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Deng Liqun, Hu Qiaomu Meet Propaganda Dept Members

92CM0240B Beijing SIXIANG ZHENGZHI GONGZUO YANJIU [RESEARCH IN IDEOLOGICAL-POLITICAL WORK] in Chinese No 2, 8 Feb 92 p 48

[Article by Wang Liwen (3769 4539 2429):"Hu Qiaomu (5170 0829 2606), Deng Liqun (6772 0500 5028) Hold Forum on Party History and Party-Building Theory for Propaganda Department"]

[Text] In mid-November last year, the party committee of the Propaganda Department held a 15-day training workshop for the study of party history and party-building theory for cadres at bureau and section chief levels under the office and some young and middle-aged comrades. During the workshop, member of the Standing Committee of the Central Advisory Commission, ex-leader of the Propaganda Department, Hu Qiaomu, and member of the Central Advisory Commission, also ex-leader of the Propaganda Department, Deng Liqun held an informal discussion.

Hu Qiaomu and Deng Liqun made statements after listening to a few comrades speeches. In his statement, comrade Hu Qiaomu affirmed the role of cadres from the Propaganda Department to take the lead in studying party history and party-building theories. He said that the Propaganda Department is a major agency in the CPC Central Committee, the combat stronghold in charge of ideological work, and holds an important position in disseminating the party's basic lines, strengthening ideological-political work in socialist construction, and opposing peaceful evolution. Leading comrades at all levels and young and middle-aged comrades from the Propaganda Department will become more mature ideologically and politically through constant study.

Comrade Hu Qiaomu said that there was great practical and prospective significance in the study of party history and party-building theories. To carry on the party's work well at present, develop and build socialism with Chinese characteristics, we need to study party history, persist in the four basic principles, criticize bourgeois liberalization, and resist peaceful evolution. There was a further need to study party history to raise the combat capacity of party organizations and the quality of party members. Comrade Hu Qiaomu also pointed out that by studying party history we learned that the fundamental reason for the final victory of the party through courageous and persistent fight along a zigzagged road of hardships since the party's birth consisted in the fact that CPC was deeply rooted in the masses, and the fact that CPC was working for the interests of the people. It can be seen in different periods of party history that the party's ability to constantly overcome difficulties, and achieve victory lay in its close connection with the masses and service to the people. The other important reason for the triumph of Chinese revolution was that theory was combined with practice. The CPC combined the universal truth of Marxism with the practice in Chinese revolution and construction, and creatively applied Marxism. In the process of its growth and development, the party gradually took the road of independence, and did well in China. This was mainly attributable to the party's efforts, manifested not only in the fundamental issues of Chinese revolution, but also in daily routines and various activities. Our party has always followed the ideological line of combining theory and practice, and pursuit of truth from facts, which is also reflected in our acknowledgement of contradictions, and using dialectical materialism and historical materialism to observe our work, party life and socialism, and to summarize our own experience. Therefore, the CCP was able to stand the test of severe hardships, and the test of victory, to insist on truth and correct mistakes, and to courageously conduct self-criticism and advance amid experience and lessons. The CPC made two major resolutions on party history, investing great efforts and time in conscientious and responsible analysis and study of historical events, leading figures, achievements and mistakes, and reached historical conclusions according to facts. This fully proved that the CPC was a serious party, responsible for history and the people, therefore, the CPC was supported and loved by the broad masses.

Finally, comrade Hu Qiaomu pointed out that party history cannot be separated from the history of the Chinese nation. We ought to earnestly study Chinese history while studying party history so as to enhance national pride and confidence.

In his speech, comrade Deng Liqun said that the book *Seventy Years of the CPC* covers the period from the party's birth to its 70th anniversary this year. The publication of this book was a major event in the party, the country, even in the world. Every party member should earnestly study this book along with *Selected Works of Mao Zedong*, second edition, and other important documents to benefit from these readings. Party cadre of the Propaganda Department not only must study well party history themselves, but also do well the work of making the whole party study and disseminate party history through their efforts. They should positively study well on the one hand, expand their horizon by studying and learning all kinds of remarks about our party and party history, and resolutely fight absurd theories of bourgeois liberalization which vilify, distort, and defame party history on the other hand. Studying party history is not general study, it is to promote socialist construction and protect the interests of the party and country.

The forum was chaired by comrade Wang Renzhi [3769 1804 0037]. He said that it was of great significance today to study party history and party-building theories for the whole party. We need to gain strength from the study, encourage morale, and strengthen belief to build socialism and enhance the cause of communism.

Problems in Enterprise Ideological-Political Work

92CM0240A Beijing SIXIANG ZHENGZHI GONGZUO YANJIU [RESEARCH IN IDEOLOGICAL-POLITICAL WORK] in Chinese No 2, 8 Feb 92 p 16

[Article by Li Jian (2621 0313):"Comments on 'Entering Leadership'"]

[Text] Over the past two years, with constant improvement in the objective environment for ideological-political work in enterprises, attention has been directed to the "front line"

of ideological-political work, emphasizing its shift of focus down to "work shops, work groups, and individuals." This is no doubt a necessary action for strengthening and improving ideological-political work. In practice, however, it is common to see that in quite a number of enterprises, this is merely an intention rather than an action. Although some work units have made a good deal of efforts, yet there is little effect, the investment being twice the outcome. Under such circumstances, many comrades proposed that ideological-political work has to "enter the leadership" (i.e. involving members of the leadership) before it can "go to the work group," which means that only when the "leaders are involved individually" can the ideological-political work be effectively carried out at the "work shop" level. Investigations, however, show that "entering the leadership" is no easy job, either. In some work units, the policy is no more than slogans or lip service. This must attract our attention. What are the problems to be solved with ideological-political work "entering the leadership?" I want to bring up the following suggestions:

First, the problem of "disoriented zone" has to be understood. Frankly speaking, some leading cadres do not see themselves in the "circle," but outside it, or do not stand in the "rank," but stand outside the "rank" thinking about ideological-political work. It seems that when ideological-political work is mentioned, it simply refers to the masses. Some workers observed sarcastically that some leaders can only be "driving forces" not "objects." Such "disoriented zone" of understanding makes some leading cadres lack a sense of necessity of ideological-political work, which constitutes a "blank spot" in the leading body. For example, there are clearly specified requirements for the masses to be educated on the "two basic principles," but members of the leading body rarely sit down to receive any education. There are schedules for the masses to study political theories, yet some leading cadres, especially factory directors and managers, read very little all year round. The relationship between the subject and object in ideological-political work is relative, and they may be intertransfered. No one can be an ever-lasting "subject" in the work. Based on the present condition, leading cadres have to qualitatively deepen their understanding if ideological-political work is to "enter the leadership and involve individuals."

Second, the problem of regulation formation has to be solved. It should be pointed out that over the years, ideological-political work directed at workers and cadres of lower ranks has been gradually systemized and standardized by carrying on good traditions and creating new ways. We cannot ignore that with implementation of the factory director responsibility system in the past few years, a single leading body under the party committee in the enterprise has been divided into three leading bodies of party, government, and work. In the face of such new conditions, there is a deficiency in careful study and policy. Routine ideological and behavioral practice, and ideological-political work, lack a clear division of labor and sets of comprehensive rules among different leading bodies. Since the Fourth Plenary Session of the 13th CCP National Congress, the role of party organizations as the political core has been established in enterprises. The construction of party, government, and work leading bodies is in the process of exploration. Who is responsible for arranging study and education for the three leading bodies? Someone may immediately respond without thinking that the party committee is. How can the party committee effectively do the job without clarification of its responsibility in this respect? Recently, it was found through investigation of some enterprises that even relatively good enterprises are not without difficulties concerning this question. Quite a few enterprises are in a state of constant interruption. Members of leading bodies, especially those of the administration, practically do nothing in exchange of ideas and the study of basic theories except for using extremely limited time to study and discuss relevant documents. We should conscientiously summarize experiences and lessons in the construction of enterprise leading bodies over the years, and strengthen ideological-political work within the leadership. Some enterprises have taken the following measures: Recognizing the political core role of party organizations and the principle that the party manages cadres; clarifying the role of party organizations in enterprises as being responsible for all groups; whichever group a member belongs to, he is subject to education and supervision by the party organization if he is a party member; the building of ideological style for party, government, and work groups is to be under the overall leadership of the party committee, and checked by all sides with clear division of labor and responsibility. Inspection, evaluation, test, and awards of ideological-political work within leading bodies must be formalized. These practices may serve as heuristic functions and models for other enterprises.

Third, solve the problem of "mutual supervision." Cadres inspect and supervise worker education and study. For a long time, however, workers have had no right to inquire about ideological-political work in leading bodies. This type of inspection from above down but not from bottom up leads to worker indifference, an adverse psychological state of mind, and directly affects "entering the work group and individuals." I found in investigation that "mutual supervision" was carried out in some enterprises where representatives of workers formed groups, went to administrative buildings without warning to inspect how members of the leadership were studying and conducting education, and achieved positive results. Generally speaking, workers know well the words and behaviors of leading cadres, and have more to say about them than enterprise superiors. At the same time, the right of supervision by workers may enhance their position as the masters, and will promote their study. We should learn something from the practice of "mutual supervision," explore, and build effective mechanisms for strengthening ideological-political work in enterprise leading bodies and among leading cadres.

NATIONAL AFFAIRS, POLICY

Economist Fang Sheng on Making Use of Capitalism

92CE0379A Hong Kong WEN WEI PO in Chinese 10 Mar 92 p 2

[Article by Zeng Liming (2582 0448 2494), Chen Yanhua (7115 5333 5478): "Fang Sheng on Making Use of Capitalism"]

[Text] Yesterday ZHONGGUO XINWEN SHE published an article entitled "A Special Interview With China People's University Economics Professor Fang Sheng: Correctly Making Use of Capitalism Shows Self-Confidence on the Part of the Chinese People." Fang Sheng pointed out: One can neither blindly worship capitalism nor reject it outright, China cannot take the capitalist road, but by opposing capitalism blindly and uncritically, and repeating the closed door policy, we will truly shake the foundation of socialism. He said his recent RENMIN RIBAO article reflects the views of a majority of economists in China.

The other day, China People's University Economics Professor Fang Sheng whose article "On Opening to the Outside and Making Use of Capitalism" was recently published in RENMIN RIBAO was interviewed on campus by this Agency's correspondents, and he elaborated and expounded on key points in that article.

How Should Capitalism Be Viewed.

In introducing the conceptions of this article and how it developed, Professor Fang Sheng said three years ago he was in charge of a state-assigned research topic on "Analysis of China's Economically Opening to the Outside," and he wrote a paper entitled "On Economically Opening to the Outside and Correct Understanding Modern Capitalism." This research resulted in a scholarly monograph, *The Chinese Economy in Opening to the Outside*, published last November by JINGJI RIBAO Publishing House. The article "On Opening to the Outside and Making Use of Capitalism" is a part of that monograph. A revised version of it can also be found in *My Economic Views—as Described by 100 Economists in China Today* published recently by Jiangsu People's Publishing House. He said the article published in RENMIN RIBAO may be considered a small contribution of his scientific research in recent years.

Fang Sheng said that when he undertook to study this topic, China's opening to the outside had already gone on for 10 years, and had not only achieved brilliant results recognized by the whole world but also accumulated a wealth of experience. My article is but a reflection of these experiences from another angle. In the course of opening to the outside, some new issues have come to the fore that require further analysis, and one of the issues is that in opening to the outside, how do we correctly treat capitalism, and correctly use it to serve socialist construction. This is a rather sensitive but unavoidable issue in any research on opening to the outside. In this regard, the basic concepts of my article are:

1. China can only take the socialist road, and cannot take the capitalist road. With respect to this point, not only has China's recent history drawn such a conclusion, but the reality of building socialist modernization has also answered this question.

2. In a formerly feudalistic and economically backward country like China, only by correctly using capitalism, and critically absorbing things from Western culture that are useful to our country can we become prosperous and strong. In this respect, modern world history has provided both positive and negative examples. In Japan's "Meiji Restoration," after overthrowing feudal rule, and by drawing on experiences and using capitalism , the country was able to develop and become strong. The Soviet Union, however, for a long time was unable to correctly solve the question of how to use capitalism. After World War II, Stalin advocated the theory of dividing the world into two major camps and two parallel world markets, which in reality completely isolated the Soviet Union from the capitalist countries, which is one of the reasons why the Soviet economy was not straightened out over the long term. The dysfunctional economy is one of the reasons for the dissolution of the Soviet Union.

On Protecting the Private Economy

3. Capitalism is a very important historical stage in the development of human society. It has laws on birth, growth and demise. We can neither blindly worship this social form nor reject it totally. We should, by using historical perspective and scientific attitude, examine it earnestly and critically, draw upon its experiences and make use of them. This shows self-confidence on the part of the Chinese people.

In Fang's article, he pointed out that in the initial stages of socialism, capitalism cannot be completely eradicated, and its exploitative phenomena still remain in the long term. What does this mean?

Professor Fang believes that the economy in the initial stages of socialism is not pure, but mixed with different economic contents centered on the collective ownership principle. How these are finally resolved depends on the productive strengths and conditions at the particular stage. The economy at each stage reflects not only a state-owned economy based on great socialist production, but also individual and private economies with lower productive capacities, as well as "foreign-funded" enterprises using rather advanced technology from abroad. Private economy and "foreign-funded enterprises" do contain capitalist characteristics, and exploitative traits remain. Although China's exploitative classes were abolished long ago, exploitative phenomena still remain for a long time. This is not something to be feared, the important thing is to channel it to the parameters of policy. These enterprises need only observe the law, and they will certainly be protected by the Chinese government and given appropriate opportunities to grow.

Article Was Not Written Recently

After the article appeared, it attracted media attention and generated editorial comments at home and abroad. Professor Fang gave his own views on the more representative reactions.

He said after his article appeared, overseas media variously published excerpts and critiques. A majority of friends considered that since the article appeared prominently in RENMIN RIBAO, it reflected determination of the Chinese government to continue reform, to broaden opening up, and quicken the pace of building socialist modernization. As a Chinese scholar, I thank friends from abroad for their explanation and concern. Some readers have asked whether there was any background behind publication of the article, and my response was affirmative. Simply put, the background is that with the task of rectifying the economic order basically accomplished, and with ideological understanding generally raised among the people, China should quicken its pace toward the future, building on the foundation of the great achievements over 10 years of reform and opening. This is not only practicable in terms of making economic construction the focus, but it accords with the desire of the masses of people, and fits in with new currents of the developing international situation. As was noted above, the article was not written today. To restate, the principles discussed in the article are not particularly profound, and that many of these are being implemented or prepared for implementation. As for the experiences and questions encountered in the process of implementation, they are being studied and analyzed by many economists who are gaining favorable results. If the article is said to contain certain useful advice, it simply means that it reflects the views of a majority of economists in our country.

Misunderstanding of Overseas Media

In connection with the assertion of some overseas media that the article deviated from the basic anti-capitalist principle of Marxism and that its publication implies that China wants to turn toward capitalism, Professor Fang unequivocally pointed out that this is a complete misunderstanding. He said that Marxism accords with the law of human social development, and will certainly replace capitalism. At the same time he pointed out that socialist countries that win revolutionary victories must correctly use capitalism to serve socialism. After the October Revolution, with Russia facing difficult circumstances at the time, Lenin acutely noted that how socialism was realized depended on the extent to which the Soviet political authorities and administrative machinery could adopt the newest and progressive aspects of capitalism, and creatively use those aspects of capitalism which are useful for building socialism in terms of its conception of historical materialism, and from this devise the state-owned capitalism concept which, under the Soviet political authorities, puts state capitalism at the doorstep to socialism, and as a dependable winning condition for socialism. To conquer the economic difficulties of Russia at the time, Lenin considered that among all the feasible options, the most appropriate was to absorb foreign capital, and use it to develop industry. Some people said at the time that it was possible to develop socialism without learning from the capitalist classes, but Lenin criticized this as the psychology of Africans. He said it was inconceivable there would be another form of socialism aside from the socialism that was based on all the experiences drawn from the enormous capitalist culture.

In opening to the outside and using what is useful in capitalism, China has from the start resolutely maintained its socialist directions. First, it is to protect and not harm national sovereignty. Foreigners visiting China whether for investment or tourism must obey Chinese laws and cannot behave in whatever ways they want. Second, it must benefit and strengthen self-development efforts, and promote but not impede the four modernizations. Third, it must resolutely guard against the corrosion and infiltration directed against us from all sides by the capitalist classes. If we correctly handle capitalism in opening to the outside, guard against its negative influences, then we will not waver in our course, but on the contrary will consolidate the foundation for socialism. If, however, we oppose capitalism blindly and uncritically, again repeating the closed door policy, then we will truly shake the foundation of socialism.

Professor Fang Sheng, 66 this year, studied agricultural economics at Taiwan University in the 1940's, and as chairman of the Taiwan University Students Association, led the progressive student movement at Taida. He participated in the 28 February Uprising, and after much difficulty returned later to the mainland. In the early 1950's, he enrolled in People's University, was in the first class of graduate students in political economy, and after graduation taught at the university. In 1983, he was sent to Shenzhen to establish the Shenzhen University. After serving as its vice president for three years, he returned to People's University to resume teaching and research. Fang Sheng has at different times lectured and carried out scholarly exchanges at the invitations of Harvard and Columbia Universities in the U.S., Waseda and Tokyo Universities in Japan, and the Chinese University in Hong Kong.

Impact of Shareholding on Economy Studied

92CE0392A Hong Kong CHING CHI TAO PAO [ECONOMIC REPORTER] in Chinese No 12, 30 Mar 92 pp 25-26

[Article by Chang Yun: "China's Experiment With Stock-System Enterprises"]

[Text] A seminar on the work of stock-system enterprise test-points in China was recently held in Shenzhen City. According to a source, this meeting, which was jointly sponsored by the State Commission for Restructuring Economy and the State Council's Production Office, systematically reviewed the past few years' work on the test-points, thoroughly summed up the experience and lessons learned in the work on the test-points, and discussed suggestions on standardization regarding the establishment of stock-system enterprises and the relevant test-points. This meeting will have an important impact on promoting both the improvement of the work on stock-system enterprise test-points, and the standardized development of the economic sectors based on the stock system amidst continuing reforms.

A Saddle-Shaped Development Process

Since November 1984 when the first stock-system enterprise—Shanghai Feile Acoustics Co.—was formed, the stock system has traveled along a torturous path of development over seven years.

Economic theoretical circles began exploring the issue of the stock system rather early on. Some economists boldly put forward suggestions on the establishment of stock-system enterprises in the process of reform, and considered such a step to be an effective way of clarifying ownership relationships and of raising capital. In 1984, the CPC Central Committee made a decision on economic structural reform. Although it did not explicitly provide for the development of stock-system enterprises, it did call for the extensive development of various flexible cooperative operations and economic unions among publicly-owned, cooperatively-owned and privately-owned firms on a voluntary, mutually beneficial basis. This in fact was a green light for the establishment of stock-system enterprises. In 1987, in a report to the 13th CPC Congress, Zhao Ziyang gave formal approval to the stock system, suggesting that "stock system practices that appear during reform, including shareholding on the part of the state, various departments, regions, and enterprises as well as individuals, represent an organizational approach regarding the assets of socialist enterprises, and can be continued in trial operations."

It was just under the guidance of the above-mentioned spirit that for a period of time afterwards the stock system achieved rather rapid development. In 1986, the Jing'an Securities Department of Shanghai Trust and Investment Corp. began over-the-counter trading for listed stocks. This was the first time that stock market trading had been conducted in China. In 1988, according to incomplete statistics, there were over 3,800 stock-system enterprises of various types. However, since early 1989, experiment on stock-system enterprises has basically stagnated or even withered. In 1989, after that political storm, a comprehensive examination was conducted on economic reforms. Some reform measures, especially those on stock-system enterprise test-points, were criticized. Some influential figures regarded the stock system as capitalist, and held that the development of the stock system was to divide up public property, was to advocate developing private ownership, and was to develop capitalism.

In recent years, with relaxation in the general domestic environment and with the increasingly strong demand for speeding up reform and opening to the outside, the work on the stock system test-points has also achieved new breakthroughs. At the end of 1990, the Shanghai Stock Exchange was formally established, and eight stock-system enterprises had their stocks listed for trading. In 1991, the Shenzhen Stock Exchange was established, and six corporations had their stocks listed for trading. In 1991, at the central level, the "working meeting on stock market affairs" was organized to provide unified leadership on the work of stock-system enterprises and on stock market test-points. With the approval of the working meeting, nine and 11 additional public corporations were formed in Shanghai and Shenzhen respectively. At the same time, in the two cities, there was issuance of special RMB stocks (B stocks) worth 280 million yuan, which attracted attention among those concerned at home and abroad.

Prominent Results

After several years of development of the stock system test-points, the stock-system enterprises have acquired certain scale. According to incomplete statistics on 34 provinces, regions, municipalities and cities listed separately in state plans, presently there are 3,220 stock-system enterprises of various types (not including domestic joint operation enterprises, Chinese-foreign joint ventures, and joint-stock cooperative enterprises among township enterprises). Of these, 380 enterprises are based on legal-person shareholding, representing 12 percent; 2,751 enterprises are based on in-enterprise employee shareholding, representing 85 percent; and 89 enterprises issue stocks to society publicly, representing 3 percent. In fact, for enterprises based on in-enterprise employee shareholding, the amount of stocks is not large, but only about 300 million yuan (RMB, same below), accounting for less than 20 percent of the average total amount of enterprise stocks.

While being developed as test-points, stock-system enterprises have begun to show their important role in promoting economic reforms and economic development:

A. *New ways of raising and gathering funds have ben opened.* Raising funds is the most basic function of the stock system. According to statistics, the present 89 public corporations alone raised 5.81 billion yuan, of which 830 million were domestic individual shares. These funds effectively satisfied enterprise needs for new construction or expansion funds. At the same time, this is also a new channel of introducing foreign capital. With regard to the above-mentioned publicly issued stocks, foreign business shares are worth 560 million yuan. These fund-raising methods also have the merits of reaching more fund sources, raising funds speedily, holding stable amounts of funds, and not having to repay the capital.

B. *An important means of adjusting industrial structure has been provided.* Implementation of the stock system has broken through the confines surrounding sectors, regions and ownership types, and contributes to the flow of various factors of production in society and even between countries. This can play a positive role in promoting the adjustment of domestic industrial structure and the development of enterprise groups.

C. *Contributes to the transformation of enterprises' operational mechanisms.* The stock system is a rather well-developed legal person system for enterprises. As a organizational form for enterprise assets, it contributes to delimiting the boundary between ownership rights and management rights. This can eliminate the problem of ambiguity in the boundary of ownership rights over state enterprises' assets, and ensure the realization of enterprise autonomy. Supervision carried out by shareholders, and pressure induced by the fluctuation of the market prices for enterprise stocks cause strong restraints exercised by the assets ownership over the enterprise management. At the same time, the stock system also provides a material basis for the enterprises' independent responsibility for profits and losses. All shareholders, including the state in terms of its relevant shareholding, have liabilities limited to the

amounts for their holdings only. This represents a fundamental change in the operating mechanisms of domestic enterprises, and is therefore an effective way of invigorating large- and medium-sized state enterprises.

D. *Contributing to the maintenance and increase of the value of state assets.* The assets and surplus revenues of stock-system enterprises are the property of all shareholders. Growing accumulation, expansion of assets, and increases in stock value will bring greater benefits to the shareholders, thereby strengthening the mechanisms of self-accumulation of the enterprises. This can contribute to the maintenance and increase of the value of assets of the state enterprises which have been transformed into stock-system enterprises.

Existing Problems and Prospects for Development

The work on stock-system enterprise test-points has brought some results, but difficulties and problems remain.

First, there is the problem of compatibility of the stock system with socialist principles. The stock system, as a management approach used to organize assets in modern enterprises, originated and developed in the capitalist period where commodity economy was highly developed. But if it is used to serve the socialist commodity economy, there will be a question of how to make it compatible with socialist principles. For example, how to uphold public ownership as the main form of ownership, while developing a stock system economy? How to uphold the principle of distribution according to work as the chief principle, while distributing dividends according to shareholding? How to uphold the principle of universal prosperity under the situation where the shareholders and stock market speculators may have very high incomes? How to prevent excessive speculation in a brisk market, and how to suppress the negative factors that the stock system could bring. These questions demand further exploration in terms of both theory and practice.

Second, laws and regulations on the stock system are not fully developed. In recent years, many localities organized stock-system enterprises, but relevant laws and regulations have yet to be promulgated. Localities like Shanghai and Shenzhen formulated some local statutes. However, nationwide, there are still no relevant laws and regulations on the stock system.

Third, some regions fail to do necessary guidance and standardizing work for stock system test-points. On the one hand, some enterprises fail to observe the basic rules of the stock system, not even observing such principles as those of equal rights for shareholders, same amount of dividends for same amount of holdings, and no refund for stock investment. At the same time, the shareholders' meeting and the board of directors exist mostly in name only. Relevant government departments treat stock-system enterprises in the same way as they treat ordinary enterprises, and use old methods of regulation. There is too much interference, as a result it is difficult for stock-system enterprises to function normally.

Presently, relevant authorities are taking measures to promote the further development in the work on stock system test-points:

—In the process of soliciting comments and revision are such national statutes as regulations on standards for limited liability corporations, and for limited liability firms, as well as regulations on finance, accounting, auditing, and labor and wages; those regulation may be promulgated in the near future.

—Restrictions have been relaxed with regard to the provinces of Guangdong, Fujian and Hainan which can independently conduct experiment on the public issuing of stocks, based on the relevant powers granted by the center because of the provinces' status as zones of comprehensive experimentation on reform and opening to the outside.

—Shanghai and Shenzhen Municipalities' authority on approving the listing of enterprises' stocks has been expanded. In other words, the previous method of the center giving approval to each enterprise which may have its stocks listed has been changed to the center only determining the total amount for listed stocks in Shanghai and Shenzhen Municipalities, and the two municipalities independently determine which individual enterprises can have their stocks listed.

—There are plans for setting up trial-points on internal circulation of legal person stocks in a number of selected stock-system enterprises in Guangdong, Fujian and Beijing and other provinces and municipalities.

—With central approval, some stock-system enterprises in other regions will be permitted to have their stocks listed for trading in Shanghai and Shenzhen.

Recently, Deng Xiaoping issued important statements on several important issues on promoting China's economic reforms and development, and there were specific references to the issue of the stock system. He said: Are things like securities and stock market good things, dangerous, belong exclusively to capitalism, can socialism use them? It is necessary to allow exploration. It is necessary to be resolute in carrying out experimentation. In view of this very powerful statement, the present atmosphere which puts emphasis on being bolder in reform and opening to the outside, and being bolder in innovation and experimentation, we firmly believe that there will be another high tide in the work on stock-system enterprise test-points. After a certain period of experimentation, a stock system economy will achieve substantial development in China.

PROVINCIAL

Gansu 1991 Socio-Economic Statistics Published

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[Article: "Provincial Bureau Statistical Bulletin for 1991, Issued 22 Feb 92"]

[Text] In 1991, under the correct leadership of the CPC Central Committee, the State Council, and the provincial CPC committee and government, people of all nationalities in Gansu further and conscientiously carried out the general policies of improvement and rectification and of advancing

reform, overcame many difficulties in the economy, and achieved gratifying results in developing the national economy and society. The national economy grew stably; basic industries were strengthened; effective supply increased; inflation stabilized; aggregate social supply and demand were basically in balance; the people's standard of living further improved; science, technology, education, culture, public health, sports and other undertakings developed harmoniously; and the principal objectives of improvement and rectification have basically been achieved. According to preliminary statistics, GNP for the year was 24.43 billion yuan, up 4.3 percent from 1990, of which tertiary industry contributed 7.6 billion yuan, up 6.2 percent; and national income was 21.37 billion yuan, up 3.6 percent. Nevertheless, deep structural economic problems have yet to be eradicated, and the tasks of restructuring and improving economic results remain formidable.

1. Agriculture

In 1991, Gansu's agriculture suffered an unusually severe drought. Leadership at all levels actively organized work to fight the drought, stressed implementation of measures to "stimulate agriculture through science and technology," and thereby assured yet another good harvest. Gross agricultural output value was 11.55 billion yuan, up 2.4 percent from the previous year, of which the output value of cultivation was basically even with that of 1990, a record year, and those of forestry, animal husbandry, sideline industry, and fishery rose 2.0, 5.7, 22.8, and 13.4 percent, respectively.

Of major farm products, grain output totaled 6,564,000 tons, oil-bearing crops, 325,000 tons, both slight declines from the previous year. Cotton, beets, and tobacco registered record outputs.

Output of major farm products was as follows.

Product	1991 Output (in tons)	Percent Increase over 1990
Grain	6,564,000	-4.4
Cotton	12,000	55.3
Oil-bearing Crops	325,000	-3.3
Beets	1,036,000	43.2
Cured Tobacco	32,000	42.2
Medicinal Materials	28,000	5.8
Vegetables	2,003,000	-2.1
Fruit	404,000	5.0

Forestry output continued to develop, with 2,214,000 mu afforestated, 105,000 mu more than the previous year.

Development of animal husbandry was excellent. Inventories of cattle and hogs increased, and output of all meats, cow's milk, goat's milk, eggs, and other principal animal products continued to grow. Sheep inventories, however, fell.

Major animal-product output and inventories were as follows.

Product/Inventory	1991 Output	Percent Increase over 1990
Pork	320,000 tons	6.1
Beef, Mutton	93,000 tons	26.4
Cow's Milk	80,000 tons	2.1
Sheep's Wool	15,000 tons	-3.5
Hog's Delivered	4,844,000 head	3.6
Cattle in Inventory at Year's End	5,852,000 head	0.2
Sheep in Inventory at Year's End	10,198,000 head	-8.1
Hogs in Inventory at Year's End	5,970,000 head	0.4
Aquatic Products	4,292 tons	20.5

Town and township enterprises developed stably. At the end of 1991, there were 220,000 such firms, an increase of 9,000 over the previous year; employing 1,323,000 people, up 29,000; producing a total of 8.22 billion yuan, up 13.5 percent; and earning 7.23 billion yuan, up 16.1 percent.

Productive conditions further improved. The steady fall in cultivated-land area was checked, and the area began to rise, registering a net increase of 47,000 mu over the previous year. Capital construction of farmland hydraulics advanced rapidly, with an addition of 193,000 mu in irrigated area and of 778,000 mu in terraced fields. Total farm-machinery power reached 5.99 billion watts, up 5.5 percent. There were 19,800 large and medium-sized tractors, down 2.4 percent; 228,000 small tractors and hand tillers, up 7.5 percent; 11,000 farm trucks, up 4.5 percent; 386,000 tons of converted-pure chemical fertilizer were applied, up 2.7 percent; and 1.91 billion kWh of electricity were used in farming, up 7.5 percent.

The rural economy continued to develop. During the year, gross rural social output value was 18.46 billion, up 8.8 percent. Of this, the output value of rural industry, construction, transport, commerce, and catering rose by 14.4 percent, and the share of these sectors in gross rural social output value rose by 2 percentage points.

2. Industry

While undergoing restructuring, industrial output maintained a considerable rate of growth in 1991. Gross industrial output value for the year was 31.81 billion yuan, up 7.1 percent, fulfilling the plan for the year. Output value for industry excluding village and subvillage levels was 29.34 billion yuan, up 6.5 percent. Output of state-owned industry grew 6 percent, of which that of large and medium firms rose 5.1 percent and accounted for 59.3 percent of gross output value; output of collectively owned industry rose 9.1 percent, of which that of township-run industry climbed 23.9 percent and that of factory-run collective industry climbed 20.4 percent; output of individual industry grew 17.2 percent.

Light and heavy industry developed in harmony. For the year, light industrial output value was 9.11 billion yuan, up 5.6 percent from 1990, and heavy industrial output value was 22.7 billion yuan, up 7.6 percent.

Output of major industrial products was as follows.

Product	Output	Percent Increase over 1990
Synthetic Fiber	18,000 tons	31.3
Yarn	17,000 tons	-4.4
Cloth	54,000,000 m	-20.6
Woolens	9,184,000 m	-6.2
Machine-made Paper and Cardboard	97,000 tons	-5.7
Rolled Tobacco	280,000 cartons	0.1
Sugar	70,000 tons	7.5
Washing Machines	276,000	-20.6
Tape Recorders	89,000	-3.0
Televisions	177,000	-30.5
Cameras	63,000	23.6
Electricity Generation	18.75 Billion kWh	9.4
Raw Coal	15,280,000 tons	-2.3
Crude Oil	16,180,000 tons	10.8
Steel	840,000 tons	25.9
Steel Products	501,000 tons	29.8
Pig Iron	956,000 tons	95.3
Ten Nonferrous Metals	266,000 tons	5.9
Synthetic Detergents	160,000 tons	-32.5
Farm Chemical Fertilizers	302,000 tons	13.1
Pesticides	1,608 tons	-33.0
Plastics	86,000 tons	5.7
Small Tractors	19,000	8.7
Synthetic Rubber	46,000 tons	6.2
Cement	3,910,000 tons	9.2
Plate Glass	2,598,000 standard crates	3.2
Lumber (total social)	305,000 cu m	-43.4

The campaign "the year of quality, variety, and efficiency" achieved initial success, new-product development accelerated, and a turnaround was achieved in economic results. During the year, the output-value rate of new products reached 7.8 percent, up 1.7 points over the previous year. The market-realization level for industrial products improved. For in-budget state industrial enterprises, sales revenues totaled 8.31 billion yuan, up 17.2 percent; profit taxes totaled 870 million yuan, up 1.4 percent; the rise in comparable-product cost losses fell 3.6 percentage points; turnover time for quotaed circulation funds was reduced by 35.8 days; and total labor productivity for such firms practicing independent accounting was 28,781 yuan, up 2.6 percent. Nevertheless, average profit taxes per 100 yuan in capital continued to fall, to 8.02 yuan from 8.93 yuan the previous year. Enterprise losses continued to grow, by 23.8 percent over 1990.

3. Fixed-Capital Investment

Investment mix was further readjusted in 1991, and demand for investment rose. Social fixed capital totaled 6.48 billion yuan, up 550 million yuan, or 9.2 percent, from 1990. Of this total, state-owned units invested 5.3 billion yuan, up 7.7 percent; collectives contributed 290 million yuan, down 6.2 percent; and individuals put up 890 million yuan, up 26.9 percent.

Within state investment, that for capital construction was 3.33 billion yuan, up 12.9 percent, of which localities completed 1.41 billion yuan, 107.2 percent of the adjusted plan; that for technical transformation projects was 1.61 billion yuan, up 6.2 percent, of which localities completed 780 million yuan, up 0.8 percent; that for other projects was 170 million yuan, down 24.1 percent; and that for construction of commercialized housing was 190 million, up 2.9 percent.

Within investment for capital construction, productive projects received 2.65 billion yuan, and their share in the total rose from 78.3 to 79.5 percent, and nonproductive projects received 680 million, and their share fell from 21.7 to 20.5 percent. Within productive investment, that for basic industries continued to improve under the guidance of the state's sectoral preference policy. For the year, investment in agriculture totaled 330 million yuan, up 15.7 percent, and its share in the total rose from 9.7 to 9.9 percent; that in energy industries and in transport, posts, and telecommunications was 950 million yuan and 200 million yuan, respectively, the same as the previous year's levels; that in raw-materials industries was 1.73 billion yuan, up 14.7 percent, and its share in the total rose from 51.0 to 51.9 percent. Within nonproductive investment, that for science, technology, and education was 210 million yuan, up 29.4 percent, and its share rose from 5.6 to 6.4 percent; and that in housing was 350 million yuan, up 19.4 percent, and its share rose 0.6 of a percentage point.

Within investment for technical transformation, that to expand product variety and to improve product quality greatly increased. The former totaled 300 million yuan during the year, up 45.1 percent, and its share rose from 13.7 to 18.8 percent; and the latter totaled 150 million yuan, up 1.9-fold, its share rising from 3.5 to 9.4 percent.

Throughout the province, 1.49 billion yuan of investment was completed in 22 key construction projects in 1991, 105.4 percent of the adjusted plan, and nine of these projects were completed and went into full or partial production. Principal newly added productive capacity included 200,000 kw of generators, 80,000 mu of irrigated land, 157 km of electrified railway, 2,000 tons of fine antimony, 540,000 standard cu m of coal gas, 40,000 tons of urea, 4,179 sq m of educational buildings, 9,000 tons of machine-produced paper, and 500 tons of wheat processing per day.

Projects under construction increased during 1991. By the end of the year, there 2,328 such projects, up 50 from 1990. Gross output value of the state construction industry was 2.14 billion yuan, up 8.6 percent; area under construction totaled 4.56 million sq m, down 0.5 percent; and overall average productivity was 41.68 yuan, up 8.2 percent.

4. Transport, Posts, and Telecommunications

During 1991, transport departments overcame difficulties caused by upgrading projects on some lines, tight sources of

power, and other factors and better completed their quotas in delivering goods and materials for key construction projects and to supply markets. Rail freight turnover throughout the province totaled 30.34 billion tons-km, up 5.8 percent, and rail freight delivery totaled 24.26 million tons, up 1.7 percent. Social highway freight turnover totaled 6.22 billion tons-km, up 10.5 percent, and social highway freight volume totaled 147.68 million tons, up 3.8 percent. Rail passenger turnover totaled 8 billion passengers-km, up 9.9 percent, and passenger deliveries totaled 8.5 million, down 1.2 percent. Highway passenger turnover totaled 4.43 billion passengers-km, up 5.7 percent, and passengers totaled 79.7 million, up 1.9 percent. Civilian air passenger turnover totaled 281.03 passengers-km, up 22.2 percent.

Posts and telecommunications developed rapidly. Operational earnings for this industry totaled 208 million yuan, up 21.3 percent. Central state posts and telecommunications showed operational revenues of 188.32 million yuan, up 35.5 percent. Express mail increased 27.1 percent; urban telephone users totaled 86,000, up 16.3 percent; urban telephone exchange capacity totaled 125,000 switches, of which computerized capacity totaled 23,000 switches, up 65.7 percent. Rural telephone users numbered 130,000, up 11.2 percent, and rural exchange capacity totaled 35,000 switches, up 4.5 percent.

5. Producer Goods and Energy Sources

Throughout the province, state and collectively owned enterprises at the county level and above consumed a total of 17.2 billion yuan in goods, materials, and energy, up 11 percent. Of this amount, raw materials accounted for 70.9 percent, energy sources, 29.1; 8.8 percent was used for capital construction, 91.2 for production.

The economic results of producer-good and energy use improved. Of 134 major products surveyed among key enterprises, the consumption indices of 109, or 81.3 percent, showed declines from or were even with those of the previous year, while 25, or 18.7 percent, were up, for a stable reduction rate of 81.3 percent, up 7.3 percentage points. On average, each 10,000 yuan of output consumed 4.9 tons of standard coal, down 4.5 percent, and energy consumption was reduced by 631,000 tons of standard coal.

Procurement and sales on means-of-production markets turned brisk. The producer-good system bought up 2.37 billion yuan of means of production, up 14.7 percent. Industrial good sales for the entire province totaled 20.69 billion yuan, up 17.1 percent. Except for coal and wood, which showed slight declines, sales of other major producer goods all rose. Those of steel totaled 570,000 tons, up 47.4 percent; of cement, 292.7 million tons, up 11.4 percent; of nonferrous metals, 299,000 tons, up 7.1 percent; and of major chemicals, 557,000 tons, up 8.7 percent.

6. Commerce and Prices

During 1991, market supply was adequate, and sales normalized. Social commodity retail sales totaled 12.09 billion yuan, up 10.3 percent from the previous year, 5.4 percent when adjusted for inflation. Of this amount, retail sales of consumer goods totaled 10.62 billion yuan, up 10.4 percent. Of these, sales to residents rose by 8.1 percent and to social groups, by 25.6 percent. Retail sales of agricultural means of production totaled 1.41 billion yuan, up 9.4 percent.

Urban market sales rose faster than those of rural markets, with the former up 10.8 percent, the latter, 9.4.

Retail sales by state-owned units climbed 16.1 percent; by collectives, 5.2 percent, of which those of supply and marketing cooperatives rose 6.8 percent; and by individuals, 7.1 percent. Sales by peasants to nonpeasants rose 2.8 percent.

Sales of all consumer goods rose over the previous year—food commodities, by 10.4 percent; clothing commodities, by 2.6 percent; and commodities for other use, by 12.9 percent. Of major commodities, sales of grain, transistor radios, soap, woolens, tape recorders, and the like rose 1-10 percent. Those commodities whose sales rose by 20 percent or more included pork, eggs, aquatic products, garments, electric fans, and refrigerators.

There was improvement in the economic results of commercial departments. Surveys of key department stores throughout the province show that profit per 100 yuan of sales rose by 21.5 percent over the previous year; that commodity circulating cost per 100 yuan of sales was 6.3 yuan, down 10.3 percent; and that fund turnover accelerated by 25 days.

During 1991, sales on urban and rural fairs totaled 3.1 billion yuan throughout the province, up 36.6 percent from the previous year. Of the total, sales of meat, poultry, and eggs; aquatic products; and vegetables rose 2.2, 20.4, and 5.2 percent, respectively.

Foreign trade further expanded. Procurement for external sale totaled 1.32 billion yuan for the year, up 27 percent, and direct exports totaled $250 million, up 36 percent. There were 26 newly signed agreements to use foreign capital, worth $19.54 million, and $4.78 million in foreign capital was actually used, both of which elements represented great increases. Contract construction and labor cooperation contracting totaled $168 million, up 29.2 percent.

Tourism increasingly flourished. Throughout the year, 64,000 foreign, overseas Chinese, and Hong Kong-Macao compatriots were received, up 95.7 percent, earning $10.64 million, up 31.8 percent.

Since social supply and demand were basically in balance, even though the state made large price hikes, in succession and in planned fashion, for crude oil, finished petroleum products, steel, pig iron, and other basic products; railroad freight; and grain and cooling oil rationed to urban residents, general market price levels still remained basically stable. Throughout the year, overall retail sales prices rose 4.6 percent, urban prices by 5.2 percent, rural ones by 4.4. Food prices rose 6.1 percent, of which meat, poultry, and eggs climbed 2.0 percent; fresh vegetables, 10.9 percent, and aquatic products, 1.9 percent. Clothing climbed 5.5 percent, articles of daily use 1.2 percent, drugs and medical products 0.7 percent, fuels 15.4 percent, and agricultural means of production 4.5 percent. The cost of living indices for city and countryside rose 5.7 and 4.5 percent, respectively, and the service price index climbed 7.2 percent. Ex-factory

prices for industrial goods rose 4.2 percent, and prices for fixed-capital investment climbed 16.5 percent.

7. Science and Technology

Progress in science and technology received great attention, and scientific-technological plans advanced well. While focusing on organizing and implementing key plans, such as "using science and technology to stimulate agriculture," "using science and technology to stimulate industry," and high- and new-tech industrial development; on the Spark Plan; on the Torch Plan; on the research-result dissemination plan; the fund plan for natural science and middle-aged and young scientists and technicians, and 530 other projects, as well as new-product development projects, we have achieved considerable results in this field, and some projects have produced marked economic results.

Of the 65 projects appraised and accepted under the province's key scientific and technological plan during the year, 31 achieved advanced domestic levels, and of the 41 projects appraised and accepted under the province's fund plan for natural science and young and middle-aged scientists and technicians, 34 achieved such levels. The Spark Plan achieved major progress in such areas as strengthening comprehensive regional development, developing key regional sectors, and disseminating use of technology in the countryside, implementing 237 projects, of which 62 were accepted. Projects in the Xigu Technology Intensive Development Zone alone yielded 108 million yuan in new output value. For the year, there were 1,000 items in the province's new-product development plan, of which 1,120 were actually completed, including 620 provincial-grade products, which totaled 2.3 billion in output value and yielded profit taxes of 280 million yuan. Twenty-eight new products achieved international standards, and 135 achieved advanced domestic standards. The upgrade rate for color, design, variety of light industrial goods and textiles exceeded 35 percent.

During the year, the Lanzhou High- and New-Tech Industrial Development Zone was approved by the State Council as a national-grade high- and new-grade industrial development zone. Research results produced within the zone were substantial. Those developed over the course of the year included factory production of test-tube bred orchids, grass cloning, products generated with magnetic pumps, stainless steel converter-plate heat exchangers, isotope instruments, fibers and cables conducting electricity, and 160 other high- and new-tech products. Twenty-nine products received awards during the year, of which two won international awards. Such products earned as much as 81.88 million yuan, 67.7 percent of total earnings.

During the year, 676 research results were produced, of which seven earned national awards and 153 won provincial awards. The dissemination and application rate of these results was 73.5 percent. Principal among these were the KJ-8920 mainframe computer, which was successfully developed in Lanzhou and placed into operation; findings achieved in the study of preventing loessal landslides and mud-rock flows; the Longya No 7 strain of huma, which was widely disseminated in seven northern provinces; the light hydraulic coal-mine shaft support, which greatly improved work efficiency; and the radiative interchange insulated electrical cable and insulated overhead cable, which filled domestic voids. The quality of these products achieved international standards.

The technology market was active. During the year, 284 technological contracts of all sorts were signed, worth 15.89 million yuan, up 18.3 and 13.7 percent from the previous year, respectively.

8. Education and Culture

Education developed stably, and the scope of higher education was brought under control. During the year, 378 graduate students were accepted, 8 percent less than the previous year, and 504 graduates won degrees, down 3.4 percent. Regular schools of higher education accepted 10,483 undergraduate and professional students, up 3.3 percent and had enrollments of 33,048, up 0.7 percent. Middle professional schools of had enrollments of 49,702, the same as the previous year, of which technical schools enrolled 33,686 students, up 1.3 percent. Regular middle schools had 960,000 students, down 0.5 percent. Primary schools had enrollments of 2,431,000 up 0.6 percent. The attendance rate of school-aged children reached 94.5 percent.

During the year, 171.76 million adults were enrolled in higher professional schools, down 13.9 percent from 1991, and 27,000 adults attended middle professional schools, down 7.3 percent. Throughout the province, 148,000 people signed up to take examinations for higher-educational and middle-school self-study courses, an increase of 43,000; 1,449 students obtained undergraduate or professional college degrees and 552 earned technical high-school diplomas through self-study and testing. Illiteracy-eradication work advanced, enabling 192,000 to read.

Throughout the province, there were 2,871 film projection teams, 83 performing arts troupes, 99 arts and cultural palaces, 85 public libraries, and 46 museums, as well as 24 radio stations, 22 broadcast transmitters and relay towers, 10 television stations, and 997 television transmitters and relay towers. Radio reached 62 percent of the populace, television, 67 percent.

During the year, 81.4 million books, 42.7 million magazines, and 220 million newspapers were printed.

9. Health and Sports

Medical and health conditions continued to improve. By the end of the year, there were 4,178 medical and health facilities of various types; 47,816 hospital beds, up 4.4 percent; and 73,559 health technicians of various types, up 3.5 percent, including 34,000 doctors, up 2.4 percent, and 16,000 nurses, up 2.7 percent. At the village level, there were 22,000 clinics and 32,000 doctors and health workers. The disease cure rate was 75 percent at county hospitals and above.

Sports and athletics improved greatly. During the year, Gansu athletes won four gold medals, three silver, and two bronze in international competition and 10 gold, 16 silver, and 18 bronze in national meets. In these events, our

athletes set one Asian record, broke one national record, and exceeded one Asian record. The Eighth Provincial Games inspired further spread of mass athletics. 11,302 games were held at the county level and above, involving 27.9 million athletes. 1.43 million people met "the national athletics and exercise standard."

10. Standards of Living

Urban and rural residents' incomes rose, and their living standards improved. During 1991, employees throughout the province earned wages totaling 6.02 billion yuan, up 9.6 percent from the previous year. Money wage per employee averaged 2,571 yuan, up 1.1 percent when adjusted for inflation. Sample surveys reveal that urban residents had a per capita income of 1,368.8 yuan that could be used to defray living costs, up 14.4 percent, 8.2 percent when adjusted for inflation. Net per capita income for peasants was 456 yuan, up 5.6 percent, or an actual 3.6 percent when adjusted for the inflationary effects of their expenditure on commodities.

During the year, 91,000 people were placed in employment, and employees totaled 2.41 million at the end of the year, up 3.9 percent. Of these, 20.07 million, an increase of 61,000, were employed by state units, and 400,000, an increase of 30,000, by collectives. There were 87,000 individual laborers in cities and towns.

The rise in urban and rural resident savings continued to be high. By the end of the year, total resident savings had reached 12.8 billion yuan, up 2.75 billion yuan, or 27.3 percent, from the same period in 1990. Of this amount, urban residents' savings rose 28.3 percent, while those of peasants climbed 22.1 percent.

Housing conditions for urban and rural residents improved again. During the year, 1,159,000 sq m of urban housing and 8.96 million sq m of rural housing were built.

The insurance industry developed rapidly. During the year, insurance operational revenue reached 250 million yuan, up 22.8 percent from the previous year, and coverage totaled 47.8 billion yuan, up 6.4 percent. 7,944 enterprises and 489,000 families insured their property, and 32.26 million people bought various types of personal insurance; 38,000 property claims were handled throughout the year, with claim payouts totaling 67.55 million yuan, and personal liability benefits totaling 22.86 million were paid for 148,000 claimants.

11. Population

During 1991, the birth rate for the entire province was 19.38 per thousand, and the death rate 6.05, for a natural growth rate of 13.33 per thousand. At the end of the year, the province's population was 22,849,000, up 303,000 from the previous year.

Footnotes

1. Some of the figures cited in this bulletin are preliminary compilations for the statistical year. The figures for the GNP, national income, aggregate rural and urban enterprise output value, aggregate rural and urban enterprise revenue, and gross rural social output value were computed in current prices for the year. Gross rural output value and gross industrial output value were computed in constant prices for 1990. The 1991 gross rural and urban enterprise output value was 8.41 billion yuan when computed in constant 1990 prices. All growth rates were computed from constant prices.

2. The base-period figures employed for index comparisons were drawn from the official statistics published in the GANSU TONGJI NIANJIAN [GANSU STATISTICAL YEARBOOK].

3. For per-capita peasant income, prices for that portion that peasants produced and consumed themselves used to be computed according to state quotations but in 1991 was changed to the universal average employed in fixed-contract procurement. The increase in per-capita peasant income was computed by the same method. By the new method, per-capita peasant income in 1990 computes to 431 yuan.

Shandong Adopts New Strategies To Open Economy

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[Text] Jinan, May 22 (XINHUA)—East China's Shandong Province plans to adopt new strategies for opening wider to the outside world, local officials told XINHUA.

Under the new strategies, local officials said, the province will build in a planned way a series of foreign-funded industrial, economic and technological development zones in the province's eastern and central parts for export-oriented projects, and finally push up a new opening drive at three levels in the eastern, central and western parts.

By the end of last March, the province had approved a total of 3,600 foreign-funded projects, with contracts involving 4.58 billion U.S. dollars, and had approved the establishment of 2,000 foreign-funded enterprises.

Qingdao, a seaside city, has designated 58.5 sq km of land for constructing a high-tech industrial development zone, with priority given to the establishment of foreign-funded, high-tech firms in the zone, while opening the whole Huangdao Island, with an area of 150 sq km, for carrying out economic and technology development programs, said the officials.

Besides continuing the implementation of "opening 10,000 enterprises to the outside world," the coastal city of Yantai has also started 44 zones especially for foreign investment along the highways from Yantai to Weihai and from Yantai to Qingdao. Foreign-funded enterprises in these zones enjoy the same preferential policies as they do in other existing economic and technological development zones.

Weihai, another seaside city in the same province and also listed as one of the hygiene cities in a national program, does not like to lag behind in the opening drive.

The construction of the South Korean trade zone where wholesale markets for five major kinds of commodities from South Korea will be available when completed is under way in the city.

The city has opened some areas, which are authorized to try preferential policies of special economic zones, for attracting foreign investment to carry out land development.

While encouraging its urban areas to be bold and more active in the opening campaign, the province does not forget to tap the potential of rural industry in attracting overseas investment.

This year, the province planned to increase 2,000 rural export-oriented enterprises, and start 500 rural joint ventures or rural cooperation projects, setting the figure for rural enterprises to utilize foreign investment at 500 million U.S. dollars.

During the Seventh Five-Year-Plan Period (1986-90), the province realized an average growth rate of 70.9 percent a year in the development of the export-oriented economy of rural enterprises.

Last year, rural enterprises in the province contributed export products valued at 6.05 billion yuan, accounting for 40 percent of the country's total exports.

On the other hand, the province will also encourage more foreign investors to carry out land development and build basic facilities.

The practice of encouraging foreign investors engaged in the development of real estate will become a key for promoting construction in the province's economic and technological development zones, export processing zones and high-tech development zones, as well as for promoting urban construction, said the officials.

According to the officials, the Shandong Peninsula open economic zone has been picked as the pilot site and will be open to foreign investors to carry out land development and build basic facilities.

After many years' construction, the investment environment of the province has improved greatly. Moreover, Jinan Airport, one of the key state construction projects, will be completed and put into operation in July this year, while construction of important projects such as Qingdao and Yantai ports, and the Jinan-Qingdao Highway has also greatly been accelerated.

In the meantime, the province has also issued "Regulations Concerning Further Opening To the Outside World and Accelerating the Development of the Export-Oriented Economy" to give departments at lower levels more decision-making power in approving foreign-funded projects, according to the officials.

Shandong Issues Measures for Price Reform

SK2804022192 Jinan DAZHONG RIBAO in Chinese 27 Mar 92 p 1

[By Reporters Chen Chong (7115 0339), Qiu Li (4428 4539), Ke Yuan (0344 6678): "Our Province Issues Measures for More Reform in Commodity Prices"]

[Text] The provincial Economic Commission and the provincial Price Bureau recently put forward the following measures for conducting intense reform in commodity prices:

1. Beginning 20 March this year, the whole province will relax the price restriction on 100 categories of commodities, including printed cotton, knitting wool, matches, and surgical scissors, and will enforce market regulation. The prices fixed by the state for the seven commodities, including beer and yarn-dyed cloth, will instead be guided by the state. Enterprises in charge of producing and selling such commodities may formulate their new prices within 15 percent of the prices fixed by the state for plants or business firms.

2. We should increase self-determination of prices among 132 enterprises that have taken up the pilot work of deepening price reform. Except for farming plastic sheet, agrochemicals, fertilizer, and Western medicine whose prices are under the control of central and provincial authorities, the trial prices of other commodities produced by the enterprises as well as of commodities under the management of the provincial authorities may be fixed by enterprises themselves, (which should be reported to the provincial price bureau or other departments responsible for prices for the record).

3. Enterprises turning out commodities and means of industrial production, which have been separated from the mandatory plan and in which quantity is fixed but prices are not, must formulate their own prices in line with different sale styles—enforcing producer prices between plants and business firms and sale prices between business firms and consumer households. Enterprises turning out commodities whose highest prices are fixed by the state must implement the restriction of highest producer and sale prices.

4. We should relax the price restriction on materials supplied for internal allocation of industrial enterprise groups.

5. We should relax the price restriction on export commodities. The prices of commodities that are allowed import and export rights can be fixed by enterprises themselves.

6. We should earnestly give more control over prices to enterprises. The right to fix the prices of commodities whose prices have been definitely relaxed by the governments at or above the county level should be actually handed over to enterprises. Hereafter, the temporary measures adopted by various localities for rate control over the commodities with relaxed prices and for enforcing the system of raising the price by reporting it to the higher authorities (not including the special provisions given by the departments concerned under the State Council and by the provincial people's government) should be approved by the provincial people's government.

7. We should enforce the policy of increasing the price of fine-quality products. Enterprises engaging in world standard production and that have won the qualification certificate from the state authentication and management organs may raise the price of their fine-quality products by 20 percent and of their first-class products by 10 percent within their authority of price management and based on the

existing producer prices. Those that are not in world standard production but have won quality prizes from the state, the ministries, and the provincial authorities may increase prices for their fine-quality products within the period of prize validity and the authority of their price management, such as raising the prices of their national gold prize products by 15 percent, their national silver prize products by 10 percent, and their ministry and province prize products by 5 percent.

8. We should relax the policy restriction on prices of new products and high-new technological products. The prices of products that have been listed in the plan for trial manufacture of new products may be fixed by enterprises themselves within the fixed and trial sale period, and those of high-new technological products turned out by the high-new technological development zone and approved by the provincial authorities may also be fixed by enterprises themselves.

Jiangsu Poised To Implement Market Policies

OW2504073692 Beijing XINHUA in English 0629 GMT 25 Apr 92

[Text] Nanjing, April 25 (XINHUA)—The Jiangsu provincial government recently announced that the province will implement a series of policies majoring in market regulation, development of export-oriented economy and high technologies in the 1990s.

The announcement noted that these policies were made to further promote the province's economic development, to make it faster than the national average level.

Governor Chen Huanyou said that Jiangsu Province boasts good conditions in terms of economic development, and it should run in the forefront of the country's economic construction. Through the expansion of market regulation and opening wider to the outside world, the annual economic increase rate is expected to surpass eight percent, a target set by the provincial government for the 1990s, in many places of the province, Chen added.

Since the beginning of the year, Jiangsu Province has carried out massive reforms in financial and circulation fields and inside enterprises. In the first three months, an average of 3.7 foreign-funded enterprises were approved every day.

As an economic giant of the country, the province's total industrial and agricultural output value has stood first in China in the past eight consecutive years.

Statistics show that during the period of 1981-1990, Jiangsu's gross domestic product, total provincial income, and export and import volume are 1.6, 2.1, 2.9 percentage points higher respectively than the national average level in the same period.

Economists pointed out that the rapid economic development of the province was due to its great efforts in pioneering economic reform and opening to the outside world in the early 1980s. The result has been that the province's economy is operated under the direction of markets.

At present, the province's industrial products under the state mandatory planning only account for 10 percent of the total in terms of output value. The figures for Suzhou and Wuxi only stood at five percent respectively. Meanwhile, the province has established more than 100 markets related to materials, funds, technology and personnel.

This year the province will extend much effort to the development of financial markets. Sales of bonds will increase by 50 percent over 1991 and the foreign exchange transaction market will also open public bidding.

In the meantime, the province will choose 20 state enterprises or enterprise groups to experiment with share-holding systems, which will be expanded to 120 enterprises in 1993.

As an effort of implementing reform in enterprises, contract responsibility systems, appointment of leaders in accordance with their capability and a floating salary system (under which workers' salaries will be increased or reduced according to their contributions to their enterprises) have been carried out in more than 1,000 enterprises. Since the beginning of 1992, Xuzhou city, a pilot in implementing these reforms, has recorded an increase of 15.3 percent over the corresponding period of 1991 in terms of post-taxation profits.

During the first quarter, the province approved 336 foreign-funded enterprises, 2.78 times the figure for the same period of last year. The more than 1,000 foreign-funded enterprises which have gone into production exported a total of 132 million U.S. dollar worth of their own products, increasing by twofold over 1991's first quarter.

To date, the province has established more than 2,500 foreign-funded enterprises, involving a total foreign investment of two billion U.S. dollars.

The Suzhou-Wuxi-Changzhou "torch belt," an experimental zone for transferring traditional industries with new and high technologies, has organized the implementation of 157 high-tech programs since its setting up in 1991. According to the province's overall plan, by 1995 some 40 to 50 percent of the total economic increase of the province will be realized by using science achievements.

Driven by the reform and opening of the outside world, the economic development in Jiangsu has marched forward by a large margin. Statistics show that the total industrial output of Suzhou and Wuxi have ranked fourth and fifth respectively in the country.

Analysts pointed out that Jiangsu's experience in reform, opening to the outside and economic development will have great significance to China's economic construction in the 1990s.

Jilin Reports Increase in Foreign Enterprises

SK0805001792 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 6 May 92

[Summary] By the end of this March, the number of foreign-funded enterprises throughout the province reached 308. The province established 121 foreign-funded enterprises in 1991, which equaled the total number established in the 10-year period before 1990. The province set up 53 foreign-funded enterprises in the first three months of this

year, which equaled half of 1991's total. The amount of investments directly made by foreign businessmen or firms in the period reached $290 million.

Dalian Development Zone Attracts Foreign Capital

SK1104044992 Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 9 Apr 92

[Text] Gratifying economic vigor and magnificent goals have attracted foreign traders to invest in the Dalian Development Zone. Last year, a number of corporations with large scale, high technology and high popularity, such as Toshiba, TDK, (Gomlong), Mitsui Shipbuilding, and Nanko in Japan and Deawoo in South Korea, started doing business in the zone. The project of the Japanese Industrial Complex covering an area of 2.17 square km, built with joint China-Japan investments, has already signed a contract. In addition, many Sino-foreign joint ventures and cooperative and foreign-funded enterprises already operating in the zone added their investment, which totaled $81.17 million. The (Jiamen)-(Dalin) Corporation solely funded by Japan added its investment on two occasions after its establishment in February last year, making the total investment rise from original 9 billion Japanese yen to 18.58 billion Japanese yen.

Since the beginning of this year, the development of Dalian Development Zone made great headway. The industrial output value generated in the first three months of this year was more than twice the figure of the same period last year. According to the analysis of authoritative sources, the rate of such development means the existing 342 enterprises in Dalian Development Zone may have their total industrial output value surpass 10 billion by 1995, equal to the total 1985 industrial output value of Dalian City, which has a construction history of 100 years.

At the moment, by constantly improving the investment environment and by adopting practical measures suitable for the guidelines of the central authorities on further emancipating the minds and opening even more boldly, Dalian Development Zone has changed the work style of standing by the door to wait for the guests and has strived to make itself more attractive to foreign capital so as to push the construction of various projects onto a new stage and make a new step in deepening reform and opening up in this new year.

FINANCE, BANKING

Increased Tax Revenues From Foreigners Explained

92CE0345A Beijing ZHONGGUO SHUIWU BAO in Chinese 2 Mar 92 p 1

[Article by reporter Zhao Lianzhi (6392 6647 1807): "We Owe Today's Success to Stable Policies—On the Huge Increase in Tax Revenues Generated by Foreign Concerns"]

[Text] In 1991, China took in 7.027 billion in tax revenues from foreign nationals, 42.9 percent more than the year before. This is an incredibly high rate of increase, but an increase of this magnitude in no way reflects any change in China's foreign-related policies or tax rates. On the contrary, it only demonstrates that China is upholding the general and specific policies of reform and opening up and proves that our foreign-related tax policies are permanent and the tax burdens are stable.

It is inevitable that China's tax revenues from foreign concerns would increase significantly in recent years.

One, China's foreign-related tax policies are permanent and stable.

Since China promulgated and put into effect the "Sino-Foreign Joint Venture Law," more and more foreign businessmen have come to China to negotiate joint venture businesses, making it a pressing matter to formulate and promulgate a Sino-foreign joint venture income tax law. On 10 September 1980, the Third Session of the Fifth National People's Congress ratified the "PRC's Sino-Foreign Joint Venture Income Tax Law." In order to attract more foreign capital, accelerate the development of Sino-foreign economic cooperations and technological exchange, and develop China's economy, on 13 December 1981, at the Fourth Session of the Fifth National People's Congress, the "PRC's Foreign-Owned Enterprise Income Tax Law" was ratified. The former took effect on 10 September 1980 and the latter on 1 January 1982. These two major tax laws have a very positive effect on enforcing the general policy of reform and opening up, attracting foreign capital, and promoting foreign economic and technological cooperations and exchange. After more than 10 years of actual practice, the time has come for us to formulate a set of unified foreign-related income tax laws which protects our national interests, facilitates our opening up to the outside world, and respects international tax practices. On 9 April 1991, the Fourth Session of the Seventh People's Congress debated and ratified the "PRC's Foreign-Funded Enterprise and Foreign-Owned Enterprise Income Tax Law" which took effect on the day of its promulgation. The new tax law is absolutely not a simple combination of the two previous sets of laws; rather, by summing up earlier experiences, we have further improved the foreign-related tax law. It is also a practical and effective way to use taxation to improve the investment environment for foreign investors. It unifies the tax rates, preferential tax treatment, and tax administration—the "three unifications." Overall, it adheres to the principle of not increasing the tax burdens and not reducing the tax breaks, and that is why foreign businesses generally support the measure.

Two, the stable preferential tax policy means foreign businesses have just begun to invest in China. The foreign-related economy will develop at record speed, and the tax base will expand.

The following sets of figures speak loudly on the matter:

In 1981, foreign-owned enterprises numbered only in the hundreds.

At the end of 1990, nationwide, 29,052 foreign-invested enterprises [FIEs] had been approved; 14,447 of those were already in business.

At the end of 1991, nationwide, 34,008 FIEs had been approved; 20,732 of those were in business, investing a total of $17.63 billion. This growth rate is most heartening.

Three, the terms of most preferential tax provisions have expired, and so we welcome the golden age of foreign-related taxation—harvest time.

Two foreign-related tax laws were debated and ratified in 1980 and 1981. The former stipulates that Sino-foreign joint ventures in business for more than 10 years are entitled to "one exemption and two reductions." In addition, agricultural and forestry joint ventures that conform to the state's industrial policies are entitled to 15-30 percent tax reduction in the first 10 years. The latter law stipulates that foreign-owned enterprises in agriculture, forestry, animal husbandry and other low-profit industries are entitled to "one exemption and two reductions," and for a period of 10 years after the fourth year of operation, upon approval, they are also entitled to 15-30 percent tax reduction.

Ten years have gone by, and many of the favorable terms extended to Sino-foreign joint ventures and foreign enterprises have expired. China's golden age of foreign-related tax collection has arrived. This is inevitable in view of China's foreign-related tax policies.

Four, an important factor is that all local tax collection and administration organs are doing a better job collecting and managing taxes and are enforcing tax laws and adopting strong and effective measures to crack down on tax evasion and stop the "escape, evaporation, trickling, and leaking" [of tax revenues], and are collecting every cent that should be collected.

For more than a decade, local foreign-related tax collection departments, especially those in the coastal regions, had to start from nothing and learn from scratch, but they have gradually developed a set of measures appropriate for this country to collect and administer taxes and fight tax evasion, and they have proved very effective. They labored arduously and worked relentlessly to gather wealth for the nation and protect the country's legal rights and privileges; they have earned the respect and admiration of the people.

In short, China's foreign-related tax policy has not changed. Those who want to come to China to invest can rest assured.

Shanghai Stock Exchange 'Bullish' in Past Months

OW1505095892 Beijing XINHUA in English 0924 GMT 15 May 92

[Text] Shanghai, May 15 (XINHUA)—The bullish atmosphere in the Shanghai Stock Exchange has kept mounting strength in the first four months of this year, with the record daily turnover of stocks set in April.

According to statistics from the Shanghai Stock Exchange, one of the country's only two stock exchanges in East China's Shanghai City, the total turnover at the exchange during January through April stood at nine billion yuan, equaling the figure for the whole year of 1991.

Turnover has kept rising at the stock exchange through the full four months. As of April the total turnover reached 3.5 billion yuan, almost equaling the total figure for 1989 and 1990.

Shares called the tune in the intensive trading at the stock exchange in April. Some 1.6 billion yuan worth of shares changed hands last month, accounting for 45 percent of the total turnover.

Daily turnover of shares set a record during the month with over 70 million yuan worth of shares changing hands a day.

A turning point for B-shares emerged in late April. B-shares are a kind of special share accounted in Chinese Renminbi currency, but sold in foreign currency to overseas investors.

The B-shares of the Shanghai Vacuum Electron Device Company Ltd. rallied forcefully in late April. After days of intensive trading more than 100,000 shares changed hands and the price of the B-shares bounced back to 80 U.S. dollars from 71.5 U.S. dollars.

The turnover of B-shares in April exceeded 15 million U.S. dollars, nearly doubling the figure for March and boosting the total turnover of B-shares in the past four months over 30 million U.S. dollars.

The trading of treasury bonds accounted for 54 percent of the total securities turnover at the stock exchange in the past four months, with 1.9 billion yuan worth of bonds changing hands. In contrast, the trade of financial bonds and enterprise bonds fell remarkably to merely 0.81 percent of the total turnover in the same period.

Experts said that the rally at the stock exchange was fueled by the relaxation of government control over the fluctuation of certain kinds of shares listed at the stock exchange.

The authorities in charge eliminated the control of prices of two shares at the stock exchange in February. Later in April, the fluctuation limits of another three shares were enlarged from one percent to five percent. At the same time, the limitation of share turnover was also eliminated.

As a result, share prices at the stock exchange immediately began to slip with short intervals of bouncing back.

Experts viewed this as normal because supply and demand began to affect the stock market and many people began to see their wrong concept of stocks, realizing that there are risks in share trading.

So far the stock exchange has listed 54 kinds of equities, including 39 kinds of bonds and 15 shares.

As the stock market showed bright prospects, a "stock fever" swept Shanghai. Information about the stock exchange was carried through all channels of the media, and lectures and books about stock markets have become hot cakes in the city.

So far the stock exchange has admitted 29 members from eight municipalities and provinces in the country. It will adopt an additional 15 members from another five municipalities and provinces this year.

The 108 brokers' booths at the stock exchange and more than 50 stock counters attached to the stock exchange in the municipality registered a total turnover of securities of 12 billion yuan last year, accounting for half of the trade volume of the country's security market.

Annual turnover at the stock exchange is expected to reach 24 billion yuan this year, doubling the figure for last year.

The stock exchange will admit a series of new stocks to be traded in late May.

On May 12, a total of 500 million yuan of bonds for construction of the Pudong new area in the city was put into trade on the stock exchange. The largest experimental share holding company in the country, the Shanghai Chloric Soda Plant, will list on the stock exchange soon. The company will put on sale at the stock market 240 million yuan of B-shares for foreign investors and 80 million yuan of ordinary shares.

Shenyang Opens Securities Exchange

OW2904082992 Beijing XINHUA in English 0725 GMT 29 Apr 92

[Text] Shenyang, April 29 (XINHUA)—The Shenyang Securities Exchange Center opened for business Tuesday.

The center, the third of its kind in China after the Shenzhen and Shanghai securities exchanges, is co-sponsored by the Liaoning Province and Shenyang City branches of the People's Bank of China. The center implements a membership system. It now owns 22 members from Liaoning provincial financial departments.

The center will mainly engage in transacting and issuing valuable securities and managing the buying and selling of securities in circulation.

Shenyang, the capital city of northeast China's Liaoning Province, is one of the cities in China to try out financial reform. In 1985, the city took the lead in the country to issue securities publicly and opened the first securities exchange market in China.

Statistics show that the city had issued total of 6.1 billion yuan worth of various commercial papers in seven categories and 80 kinds by the end of last year. The city' s security transaction volume totalled three billion yuan during the period.

SMALL-SCALE ENTERPRISES

Anhui Accelerates Development of Rural Enterprises

OW2804105092 Beijing XINHUA in English 1032 GMT 28 Apr 92

[Text] Hefei, April 28 (XINHUA)—The gross output value of rural enterprises in east China's Anhui Province reached about 9.1 billion yuan in the first quarter of this year, a 41 percent increase over the same period of 1991.

In order to quicken its steps in the development of rural enterprises, the provincial authorities have adopted new measures including to promote development of rural enterprises with support from cities and to integrate cities with rural areas.

Last year, the province suffered from serious floods and heavy economic losses, but the local authorities have persevered both in rebuilding their homeland and restoring and developing economic construction. They also put emphasis on the development of rural enterprises.

To promote the development of rural enterprises, the province first paid more attention to bringing into full play state and provincial enterprises, research institutions, high colleges and other units.

Statistics show that in recent years, large- and medium-sized enterprises in Hefei City, capital of the province, have helped 90 rural enterprises build and extend their enterprises and raise their productive level, and also helped them produce products according to market demand.

For example, with the help of the Hefei vehicle factory, which has 1,000 employees with an annual output value of 100 million yuan, the output value of the Changlin machinery plant in Changlin Township has been increased to 11 million yuan from 7 million yuan in the past.

Also with the help of the factory, the output value in the Changlin general machinery plant last year was increased to 12 million yuan from 5.7 million yuan.

In the meantime, research institutions and universities and colleges also gave more support to develop rural enterprises with science and technology.

Hefei Polytechnical University has helped Fuxing Township in Feidong County to set up a vacuum film-plating factory. At present, the output value and taxes of the factory respectively reached 3 million yuan and 700,000 yuan, and its products have sold well in Beijing, Shanghai, Wuhan, Jiangxi, Henan and other cities and provinces in China.

Last year, local banks loaned an additional one billion yuan to support rural enterprises.

According to statistics, their total output value reached 36.89 billion yuan last year, although they met with serious floods. The figure was a 17.3 percent increase over 1990.

In the first quarter of this year, the output value of the rural enterprises in Hefei, Tongling, Anqing, and Bengbu increased by 50 percent over the same period of 1991.

CONSTRUCTION

Shanghai Plans To Construct More Residential Areas

OW1804105292 Beijing XINHUA in English 0720 GMT 18 Apr 92

[Text] Shanghai, April 18 (XINHUA)—Shanghai, the biggest industrial city in China, is planning to construct more residential areas for urban residents this year.

This year, the city will build 5 million square meters of living space and 300,000 square meters of public buildings

along 15 streets, according to a recent meeting on housing construction of the Shanghai Municipality.

Housing construction has been a main task of Shanghai, a densely-populated city of the country, in recent years.

Last year, the city injected 3.2 billion yuan (about 640 million U.S. dollars) of funds to complete 4.685 million square meters of living space in 19 streets of the urban areas.

The city will make efforts to attract both home and overseas funds to rebuild and upgrade buildings in 64 old streets and districts. It plans to complete the reconstruction of all the old and simple-structured houses by 2000.

It will mobilize funds from the state, collectives and individuals in housing construction.

The city government will invest 250 million yuan (50 million U.S. dollars) of loans and offer 300,000 square meters of apartments to over 20,000 households to improve their living conditions this year.

Jinan City Issues Housing Reform Plan

SK1204000092 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 8 Apr 92

[Text] A few days ago, Jinan City issued an urban housing system reform plan which will be implemented on 1 July this year.

The housing reform plan issued by Jinan City is to uphold the principle of pooling the housing funds from the state, collectives, and individuals. It is based on the housing system of low rent and unpaid distribution of houses and on the premise of maintaining the existing channels of collecting housing funds, gradually increasing the proportion of housing investment of the individuals, changing the old method of making the state and the collectives assume full responsibility for the funds, forming a well-rounded cycle of raising housing rent, promoting the sales of houses, and withdrawing funds to accelerate housing construction.

The specific content of Jinan City's housing reform plan includes the following aspects of work:

1. Raise the rent of public houses in three steps. During the first step, 0.35 yuan should be paid for the use of every square meter of living space; 0.51 yuan should be paid during the second step, and 1.02 yuan should be paid during the third step. During the first step, the housing allowance will be determined by using the standard wages of workers of 1990 as the base figure, and a housing allowance of 2 percent of the standard wages of workers will be given; during the second step, an allowance of 4 percent of the standard wages of workers will be given; and during the third step, an allowance of 8 percent of the standard wages of workers will be given. The sources of funds for subsidizing the housing construction will come from the original housing allowances of enterprise units, the housing depreciation funds, and funds for renovating. The shortage will be added to the cost of houses. Enterprise units with no houses under their management may add all the funds to the cost of houses.

2. Popularize the accumulation fund system. The workers themselves and the units to which they belong should keep a monthly saving of 4 percent of the standard wages of workers. Both savings will be given to the individuals who buy the houses. The accounts of the savings of accumulation funds will be calculated every 10 years. The first-year capital and interest may be drawn by workers in the 11th year. At the same time, they must pay new accumulation funds on a monthly basis.
3. In housing allocation, workers must buy housing construction bonds. In the allocation of new houses, workers must buy the Jinan City housing construction bonds before they have the right to use the houses. The base figure of housing bonds will be 20 to 35 yuan for per square meter of floor space according to the housing conditions.
4. Sell public houses. In the future, all units must sell their new residential houses first and then rent the remaining houses. During the first two years of implementing the housing reform system, these houses may be sold to workers according to the costruction cost of the houses. In 1992 the cost of per square meter of floor space of the houses must not be lower than 250 yuan, and a discount based on the original construction cost will be given to those who buy old houses. Those who pay their housing sum at one time will enjoy a 20 percent discount; and those who have difficulty paying the sum all at one time may pay 30 percent of the sum the first time and the remainder in installments within 10 years. However, they must pay an interest according to the current deposit of bank.
5. Jointly collect funds for building houses to solve the people's housing problems.

Shenzhen To Restructure Real Estate Industry

OW1505142392 Beijing XINHUA in English 1327 GMT 15 May 92

[Text] Shenzhen, May 15 (XINHUA)—The Shenzhen Municipal Bureau of State Land and Planning recently decided to restructure the city's real estate industry by the end of this year.

The goal of the restructuring program is to examine and eliminate poorly managed real estate and housing companies which fail to follow standard market practices.

According to the bureau, all managers, vice managers and section directors involved in the real estate industry will be required to participate in professional qualification examinations.

Companies whose managers and directors failed to pass the certification examinations will be forced to suspend operations.

The bureau also plans to promote the sale of housing, and formulate new measures regarding the management of such sales.

The bureau has drafted a number of regulations which are pending examination and approval.

The regulations cover activities related to the registration of real estate, leasing services and the transfer of property.

POPULATION

Demographic Data on Ningxia

92CE0410A Yinchuan NINGXIA RIBAO in Chinese 22 Mar 92 p 4

[Report by the Statistics Bureau of Ningxia Hui Autonomous Region: "Main Statistical Findings Based on Tabulation of 1990 Population Census"]

[Text] The statistical tabulation of the fourth national population census for our region was satisfactorily completed with the joint efforts of the census offices of various cities and counties, the tabulation station of Yinchuan City's Census Bureau and the tabulation center of the Autonomous Region's Census Bureau. The main statistical findings are published below:

1. In terms of employment [1] among people age 15 and over in the region, 2,408,769 were employed, of whom 1,291,992 were males, and 1,116,777 female. The employed accounted for 78.09 percent of the population age 15 and above. Among the 676,017 unemployed people, 293,014 were male, and 383,003 female. The unemployed accounted for 21.91 percent of the population age 15 and above.

Compared to the 1982 census statistics, the number of people employed increased by 588,439, down 1.45 percentage point; the number of people unemployed increased by 207,910, up 1.45 percentage points.

2. In terms of dividing the employed by industry [2], 1,746,058 were employed in primary industry, or 72.49 percent of the total; 338,809 in secondary industry, or 14.06 percent; 323,902 in tertiary industry, or 13.45 percent.

Compared to 1982 census statistics, in the course of eight years, people employed in primary industry increased by 385,101, down 2.27 percentage points; secondary industry increased by 87,576, up 0.26 percentage points; and tertiary industry increased by 115,762, up 2.02 percentage points.

3. In terms of trades among those employed, 1,746,058 people or 72.49 percent of the total were engaged in agriculture, forestry, animal husbandry, fishery and water conservancy; 289,614 or 12.02 percent in industry; 11,864 or 0.49 percent in geological survey and exploration; 49,195 or 2.04 percent in construction; 36,873 or 1.53 percent in transportation, transport, postal, telephone and telegraphic services; 79,599 or 3.30 percent in commerce, food services, retail, merchandising and warehousing; 22,344 or 0.93 percent in housing management, public, community and informational services; 20,992 or 0.87 percent in health, physical education and social welfare services; 72,095 or 2.99 percent in education, culture, art, radio and TV broadcasting; 6,933 or 0.29 percent in scientific research and consolidated technological services; 11,428 or 0.47 percent in finance and insurance; 61,750 or 2.56 percent in government, party and social organizational jobs; and 24 in other occupations.

Compared to the 1982 census statistics, 385,101 more people were engaged in agriculture, forestry, animal husbandry, fishery and water conservancy, down 2.27 percentage points; 85,246 more people in industrial production jobs, up 0.79 percentage points; 865 fewer people in geological survey and exploration, down 0.21 percentage points; 2,330 more people in construction jobs, down 0.53 percentage points; 5,385 more people in transportation, transport, postal, telephone and telegraphic services, down 0.20 percentage points; 34,735 more people in commerce, food services, retail, merchandising and warehousing, up 0.84 percentage points; 15,476 more people in housing management, public, community and informational services, up 0.55 percentage points; 4,784 more people in health, physical education and social welfare services, down 0.02 percentage points; 22,929 more people in education, culture, art, radio and TV broadcasting, up 0.29 percentage points; 1,558 more people in scientific research and consolidated technological services, up 0.01 percentage points; 6,445 more people in finance and insurance, up 0.2 percentage points; 28,760 more people in government, party and social organizational jobs, up 0.75 percentage points; and 3,445 fewer people in all other occupations, down 0.19 percentage points.

4. In terms of occupation, 162,122 or 6.73 percent were technical and specialist personnel; 49,032 or 2.04 percent were responsible personnel in government and party organizations and enterprise work units; 47,930 or 1.99 percent were staff and related personnel; 58,499 or 2.43 percent were commercial workers; 62,394 or 2.59 percent were service personnel; 1,712,153 or 71.08 percent were workers in agriculture, forestry, animal husbandry and fishery; 314,929 or 13.07 percent were production and transportation workers and related fields; 1,710 or 0.07 percent worked in other areas.

Compared to the 1982 census statistics, various specialists and technicians increased by 52,498, up 0.71 percentage points responsible personnel in government and party organizations and enterprise work units increased by 18,483, up 0.36 percentage points; staff and related personnel increased by 17,546, up 0.32 percentage points; commercial workers increased by 33,167, up 1.04 percentage points; service workers increased by 21,860, up 0.36 percentage points; agriculture, forestry, animal husbandry and fishery workers increased by 382,432, down 1.97 percentage points; production and transportation workers increased by 62,214, down 0.81 percentage points; and other workers increased by 239, down 0.01 percentage points.

5. Among the unemployed in the region, 255,787 or 37.84 percent were students; 200,246 or 29.62 percent were household workers; 19,662 or 2.91 percent were students waiting to enroll in the next level of schooling; 24,880 or 5.16 percent were waiting for job placement in cities and towns; 64,754 or 9.58 percent were retirees, and those who resigned or who were discharged from their jobs; 85,388 or 12.63 percent were disabled or handicapped; and 15,300 others or 2.26 percent of the total were unemployed.

Compared to the 1982 census statistics, the number of students increased by 131,808, up 11.35 percentage points;

household workers decreased by 11,582, down 15.63 percentage points; students waiting to enroll in the next level of schooling increased by 5,756, down 0.06 percentage points; those waiting for job placement in cities and towns increased by 22,615, up 2.54 percentage points; retirees and those who resigned or who were discharged from their jobs increased by 28,085, up 3.88 percentage points; and the disabled, handicapped or unclassified unemployed workers increased by 21,2128, down 2.08 percentage points.

6. As for marital status among those age 15 and above in the region, 836,385 or 27.11 percent were single; 2,104,461 or 68.22 percent were married; 128,323 or 4.16 percent were widowed; 15,617 or 0.51 percent were divorced.

Compared to 1982 census statistics, the number of single people increased by 190,000, down 1.14 percentage points; those married increased by 585,976, up 1.87 percentage points; those widowed increased by 15,296, down 0.78 percentage points; and those divorced increased by 5,077, up 0.05 percentage points.

7. In terms of child birth, the overall birth rate [3] for the region in 1989 was 2.61, a drop of 1.45 compared to the 4.06 rate in 1981.

In 1989, among all females giving birth in the region, 46,071 or 40.08 percent gave birth to their first child, 34,467 or 29.99 percent to their second child, 18,979 or 16.51 percent to their third child, and 15,429 or 13.42 percent to their fourth or more. Compared to 1981, the number of females giving birth to their first child increased by 11,769, up 9.18 percentage points; to their second child increased by 11,696, up 9.47 percentage points; to their third child increased by 4,502, up 3.47 percentage points; and to their fourth or more decreased by 24,015, down 22.12 percentage points.

In 1989, among females of child-bearing age in the region, the peak child-bearing age was 23, and the birth rate 293.88 per thousand. Compared to 1981, the peak age was two years younger, and the peak birth rate down by 56.32 per thousand.

8. Population Movement. In the five years from 1 July 1985 to 30 June 1990, 214,749 people changed residences across county and city lines [4], accounting for 4.61 percent of the region's total population. Among them, those moving from cities and counties intra-regionally numbered 122,752 people, or 57.16 percent of this category; those moving into the region from other provinces, cities and regions numbered 91,912 people, or 42.80 percent; and those moving into the region from points outside of China's mainland numbered 85, or 0.04 percent.

Footnotes:

1. The employed are defined as those who had permanent or regular work as of 1 July 1990, or those without permanent work, but had temporary work as of 30 June, or have engaged in social labor totalling 16 or more days in June for which they received income or were compensated for their labor. The unemployed refer to students, household workers, students waiting to enroll in school, those waiting for job placement in cities or towns, retirees, those who resigned or were discharged from work, and those unable to work due to disability or handicap.

2. Primary industry refers to agriculture, forestry, animal husbandry and fishery; secondary industry refers to industry and construction; tertiary industry refers to geological survey and exploration; transportation; postal service and communications; commerce; food services; material supply and warehousing; housing management; public services; community and informational services; health, physical education and social welfare activities; education, culture, art, radio and TV broadcasting; scientific research and consolidated technological services; finances and insurance; government, party organization and social organizations.

3. Refers to the average birth rate in any given year among child-bearing females of different ages, reflecting the average number of children born to each female in the course of her child-bearing years.

4. Refers to those who have completed the required procedures to move their households from the county or city, those who were found to have relocated in a locality, and those who left their previous residences for one year or more without completing the required procedures to move residences.

TRANSPORTATION

Harbin-Hong Kong Air Route To Open 27 May

SK0805151192 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 7 May 92

[Text] Station Reporter (Wang Haiyan) was told at the news briefing sponsored by the Harbin City government on 7 May that regularly scheduled flights between Harbin and Hong Kong begin soon. The maiden flight is scheduled for 27 May.

The plane flying charters between Harbin and Hong Kong will be used during the Harbin Ice and Snow Festivals. Starting 27 May the plane will make the round trips every Wednesday. It takes only four hours to fly from Harbin to Hong Kong.

According to statistics, of the total foreign trade volume of Harbin City, 50 percent were from the entrepot trade from Hong Kong and Macao. The opening of the air route between Harbin and Hong Kong is a key to opening Harbin to all directions. This air route links the existing regional air routes with international air routes, links China with some other Asian countries, and is a passage to Europe. With the service of this air route, increasingly more compatriots from Hong Kong, Macao, and Taiwan as well as foreign traders will visit Harbin for economic and trade talks and investment. Thus, the opening of the air route will promote the vitality of Harbin and make Heilongjiang flourish.

Harbin is the 21st city in China to open an air route to Hong Kong. The airplanes flying between Harbin and Hong Kong will be provided by the Harbin Tourist and International Airlines.

Foreign Ship Registry Branches Allowed To Open

OW0805093292 Beijing XINHUA in English 0827 GMT 8 May 92

[Text] Beijing, May 8 (XINHUA)—A new Ministry of Communications Regulation, the first of its kind in China, allows foreign ship registry organizations to open representative offices in China.

The regulation, which took effect on April 15, allows foreign ship registry organizations to apply to the Registry of Shipping of the People's Republic of China (RSPRC) to open representative offices.

According to the circular, representative offices can be approved for as long as three years, with the option of of a three year extension.

Zhang Zhaoqing, an RSPRC official, said that, since the acceleration of reform and opening to the outside world, China's shipbuilding industry has received more orders for ships from foreign companies and a greater number of foreign ships are plying Chinese waterways.

Zhang said that, in 1991 alone, more than 40,000 foreign ships entered China's harbors, and over 1,700 ships were registered by the RSPRC.

The China State Shipbuilding Corporation, the country's largest shipbuilder, accounts for over one-half of China's total annual ship production. In 1991, the corporation exported ships with a total tonnage of some 360,000 deadweight tons (DWT), and the proportion of exported ships in its entire ship output has risen significantly from only 15 percent in 1982 to an expected 50 percent in 1992. According to Zhang, during the first five months of 1992, the corporation received orders for new ships with a record high 800,000 DWT.

Zhang said the new regulation will help to promote the activities of foreign ship registry organizations in China, and will enable China's shipbuilders to better compete in the international market.

AGRICULTURE

Developing China's Grain Futures Market

92CE0365A Beijing JINGJI CANKAO BAO in Chinese 3 Mar 92 p 4

[Text] In the course of China's economic reforms, the development of a futures market is an important goal in the reform and revitalization of the economic system. Studying the development and economic function of the U.S. futures market can provide experiences to draw on and essential knowledge for the development of China's futures market.

Economic Functions of the Grain Futures Market

The main effects and functions of the futures market are generally believed to be price determination and risk avoidance. In terms of the price determination function, futures trading has a unique and irreplaceable function. For successful futures trading, business people must forecast pricing trends as accurately as possible. Therefore, all kinds of factors that affect the relationship between futures supply and demand are widely recognized, and are thus immediately reflected in increases or decreases in futures prices. This kind of continually fluctuating price trend can manifest itself at a future time as the real price level, and thus effectively assist producers and grain processors in determining their production and management policies. In terms of the risk avoidance function, the futures market has another unique and irreplaceable function. From the history of the futures market it can be seen that the real foundation of the futures market is the need to hedge to maintain value. Futures trading concentrates the price risks of producers and marketers, and thereby disperses the risks widely among people and companies who voluntarily assume risks to seek profit. This kind of risk transfer is one type of positive contribution toward stable development of the economy.

The futures market can not only help independent producers and marketers avoid risks through futures buying, but can help reduce the level of risk—price fluctuation—in the entire society's overall economic activity. This type of effective influence on price fluctuation is, in short, due to two reasons: First, futures pricing has improved price information on the spot market, and people can use futures trading to determine the real price. Second, people use all accurate pricing information they acquire to improve policies on reserves and production. Research has shown that in terms of commodities in futures trading, temporary supply surpluses can be absorbed by reserve expansion. When commodities that are not traded as futures have temporary supply surpluses, they can only be absorbed within large-scale pricing activity.

Based on China's current economic situation, it is necessary and possible to develop basic futures trading. In fact, in the process of developing China's futures market, relatively safe steps have been taken. The first step has been to establish a central exchange for members, for the necessary consolidation of futures trading, and to familiarize participants with regulated trading. The second step is to transform this central exchange into a futures exchange. Since October 1990, Zhengzhou's wholesale grain market has demonstrated its vitality, and as a central exchange, has successfully conducted a certain volume of spot trading, and moreover has developed a set of nonstandardized long-term contracts. On this foundation, a combined spot and futures exchange should be developed in the future. This exchange's spot branch should be continuously developed and expanded. At the same time, this exchange's futures branch should energetically develop long-term contract trading and transfers, the basic ability to transfer risks, and the functions and mechanisms for providing hedges to maintain value. Achieving such goals means establishing the initial futures market, which will have a positive effect on the stable development of agriculture, and in particular will strengthen risk management ability among farmers, grain production, transportation, and the processing industry, and will provide them with more options.

Steps and Recommendations for Developing a Grain Futures Market

1. Energetically develop all types of long-term contracts.

It can be seen from the history of the Chicago Futures Market that for a spot market to move toward a futures market, it is essential to pass the middle stage and bridge of long-term contracts. In fact, any long-term contract has the potential for price determination and risk transfer. The actual development of long-term contracts will lead to an increase in stability. In the initial phase of developing a futures market, long-term contracts should be flexible and varied, and should be adapted as much as possible to the needs of different users.

2. Design standardized contracts, and develop contract transfers.

In the course of developing a futures market, one major change is the standardization of contracts, and the standardization of contracts is essentially the simplification of trade. This kind of designed standardized contract can coexist with large numbers of nonstandardized contracts. The exchange should plan and establish specialized committees or small groups on contracts. The designing of contracts should begin with the needs of the traders, and tradeable varieties should be determined based on the actual trade carried out by traders, then relevant research on contract design, market analysis, and all kinds of promotional work should be carried out.

3. Perfect the earnest money system, and develop special accounting mechanisms.

In the course of progressively increasing long-term contracts, the earnest money system presently in effect should be reformed. The first step is to implement "revolving accounting" or other accounting methods to go along with the transfer of contracts. The main goal is to strive as much as possible to settle the financial responsibilities of both sides after each trade. After a large number of trade contracts emerge in the future, daily account-settling measures should be gradually adopted. At present, in actual long-term trade contracts, market and national subsidy measures have been adopted to address the losses caused by price fluctuations. These kinds of measures should be gradually eliminated, because market risks can only be resolved through risk transfer mechanisms.

4. Establish an assigned warehouse system, and ensure completion of commodity transactions.

In the course of developing a futures market, completing commodity transactions is a necessary link. Based on the experiences of the Chicago Futures Exchange, it is necessary to select a group of warehouses as transaction sites based on the volume of futures transactions. The selection of warehouses must be based on bids. Warehouses that want to be designated by the futures market must apply every year, have the appropriate facilities, assume a certain amount of responsibility, and must undergo relevant management department approval.

Warehouses designated by the exchange have the authority to issue commodity vouchers. This kind of voucher can be bought and sold, and can also be considered proof of possession of real goods, in lieu of a completed commodity transaction. Under certain conditions, this type of approach reduces roundabout transportation and increases trade efficiency.

5. Establish special market development and education departments.

The success or failure of a futures exchange depends to a large degree on the use of the exchange by producers, circulating enterprises and even speculators, and this in turn depends on how well people understand the exchange. The staff who take on this work must foster a certain mentality, must not view the exchange as a government department, and must promote the exchange and its approach and operational standards to the society as if these were products, thus progressively increasing the volume of business at the exchange.

6. Collect and disseminate trade information.

The volume of trade and the prices on the exchange are extremely important economic information, and disseminating this information to the society at large is the job and responsibility of the exchange. The exchange should establish special mechanisms for collecting information, and through many different approaches, disseminate it as quickly as possible to society at large, which will have a beneficial effect on the entire economy.

7. Help farmers use the futures exchange.

The beneficiaries of futures trading should mainly be farmers. Even though the majority of China's farmers will not be able to participate directly or deal in futures, the guiding function of futures pricing information in agriculture is primarily realized through farmers' production policies. All kinds of publications and news media and all types of intermediary organizations should be used to spread information on futures pricing to farmers in a timely fashion, so that producers can understand futures pricing information before making policies, and to help them formulate correct policies. As for farmers who have planted relatively large amounts of grain or raise large amounts of livestock, the state should encourage them to use futures directly to practice hedging to maintain value. Various study groups should be held to help them acquire the necessary knowledge.

8. Legal speculation should be permitted.

The dynamism of the futures market depends to a large degree on the involvement of speculators. The main function of these speculators is creating fluidity for the market, which makes contract business extremely convenient, increases the appeal of futures trading, and diminishes the price risks created by the inability to dispose of contracts for long periods. In China's futures exchange, companies and individuals who are not on-site should now be permitted to go through member companies' agents to trade in contracts, which will increase the market's ability to disperse risks and the market's appeal. Under necessary regulations and management methods that have been adopted, the involvement of this kind of speculative trading is beneficial, not harmful, for the development of the market.

9. Speed up futures legislation and establish management regulations.

Because futures trading is a risky profession, legislation must prevent various harmful trade activities that may arise. In the next three years, a set of futures trading management regulations should be established first, then on the basis of trial and revision, a "futures trading law" should be enacted. In the futures market, various self-managing trade regulations from the members' organizations should be enacted, and special inspection, investigation and audit organizations should be established, and be responsible for carrying out special oversight of the members' trading activities and financial situations.

10. Speed up training of personnel, and further develop relations with overseas exchanges.

The carrying out of futures trading in China depends to a large degree on whether or not there is suitable personnel. At present, China has a serious shortage of personnel familiar with futures trading. As a result, speeding up training of personnel is an important task. It is recommended that the Ministry of Commerce's China Grain Company or other concerned departments study the methods of Canada's national wheat bureau, buy a seat at the Chicago exchange as an official member, take increasing initiative in international futures trading, and use the two markets inside and outside the country more effectively to improve China's grain import and export trade.

Vice Minister on Developing Rural Economy

92CE0370B Beijing JINGJI RIBAO in Chinese 1 Mar 92 p 1

[Article by Yan Kalin (7051 0595 2651): "China's Rural Economy Enters New Stage; Interview With Deputy Agriculture Minister Ma Zhongchen"]

[Text] The cry to quicken the pace and readjust the planting industry mix has been loud in some areas recently because grain sectors still find it particularly difficult to sell, store, and readjust agricultural products. Because of this, those in economic circles worry that the difficulty in selling agricultural products will affect the peasants' enthusiasm to produce. They also are concerned that overly high estimates of farming production capacity may bring on a drop in production. In the end, how should we regard the present agricultural product supply and demand situation plus the new situation and issues in the planting industry? On 27 February I interviewed deputy minister of the Ministry of Agriculture, Ma Zhongchen [7456 1813 5256].

In recent years there really have been new changes in the supply and demand situation for agricultural products. Deputy Minister Ma Zhongchen said in a very serious manner that the situation for China's agricultural products has changed from all-around shortages in the past to relative relaxation. Agriculture had a bumper harvest in 1990. In 1991 although we fought disaster to attain bumper harvests, the market still was weak overall. Sales definitely were difficult, whether of liberalized products or plan purchases. This directly affected the more lax economic benefits for agricultural products. Moreover, the closer the relationship of the staple products to the national economy and the people's livelihood, the more lax the increase of benefits. Both the enthusiasm of peasants and the stability of major producing regions were certainly affected. These are new issues raised in the course of reform. They require a fully objective and comprehensive analysis.

Ma Zhongchen continued: Another profound change in China's rural economy is that the commodity rate of agricultural products presently is more than 60 percent. This indicates that agriculture in its entirety has gradually overcome the traditional state of semi self-sufficiency and entered the new stage of a commodity economy. In the past, the peasants often only concerned themselves with production. The greater the harvest, the happier they were. Now they have discovered that sometimes their produce cannot be sold. Nine hundred million peasants have unconsciously entered the new world of the commodity economy.

The development of a commodity economy naturally means restrictions on alterations to supply and demand relations. In particular it requires that the agricultural product supply and demand situation be taken in hand. Ma Zhongchen believes that considered from the long range, China's current levels of per capita agricultural product distribution still are low. However, realistically, supply and demand of major agricultural products are relatively balanced. Some products are even hard to sell and overstocked. This situation is the result of various factors together. With regard to the supply side, more than a decade of rural reform has effectively and stably pushed China's total agricultural productive capacity to a new height. Various agricultural products gradually have become plentiful. With regard to the demand side, as urban and rural residents get further beyond dressing warmly and eating their fill, there is a clear change in consumption of agricultural products: their additional puchasing power is not used mainly to consume more in volume. Rather, it is used to consume better quality items.

The present issue is that readjustment of the agricultural product supply mix lags behind changes in demand. Ma Zhongchen further analyzed the situation, saying that we must have a comprehensive understanding of China's present agricultural product supply and demand situation. Noting that some items are hard to sell, we cannot conclude that everything is plentiful and be blindly optimistic. There is a definite gap between the supply and demand of agricultural products. Imports of some items should be reduced but we have failed to do so. Another issue is lax agricultural product circulation. At the same time, the varieties and types of some agricultural products are irrational. Quality is poor. They are unsuited to market demands. These are important reasons why it is hard to sell many agricultural products.

He continued, at the stage of dressing warmly and eating one's fill, consumer behavior is that of "a hungry man is not choosy about his food." Therefore, in the past China's agriculture gave high regard to technology for improving output volumes and not enough regard to technology concerning benefits. As one enters the stage of being comfortably well off and working hard, consumers always try their

best to select better quality food after purchasing power rises. This means an ever greater gap between variety and quality within the purchasing and sales of agricultural products: Increases in commodity rice supplies mainly are of long-grain nonglutinous rice while consumption increases mainly are of top quality rice. In this way, a considerable portion of new increases in commodity rice naturally are overstocked.

As China's agriculture develops into the new stage of a commodity economy and agricultural product supplies are increasingly relaxed, thinking and notions regarding agricultural product growth naturally must change. In this regard, Ma Zhongchen said in the future China's agriculture should take the path of "high output, top quality, and high benefits" instead of emphasis on volume increases. In the past, before the issue of dressing warmly and eating one's fill was resolved, high output was an emphasis of agricultural production beyond reproach. Now that the situation has changed, however, we must give attention to both output as well as quality, to speed as well as benefits. Science and technology must be the forerunners to lead the peasants to perfect the product and variety mix. We must improve land utilization rates, output rates and the agricultural product commodity rate; and urge agriculture to take the path of top quality, high output, and high benefits. This is the important guiding ideology for agricultural growth in the 1990's. At present, we must both adhere to the policy of "great stability with minor readjustments" and take note of getting planting industry mix readjustments in hand. "Great stability" refers to stabilizing the basic situation in the planting industry, including basic stability for planting areas and the major staples of grain, cotton, oil, sugar and vegetables. It also means basic stability for agricultural producing areas. "Minor readjustments" refer to continuous perfection of the planting industry product mix, readjusting the variety and kind of product mix, and improving and upgrading product quality, based on market demand and social needs.

We also must have a new concept for comprehensive development of the rural economy. Ma Zhongchen said that agriculture's present comprehensive nature is becoming stronger. This is seen not only in that production already is restricted greatly by circulation and consumption but also in the ever closer relations between agriculture and the secondary and tertiary industries and between the urban and rural economies. Most prominently, in recent years credit for the rapid growth of China's agriculture and its more comprehensive production capability is due to the great support of rural enterprises. Thus, in future we cannot simply manage production alone. We must consider agricultural production, circulation, distribution, and consumption in their entirety. We must bring into our field of vision agriculture, forestry, animal husbandry, and the sideline, fishery, primary, secondary, and tertiary industries. We must consider overall development and spur on China's traditional agriculture to modernize. We must make the historical change of turning primary agriculture that is of a commodity nature into one that is quite developed and large-scale.

Proposals To Improve Life of Peasants

92CE0348A Beijing NONGYE JINGJI WENTI [PROBLEMS OF AGRICULTURAL ECONOMY] in Chinese No 1, 23 Jan 92 pp 3-8

[Article by Duan Yingbi (3008 2019 4310), Rural Economy Research Center, Ministry of Agriculture: "Turn to Fuller Advantage the Zeal of the Broad Masses of Peasants"]

[Text] *CPC Central Committee Decisions on Greater Efforts in Agricultural and Rural Villages*, which the Eighth Plenary Session of the 13th Party Central Committee passed, provides a scientific summarization of basic experiences in rural reform and development since the Third Plenary Session of the 11th Party Central Committee, and provides a thorough analysis of the status of current work in agriculture and rural villages. It sets forth clear-cut provisions for the intensification of rural reform and for the direction, tasks, policies, and actions to be taken in developing the rural economy during the 1990's. It is a programmatic document that provides guidance for future work in agriculture and rural villages. Diligent implementation of the Central Committee *Decisions* holds major significance for fulfillment of agricultural and rural work tasks during the 1990's, and for realizing the second step strategic objectives of national economic and social development.

The *Decisions* require new achievements in agriculture and rural work during the 1990's on top of the huge achievements made during the 1980's, including the rise to a new level of overall agricultural productivity and returns. New advances are to be made in rural reform; the face of rural society is to be changed further; and the overall goal is to use complete development of the rural economy as a foundation that enables the broad masses of peasants to move from a subsistence to a comfortably well-off livelihood. This is an extremely daunting task, but it is a task that must be completed. This is because agriculture is the foundation for economic development, social tranquility, and national self-reliance. Only through the development of agriculture can realization of the second strategic goals of national economic and social development be reliably assured.

Realization of the agricultural and rural economic development goals for the 1990's is an extremely complex piece of systems engineering requiring joint efforts on the part of all for the coordinated performance of tasks in numerous regards. One important problem is to turn to full advantage the zeal of the hundreds of millions of peasants. Socialism is a mass undertaking in which development of agriculture and the rural economy ultimately depends on the hundreds of millions of peasants. Only by turning to full advantage the zeal of these hundreds of millions of peasants can rural reform and development succeed. Achieving this requires not only greater peasant education in socialism but also full concern for their material benefits economically, and diligent assurance of their democratic rights and interests politically. This is because the zeal of any class cannot develop naturally in the absence of certain material benefits and democratic rights. This is an important guiding thought that the Third Plenary Session of the 11th Party Central Committee distilled from the lessons of much experience gained in previous agricultural and rural work. This was a

basic experience that enabled the enormous achievements won in rural reform and development during the past more than a decade. In future agricultural and rural work, we must also firmly remember and follow this guiding thought. This means that all of our policies, and all of our actions for developing agriculture and the rural economy must insure that the peasants legal rights and interests are not infringed. Only in this way can the zeal of the hundreds of millions of peasants be fully brought into play, and only in this way can they devote their enormous enthusiasm and intense sense of responsibility, as well as their great creative spirit, to rural reform and construction to assure the victorious realization of the agricultural and rural economic development goals of the 1990's.

In proceeding from the overall requirement of turning the zeal of the hundreds of millions of peasants to advantage as current rural realities warrant, several tasks require special attention and must be firmly borne in mind during the intensification of rural reform. These tasks are as follows:

(1) Stabilization of the Output-Related Contract Responsibility System as a Springboard for a Constantly Perfected and Fully Integrated Two-Tier Operating System, Actively Developing a Socialized Service System To Infuse Family Farming With New Vitality Institution of a responsibility system in which family output-related contracting is paramount is a reform that the peasants favor most. It is also the basic animus behind the rapid development of the country's agriculture and rural economy during the past more than 10 years. Maintenance of long-term stability in family farming is a leading problem in maintaining and turning to advantage the zeal of the hundreds of millions of peasants. Both the party and government have always maintained a clear-cut attitude about this problem. They have stressed stability in virtually every document about rural work. In real life, however, it has not been possible to eradicate completely peasants fears about a change in this policy. The reason for this is that some comrades lack a correct understanding of the character of the family output-related contract responsibility system. Openly or secretly, they link it to "dividing up the fields to work them individually." Such a mistaken understanding frequently leads to two tendencies in action: Either various means are employed to restrict and weaken family farming, the general goal being "cooperativization" of the peasantry again, or collective economic organizations are not permitted to perform functions that must be performed in a centrally directed way, the general goal being to "divide up" completely the ownership of the basic means of production such as land. These two tendencies work against stability in the family output-related contract responsibility system; consequently, further unification of understanding about the character of the family output-related contract responsibility system is required.

The need for spelling out the operation of the family output-related contract responsibility system does not mean the dismemberment of the collective economy, but it does mean following the principle of centralizing what should be centralized and decentralizing what should be decentralized, changing the former purely centralized operation of the collective economy into a two-tier operating system in which centralization and decentralization are combined. In such a system, collectives not only retain ownership of the basic means of production such as land, but also are responsible in varying degrees for necessary centralized operating functions such as providing production services, coordinated management, resources development, enterprise operation, and assets accumulation. The relationship between a peasant household and the collective is one of a party accepting a contract and a party letting a contract. It permits autonomous activity within the provisions of the contract, and it permits an operating level within the collective economy. Such a two-tier operating system not only effectively brings into simultaneous play centralized collective administration and family eagerness to do decentralized farming, providing advantages that neither the individual economy of small-scale private ownership nor the former collective economy of purely centralized farming can match, but also enables different choices and adjustments in the form of specific methods, the substance, and the degree of the mix between centralization and decentralization as the development of productivity actually requires. Thus it possesses broad adaptability and powerful vitality. Therefore, it is necessary to say boldly and with assurance that practice of the family output-related contract responsibility system not only does not depart from a socialist orientation in the development of agriculture but is, on the contrary a search for a specific road for rural development that is consistent with the situation in China's rural villages, and that is a distinctively Chinese brand of socialism.

It must also be realized that in the present process whereby peasants are developing commodity production, there are indeed numerous problems that cannot be solved through sole reliance on family farming. Peasant families very much require various services including services before, during and following production. Unless these problems are solved, it will be very difficult to turn to full advantage the vitality of family farming. Then peasant zeal will be dampened, or it may be very difficult to maintain the long-term stability of family farming itself. Solution to this problem requires steady perfection of the two-tier farming system on the one hand, using the gradual strengthening of the collective economy to increase services that the collective economy provides, doing a good job of centralizing services within the collective economy. On the other hand, it requires the mobilization of state economic and technical departments concerned, and the various units in society concerned with agriculture, increasing their awareness of service, improving service work, and sincerely providing services to the peasants. Requirements in both regards are urgent. Only by doing the two together is the formation of a complete socialized service system possible and satisfaction of peasant's needs in the development of commodity production possible.

Both the improvement of services within the collective economy, and improvement of services to peasants that other units in society provide must be founded on voluntary participation for mutual benefit. The provision of services cannot be used as a pretext for cheating the peasants or squeezing money out of the peasants, much less can more centralized services be used as a means for infringing

peasants' authority to make their own decisions about production. This is also an issue requiring close attention in the actual work of protecting and making the most of peasant zeal. In particular, perfection of the two-tier operating system requires both overcoming the tendency not to give serious attention to, or even not to approve, making the most of collective centralized operating functions in solving the problem of substantial weakness that exists universally today in this tier of collective centralized operations. It is also necessary to guard against becoming divorced from realities divorced from the level of productivity, supposing that "the greater the centralization, the more advanced," and consequently making the mistake of weakening family farming in order to strengthen collectives.

(2) Adhere to a Policy of Taking the Publicly Owned Economy as the Main Entity, Permitting and Encouraging the Appropriate Development of Other Economic Components in the Creation of Greater Opportunities for the Peasants Self-Development Following the institution in rural villages of a responsibility system in which family output-related contracting is paramount, the peasants eagerness to produce reached unprecedented heights, which resulted in a large-scale expansion of agricultural production. In addition, a large amount of surplus rural manpower in need of proper placement occurred. Faced with these circumstance, the Central Committee promptly proposed a policy of taking the collective economy as the main entity in a system in which diverse economic components and farming methods co-exist. While vigorously operating all sorts of collective enterprises, it permits peasants to purchase means of production such as motor vehicles and tractors, to transport agricultural by-products for sale elsewhere, and to engage in individual industries and businesses. The substance of these policies is to provide the peasants with a climate and an opportunity for their own self-development. The result has been not only an increase in social wealth, but an increase in peasant income as well. Practice shows it to be a correct policy in keeping with rural realities that helps turn to advantage the peasants creativity and zeal, and one that should be upheld for a long time to come.

It should be noted that growth of the individual economy in rural areas has slowed substantially in recent years, various limitations having been placed on license applications, the granting of credit, and entry into cities of peasants to work or do business. Peasants generally feel that "it is not easy to make money." At the same time, the number of peasants working in township and town enterprises has also fallen by nearly 3 million. This is an important reason for the slowing of the speed of increase in peasant income, and the decline in absolute income in many places during the past several years. This situation is attributable mostly to necessary cutbacks in the macroeconomy, which have changed the economic environment for peasant employment; however, it is also somewhat related to public prejudice. Therefore, full understanding of the inevitability and the necessity for appropriate development of the individual economy remains necessary for implementation of the party's basic rural policies and for safeguarding and expanding the legal rights of the peasants.

The socialist collective economy is the domain of fundamental rights for all the peasantry; thus, its dominant position must never be shaken at any time. However, differences in the level of productivity are very great between one region and one industry and another. Not all the economic activities of every area and every field cannot be placed on a collective path, nor can all the rural work force be placed in collective enterprises. Therefore, the existence in rural villages of an individual economy and a small amount of privately owned enterprises will be unavoidable for a fairly long time to come. They serve as a beneficial supplement to the collective economy that helps develop the rural economy and improve the peasants livelihood. This or that irregularity or outright illegality found in actual activities is a work problem. It is a problem that must be solved through better management. In short, a long-term consistent policy must be applied to the various kinds of specialized households operating independently, and to the individual operators in rural villages to protect legitimate operations and legal rights. For the small number of privately owned enterprises, a gradual guiding policy that permits them to exist, that increases controls, and that promotes advantages and limits disadvantages should be pursued.

(3) Continued Reform of the Agricultural Products Price and Circulation Systems To Create a Fine Market Environment for Peasant Development of Commodity Production Following the continued universal implementation in rural villages of responsibility systems in which family output-related contracting was the principal form, a series of reforms of the whole agricultural products circulation system were instituted in 1985. The long-standing state monopoly procurement and assigned procurement systems regarding major agricultural products were gradually abolished, and separate state fixed procurement and market purchase methods were put in place. Thus, market exchange was revived for most agricultural products. Following implementation of the substance of these reforms, which enabled the peasants to gain decision- making authority over production through the responsibility system, they additionally won the right to dispose of products. Thus, they really gained a position as relatively independent commodity producers. Reform of the agricultural product circulation system effectively improved conditions for exchange in agriculture and aroused the eagerness of the peasantry for the development of commodity production. This produced fine results in the form of the development of agricultural production, a rise in the agricultural product commodity rate, improvement in market supply, and an increase in peasant income. However, these reforms are still far from complete. Nationwide, approximately one-third of all agricultural products have not been freed from restraints; they continue to be centrally procured by the state at low prices. For the portion that has been removed from restraints, the market is chaotic, prices fluctuate greatly, and many obstacles to smooth circulation remain. During the last two years, in particular, the sale of numerous staple agricultural products has been difficult. Their prices have dropped, but prices of the agricultural means of production have risen tremendously. The peasants have sustained very

great economic losses. This has been a main reason for the slowing of peasant income growth during the past two years, and the rise of a situation in principal grain growing regions in which the peasants have increased output without a commensurate increase in earnings, or they have increased output greatly only to have their earnings increase but slightly. In order to turn the zeal of peasants in north China to advantage and genuinely protect their material interests, vigorous reform of the agricultural production circulation system is needed now and for some time to come in order to solve the problem of difficulties in selling farm products, to narrow the price scissors between industrial goods and agricultural products, and to improve the conditions for exchange in agriculture in order to create a fine market environment for the development of commodity production.

In moving ahead as China's agricultural production conditions and its agricultural products supply and demand situation require, the removal of all restrictions on agricultural products is impossible. Now and for a considerable time to come, the state will have to employ centralized procurement, or even monopoly procurement, for a small number of agricultural products. Thus, the so-called "double track system" will continue to be necessary. Our study of the intensification of reform of the agricultural products circulation system must proceed from this reality, different ideas applied and different policy actions taken for "stagnant" situations and "lively" situations.

Given the present circumstances, the following problems should mostly be solved in state centralized procurement of farm products. First is a strict limitation on the scale of centralized procurement, deciding just which agricultural products the state must obtain entirely through state centralized procurement and which agricultural products need only be partially obtained through centralized procurement. Some of the confusion in recent years has resulted from the central government announcing the lifting of centralized procurement only to have local governments announce the centralization of procurement. This highly arbitrary back-and-forth action leaves the peasants at a loss what to do, and makes the people feel that policies frequently change. Considered in terms of what helps the development of a nationwide centralized market, the kinds and amounts of products to be taken through centralized procurement should be determined by the central government alone. Neither government agencies nor local government should have this authority. In view of the current system of dividing revenues and expenditures between the central and local governments and holding each responsible for balancing its own budget, this authority might be delegated to the top level of provincial governments for a time, but the central government will have to be notified for approval or as a matter of record. In no case should prefecture and county governments have this authority; otherwise, the building of a nationwide centralized market will be very difficult. Second is the need for procurement, sale, allocation, and storage strictly in accordance with plan. Since this is a matter of a command character, the peasants must deliver products strictly in accordance with plan, and business units must procure, sell, allocate, and store them strictly in accordance with plan in order to maintain the solemnity of plan. To do otherwise would weaken the state's objective regulation and control function; then, centralized procurement would lose its meaning in taking the interests of all concerned into account, and become a means for trying to obtain parochial interests. Third is a gradual rise in procurement prices. Today, the problem of overly low procurement prices exists universally in centralized state procurement of products. Peasants are commodity producers responsible for their own profits and losses, so when they cannot get a reasonable price for the products they sell, this amounts to an unwarranted infringement of their materials interests; thus their interest in production cannot be very high. However, the main reason for the centralized procurement of some agricultural products is to hold down prices artificially to what the government treasury and the public can bear. This is a very great contradiction. The way to solve it is to raise procurement prices little by little until they gradually approach the market price. Fourth is a gradual reduction in the varieties and amounts of products obtained through centralized procurement, expanding the scope of market as opposed to plan regulation. For products whose source of supply requires protection, such as several kinds of wild Chinese medicinal herbs, the complete removal of restrictions is probably very difficult. For others, the goal should be the removal of restraints. This will entail gradually moving ahead, and maintaining a positive and steadfast attitude according to the production and supply situations, what the treasury and the public can bear, and the methods the state uses to regulate and control the circulation of agricultural products.

Comparatively speaking, if the removal of restrictions is done through the intensification of reform, difficulties will be greater in building an economic system and an operating mechanism that meets needs for the development of a planned commodity economy. During the past several years, difficulty buying many agricultural products has alternated with difficulty selling many agricultural products, and market prices have fluctuated greatly. This has produced an ever-worsening effect on agricultural production and the peasants' income. Solving this problem will require the adoption of comprehensive measures instituted in an integrated way in many regards. Considered in terms of the general laws of a commodity economy as they apply to China's realities, emphasis must be given to the following several matters:

First is the unimpeded flow of agricultural products through numerous channels. The lifting of restrictions applies to both prices and channels. This is a basic requirement and a prerequisite for market exchange. The situation in places where restrictions have been lifted shows that the removal of price restrictions is fairly easy, but movement of goods through multiple channels faces various limitations. First, the new commodity organization requires a gradual process of development, and in addition a process is also required for the state-owned cooperative businesses, which formerly enjoyed a monopoly, to adapt to market competition. Therefore, active efforts must be made to help the peasants move into circulation while simultaneously speeding up the pace of state-owned cooperative business reform. The main

obstacle to the former is the constantly changing procurement and sales policies that allow something one minute only to disallow it another, which makes the development of a fairly large and stable new commodity organization difficult. The main obstacle to the latter is the infirmity of the internal mechanism and the unfairness of certain external conditions. The obstacles in both regards are related. Unless the business vitality problem of state-owned cooperative business is solved to ensure their position as the main commodity circulation channel, the removal of factors restricting the peasants entry into commodity circulation will be difficult. Implementation of the multiple channel circulation policy requires supporting the peasants entrance into the circulation field. While clearing away impediments to circulation, certain pressures must be created on state-owned cooperative business, simultaneously reforming the internal operating mechanisms of state-owned cooperative enterprises, and improving certain external competitive conditions for an improvement of their business vitality.

Second is accelerated development of the market system. Without a complete market system, agricultural products cannot circulate and development of a commodity economy will be extremely limited. Today more than 70,000 transitional agriculture and trade markets are in existence. They may be found in cities and rural areas virtually everywhere in the country. Nevertheless, the radius that these markets cover is not large. Where small scale commodity production meets needs, large scale commodity production cannot make headway easily. Therefore, the building of wholesale markets must be emphasized to expand the collection and distribution of commodities in order to speed up commodity circulation. This means building tangible things like market sites and facilities, and the building of intangible things like trading regulations for the gradual regularization of trading. In addition, various wholesale markets in fairly good condition must be selected in a planned way for the gradual introduction of a futures market operating mechanism to make a smooth and natural shift toward futures markets.

Third is improved state management, regulation, and control of markets. Inevitably markets contain a certain element of spontaneity and mindlessness. Necessary government intervention is indispensable to normal market operation. Not only must the administration and management of industries and businesses be improved for the building of a normal market order, but macroregulation and control to keep market fluctuations in check is also required. This includes state building of needed special reserves to regulate markets by either releasing or witholding products. This is most important. This is an effective means of maintaining balance between market supply and demand and stabilizing prices so that the interests of both producers and consumers can be protected. The difficulty selling many agricultural products including grain, the tremendous decline in prices, and the very great losses of the peasants in recent years show that state ability to regulate and control markets is not yet what it should be. Raising capital from many sources, hastening the building of warehouses, and improving ability to regulate markets by releasing or withholding products from them is an important task in intensifying reform of agricultural products circulation.

The present offers a fine opportunity for accelerating agricultural production circulation reform as the following situations demonstrate: The overall balance of the national economy is fairly good, inflation having been effectively controlled; agricultural product supply and demand is fairly even, most agricultural products being in relative oversupply; for products affecting the national economy and the people's livelihood such as grain, cotton, edible oil, sugar, and pork, the state has built up a certain amount of special reserves; the understanding of cadres at all levels about the necessity for and the basic line of thinking to be followed in commodity circulation reform is fairly unified; and both the psychology of urban residents about price fluctuations and their actual ability to bear them are better than formerly. This fine opportunity must be seized to accelerate commodity circulation reform. In particular, grain must be both bought and sold at the same price as quickly as possible, this action used as a basis for the gradual realization of removal of business restraints.

(4) Genuine Reduction of Peasants Burdens The peasants burdens have a direct bearing on the peasants' economic interests; consequently their influence on peasant zeal is very great, and this is also the issue about which peasant complaints are most intense at the present time. Ministry of Agriculture statistics show that for the period 1986-1990 peasant per capita burdens increased at an average 22.2 percent annually, more than double the increase in peasant per capita income for the same period. In 1990, peasant per capita burdens accounted for approximately 11 percent of their net per capita income. As the "scissors" between prices of industrial and agricultural products widened and peasant employment opportunities decreased, simultaneous with the poor income situation a tremendous increase in peasant burdens occurred. If this situation continues, it will have a very serious effect on peasant zeal and on development of agriculture and the rural economy.

During the past decade, both the CPC Central Committee and the State Council have issued four separate documents about the lightening of peasant burdens, but the peasants' burdens have increased with no sign of decline. This shows the very great complexity of the burdens issue, which will require more vigorous actions by all quarters.

First, reduction of the peasants' burdens must be understood in the lofty terms of consolidating the alliance between workers and peasants, and strengthening the country's socialist government. If rural villages, which contain 900 million of the country's 1.1 billion population, are not tranquil, the whole society will not be tranquil; the alliance between workers and peasants will not be consolidated; and the socialist government will not be stable. Concern for the peasants' material welfare and protection of the peasants' legal rights and interests are basic prerequisites for the consolidation of the alliance between workers and peasants in the new era. Increasing the peasants' burdens arbitrarily is, in essence, a form of behavior that exploits the peasants; it is behavior that damages the alliance between the workers

and the peasants. Some people do not enforce the party's policies. When they employ methods "to handle several real matters" that increase the peasants' burdens, not only are they not criticized, but they are regarded as fine cadres who have "performed outstandingly," and they are commended. Some departments do not improve administration, but rather use increased collections of "administrative fees," and "service fees" as means for increasing their personal economic returns. Then they promote the method in the name of "reform." These events show that the concepts of reducing the peasants' burdens and consolidating the alliance between workers and peasants are truly linked. This problem has not been fully solved from bottom to top.

Second is the need for a conscientious inventory of the peasants' burdens. This task has been proposed several times in recent years, and some jurisdictions even began doing so, but in most cases there was nothing concrete. Results were invisible. The main reason was the lack of unified action from top to bottom. Many units resisted it with "documents" from their own unit, and local governments were powerless to do anything. Governments at all levels must form comprehensive and authoritative teams to conduct a complete inventory within a fixed period of time. Which burdens are to be retained, and which ones are to be eliminated must be determined by authoritative teams and not by any single department. Departments' own difficulties must be solved through their own efforts rather than shifted to the backs of the peasants. It is also necessary to instigate the public from top to bottom to make an inventory. What adds to the peasants' burdens today is not only what is spelled out plainly in departments' documents, but also numerous unwritten hidden burdens that can be inventoried only by arousing the masses to do so.

Finally, peasants' burdens must be placed under control of the legal system. The inventory of peasant burdens that some jurisdictions have produced shows most to be based on documents from a specific agency, and some of them are based on a specific sentence of a specific person. They are highly arbitrary. During the past several years, some jurisdictions instituted a system that "limits amounts for specific items," i.e., it spelled out clearly the kinds and the number of burdens that peasants must bear. A budget plan was drawn up for presentation to the rural people's representative congress, and once it was passed, the township people's government implemented it uniformly. Any burdens not included in the plan or that exceeded the set limits, the peasants had the right to reject. Implementation showed preliminary results from this system to be fairly good, yet it was discontinued very quickly, the reason being that this way of doing things was only a policy intention expressed in a CPC Central Committee document; it was not codified in law. Neither the peasants nor grassroots level cadres could oppose its continuance. Thus, close attention must be given to legislation about peasants' burdens.

(5) More Efforts on Building Rural Spiritual Civilization and a Democratic Legal System To Create a Fine Social Environment for the Peasants' Production and Daily Life Naturally, turning the peasants' zeal to advantage requires, first of all, concern for the peasants' material welfare, but this is not all. A fine social environment for peasant production and daily life must also be created. No one can be in a pleasant frame of mine in an ignorant, unenlightened environment in which there are many unhealthy tendencies and public order is bad, and thus they cannot have any true interest in production. The attainment of a "fairly well-off" life by the end of the present century must include both material life and spiritual life. Therefore, the building of the two civilizations in rural villages must go hand in hand.

It has to be admitted that overall a very great change has taken place in peasants spirits since reform. Rural society is healthy and stable. However, it must be realized that the peasants' spiritual life is not complete. In some places, ugly practices that were stamped out back in the 1950's have begun to thrive again. The social atmosphere is bad. In some places, the social order has changed for the worse. Criminal activities run rampant, and have already seriously impaired normal production and daily life. The broad masses of peasants are dissatisfied about this. Unless this situation is changed, it will have a serious affect on peasant zeal.

The primary goal in the building of a socialist spiritual civilization in rural villages is to try to create a generation of new type peasants possessed of ideas, morality, culture, and discipline. Realization of this goal requires attention to regular ideological and political work for the purpose of educating the peasants to consciously oppose the corrosion of all sorts of decadent ideas, to root out feudal superstition, to overcome corrupt social practices, and to inculcate new socialist morés. Such regular ideological and political work will not succeed very well if it relies solely on empty lecturing; it must be closely linked to rural village realities and carried out in conjunction with work to improve the peasant's education, entertainment, physical education, and health. In addition, special work and the mass line must be jointly upheld, major efforts made to improve overall control of rural social order, resolutely attacking criminal activities as the law allows, and promptly discovering and eliminating factors contributing to social instability.

Economically, full concern must be shown for the peasants' material welfare, and politically, the democratic rights of the peasants must be diligently guaranteed. Such a guiding ideology will win huge successes in rural reform and construction. So long as we continue to carry out our work very well, making sure to safeguard the legal rights and interests of the peasants in every policy, action, and activity, we will certainly be able to win new victories steadily in building a distinctively Chinese brand of socialism.

Specialists Propose Changes in Cotton Output

92CE0365B Beijing JINGJI CANKAO BAO in Chinese 3 Mar 92 p 2

[Text] Yu Jingzhong, chairman of the National Cotton Experts' Advisory Group and director of the Jiangsu Province Agriculture and Forestry Office, recently stated that China must stabilize its overall cotton production and speed up the realization of the "two transformations" principle. The main thrust has shifted from increasing output through expansion of area to increasing per unit area yield, and the increase in volume has shifted to improvement of quality

and increased benefits, so as to adapt to the need for cotton in economic development, and maintain farmers' enthusiasm for planting cotton.

Yu Jingzhong said that according to the needs of domestic cotton mills, along with military and civilian use and exports, during the Eighth Five-Year Plan the goal of China's total cotton output is 100 million dan (5 million kilograms) of ginned cotton. The value of cotton production is its stability, and the new situation of stable development in cotton production that has already evolved must be valued. The key to stable cotton production is stable policies. Current policies on cotton prices and incentive sales should maintain stability to inspire the people's confidence.

Yu Jingzhong said that China's cotton production is now facing a key period of shifting from increased volume to improved quality. In the face of changing needs in the domestic and overseas markets, the quality of raw cotton must be improved.

Yu Jingzhong said that cotton production should carry out "two transformations," and must take the path of scientifically promoting cotton. He recommended the following four key tasks:

1. Organize a united effort to breed high-quality, high-yield varieties, and breed an assortment of high-quality, high-yield, disease-resistant new varieties. In the area of breeding methods, while priority should be given to maintaining conventional breeding, new paths should be actively explored.

2. Strengthen the network of agricultural technical support. For example, the use of "double-film" cultivation can be further expanded, planting density can be increased appropriately, directions for applying fertilizer according to formulas and chemical control techniques can be disseminated, coordinated prevention and control of diseases and pests can be strengthened, etc.

3. Steadily implement cropping system reforms. At present, the rapid development of the Huanghuai cotton district's double cropping of cotton and wheat has brought about high yields of both grain and cotton. In terms of the direction of development, the priority south of the Yellow River should be to interplant cotton with the wheat and cultivate seedlings for transplanting, and the priority to the north of the Yellow River should be to cover spring interplanted areas with plastic film.

4. Strengthen the building of a high-quality cotton base area. On the one hand, the old cotton base area should be strengthened and improved, and on the other hand 95 new base counties should be established, so that the establishment of high-quality cotton base areas that will determine the rise or decline of China's cotton industry is handled well.

World Bank Loans Help Boost Seed Production

OW1105101292 Beijing XINHUA in English 0939 GMT 11 May 92

[Text] Beijing, May 11 (XINHUA)—China has built 74 seed production centers in the country's major agriculture provinces by using 52 million U.S. dollars of World Bank loans over the past six years.

Addressing a press conference, Chen Yaobang, vice minister of agriculture, said the entire project, which costs a total of 350 million yuan, including 1.3 million U.S. dollars in grants from the Danish Government, covers 10 crops including rice, wheat, maize, soy bean, cotton, sugar beats, vegetables, oranges and apples.

Now, 134,000 hectares of high quality seed blocks are constructed and a system of breeding, processing, examination, storage and transportation, as well as marketing is complete in the 74 breeding centers.

Under the project, 238 new crop varieties are introduced and 147 new varieties are propagated and extended, which greatly enhances China's seed commercialization and modernization, the vice minister said.

A recent survey by the Ministry of Agriculture shows that using the seeds, which are made available by the project, could raise five to 10 percent in agriculture production. In other words, as a result of this project, about 547,000 tons of cereals and 25,000 tons of ginned cotton could be added annually and another 75,000 tons of seed be saved.

Entrusted by the World Bank, a project terminal evaluation mission sent by the Food and Agriculture Organization of the United Nations visited the Chinese project. In their report submitted to the World Bank, it was mentioned that the "project quality is in general excellent" and "the project has successfully established seed production and a marketing system in the state level and helps produce high quality seed of major crops."

Vice Minister Chen Yaobang said the success of the project fully proves that China is in a position to organize, implement and manage foreign financed projects of such a large scale which covers more than ten provinces.

Chen said China has attached great importance to seed production in agricultural infrastructure construction. Over 60 million yuan have been invested in the construction of seed related projects annually in recent years.

To boost China's agriculture modernization drive, he said, China is considering to build another 300 seed production centers in the coming years. The official expressed his wish to draw more loans from the World Bank and other foreign bodies.

Northern Provinces Step Up Livestock Breeding

OW1205080192 Beijing XINHUA in English 0719 GMT 12 May 92

[Text] Lanzhou, May 12 (XINHUA)—Northern China has made remarkable progress using plastic film shelters to breed livestock and poultry.

The most successful includes Heilongjiang, Jilin, Liaoning, Hebei, Shanxi, Shaanxi, Gansu, Qinghai and the Inner Mongolia Autonomous Region.

In the past, local animal husbandry used to be severely affected by natural climatic conditions which feature longer winters and shorter frost-free periods.

In winter, the egg-laying ratio of hens dropped, and the weight-loss ratio of grown-up livestock and the death ratio of young domestic animals kept on rising.

To solve the uneven situation of animal husbandry during the four seasons of the year, beginning from 1988, the Ministry of Agriculture tried to spread plastic film shelters to breed livestock in the pastoral areas in northern China. The project achieved encouraging results.

Statistics from the ministry show that with the application of the technique, the death ratio of adult sheep and cattle dropped by four percent and two percent, respectively, while the survival rate of lambs was raised by 15 to 20 percent. The survival rate of calves was raised by four percent. The egg-laying ratio of hens was raised by eight percent, and the survival rate of chickens reached 90 to 92 percent.

According to local officials, last year, the technique was applied to the breeding of 40 million head of livestock and poultry in northern China, bringing about 600 million yuan in economic benefits.

Shanghai Meat Products Wholesale Market Opens

OW1005021792 Beijing XINHUA in English 0132 GMT 10 May 92

[Text] Shanghai, May 10 (XINHUA)—The Shanghai Meat Products Wholesale Market, established by the Ministry of Commerce, Jiangsu Province and the city of Shanghai, went into official operation here today.

This is an important measure Shanghai took in deepening the reform in the purchasing and marketing of nonstaple foods and in developing a market system in the city.

Currently, the market mainly engages in spot trade. And, at the same time, the market also engages in the transfer of contracts and it will offer priorities to its member dealers.

At present, the annual pork consumption of Shanghai residents stands at 300,000 tons, some 200,000 tons of which are imported from other places of the country.

Statistics show that Shanghai now has 132 different wholesale markets, at least 100 of them are related to agricultural and sideline products.

Jiangsu To Build 10 Commodity Production Bases

OW0505134092 Beijing XINHUA in English 1321 GMT 5 May 92

[Text] Beijing, May 5 (XINHUA)—East China's Jiangsu provincial government has recently decided to build 10 commodity production bases in the northern part of the province.

They include production bases of fruit, dry fruit, vegetables, hog breeding, livestock, poultry and eggs, edible mushrooms, aquatic products, silkworm cocoons, and timber.

These bases will be built in the cities of Xuzhou, Huaiyang, Yancheng, and Lianyungang. The cities cover some 52 percent of the province's total land area and have over 42 percent of the province's total population. However, their combined gross domestic product accounts for merely 27 percent of the province's total.

Funds to construct the bases will come from the state, collectives and individuals.

By 1995, the bases, key projects during the Eighth Five-Year Plan period (1991-95), are expected to produce 120,000 head of beef cattle, 4.4 million sheep, seven million rabbits, four million geese, 6.65 million lean meat hogs, 55,000 tons of eggs, 162,000 tons of fruit, 128,000 tons of edible mushrooms, 15 billion kilograms of vegetables and 45,600 tons of aquatic products.

Controversy Over Role of Lawyers

92CM0266A Xian FALU KEXUE [LAW SCIENCE] in Chinese No 41, 10 Mar 92 pp 63-66

[Article by Xiao Ishun: "On Lawyers' Role in China"]

[Excerpt] [passage omitted] 1. Lawyers should be state legal workers. The reasons are: (1) "Lawyers are state legal workers." This is the most essential difference between lawyers in China and those in capitalist countries who regard themselves as "professionals." If this difference is obliterated, it will be impossible to differentiate the two lawyer systems in terms of their role. (2) There is a legal basis for this. As of now, the "Provisional Regulations on Lawyers" on the role of lawyers is the highest-level legal document on this issue. We cannot ignore these regulations to establish other definitions on the role of lawyers. (3) The lawyer system is a part of the superstructure. On the basis of the theory that the economic base determines the superstructure which in turn serves the economic base, China's economic base is the system of public ownership. This objectively requires that China's lawyers be state legal workers, otherwise it will be difficult for them to serve the economic base. (4) Economically, most public lawyers' offices operate under a self-supporting management system. Basically they do not affect the state financial burden. Therefore, we should not change the role of a certain department or profession with the excuse that such offices serve to increase the state financial burden. (5) The current situation shows that lawyers' social status as state legal workers are not so high. If their role is changed, their social status would be even lower, and even more difficult for them to perform their job.

2. Lawyers should be social legal workers. Comrades with this point of view believe that the role of lawyers is decided by the inherent attribute of the profession. There are three attributes of lawyers. (1) The lawyers' work attribute is to provide legal services. (2) Lawyers serve society. (3) Lawyers act on the basis of their rights. Lawyers mainly act on behalf of their clients who entrust or authorize them to take the legal action to protect their clients' legitimate interests. To classify lawyers as state legal workers only reflects a form of their legal profession. It will be difficult to differentiate lawyers who do not exercise state power from the public security, procuratorial and judicial cadres who exercise state power and to show lawyers' essential characteristics.

3. Lawyers play the role of both social legal workers and state legal workers. Those with this point of view believe that China is a nation with a socialist legal system and with distinctive democratic, legal and economic features. Based on this actual situation, lawyers should be mainly state legal workers. At the same time, to solve social demand for legal services and an insufficient number of lawyers, we should open up cooperative legal advisory offices. Lawyers who work for these cooperative offices should be defined as social legal workers. However, they should be regarded as a supplement to state lawyers. Other comrades believe that based on the type of cases they handle, lawyers should be divided into public lawyers and social legal workers. Lawyers who handle criminal cases are regarded as state legal workers and public lawyers. Lawyers who carry out other procedural activities on behalf of their clients and provide the latter with legal services are regarded as social legal workers, and do not enjoy the privileges of government employees.

4. Lawyers should be regarded as professionals. Those with this point of view believe that lawyers provide all types of legal services. In essence, they carry out their activities on behalf of clients. Regulations on lawyers' rights as specified by law are aimed at pointing out their rights when they provide their services. In practice, lawyers encounter many problems when they work as state legal workers. Restricted by the authorized size of the government staff, it is difficult to satisfy the needs of society. In handling lawsuits or providing other legal services, they are prone to unauthorized interferences from party and government organizations, especially judicial and administrative organs. Unnecessary administrative work and bureaucracy in legal offices, the lack of lawyers' work enthusiasm, and low work efficiency prevent them from improving their political and professional qualities. This is not conducive to the implementation of China's open-door policy. Foreign businessmen regard lawyers in our country as untrustworthy, because these lawyers represent China. In addition, lawyers should be regarded as professionals since they may carry out their specific activities without any interference from any political party, organization or individual; they may freely select any form in providing their services within the legal sphere; and they may render their legal services clearly as individuals and businessmen. [passage omitted]

Cheating on College Examinations

92CM0268B Beijing ZHONGGUO JIAOYU BAO in Chinese 19 Mar 92 p 3

[Article by Liu Zili: "On College Exam Cheating"]

[Text] I am a teachers' college student who will soon graduate. Since my admission into college, I have taken four-five major examinations. However during these examinations, I found a heart-breaking sign of wrongdoing—cheating.

I regard myself as an honest person. I have never cheated on examinations from primary school to college, and I abhor cheating. Who would suspect that cheating on college examinations is common!

Students who do not study much make good grades by relying on their "secret weapon" (cheating). They regard their wrongdoing as a glory instead of shame. They tell fellow students: "Teachers will not commend you even if you are intelligent and do not cheat. They will not give you a higher score if you do not cheat and fail. If I cheat and am not caught, they will not lower my score or give me a failing mark. What can you do?"

I admire their tactics in cheating. Nor can I refute their sarcastic remarks to me, because what they say is indeed true!

They are not stupid! I can be regarded as "foolish"! They have cheated but get scholarships! As for me, I will never get

any scholarship, although I honestly study, and get the score which truly reflects my achievements. Instead, I only get scoffed by the cheaters.

Students who study hard but fail to obtain results as good as those of the cheaters feel infuriated and discouraged. Those who cannot bear the sight of this wrongdoing stick to their old ways of doing things and remain noble and unsullied. Those who "understand the times" learn from the cheaters. Facts have given them such "inspiration." Whom can you blame for all this?

Some cadre students are actually busy doing student work. However, this does not give them an excuse for not studying! They will still make good scores by correctly handling the relations between studying and work. I myself am a good example. Yet they rely on their status as cadres to quit studying. How can they make a good score? As a result, they act even more blatantly in using plagiarism as their main weapon.

This phenomenon does not prevail in teachers' colleges alone. Hearing from students in other colleges and from other sources, I have found that this symptom also exists to varying degrees in other institutions of higher learning and even major universities.

Here, I sincerely wish to use ZHONGGUO JIAOYU BAO to issue an appeal: Adopt effective measures as soon as possible to curb and stop cheating on college examinations!

1991 Statistical Report on Educational Development

92CM0268A Beijing ZHONGGUO JIAOYU BAO in Chinese 21 Mar 92 p 2

[Article by State Education Commission: "Statistical Report on Educational Development in 1991"]

[Text] With the guideline laid down by the 13th Session of the Seventh Central CPC Committee, education departments throughout the nation have energetically strengthened party leadership in doing school work, firmly followed a correct path in running schools and colleges, firmly adhered to a correct political line, and consolidated and developed a stable situation in the field of education. Outstanding results have been obtained in further improving the educational environment and rectifying the educational order, and readjusting the educational structure. The comprehensive reform of urban and rural education and the reform of the internal management system of higher education are being continued. Education at all levels and of all varieties are being developed. Meanwhile, remarkable achievements have been made in conducting scientific research in institutions of higher education, and international educational exchanges were expanded, and educational funds raised through various channels helped improve conditions in running schools and colleges.

I. Elementary Education

1. Basic education continues to steadily develop. Primary schools in China enrolled 20.73 million new students in 1991, an increase of 80,000 students over 1990; and the total enrollment in primary schools was 121.64 million. Junior secondary schools enrolled 14.113 million new students, an increase of 414,000 over 1990; and the total enrollment in junior secondary schools reached 39.607 million. Senior secondary schools enrolled 2.438 million new students, a decrease of 60,000 student from 1990; and the total enrollment in senior secondary schools reached 7.229 million. Specialized and pre-school education has also developed. Schools of specialized education in the country enrolled 20,000 new students, an increase of 3,800 student over 1990; and the total enrollment reached 85,000. A total of 22.093 million children attended kindergarten, an increase of 2.37 million over 1990.

2. New developments were made in promoting compulsory education. The rate of enrollment of school-age children from seven to 11 reached 97.87 percent, slightly higher than 1990. The rate of primary school graduates entering secondary schools was raised from 74.56 percent in 1990 to 77.71 percent in 1991, up 3.15 percent. The drop-out rate in middle and primary schools decreased from 5.46 percent and 2.77 percent in 1990 to 5.38 percent and 2.35 percent in 1991 respectively.

3. Conditions to run primary and secondary schools were improved. As compared with 1990, the total floor space of newly built school buildings reached 28.846 million square meters. The floor space of dilapidated school buildings dropped from 22 million to 19.95 million square meters, and the rate of such school buildings dropped from 3.06 percent in 1990 to 2.75 percent in 1991.

4. The ranks of primary and secondary school teachers were reinforced. During 1991, nearly 380,000 graduates from universities and secondary specialized schools began to teach in secondary and primary schools, thus improving teacher quality. The rate of qualified full-time teachers in primary, junior secondary and senior secondary schools was 80.7 percent, 51.8 percent and 47.2 percent respectively, showing some improvement compared with 1990. The number of qualified full-time teachers increased most rapidly in primary schools, an increase of 6.8 percent. In addition, 601,000 teachers who were not up to standard in terms of formal schooling obtained their professional "certificate of qualification."

5. Preliminary achievements were made in readjusting the distribution of primary and secondary schools. To increase the efficiency in school operations, and make it easier for students to attend nearby schools, various localities relocated primary and secondary schools. In more populated rural areas, a number of small-scale and excessively disperse schools were merged. New schools and school administrative offices were set up in hilly, pastoral and remote areas to help students attend nearby schools. After the readjustment, the total number of primary schools in the country was reduced by 37,000, and regular junior secondary schools by 1,345.

II. Regular Higher Education

1. In scale regular higher education has been stabilized. All regular institutions of higher education in the country enrolled 619,900 new undergraduate students in 1991, an

increase of 11,000 students over 1990, and enrolled undergraduate students totaled 2.044 million. They enrolled 29,700 new graduate students, equal to that in 1990; and the total number of students taking graduate courses was 88,100.

2. The structure of departments and specialties in higher education was readjusted. As for departments, a slight increase was seen in the proportion of new students enrolled in engineering, agriculture, forestry, medicine and pharmacy. The number of new students enrolled in teaching was about the same as last year, while those enrolled in other departments have slightly decreased in number. As for specialties, the enrollment of new students was temporarily suspended in 320 specialties which had a surplus of graduates, while increase was seen in the proportion of new students enrolled in departments that badly needed graduates. There are 862 specialties for study by undergraduate students in regular institutions of higher learning in the country, and the state has approved 7,470 specialties for undergraduate studies. There are 620 specialties for post graduate studies after readjustment, and 47 specialities have been merged or deleted from the list because the field of study was too narrow.

3. Preliminary achievements were made in strengthening work in schools and colleges. Improvements had been made to varying degrees in those institutions of higher education which were given "red tags" (institutions that were instructed not to admit new students, because they were not up to standard) and those given "yellow tags" (institutions that were instructed to reduce their enrollment, because they failed to meet standards) by the State Education Commission at the beginning of 1991. Teachers and school buildings met the standards in three of the 30 "red tag" institutions of higher education, and in 54 of the 114 "yellow tag" institutions of higher education.

4. Remarkable achievements were made in the field of science and technology. In 1991, a total of 223 projects in science and technology completed by institutions of higher learning alone or finished jointly with the help of other departments won State Science and Technology Achievement Awards for 1991. Sixty three of these projects won State Invention Awards, accounting for 30 percent of the total number of such awards. A total of 1,032 projects won State Science and Technology Progress Awards, accounting for 21 percent of the total number of such awards. A total of 24 projects won State Spark Plan Awards, accounting for 12 percent of the total number of such awards.

III. Vocational and Technical Education

1. Secondary vocational and technical education further developed. In 1991, the various types of secondary vocational and technical schools in China enrolled 2,702,700 new students, an increase of 236,400 students over 1990. Among these students, the new students enrolled in vocational and technical schools at senior secondary school level accounted for more than half, 50.3 percent, of the total student enrollment at this level. Total student enrollment in various types of secondary technical schools reached 6,855,000, an increase of 328,800 students over 1990. Among these students, the ratio of the number of students enrolled in vocational and technical schools at the senior secondary school level to the total student enrollment at this level rose to 46.7 percent in 1991 from 45.7 percent in 1990.

2. Vocational and technical training of various types continued to boom. Various types of adult technical training schools (classes) (excluding various types of employment training centers and on-the-job training operated by labor departments) enrolled 37.18 million new students. There were 229,000 independent adult technical training schools, which enrolled 34.68 million new students. Various types of training classes run by regular and adult higher educational institutions as well as regular and adult secondary specialized schools enrolled 2.5 million new students.

3. Education of adults with no record of formal schooling in institutions of adult higher education and secondary specialized schools was enhanced. Institutions of adult higher education and secondary specialized schools with records in formal schooling enrolled 460,000 and 650,000 new students respectively. Meanwhile, these institutions and schools also run various types of vocational and technical training classes which enrolled 1.15 million and 1.09 million new students respectively each year. Institutions of adult higher education and secondary specialized schools played a significant role in spreading vocational and technical education.

IV. Adult Education

1. The scale in education with records of formal schooling in institutions of adult higher education was under control, and conditions were improved in running such institutions. The various institutions of adult higher education in the country enrolled 465,800 new undergraduate and specialized students, a decrease of 26,900 students from 1990. The total enrollment of undergraduate and specialized students in these institutions was 1,473,100, a decrease of 189,300 students from 1990. With a general reduction in scale in adult higher education, the total floor space of school buildings in the institutions of adult higher education increased 7.56 percent over 1990, reaching 19,754,600 square meters. The value of teaching facilities including instruments and equipment rose 16.07 percent, reaching 1.189 billion yuan. The teaching environment in various institutions of adult higher education improved to varying degrees.

2. Education in adult secondary specialized schools further developed. The various adult secondary specialized schools in China enrolled 652,000 new students, an increase of 64,100 students over 1990, and the total enrollment in these schools reached 1,680,400, an increase of 92,500 students over 1990. The number of new students admitted by adult secondary and specialized schools was about 80 percent of that admitted by regular secondary and specialized schools.

3. The focus of adult elementary and secondary education was shifted to specialized and technical training. During 1991, various adult secondary schools in China enrolled 761,700 new students, and adult elementary schools took in 2,628,600 new students (literacy classes not included), a decrease of nearly 14 million students from 1990. Education in adult technical schools made considerable progress, and enrolled some 20 million more new students. Courses to

broaden specialized and technical knowledge were also generally added in various adult elementary and secondary schools.

4. Fairly rapid progress was made in wiping out illiteracy. During 1991, 5.3 million illiterate people were taught to read and write in the country, an increase of 1.3 million people over 1990. The number of staff members to help eliminate illiteracy also increased. There were 108,400 cadres specialized in wiping out illiteracy including 37,100 full-time teachers and 424,800 part-time teachers in the country.

Table 1. Basic Situation of Regular Schools at Various Levels in China During 1991 Unit: 10,000 persons

	Number of Schools (Institutes)	Number of Graduates	Number of New Students	Number of Students Enrolled	Number of Faculty Members	
					Number	Includes Full-Time Teachers
Total	1,000,037	3,484.64	4,065.32	19,964.68	1,352.36	1,041.01
1. Postgraduate Students	750	3.25	2.97	8.81		
A. Institutions of Higher Education	411	2.93	2.73	8.05		
B. Scientific Research Organizations	339	0.32	0.24	0.76		
2. Regular Institutions of Higher Education						
Undergraduate and Specialized Students	1,064	61.43	61.99	100.89	39.08	
Students Assigned By State		51.91	54.82	183.21		
Students Trained for Industries		6.53	5.71	15.45		
Students Paying Their Own Expenses		2.69	1.2	5.12		
Teachers for Undergraduate and Specialized Students		0.3	0.26	0.59		
3. Regular Secondary Schools	103,714	1,522.64	1,925.64	5,369.56	523.55	370.22
A. Secondary Specialized Schools	3,925	74.03	78	227.74	49.39	23.23
Secondary Technical Schools	2,977	49.64	55.07	161.60	38.81	17.51
Secondary Teachers Schools	948	24.39	22.93	66.14	10.58	5.72
B. Technical Schools	4,269	45.42	54.45	142.21	32.52	14.36
C. Regular Secondary Schools	85,851	1,308.46	1,655.15	4,683.5	405.45	309
Regular Senior Secondary Schools	15,243	222.95	243.82	722.85		57.33
Regular Junior Secondary Schools	70,608	1,085.51	1,411.33	3,960.65		251.67
D. Vocational Secondary Schools	9,572	94.54	137.82	315.55	35.84	23.47
Vocational Senior Secondary Schools	8,016	80.86	114.00	263.22		20.46
Vocational Junior Secondary Schools	1,556	13.68	23.82	52.33		3.01
E. Work-Study Schools	97	0.19	0.22	0.56	0.35	0.16
4. Primary Schools	729,158	1,896.74	2,072.74	12,164.15	619.35	553.22
5. Special Education Schools	886	0.58	1.98	8.50	2.33	1.60
6. Kindergarten	164,465			2,209.29	106.24	76.89

Table 2. Basic Situation of Adult Schools at Various Levels in China During 1991 Unit: 10,000 persons

	Number of Schools (Institutes)	Number of Graduates	Number of New Students	Number of Students Enrolled	Number of Faculty Members	
					Number	Includes Full-Time Teachers
Total	396,793	5,256.17	4,366.49	4,424.51	85.92	37.51
1. Institutions of Adult Higher Education	1,256	62.04	46.58	147.31	20.45	8.92
A. Radio and Television Universities	42	13.3	8.62	28.24	3.55	1.41
B. Institutions of Workers' Higher Education	776	9.13	8.64	21.91	8.07	3.69
C. Institutions of Peasants' Higher Education	5	0.02	0.01	0.02	0.03	0.01
D. Institutions of Administrative Cadres	175	2.56	2.48	5.19	4.05	1.43
E. Institutions of Education	254	10.48	6.03	18.56	4.66	2.33
F. Independent Correspondence Institutions	4	0.47	0.34	1.31	0.09	0.05
G. Adult Education Departments Run by Regular Institutions of Higher Education		22.05	18.56	65.03		
Correspondence Department		15.76	13.3	47.83		
Night Universities		5.38	4.79	16.24		
Department of Special Courses for Cadres		0.91	0.47	0.96		
Regular and Specialized Classes Run by Radio, Correspondence and Night Universities		4.03	1.9	7.05		
2. Adult Secondary Schools	240,076	4,393.51	3,609	3,423.6	50.74	23.34
A. Adult Secondary Specialized Schools	4,721	61.83	65.2	168.04	19.08	9.73
Radio and Television Secondary Specialized Schools	103	16.79	18.34	46.72	1.08	0.48
Secondary Specialized Schools for Cadres	271	1.6	2.55	5.07	1.18	0.53
Secondary Specialized Schools for Workers	1,869	13.39	19.7	43.85	7.69	3.69
Secondary Specialized Schools for Peasants	375	3.96	5.32	11.54	1.32	0.75
Correspondence Secondary Specialized Schools	42	6.05	5.18	14.54	0.63	0.25
Teachers' Schools for Vocational Studies	2,061	2,061	20.04	14.11	46.32	7.18
B. Adult Secondary Schools	6,731	71.01	76.17	89.87	4.55	2.52
Secondary Schools for Workers	2,787	34.16	41.71	48.16	3.25	1.71
Secondary Schools for Peasants	3,944	36.85	34.46	41.71	1.3	0.81
C. Adult Technical Training Schools	228,624	4,260.67	3,467.63	3,165.69	27.11	11.09
Technical Training Schools for Workers		603.2	396.72	377.86	8.25	4.09
Technical Training Schools for Peasants		3,657.47	3,070.91	2,787.83	18.86	7
3. Adult Primary Schools	155,461	800.62	710.91	853.6	14.73	5.25
A. Primary Schools for Workers	2,171	31.25	28.43	34.65	0.58	0.32
B. Primary Schools for Peasants	153,390	769.37	682.48	818.95	14.15	4.93
Including Literacy Classes	110,476	530.34	448.05	562.9	10.84	3.71

NORTHWEST REGION

Gansu Urges Anticorruption Struggle in Reform

HK0605084792 Lanzhou GANSU RIBAO in Chinese 27 Mar 92 p 1

[Commentator's article: "We Must Persist in Opposing Corruption in Reform, Opening Up"]

[Text] At present, the whole province is profoundly studying and implementing Comrade Deng Xiaoping's important expositions, emancipating minds, and changing concepts to speed up the pace of reform and opening up. In front of the favorable situation, we must keep a clear head to stick to the guiding principle of grasping the building of the two civilizations simultaneously, and resolutely and protractedly persist in carrying out an anticorruption struggle to ensure a healthy development of our economic construction, reform, and opening up.

Corrupt phenomena inside the party impair the prestige of the party and government, cuts ourselves off from the broad masses of the people, and undermines the foundation of the party. There is a malignant tumor on the body of the party. If we let them spread unchecked, our cause will be ruined. An anticorruption struggle is a matter of primary importance which concerns our ruling party's life or death. Experience has shown that in the course of reform and opening up, those who are weak-willed, or blinded by greed, would inevitably fish in troubled waters and avail themselves of loopholes in inconsistent policies, imperfect rules and regulations, and supervisory mechanisms during the period of replacing the old systems with the new to indulge in the illegal activities of taking bribes, abusing power, extorting money, and other activities. Corrupt phenomena are incompatible with and antagonistic to the new things arising in reform and opening up. They severely interfere with and hinder the establishment of the new operational mechanisms and economic order, and play a very bad role in separating our people from reform and opening up. To speed up the pace of reform and opening up and expand the results of reform and opening up, we must resolutely resist and oppose corrupt phenomena.

Since reform and opening up, we have adopted a series of measures to strengthen the party work style and the building of a clean government administration and carry out the struggle against corruption. We have scored achievements in this regard. The broad masses of people warmly welcome what we have done. This must be fully affirmed. However, corrupt phenomena inside the party are stubborn and complicated. We must understand that some problems have not yet been effectively solved, and that some unhealthy trends which were curbed can still stage a comeback from time to time. Before all these issues are effectively dealt with, new problems crop up. We have made some breakthroughs in striking at law breaking. However, these cases have not yet been fully exposed. Some have been hidden away, whereas others continue to occur. The trick of committing crimes has turned increasingly hidden. Some ugly phenomena, such as gambling, drug taking, and patronizing prostitutes, continue to happen in some places, and even penetrate into the party. We must overcome blind optimism, passivity, slacking, and lack of vigilance. We must carry on the anticorruption struggle to the end in a resolute and sustained manner and actively create a fine political, economic, and social environment to protect and support reform and opening up. Comrade Deng Xiaoping is completely correct in saying that in the entire course of reform and opening up, we must oppose corruption. Cadres and communist party members must grasp the building of clean government administration as a matter of primary importance.

To effectively carry out the struggle against corruption, we must conscientiously study the new situation and new problems occurring in the course of reform and opening up. We must devote our main efforts to seriously and promptly punish and deal with those very harmful and influential corrupt phenomena about which the masses have a lot of complaints. At present, our attention must be focused on those economic cases involving party members and cadres who are guilty of availing themselves of the loopholes in reform, taking bribes, abusing power, extorting money, exchanging power for money, smuggling, profiteering, spending without restraint, wasting, embezzling state and collective property, illegally seeking exorbitant profits, and other activities. It is necessary to further correct unhealthy trends, such as appointing people by favoritism, abusing power for personal gain, being indifferent to the masses weal and woe, practicing fraud, pursuing formalism, and bureaucracy. Those corrupt elements who are a very bad influence must be resolutely expelled from the party. Those who violate discipline and the law must be severely punished according to the law and discipline. In the meantime, we must conscientiously pay attention to studying and formulating policies and measures for reform, opening up, and invigorating economy. We must be clear about the criterion for distinguishing between right and wrong, correctly draw a line of demarcation in terms of policy between discipline-breaking cases and cases which do not involve any discipline violation, protect reform and opening up, and punish corrupted phenomena. The anticorruption struggle must certainly be included in the reform and opening up. The more resolute and effectively we grasp this matter of primary importance, the greater achievements we will score in reform and opening up.

To oppose corruption and advocate a clean and honest government administration, we must both bring about a temporary solution and get at the root of the matter. What is most essential is that we must set high and strict demands on ourselves, and unswervingly grasp education well for party members, so that the broad masses of party members and cadres will use the party discipline and rules to constrain and standardize their actions, examine their own conduct, be clean and honest, and exercise strict self-discipline. Those above must bring along those below to promote gradually a fine general mood and erect a solid great wall for opposing corruption and guarding against degeneration. Party organizations at all levels must conform themselves to the demands of the new situation of reform and opening up to further establish and perfect various

constrained and supervisory mechanisms in terms of organization, work style, and discipline. We must persist in letting the higher body exercise supervision over its immediate subordinate, and see to it that work at all levels is taken care of so that the drive of opposing corruption and advocating clean government administration can be promoted perseveringly. In so doing, we can win the trust of the people and enjoy the support of the party and the people to accelerate the pace of reform, opening up, and economic construction.

Article Views Mainland-Taiwan Relations

HK1905022492 Hong Kong TZU CHING in Chinese No 20, 5 May 92 pp 64-65

[Article by You Chen (1429 6591): "Green Mountains Cannot Stop Eastward Water Flow—1992 Cross-Strait Relations Prospects"]

[Text] "We all look forward to it; a sun in winter signifies the coming of spring." The year 1992 will be an important year for development of relations across the strait. Both the favorable and unfavorable factors for reunification will increase; however, no matter how may twists and turns and variables will emerge on the road ahead, green mountains cannot stop the water from flowing east. The relations between both sides of the strait will still develop in a direction which is favorable to peaceful reunification; and it is very likely that some progress of a breakthrough nature will be made in certain areas.

In the area of coming and going of personnel and various exchanges. Although the Taiwan authorities established various restrictions in recent years, the number of personnel traveling across the strait still increased year after year; last year, almost 1 million Taiwan compatriots visited the mainland, and the number of citizens from the mainland visiting Taiwan also set a record. The mail and communications across the strait also increased rapidly. The scopes of cultural, scientific, technological, academic, and athletic exchanges expanded, and quality and levels upgraded. Last year, the country was hit by floods which were rarely seen in history, and people of various circles in Taiwan donated money and materials, organized fund-raising theatrical shows, and fully embodied the sentiment of "blood is thicker than water." Before October, a "get-together party of young people from both sides of the strait" was held in Beijing; during Mid-Autumn Festival, the television stations on both sides of the strait jointly held a "blooming flowers and full moon" evening party, to let the compatriots on both sides of the strait feel the same joyous atmosphere of "a full moon in the sky, a reunion on earth." In particular, our country's Red Cross personnel, XINHUA and ZHONGGUO XINWEN SHE reporters went to Taiwan for the first time, after a separation of more than 40 years, to cover news and handle affairs, causing a sensation on the island. This kind of growing exchange and interaction fostered a closer flesh-and-bones ties between the compatriots on both sides of the strait, enhanced the understanding that Taiwan's "root" rests on the mainland, and converged into a huge motive force demanding direct "three links" and reunification as soon as possible. This kind of compassionate motive force resembles the rolling Chang Jiang, which is irreversible, and is forcing the Taiwan authorities to conform to the people's wishes by gradually lifting restrictions on exchanges and interactions across the strait. Some persons of the senior level of the Kuomintang have already agreed with the establishment of the "three links" as soon as possible. It is estimated that on last year's basis, the civilian interactions between the people on both sides of the strait will further develop this year. The "Regulations on Relations Between the People in Taiwan Areas and Mainland Areas," which have been deliberated by the Taiwan authorities for a long time, may be announced this year; by then, some exchange programs planned by the "Mainland Work Council" may be implemented, and various kinds of exchange activities will further develop, while the coming and going of personnel will continue to increase, so will their ranks gradually. Adhering to the principle of emphasizing cultural exchanges, the Taiwan authorities will gradually expand civilian cultural exchanges between the people on both sides of the strait. Recently, Taiwan's "Mainland Work Council" has amended and passed a relevant regulation, allowing the heads of "public-funded" universities and the civil servants under the rank of administrative officer to go to the mainland to carry out cultural and educational activities. Although an overall realization of the "three links" across the strait is still impossible, postal matters such as registered mail and direct cargo freight may make some progress. Since this year, the stamps issued on the mainland have undergone some technical adjustment, and "Chinese People's Post Service" has been simplified into "China Post Service," as a preparation for the issuance of stamps which can be used on both sides of the strait.

In the area of economic and trade cooperation. Last year, the total volume of indirect trade between both sides of the strait amounted to $5.8 billion, while an increasing number of Taiwan businessmen came to invest in the mainland, which has already become an important export market for Taiwan. The mainland attaches great importance to the economic and trade cooperation between both sides of the strait; it continuously perfects economic and trade policy toward Taiwan, improves infrastructure, and works on the important factors such as communications, energy, and transportation to actively create a good environment for Taiwan investors. In light of the current situation in which the world's economy is undergoing regionalization and being divided into groupings, it is particularly important to strengthen economic and trade cooperation between both sides of the strait. Taiwan has rich capital, its foreign exchange has amounted to $80 billion, and its civilian sector has accumulated a huge capital, and it has rich management and marketing experiences too; but labor is very expensive on the island, and there is a shortage of various raw materials, while the market is small, and scientific and technological strength is weak. The mainland has a stable social environment, rich resources, a huge market, readily available labor force, and strong scientific and technological strength. The special feature of reciprocity and supplementary activities between the economies on both sides of the strait have been noticed by increasing numbers of people. Not long ago, Li Teng-hui granted an interview to the Voice of America, and said: "The future economic development of Taiwan cannot confine itself to this small island; it must be supported and sustained by the mainland as a hinterland." At present, on the mainland, Guangdong, Fujian, Hainan, and Shanghai's Pudong Development Zone are attractive to Taiwan businessmen. At the same time, people on both sides of the strait are the children of the Chinese nation, and have the same culture; whether from the angle of national sentiment or from the consideration of economic development, the mainland should be given priority consideration

when Taiwan businessmen look for places for their investment. Therefore, as long as there is no big fluctuation this year, economic and trade cooperation between both sides of the strait will continue to develop.

In the area of semi-official contacts between both sides of the strait. Along with the rapid development of civilian exchanges and interactions, the strait witnessed many emerging problems, which required both sides to meet for discussion on solution. In November 1991, Taiwan established the "Strait Exchange Foundation" to coordinate the concrete matters in exchanges across the strait. On 16 December 1991, a civilian organization, the "Strait Relations Association," was officially established on the mainland by the persons of various circles. It will play a positive role in promoting bilateral exchanges and direct "three links" across the strait. The founding of the "Strait Exchange Foundation" and "Strait Relations Association" aroused a great deal of interest at home and abroad. Last year, the "Strait Exchange Foundation" sent three delegations to visit the mainland, signifying a start of routine semi-official contacts between both sides of the strait; both sides discussed the procedure for cracking down on smuggling, piracy, and crimes over the Taiwan Strait, and reached a certain consensus. The routine contacts and discussions between both sides of the strait may score some results this year, for example, the discussion on joint effort to crack down on crimes over the Taiwan Strait may involve concrete problems this year, and lead to certain agreements.

In the area of reunification of the country. Over the past year, although relations between both sides of the strait experienced many twists and turns, mutual influence obviously increased. The senior level of the Kuomintang subtly changed the enforcement of its mainland policy and the rhetoric concerning peace talks, saying that it will adopt a mainland policy which is more active and adventurous and that it does not afraid of carrying out political contacts and talks with the CPC. Hao Po-tsun claimed "we have adequate ability to deal with emergency, and we have also anticipated and prepared for the direct entering of cross-strait relations into phase three of the program of reunification of the nation," adding that "talks is only a matter of time." The "national reunification council" has convened many big and small "symposia on talks between both sides of the strait," while the "Mainland Work Council" entrusted the academic circles with the duty of large-scale research on the models for reunification. It is possible that this year, concerning the problem of reunification, the civilian and academic circles may, through certain ways, discuss and exchange ideas on some major crucial issues and the issues which concern both sides. Although this kind of discussion does not necessarily represent official views, it is nevertheless beneficial.

In the new year, the relations across the strait will continue to develop, and may even make some breakthroughs. The main reasons for this judgment are: First, on the mainland side, when the Year of Monkey was ushered in, the 1992 Taiwan Work Conference was convened, which demanded the Taiwan work departments in the whole country adhere firmly to the basic principle of "peaceful reunification; one country, two systems," continue to extensively implement the spirit of the National Taiwan Work Conference, actively expand the coming and going of personnel from both sides of the strait and various exchanges, and solidly carry forward the process of peaceful reunification of the motherland. We may say that the conference will play a great role in promoting the development of relations between both sides of the strait. Second, on the Taiwan side, the second round of elections of "members of national assembly" was conducted smoothly conforming to the intention of the Kuomintang authorities, while the Democratic Progressive Party and "Taiwan independence" elements lost badly in the elections. It is predicted that the second phase of a substantive "amendment of constitution" will also be attained according to the wish of the Kuomintang. This greatly encourages the Kuomintang authorities, and boosts their confidence. After the "amendment of the constitution" is finished, the relations between both sides of the strait may become more easy. At the same time, although the "Regulations on Relations Between the People in Taiwan Areas and Mainland Areas," which may be announced this year, can possibly legalize and prolong the separation of both sides of the strait, it is still beneficial to the coming and going of personnel across the strait, and to economic and trade and cultural exchanges as well. Third, the country's reunification and the development of relations across the strait are in accordance with the basic interests of the Chinese nation, and conform to the wishes of the people on both sides of the strait. Fourth, the changes in the international situation have an important impact on the relations between both sides of the strait, but the decisive factor which guides the development of cross-strait relations still rests on the mainland. Because China has a vital status in the international community and because of its firm position against "two Chinas" or "one China, one Taiwan," therefore it causes misgivings to those who do not want to see China's reunification. Furthermore, the mainland has political and social stability, sustained economic development and correct principle and policy toward Taiwan; and, at the same time, it upholds reform and opening up, and firmly follows the road of building socialism with Chinese characteristics, forcing the Taiwan authorities to adopt a more sober attitude for handling the relations across the strait. Although exchanges and interactions between both sides of the strait will further expand this year, relations across the strait will not experience major breakthroughs in a short while to come. The Taiwan authorities will not make major adjustment to its current mainland policy, but will adhere to the fixed policy of the "program in reunification of the nation." The core is to refuse accepting "one country, two systems," unwilling to degrade into a local government, but to seek the status of a political entity with equal footing. Huang Kun-hui, chairman of Taiwan's "Mainland Work Council," said that "when the CPC is still denying that we are a political entity, and when the international community is still trying to exclude us, it is indeed inappropriate to talk about the 'three links' at this time." Therefore, the Taiwan authorities are trying in vain to direct the exchanges and

interactions between both sides of the strait to the track which serves their political goal, and struggling for predominance with the mainland in the course of interaction; they attempt to wait for "changes" to occur on the mainland, then they will talk about the problem of reunification; and if they cannot attain their political goal, they will maintain the current situation and postpone the reunification problem for a long time. This way of doing things contradicts the wishes of the people on both sides of the strait, and goes against the historical trend. It is hoped the Taiwan authorities will set store for the basic interests of the country and the nation, eliminate various artificial obstacles, do more things which are helpful to the development of relations between both sides of the strait and which can promote the country's reunification, and push the relations across the strait to a new height in the new year.

Jaw Shau-kong's Leadership Style

92CM0269A Taipei TIENHSIA [COMMON WEALTH] in Chinese No 130, 1 Mar 92 pp 94-99

[Article by Yang Ma-li: "Jaw Shau-kong's Cold-Faced Leadership"]

[Excerpts] [passage omitted] The general public, especially the people of Taipei (Jaw Shau-kong has indicated several times his intention to run for mayor of Taipei), are closely watching the performance of this parliament star, who was elected three times member of the Taipei City parliament or legislator with the highest number of votes, as his first administrative assignment. What are his leadership capabilities and administrative style? Is he up to the more demanding administrative job?

At the beginning, many people were not optimistic about Jaw Shau-kong's likely performance as administrator of the Environmental Protection Administration. A CHUNG-KUO SHIH-PAO reporter on environmental protection issues Lu Li-te said that environmental pollution in Taiwan has accumulated for over 40 years, and is deep-seated. But the public expected a great deal of environmental protection work quickly, were anxious for results, and easily disappointed. "Whoever assumes that office cannot but bring damage to himself."

On the other hand, while a parliamentarian, Jaw Shau-kong in his political activities had always been a one-man operation, and paid little attention to the operations of party committees. "He is a brave soldier, but cannot map out strategies," observed a legislator who is on friendly terms with Jaw Shau-kong.

Analysts also point out that Jaw Shau-kong is not well-versed on the workings of the bureaucracy, and did not have an able staff to go with him to the Environmental Protection Administration except for his personal secretaries and aids, and this situation greatly affected the quality of his decision making and administrative character.

However, after several months, Jaw Shau-kong, who came to the cabinet accompanied only by his aids and secretaries at the constituency service office and the parliament, has come to be regarded by many grade-one administrative officers of the administration, as a very creative, decisive administrator.

With his usual intelligence and quickness of response, he swiftly solved many difficult issues that had plagued the administration for a long time.

For instance, the administration studied the issue of levying garbage fees for three years, and discussed many plans, but could not reach a decision. After being briefed on the strengths and weaknesses of various plans, Jaw Shau-kong very quickly decided to levy a fee in the amount equivalent to a certain percentage of a household water bill.

He has also been famous for his fighting spirit, and has surmounted many difficult issues at the administration. [passage omitted]

Jaw Shau-kong, who has Type B blood as well as recessive Type O blood, gave a self-analysis which portrays his character as consisting of two strong traits: "I have the optimism typical of Type B blood people, as well as the persistance typical of Type O blood people." When talking about Jaw Shau-kong, Yu Mu-ming, who was a colleague of Jaw Shau-kong as a member of the municipal parliament and a legislator, also emphasized that he chose what was good and stuck to it. This characteristic has made Jaw Shau-kong courageous in holding on to what he perceives to be right.

According to Yu Mu-ming, 10 years ago when the concept of "rejecting second-hand smoking" was not yet widely understood, Jaw Shau-kong, as chairman of a municipal parliament committee, himself put up a "no smoking" sign, thereby frustrating most of the smoker parliament members. While in the Environmental Protection Administration, Jaw Shau-kong reversed situations on many issues, by sticking to his own views. For instance, the projects on three golf courses, which were to be developed in water source areas, and approved by the Education Ministry, were stopped, because of his resolute opposition to the likely damage to water sources. Not only business tycoons Chen Ch'ung-kuang and Kao Ch'in-yuan openly expressed their discontent against him, but Executive Yuan president Hao Po-tsun also said: "It is not right that a project cannot proceed just because it has an environmental impact. If it is in accord with the law, there is no reason why it should not proceed." However, Jaw Shau-kong stuck to his original position, and emphasized that as long as he is in office he would fight the project to the end.

In the revised environmental impact assessment bill under deliberation at the Legislative Yuan, he transferred authority over the environmental impact assessment and approval for development plans from the supervisory agency of target businesses (e.g. the Economic Ministry) to the Environmental Protection Admnistration. Jaw Shau-kong pointed out: "We cannot let the development units be the player with their left hand, and the umpire with their right hand." As pointed out by Legislator Li Sheng-feng who is very supportive of the revised bill in the committee, "This revision declares that environmental protection is a higher priority than economic growth," and has thus great symbolic significance.

In most of his decision making activities and public speeches, Jaw Shau-kong is quick, clear and decisive. "There is a perception in the administration that he is advancing all by himself, and that people under him have difficulty in following him," observed Lin Mei-na, a former senior TZULI TSAOPAO reporter on environmental protection matters.

In fact, Jaw Shau-kong is a man who puts great emphasis on efficiency, both in terms of his own work and in terms of his subordinates' work. It certainly would not be a very leisurely job to be his subordinate. The other side of Jaw Shau-kong's administrative performance—his administrative capabilities—cannot be divorced from the word efficiency.

Jaw Shau-kong's efficient style emerged at a very early date. According to Chung Ji-hung, who was Jaw Shau-kong's aid since Jaw Shau-kong ran for a seat in the second session of

the municipal parliament in 1985, he learned two most important things from Jaw Shau-kong—first, never talk rubbish, and second, how to budget time.

Chung Ji-hung, who graduated from the Institute of the Three Principles of the People of Taiwan University, said: "He would never ask me: 'How are you today?' He would not lightly invite me to eat with him." To increase efficiency, Jaw Shau-kong, while training personnel of the constituency service office, said that they must express themselves in as few words as possible in answering telephone calls: "Hang up in three minutes." With regard to necessary social events and residents' meetings, "I never appear with him at the same occasion, and we attend separate events."

There are several Jaw Shau-kong "maxims" widely known among the employees of the Environmental Protection Administration, and many of them are related to his emphasis on efficiency. For instance, Jaw Shau-kong objects to the saying that "one should be praised for working hard if there is no result." As soon as coming into office, Jaw Shau-kong said to personnel in charge of the Tanshui River improvement project: If the first phase of the Tanshui river project cannot be completed on schedule in 1993, everybody should commit "harakiri." His views on many administration affairs are: "If everyone tries to be a nice guy, nothing will be accomplished." Once, he even shouted abuse at an employee: "If you cannot do the job well, then you will be replaced." That employee regarded the incident as the biggest failure in his career as a public servant.

The efficiency-seeking Jaw Shau-kong demands that administrators of all levels allocate more than half their manpower to dealing with the several most important matters of the respective units, and the rest of the manpower to handling routine documents. As for himself, when attending meetings and making inspections out of town, he often travels all by himself, not accompanied by any subordinates, in an attempt to do his best not to disrupt the work of the subordinates and take up their time.

While emphasizing efficiency, Jaw Shau-kong is also an administrator who delegates authority extensively, while keeping control over key matters. [passage omitted]

According to Shen Shih-hung, director of the office of water source conservancy, each business meeting with the administrator rarely lasts longer than 15 minutes. The comprehensive planning office, which could be called the "engine of the administration," is doing all kinds of jobs. Its director Chen Jung-jen also pointed out that at each meeting administrator Jaw would ask him about three jobs only.

According to Ni Shih-piao, director of the monitoring and examination office, in the early stage of planning, Jaw Shau-kong participates in discussions, but lets subordinates do their job after a decision has been made: "He waits to see the results, and is resolute that objectives be achieved."

Jaw Shau-kong lets subordinates do their job, and gives straightforward instructions only when a bottleneck occurred. For instance, when the Tanshui River improvement project encountered many technical bottlenecks, he organized an inter-departmental task force and asked each member of the task force to be responsible for eliminating one bottleneck. For instance, if there was a coordination problem with the Taipei county government, "Wait for You Ch'in at his office door every day, and try to communicate with him; it is all right to spend your working day there." Jaw Shau-kong emphasized that one should not stop until the problem is solved.

Emphasizing efficiency, delegating authority, and keeping control over key matters have not only resulted in more progress in Environmental Protection Administration work under Jaw Shau-kong's leadership, but also made it possible for Jaw Shau-kong himself to achieve the objective he has always emphasized: "No matter what happens, one has always to keep a space for himself."

In fact, Jaw Shau-kong is under much greater pressure and is playing a much more important role. In addition to pushing for achieving environmental protection objectives, he remains a member of the New KMT Network at the Legislative Yuan. He still attends the weekly breakfast meeting. When unable to attend the meeting, he nevertheless sends a representative there. Although having become a cabinet member while a legislator, he still insists that he must continue to serve his original constituency. Therefore, he has been disposing, on average, three cases of constituency service every week (some people speculate that this is for the purpose of laying the foundation for running for mayor of Taipei).

Despite all this, unlike many other government officials who are busy all the time, Jaw Shau-kong is usually able to end his day of work by 1900 every day, but seldom attends social events. "Is it taking matters too seriously, if one runs short of time just being the administrator of the Environmental Protection Administration? How would a president manage?" Jaw Shau-kong believes the key is delegating authority.

Jaw Shau-kong often cites the examples of Presidents Carter and Reagan of the United States to illustrate the point of "handling heavy things by way of making them lighter"—it is very important to simplify complex things.

He said that Carter was president for four years (1976-1980), appeared to age 20 years, his face was all wrinkled, and his presidency was not given high marks. But Reagan was over 70 years old when he became president (1980-1988), he became younger, more vigorous, and his presidency has been given high marks.

Jaw Shau-kong has performed brilliantly in his administrative job, because he speaks his mind, sticks to his own views and emphasizes efficiency. But hidden behind all this has been the less than smooth way in which Jaw Shau-kong handles "human relationships."

Basically, Jaw Shau-kong is not someone who easily opens his heart to others. He is strict with himself, and treasures his privacy. Very few people have been to his home. "He tends not to tell others what is on his mind," observes Legislator Yu Mu-ming. In the case of his wedding, Chung Ji-hung, who had been his aid for many years, was only told

to attend an important meeting, and "only knew that it was his wedding after arriving at the place where the wedding was held." Chung Ji-hung attended the only wedding at which he was not asked to give money ever since he joined the work force.

In the Environmental Protection Administration, some officials complain that he is too strict with employees. Because of his attention to the operations of the water conservancy office (managing the Tanshui river improvement project, the Tanshui River was a subject about which Jaw Shau-kong was very concerned when being a municipal parliament member or a legislator, and is even more a subject of concern to him after he came to the administration), he replaced the director of the water conservancy office three times.

As a result of extensive delegation of authority, even some grade-one administrative officers do not often meet with him, let alone the 300 to 400 ordinary office workers who seldom see the administrator. [passage omitted] The 178 cm in height, and dislike of small talk, Jaw Shau-kong gives an impression of being cold.

Because of his views on environmental protection, he expressed opposition to the development of fourth nuclear power plant and golf courses, thus causing displeasure on the part of the Education and Economic Ministries which are in charge of the development. A high-ranking official of the State-Owned Business Commission criticized Jaw Shau-kong for not understanding the ways of bureaucracy, and for forgetting that as a member of the cabinet he should help the policy coordination of the entire cabinet: "He regards himself still as a legislator, and thus as entitled to speak without shouldering any responsibility."

However, according to one high-ranking official of the Executive Yuan, Jaw Shau-kong is a man of good judgment and works hard; his weakness lies in being too emotional: "He tends to go to the extreme in his speeches." For instance, when the digging in the Tanshui river waste water treatment plant project touched the site of the thirteenth lane, he criticized the Education Ministry and the Cultural Construction Commission for not having done their job.

However, by not being smooth in personal relations, Jaw Shau-kong not only offends other cabinet members, but also makes many of his subordinates "feel not being able to handle the situation." But he receives support from a large part of the public. The environmental activist Ma Yi-kung feels that many things Jaw Shau-kong did "made people very happy." Legislator Lin Chen-chieh is also of the view that "not being smooth in personal relations" is a weakness for Jaw Shau-kong in terms of his status in the circles of officials, but a good quality in terms of performing his duty as an official.

Jaw Shau-kong himself does not seem to be much bothered by these criticisms. "Those who put the overall interests in the highest place will agree with me." This was his answer after hesitating one or two seconds, when asked about whether he lacked "smoothness in handling human relationships."

A star on the parliament stage for a decade, Jaw Shau-kong performed well after assuming the office of administrator of the Environmental Protection Adminstration. He did not become the "tragic hero" that he himself talked about, and neither did the job usher in the beginning of his bad political fortunes as many analysts at that time speculated gloomily.

When many reporters, legislators and officials who were watching him from afar say that he is good at using tactics of dealing with the public and politics and has thus a great future, he brushes such talk aside with a smile: "Not at all. I am not that complex! I have always regarded myself as a simple guy."

Sitting in the orange sofa in the reception room, he said, after straightening up his back and making a small gesture, that he could not understand why many people liked to complicate simple things, and that even less did he understand why many political figures paid so much attention to fame and wealth.

His motto is "I am the one in control." He perceives himself as one who cares about everything (i.e., responsible), but does not care too much (i.e., be otherworldly). [passage omitted]

Island To Outpace Other Asian Dragons in Economy

OW2504093892 Taipei CNA in English 0755 GMT 25 Apr 92

[Text] Taipei, April 25 (CNA)—The Republic of China will outpace the three other Asian dragons in economic growth this year, the Council for Economic Planning and Development (CEPD) said Friday.

The council quoted the Manila-based Asian Development Bank (ADB) as saying recently that the Taiwan economy will grow 7.8 percent in 1992, higher than South Korea's 7 percent, Singapore's 6.1 percent and Hong Kong's 5.8 percent. Earlier this year, the CEPD estimated the country's 1992 economic growth rate at 7 percent. The Directorate General of Budget, Accounting and Statistics was even more reserved, forecasting a 6.76 percent growth.

"The ADB has confidence in our development potential and has given an even more optimistic forecast of our growth rate," a CEPD official said. Quoting the ADB estimate, the official said Malaysia will top all Asian countries in economic performance this year by registering a 8.5 percent growth. Thailand will follow with an 8 percent growth, and the forecast for mainland China is 7.8 percent.

Samuel Hsieh, governor of the Central Bank of China (CBC), reported yesterday that the current domestic financial situation is "healthy and stable."

Hsieh said the annual growth rate of the money supply fell to 16.5 percent in March from a high of more than 18 percent in the previous two months. The value of the new Taiwan [NT] dollar has hovered around the NT$25.25 vs. $1 level in recent weeks. All these figures pointed to the normal development in the local financial market, he added.

The senior banker said bank lending to private enterprises increased 24 percent in march from year-earlier levels. The rise in bank loans will contribute to the expansion of private business, he noted.

Income Gap Lower Than Other Countries

OW2404092092 Taipei CNA in English 0819 GMT 24 Apr 92

[Text] Taipei, April 24 (CNA)—The Republic of China [ROC] has outperformed many other countries in the equitable distribution of its wealth, a ranking official said Thursday.

The official with the Directorate General of Budget, Accounting and Statistics (DGBAS) was commenting on a United Nations report that the wealth gap between the rich and the poor around the world has widened in recent years.

The UN report said that in 1991, the average income of the richest 20 percent of world's people was 60 times that of those in the lowest 20 percent bracket. The spread more than doubled that registered in 1960, it noted.

Responding to the report, the DGBAS official said the ROC is among the few countries where wealth is relatively evenly distributed.

In 1990, the official said, the household income of the top 20 percent was five times that of the bottom bracket.

"Compared with other countries," the official observed, "our achievement in this regard is above the world average."

The 1990 gap was slightly higher than Japan's 4.3 times, but lower than South Korea's 5.7 times, France's 6.5 times, America's 8.9 times, Singapore's 9.6 times, and Brazil's 26.1 times, the official said.

Nevertheless, the official cautioned that the domestic wealth gap has been gradually widening since 1980 when the income spread between the richest and the poorest groups was only 4.17 times.

The official attributed the worsening gap primarily to changes in socio-economic structures and in family types.

Violation of 'One Country Two Systems' Asserted

92CM0273A Hong Kong MING PAO in Chinese 20 Mar 92 p 69

[Article by Chin Yao-ru (6855 1031 1172): "Should It Be Changed to 'One Country, One System?'"]

[Text] Should National People's Congress [NPC] deputies be allowed to become Legislative Councilors? This is a good question, and is a constitutional issue for Hong Kong's Legislative Council (Legco), as well as a question of the position and future of Hong Kong after 1997. This is a new issue confronting the people of Hong Kong and the public media. I am willing to take part in this "survey test."

The question comes from a recent proposal made by Hong Kong leftwing trade union leader Cheng Yao-tang [6774 5069 2768]: The Sino-British Joint Liaison Group should as soon as possible decide whether or not Hong Kong should reform its current laws, and let China's NPC deputies become Legco members to facilitate the participation of NPC deputies in the 1995 elections.

Cheng Yao-tang, on the occasion of his recent appointment by China to be counselor of Hong Kong affairs, shocked people by putting forward this question at a time when Sino-British and Sino-Hong Kong relations are particularly sensitive. What surprised people even more was that when Hong Kong reporters put Cheng's proposal before Hong Kong XINHUA SHE deputy directors Cheng Hua [6774 5478] and Chin Wen-chun [4440 2429 0193], and the State Council's Hong Kong and Macao Office director Lu Ping [7627 1627], they were pleased and thought highly of it; and implied that it can be studied and considered. They even stated that it could be submitted to the Sino-British Joint Liaison Group for discussion.

Cheng Yao-tang's proposal is not in accordance with the Sino-British Joint Declaration and Hong Kong's Basic Law. The attitude of obvious pleasure and high consideration given the proposal by officials from the Hong Kong Branch of XINHUA and the State Council's Hong Kong and Macao Office, and the hint of possibly turning it over to the Sino-British Joint Liaison Group for discussion are in violation of the Sino-British Joint Declaration and the Basic Law. But I think the most basic error in principle is that this violates the principal of "one country, two systems" formulated by Deng Xiaoping. If this is put into effect, not only after 1997, but also before 1997, it will destroy Deng's great concept of "one country, two systems," and put us on the path of "one country, one system."

The NPC is the highest organ of state power in socialist China. The NPC and its standing body—the Standing Committee—exercise the legislative power of the state. This is recorded in Article 3 of the PRC constitution: stipulated in sacred articles on state organs section one, and NPC articles 57 and 58. According to stipulations in the constitution, the NPC is the highest power and legislative authority of the Chinese Mainland. In other words, they are members of the highest organ of power of socialist China.

If the Hong Kong government reforms the current legal system, permitting Hong Kong's NPC deputies—members of the highest organ of state power—to become members of the Legco, this will violate the Sino-Joint Declaration and destroy the basic principle China has adopted to settle the issue of Hong Kong: the concept of "one country, two systems."

If China compels Hong Kong to reform the current legal system, and allow NPC deputies to take positions as members of the Legco, this no doubt will mean that the Chinese Communist Party is telling Hong Kong and Macao compatriots, Taiwan compatriots and the international community, that China is taking back its promise of "one country, two systems," and the CPC's goal in the end is to "replace capitalism with socialism," and implement "one country, one system."

There is more to the issue. Because the NPC will conduct an election next year, according to the constitution the term of office of deputies is five years, and Hong Kong's Legco will also hold elections in 1995, with a term of office of four years. Both will straddle 1997. If China proposes that all major issues that straddle 1997 be discussed with Beijing, in view of the fact that the next Legco members' terms will straddle 1997, this means that they would have to consult with Beijing or turn over discussion and decision to the Sino-British Joint Liaison Group. This means that not only handling administrative matters such as the new airport and the issue of Taiwan investment and close economic ties to Hong Kong, but also major legislative issues of the Hong Kong government, will have to be dealt with jointly, and legislative power will have to be dealt with jointly. Such being the case, issues such as appointment of "legislative members" in light of a "British Imperial Decree" and the so-called "appointment committee" of the governor of Hong Kong would have to be handed over to Beijing. Wouldn't it then become Beijing's "appointment committee?"

If the issue of Hong Kong's Legco members is handled in this manner, it will shake the confidence of the Hong Kong people, destroy the prosperity and stability of Hong Kong, negate the concept of "one country, two systems," and be a blow to the future and interests of Hong Kong and China. Would this not be very damaging? I invite China's State Council Hong Kong and Macao Office and XINHUA to think thrice before they act!

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