from Taiwan to the United States by way of Sweden. How he got out of Taiwan is still a mystery. P'eng Ming-min has never been willing to explain the process of his escape, and it is also omitted in his memoirs, "The Taste of Freedom." Therefore, there are various rumors, such as that the American CIA assisted in the escape, or that it was planned by the headquarters of the Taiwan Independence League in Japan, but there is no proof for any of them.

In 1982, while he was in exile in the United States, P'eng Ming-min assumed the post of president of the Formosan Association for Public Affairs [FAPA]. In 1989, he resigned as FAPA president, and founded the Society for Democracy in Asia and the Pacific. After the Taiwan Independence League took over leadership of the Taiwanese expatriate community, P'eng Ming-min was no longer the center of leadership among expatriate Taiwanese.

However, even while he was in exile overseas, his heart was still with Taiwan.

According to his own account, P'eng Ming-min made the difficult choice to embrace the opposition movement, because "it was unbearable, and it stuck in my craw" to see the Kuomintang, representing China, "impose an autocratic, military government, on the pretext of reconquering the mainland, while in fact it suppressed the Taiwanese people."

On 7 July 1981, the Higher Investigation Department issued warrants for the arrest of 15 criminals wanted for involvement in political cases; P'eng Ming-min was one of them. The warrant was not rescinded until 1991. In June 1990, before the National Affairs Conference was to convene, president Li Teng-hui personally wrote to P'eng Ming-min, inviting him to return to Taiwan and attend it. But after giving careful thought to it, P'eng Ming-min still refused to return to Taiwan.

However, P'eng Ming-min plainly is more "on the mind of Li Teng-hui" than many other people in the opposition movement. In February 1990, he announced that he supported Li Teng-hui for reelection as president, stressing that "right now, the only way to continue moving toward democracy is to rely on Li Teng-hui." Moreover, when Li Teng-hui invited him to return to Taiwan to attend the National Affairs Conference, P'eng Ming-min made a suggestion for improving Li Teng-hui's personal leadership style, saying he hoped Li Teng-hui could establish the image of "a man of the people, who cares about the people."

As political developments in Taiwan unfolded, and such figures in the democracy movement as Hsu Hsin-liang [6079 0207 5328], Ts'ai T'ung-jung [5591 0681 2837], Chang Ts'an-hong [1728 3503 3163], and other important cadres of the Taiwan Independence League, returned to Taiwan after lengthy stays overseas, the expatriate scene became a secondary battleground. P'eng Ming-min's desire to return to his homeland also began to become more acute, and he tried to see what influence he might be able to exercise by other means. For instance, before last year's elections for the National Assembly, P'eng Ming-min published statements in Taiwan newspapers, calling on the electorate to support candidates whose principles were close to his own. Moreover, in January of this year, he sent letters from overseas to more than 100 members of the National Assembly, expressing the hope that they would jointly support direct election of the president, and establish the principle of separation of powers, and self-determination for people living in Taiwan.

To accomplish his desire for an honorable, "dignified and straightforward, open and public" homecoming, P'eng Ming-min, in the manner of an intellectual aristocrat, was rather painstaking about his return home. When he decided, at the end of last year, to come back to Taiwan this fall, his old friends, associates, and students, organized a meeting to make plans for his return, in the hope that P'eng Ming-min could come home in glory. They also planned to establish an "Association of the Friends of Peng Ming-ming," after his arrival to enlarge his renown. Before he returned to Taiwan, P'eng Ming-min made the rounds of discussion meetings, and farewell dinners, in the United States and in Japan, where he expressed his views on Taiwan's national affairs. Obviously, he was eager to have an impact in Taiwan.

When he spoke of what he wants to achieve by coming home, P'eng Ming-min said that his short-term goal is to help candidates whose principles are similar to his own, including those who are members of the Kuomintang, win election to the Legislative Yuan at the end of this year. His mid-term goal is to appeal for a remaking of the constitutional system, so there is separation of powers and direct election of the president. His long-term goal is complete democracy. [passage omitted]

KMT Intraparty Controversy Over One-China Policy

93CM0045A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 293, 23 Oct 92 pp 25-27

[Article by Huang Kuang-ch'in: "On His Own Initiative Hao Po-tsun Demands a Closed Meeting With Li Teng-hui—Behind-the-Scenes Developments on the KMT Center's Handling of the Case of Advocating 'One China, One Taiwan'"]

[Text] At the 7 October meeting of the KMT's Central Standing Committee, in an unplanned move the presidential counselor Li Huan made a motion calling for the party center to mete out disciplinary actions against legislator party-member comrades who advocate "one China, one Taiwan." Immediately after Li Huan, in the

face of Li Teng-hui, raised his right hand to ask for the floor, the controversy over the idea of "one China, one Taiwan" erupted like a volcano. The matter came to a boiling point by the time of the general questioning of the government at the Legislative Yuan.

In terms of time, in the recent period the earliest time that Li Teng-hui confronted the issue of "one China, one Taiwan" was at the 13 October dinner given by him in honor of National Assembly members from Taipei County. At that time, it was Fu K'un-ch'eng who raised questions about the idea of "one China, one Taiwan." Doubtlessly, to advocate Taiwan independence or "one China, one Taiwan" at the present time is in fact to give a great help to the CPC, he said. The reason is that when the people on the mainland hear about Taiwan independence and the CPC's inflammatory statements, they recall their painful experiences in World War II, and come to feel threatened by a common enemy. Such a situation would doubtlessly help the CPC greatly. According to Fu K'un-ch'eng, it would not hurt to adopt a wait-and-see approach in the next one or two years, and the CPC regime will surely collapse anyway.

Li Teng-hui did not quite agree to adopting the wait-and-see approach as suggested by Fu K'un-ch'eng. In his view, it is possible that the CPC will not undergo real change in the next one or two years, or even for the next one or two generations. He said it is not proper to just wait for the CPC to change.

Li Teng-hui was not much bothered by Li Huan's sudden move at the Central Standing Committee meeting of 17 October, and immediately referred the matter to the Disciplinary Commission. However, Li Huan was followed by Hao Po-tsun. After the Central Standing Committee meeting, on his own initiative he demanded a closed meeting with Li Teng-hui, and called on the party center to give special emphasis to having the center itself handle the matter of statements and proposals advocating "one China, one Taiwan." As a result, Li Teng-hui summoned the Cultural Commission Chairman Chu Chi-ying to his office. After two minutes in the office, Chu Chi-ying came out and made a point of giving special emphasis to the matter at the news conference.

Then, at the "Forum on Discussion Among KMT Comrades Nominated for the Second Legislative Yuan Election" held on 11 October, at the Yangmingshan Revolutionary Practice Research Institute, to prevent the nominated candidates for Legislative Yuan elections from launching attacks, the Central Committee Secretary-General Sung Ch'u-yu on the 11th gave instructions to the Legislative Yuan Party-Government Relation Work Commission Chairman Wang Chin-p'ing, asking him to do disinfecting work on statements advocating "one China, one Taiwan." Sung Ch'u-yu also gave oral instructions to Ch'en Che-nan, a member of Collective Wisdom. Even Li Teng-hui's prepared statement did not touch the relevant issue at all.

Nevertheless, Sung Ch'u-yu came fully prepared on that day. His pre-prepared four-point statement gave repeated emphasis to the "one China" policy. Sung Ch'u-yu forcefully responded to the statements made by the "New KMT Alliance," and legislator Wang T'ien-ching was the only one that explicitly discussed the issue.

Other questions may allow some ambiguity, but there should be no carelessness on a question that concerns national identity and affects the fortunes of the country, Wang T'ien-ching argued. He demanded that disciplinary actions be taken against KMT legislators who had made statements advocating "one China, one Taiwan," or were suspected of collaborating with the DPP.

Wang T'ien-ching struck at the core of the problem of relations between Li and Hao. He said harmony between Li and Hao is critical to the year-end Legislative Yuan elections and to the country's stability. As the Organization Work Commission Chairman Wang Shu-ch'ing and the secretary-general Sung Ch'u-yu both mentioned in their statements, the Executive Yuan shoulders a large amount of responsibility for the year-end general elections. In such a case, it is especially improper if some party-member comrades should behave impolitely towards Hao Po-tsun when questioning Hao Po-tsun during general questioning. In addition, Li and Hao are very popular in society, and enjoy the support of the population. Therefore, he expressed the hope that Li and Hao would appear together more often.

After the comrades attending the meeting issued their statements, Sung Ch'u-yu rose immediately to confront frontally the issue of "one China, one Taiwan." He said: With regard to the issue of "one China, one Taiwan" raised by Wang T'ien-ching, he used the occasion of the National Day banquet to declare to the representatives of overseas Chinese around the world that the KMT adheres to the principle of "one China," and has not wavered and will never waver in its basic policy of resolutely opposing the idea of "one China, one Taiwan" or "two Chinas." In the future, he asked that all campaign activities, political statements, pamphlets and propaganda work relating to the year-end elections contain explicit expression of support for the policy of "one China." Otherwise, the KMT would not help campaign. He also expressed a sincere plea to the comrades at the meeting not to start a quarrel over this matter. At the same time, he also expressed the view that there is no need for the Central Standing Committee to issue any more instructions, because the policy of "one China" is the fundamental policy of the country and also the KMT's policy.

Besides confronting the issue of "one China, one Taiwan" with oral statements, Sung Ch'u-yu in his pre-prepared four-point statement of opinion also reiterated the above-mentioned points. The second point of his statement pointed out that any rush for independence or for unification would bring about unpredictable dangers to the future of Taiwan.

Although Sung Ch'u-yu was largely in control of the situation, there occurred some unanticipated scenes that brought about some uncomfortableness in the meeting. According to some participants, first, as many as 14 people did not show up on the occasion of Li Teng-hui in his status as the chairman trying to arouse the morale of the candidates, thereby setting a record. Second, Li Ch'ing-hua, Guan Chung and Wei Yung sat together and thus aroused the attention on the part of Li Teng-hui and Sung Ch'u-yu, and Li directed a focused look at them when entering the meeting room. When shaking hands with the nominees one by one, Li said to Wei Yung: "I am surprised that you also ran." Wei Yung said: "I am running only because I want to serve the party and the state." However, when Wei, Li and Guan were listening to Li Teng-hui making his statement, Wei Yung sat slumping to the side most of the time; the three did not clap their hands enthusiastically. Third, Li Teng-hui had himself alone photographed with each candidate. But only after the photographing was finished did the photographer say that the pictures were not taken properly. Thus Li Teng-hui had himself photographed with each of the 91 people again. The statement that had been planned to last 30 minutes had to be rushed to finish within 15 minutes.

At the Central Standing Committee on the 7th Li Teng-hui formally referred the case of advocating "one China, one Taiwan" to the Disciplinary Commission, on the morning of the 13th the Disciplinary Commission gathered a meeting of 17 Disciplinary Commission members including Ch'iu Ching-yi and Li Chung-jen. The meeting came to four conclusions. The first confirms the high importance of the case of the advocating of "one China, one Taiwan," and the necessity of dealing with the case expeditiously. But the other three demonstrate a low-key approach, and call for such steps as further collecting relevant materials, asking those under investigation to present their defense within a week, and planning to hold a further meeting in late October to discuss what decisions to make. Those confirmed to be under investigation are the six legislators of Collective Wisdom, Hung Chao-nan, Liu Hsin-shan, Huang Chu-wen, Wu Chi, Lin Yu-hsiang and Ch'en Che-nan, as well as the overseas Chinese legislator Ts'ai Wen-ch'u and legislator Chang Shi-liang. However, Collective Wisdom has already declared that what they are advocating is not the principle of "one China, one Taiwan."

While the Disciplinary Commission was meeting to tackle the case, Hao Po-tsun got into argument with legislators at the Legislative Yuan anyway. On the 13th it was the DPP legislators' turn to conduct questioning, pressured by the grueling questioning staged by the DPP legislators, Hao Po-tsun failed to control himself and suggested a theory about the "loyalty oath of the commander of the three services of the armed forces," a theory never heard of before, thereby causing an uproar.

During the questioning, DPP legislator T'ien Tsai-t'ing asked: "President Hao, you said that the National Armed Forces would only defend the Republic of China, but not Taiwan independence. However, if the 20 million people of Taiwan decide in a plebiscite to give up the name of the Republic of China and use the name of the Republic of Taiwan instead, will you then order the armed forces to attack the 20 million people of Taiwan?" At that juncture, Hao Po-tsun undoubtedly decided to shift the focus onto the commander of the three services of the armed forces. He said: "The commander of the three services of the armed forces (the president) of the Republic of China is the commander of the National Armed Forces, and is doubtlessly loyal to the Republic of China. It is unthinkable that the commander of the three services of armed forces of the Republic of China would take no action, when seeing the name of the Republic of China being dropped. This is because, according to the constitution, when sworn in as president, the president swears to defend the Republic of China."

He also reminded T'ien Tsai-t'ing: "This is not a problem for me. There is no need for me to give explanations. This problem should be referred to President Li. I believe he will give definitive answers."

On the other hand, Hao Po-tsun also denied that President Li had ever said: "As long as we can enter the United Nations, we will not care about the name to be used." He argued: "President Li is the president of the Republic of China, and also the chairman of the ruling party. If he had said something like that, it is impossible that even the Executive Yuan president has not heard of it."

Hao Po-tsun's statements contained ideas opposed to the Presidential Office's and the KMT party center's approach designed to tone down the controversy over the idea of "one China, one Taiwan." In contrast to that approach, his explicit statements in the parliament provided another issue for heated debate between the government and the opposition. Even the core figures of the nonmainstream faction would say that Hao Po-tsun's harsh attitude and words were unprecedented, that his attitude has clearly changed, and that he may be said to be getting ever braver as the fight goes on, and is no longer mincing his words.

The Presidential Office did not comment on Hao Po-tsun's statements at the parliament. But there must have been some reason why Li Teng-hui urgently summoned to his office the presidential counselor Ch'iu Ch'uang-huan who is also considered a main figure in the nonmainstream camp. After meeting with Ch'iu Ch'uang-huan, Li Teng-hui immediately reiterated his "one China" position. The intention here was clear to everyone.

Hao Receives High Rating From Public in Opinion Poll

OW2311095692 Taipei CNA in English 0814 GMT 23 Nov 92

[Text] Taipei, Nov. 23 (CNA)—Most Taiwan people are satisfied with the performance of Premier Hao Po-tsun's cabinet, but they are worried about Taiwan's economic climate.

These were the findings of a public opinion poll released Sunday by the Gallup organization Taiwan.

Fifty-five percent of those polled said they have a positive impression of the work of Hao's cabinet in managing the economy, improving the standard of living for the people and maintaining law and order.

The survey found, however, that many people have felt the gloom of economic slowdown, with 62.1 percent saying the national economy has performed poorly this year and only 27.1 percent giving a positive rating.

Never before had a public opinion poll found such a high ratio of the respondents pessimistic about the country's economic conditions.

The respondents were divided in their opinions on whether Hao and his entire cabinet should resign next February when the new Legislative Yuan opens.

About 29 percent of the respondents said Hao and his cabinet should resign; 31.8 percent said Hao need not step down; and 37.7 percent declined to answer the question.

About one-third of the respondents said the KMT was right to discipline "one China, one Taiwan" advocates in the party, while another one-third felt such discipline was not necessary.

Some 27.8 percent thought the "one China, one Taiwan" debates mark the beginning of a party split, while 41.5 percent did not think so.

On the forthcoming legislative election, most respondents said they are still undecided or uncommitted. Only 25.9 percent said they would vote for KMT candidates if the poll were to take place now. A mere 6.2 percent said they would support the KMT's arch rival—the Democratic Progressive Party (DPP).

As much as 35 percent said they would choose individual candidates regardless of their party affiliation, while 27 percent said they have not yet decided which candidate to vote for. More than 80 percent said they will vote.

The poll found that the KMT is certain to remain the ruling party as many voters show doubt about the DPP's ability to rule Taiwan.

A total of 58.4 percent said they have no confidence in the DPP as a ruling party, while only 13 percent said they believe in the DPP's ability.

Asked what they thought the DPP could do to improve its chances of becoming a ruling party, 65 percent said the party should project a moderate and rational image.

The poll was commissioned by Hsu Ming-teh, former DPP treasurer who recently renounced his party membership to run for the Dec. 19 legislative election. It was aimed at shedding light on the political attitudes of local voters as the parliamentary election approaches.

The survey was conducted between Nov. 16 and Nov. 18 on a sampling of 1,761 adults randomly chosen from around the island. A total of 1,066 valid replies were collected.

STANDARD Editorial Calls for Calm, Negotiation

HK0212070592 Hong Kong THE STANDARD in English 2 Dec 92 p 13

[Editorial: "Hong Kong Unheeded as Words Fly Overhead"]

[Text] Help! This plaintive cry comes from Hong Kong's six million people. It is an appeal to Britain and China to crank down this current controversy and work for an amicable settlement.

Only then can they instil faith in the Hong Kong people that they are indeed mindful of the interests of the local community. Otherwise this territory would presume, perhaps rightly, that Britain and China are driven solely by self-interest and injured pride.

There is a Sino-British pledge to safeguard the prosperity and stability of Hong Kong. It is specifically stated in the Joint Declaration. It is in pursuance of this pledge that it was jointly agreed that Hong Kong's economic and social systems and its way of life would be preserved for 50 years.

If that is the commitment of two sovereign governments, then let them prove to the Hong Kong people, who unfortunately had little or no say in determining their future, that the solemn pledge they made to us and to the world, is not a mere scrap of paper that can be ignored when inconvenient and resurrected and quoted when useful.

The starting point for this present row which has sent seismic shock waves across the local community, was undoubtedly the governor's political plans for 1995 announced in October. China rejected them angrily.

Since then the controversy has raged far and wide and now economic questions have been linked to the political debate.

This seemingly inextricable linkage has turned the controversy in a dangerous new direction, predictably throwing Hong Kong into confusion. Governor Patten told the Legislative Council yesterday that the British Government stood resolutely behind his proposals.

This will doubtless invite another barrage from China and the tone of this controversy will rise by several more decibels as the Hang Seng Index plunges in inverse proportion.

This can hardly benefit Hong Kong's economy or its people, especially those who, unlike the rich and qualified, have nowhere to go.

Mr Patten tried to dispel growing fears by saying yesterday that Hong Kong's economic fundamentals are among the best in the world. That is perhaps true. But man does not live by economics alone. The Hong Kong people need to have peace of mind, to be able to plan their lives under the free system they are accustomed to and which both powers have pledged to continue for another 50 years or more. It is this fundamental pledge that the two countries which have signed an international treaty should honour and respect. But above all they should have respect for the Hong Kong people.

Let Britain and China show by deed rather than word that this respect has not evaporated. There is no viable alternative to negotiation. So let them talk to each other, not about each other.

Initial Favorable Response to Governor's Speech

93CM0049A Hong Kong TANGTAI [CONTEMPORARY] in Chinese No 19, 15 Oct 92 pp 6-7

[Report: "Residents Vote Confidence for Chris Pattern"]

[Excerpts] Recently, Hong Kong Governor Pattern delivered his first administrative speech since he took office. TANGTAI immediately conducted a Hong Kong wide public survey to see the initial response of the people to the speech. The results indicate that there is a generally favorable response (detailed results in later part). [passage omitted]

The Results

First survey: 7 October 1930-2230.
Second survey: 8 October 1600-2200.
Response rate: 12.95 percent (based on telephone calls answered), 5.34 percent (based on total calls made).

Of the respondents, 573 were male, accounting for 57.13 percent of the total, and 430 were female, accounting for 42.87 percent.

Of more than 1,000 people surveyed, 262 were under the age of 18, accounting for 26.13 percent, 627 were between the ages of 19 and 45, accounting for 62.51 percent, 114 were over 45, accounting for 11.37 pecent.

Contents of the Survey

1. In general, how satisfied are you with the governor's administrative speech?

(1) Dissatisfied: 39 (3.89 percent)
(2) Somewhat satisfied: 157 (15.65 percent) (3) Satisfied: 364 (36.29 percent) (4) Very satisfied: 69 (6.98 percent) (5) No opinion: 374 (37.29 percent)

2. The most dissatisfying aspect of the speech is:

(1) Social welfare: 158 (15.75 percent) (2) Economic development: 87 (8.67 percent) (3) Democratic political system: 92 (9.17 percent) (4) Transportation and urban construction: 149 (14.86 percent) (5) Education and culture: 180 (17.95 percent) (6) Other: 337 (33.60 percent)

3. Your views on the issue of a democratic political system in the governor's speech is:

(1) Going too slow: 141 (14.06 percent) (2) Going at the right pace, acceptable: 400 (39.88 percent) (3) Going too fast: 87 (8.67 percent) (4) No opinion: 375 (37.39 percent)

4. Your views on social welfare in the speech:

(1) Dissatisfied: 76 (7.58 percent) (2) Somewhat dissatisfied: 307 (30.61 percent) (3) Satisfied: 286 (28.51 percent) (4) Very satisfied: 40 (3.99 percent) (5) No opinion: 294 (29.31 percent)

5. The governor mentioned his stand on China in his speech, you are:

(1) Dissatisfied: 83 (8.28 percent) (2) Somewhat dissatisfied: 191 (19.04 percent) (3) Satisfied: 289 (28.81 percent) (4) Very satisfied: 55 (5.48 percent) (5) No opinion: 385 (38.38)

6. How much confidence do you have in the governor's administration of Hong Kong based on your knowledge of his speech?

(1) None: 29 (2.89 percent) (2) Little: 149 (14.86 percent) (3) Much: 489 (48.75 percent) (4) Very much: 154 (15.35 percent) (5) No opinion: 182 (18.15 percent)

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