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# ***JPRS Report***

# **China**

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# China

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## GENERAL

### He Xin's International Strategy Views Criticized

91CM0393A Hong Kong NAN PEI CHI [NORTH AND SOUTH POLES] in Chinese No 249, 18 March 91 pp 40-41

[Article by Ting Kuo (0002 2654): "Follow the Trend of History, Carry On Independent Diplomacy—Refutation of He Xin's International Strategy"]

[Text] He Xin has been an active, post-4 June Chinese "authority" on theory. His statements are often quoted by Western publications when they seek to discover official trends in Communist China. Recently, BEIJING REVIEW published his interview by Western reporters, in which he indicated his opposition to the rash introduction of Western political and economic systems to bolster the authority of the communist party. He believes the global strategy of the United States and Western countries aims at gaining world hegemony, that it is necessary to counter this development, that China and Japan should combine forces. In my opinion, He Xin's ideas of international strategy are not based on an objective analysis of the global situation, and are not presented on the premise of such an objective analysis, but has often rashly changed according to domestic political struggles and his own personal desire to please the people with cheap, sensational talk. If his international strategy of Japan and China joining forces to jointly oppose the United States were really adopted and executed by the decisionmakers, it would lead Chinese diplomacy on an extremely crooked road, as it would be detrimental to continued reform and opening to the outside world. It has to be refuted and criticized.

#### What Is the Basic Ingredient of Japanese-American Relations?

A focal point of He Xin's thesis of Japanese-Chinese cooperation against the United States is necessarily that conflicts between Japan and the United States will intensify. After the tremendous changes in the Soviet Union and Eastern Europe, and the rapid easing of U.S.-Soviet confrontation, economic, political, and cultural friction between Japan and the United States immediately became prominent, and the fear and distrust of Japan among Americans rose. American opinion polls showed that Japan has already replaced the Soviet Union as the primary threat to the United States (68 percent said Japan, 22 percent said the Soviet Union). In Japan itself, there are increasing demands to change the Japanese-American security system and shake off the American yoke. However it is highly premature to think that, based on these facts, the Japanese-American alliance, which has lasted for several decades since the end of the war, has now completely crumbled. The Japanese Government, as well as mainstream academic circles in Japan, are in favor of continuing the Japanese-American security system. Even political parties outside the government, such as the Socialist Party, have changed their

original attitudes. Of greater importance is the fact that the economic lifeline of Japan is tied to the United States. Most of Japan's export trade and most of its funds are pouring into the largest of all markets, the United States. The main pillar of Japan's prosperity and security is still the Japanese-American alliance, and it is also the major reason for the sustained rule of the Liberal Democratic Party. Whenever a new prime minister comes into office, he must first visit the United States to gain the approval of the American president. This is his obligation in diplomacy. If we look at the American side, we see that Japan constitutes an indispensable Far Eastern link in America's global strategy.

The basic ingredients in Japanese-U.S. relations are their mutual aid in political aspects (for instance, Japan's lead in lifting sanctions against China helped Bush gain congressional approval), mutual economic rivalry, mutual reliance in the military field (militarily, Japan seeks to remain under the protective nuclear umbrella of the United States, while the United States' military bases in Japan are key installations in its military superiority in the Pacific). There will be no great change in the Japanese-American alliance in the present, as well as in the 21st century.

This shows that any thought of using U.S.-Japanese conflicts as a basis for an alliance with Japan against the United States is an unrealistic fantasy. Actually, the most vehement, anti-American segment in Japan is none other than the right-wing politicians and political groups. There is for instance, Ishihara Shintaro, who wrote *A Japan That Can Say No*. This book evoked a huge angry reaction in the United States. Recently, in an article in the BUNGEI SHUNJU, he propounded the "Thesis of Japanese Superiority," wantonly denying the Nanjing massacre. If cooperation with this kind of people is in He Xin's mind, it is no doubt like resurrecting Wang Ching-wei. In view of this, He Xin had better stop talking about Japanese-Chinese cooperation.

#### What Are Japan's Designs on China?

As we look at history, we see that He Xin's thesis of Japanese-Chinese cooperation is nothing new. Basically, the idea is an extension of the "East resist West" idea of the early years of this century. Great men like Sun Yat-sen have also put forward the idea of "Pan-Asianism" in the belief that Japan and China should join forces to resist the Western powers. Under the present circumstances, these ideas are completely out-of-date, especially since proponents of Chinese-Japanese cooperation in Japan see themselves as the leaders of any such alliance. In the past, when Sun Yat-sen tried to obtain financial and economic aid from Japan to overthrow the Manchu dynasty, he could get it only on the condition that he promise to cede Manchuria. Ishihara Kenji (reputed to be Japan's greatest military strategist) was a firm advocate of "Asianism," but so was one of the ignominious figures involved in the "September 18" incident. The true meaning of the "Greater East Asia

Co-prosperity Sphere" was its application in the "imperial way," (the Japanese emperor system) to enslave all the peoples of Asia. It resulted in colonial rule of Korea and Taiwan of a kind seldom seen in the world (robbing the people of their languages and having them change their family names).

Whether Japan has approached China in friendship and goodwill or confronted it with swords and guns, it has always had designs on the territory of China. Most recently, the trouble over Tiaoyutai island is clear evidence. The island country of Japan, lacking in natural resources and completely surrounded by the ocean, has always had a kind of inflexible, dream-like longing for the mainland, as expressed in the proverb "soar aloft toward the mainland."

The meaning of all this is that Japan has never in the past given China any sincere, unselfish assistance (this refers to the country as a whole, not to individual citizens). As far as economic aid is concerned, Japan was the first to lift sanctions this time, primarily because it was afraid that other countries would be faster in opening up the Chinese market. Moreover, apart from marketing commodities and lending money, Japan has been very conservative when it came to technological assistance. On the other hand, the United States and the Western countries have provided a lot of highly sophisticated technology. Furthermore, bribery by Japanese businessmen is one of the causes of the corruption among Chinese officials.

As we reflect on what happened in the past war, we are becoming fully aware of the cunning and evasiveness of the Japanese. All the repeated remonstrations by the Chinese Government and the Chinese masses have not been enough to stop their violent talk and unruly conduct, which, on the contrary, has grown more violent. Isn't it clear what is on the mind of some politicians when they think of China? Anyone who disregards these principles and wastes discussion on cooperation, and starts out with high talk of an anti-American strategy is, we must say, a person who is either ignorant or has ulterior motives.

#### What is the Basis for Japanese-Chinese Cooperation?

Japan is China's neighbor. It is also a strong country, both economically and technologically. Japanese-Chinese cooperation would really appear a perfectly justifiable proposition. It would help China achieve modernization and would benefit peace in the Far East and all of Asia. The strategic idea of combining China's manpower, and political and military strength with Japan's financial, economic, and technical strength to oppose the United States is fundamentally the age-old product of hegemonism and racism. Even from a purely narrow standpoint of diplomatic interests, it runs counter to the rule of "befriending distant states while attacking ones nearby."

The basic points of Japanese-Chinese cooperation must be: In economic respects, China should grant Japan entry into its huge market, while Japan should give China financial and technological assistance, thus allowing both countries to advance to a common prosperity. In cultural matters, the two should take advantage of a common script and racial bond to enhance mutual exchanges, explore ways to develop a new spiritual civilization (based on Confucian tradition), and furthermore, facilitate the flow of cultures between East and West. To express it in four characters: "peace, harmony, common prosperity." If Japanese-Chinese cooperation is established on the basis of anti-Americanism, staking out parties and factions, and widening East-West differences, it will certainly lead to a revival of the kind of situation that existed in the early years of this century before the two world wars.

#### Conclusions

Viewing the Japan-China-U.S. pattern in light of the overall realities, we see that China is in an extremely favorable position. If Japan plays the China card, it will not only reap economic benefits, but, most importantly, gain advantages in its negotiations with the United States. Considering just the military aspect, the United States is pressuring Japan to take on more of the defense responsibilities, and is even pressuring Japan to bear all the costs of stationing American troops, which Japan is of course eager to repudiate by setting up its own self-defense. However, obtaining China's consent is a precondition for Japan's own military build-up. It is for this reason that Japan tries to obtain China's acquiescence in exchange for economic aid. Conversely, if the United States ever truly wants to restrain Japan's expansion in the Far East, it only needs to rely on China's strength. Taiwan, South Korea, and the Philippines all do not have this kind of strength. During World War II, the only other battleground that could render aid in the Pacific in fighting Japan was the Chinese battleground.

However, if China tries to play one party against the other, it would bring disaster upon itself. In the years when it teamed up with Japan against the Soviet Union, China allowed Japanese military expenditure to exceed 1 percent of GNP, giving Japan a convenient opportunity to expand its military establishment, and the result is the anxiety felt today. Actually, China does not have the slightest need to join forces with Japan against the United States. The United States is no threat to China's territorial integrity in any military sense (in my opinion, the United States will not interfere in the Taiwan problem, even if Communist China were to launch a military assault against Taiwan). During the decade of reform and opening to the outside world, excellent Sino-American relations have played an important role.

The lessons of history tell us that it is extremely dangerous to rely on only one country. That holds true in political, military, economic, and cultural respects.

China must not play any kind of card, but must embark on diplomacy that is independent in all directions. Whenever conflicts are encountered, China must follow the historical trend and establish the common values of mankind, namely pluralism, democracy, human rights, and equality. It must work toward the organic integration of domestic politics with foreign politics, avoid conflicts, resolve contradictions, and create an international environment that is truly beneficial for China's

reform and opening to the outside world. To borrow a phrase from Mao Zedong: We have friends all over the world.

With a view to all that has been said, He Xin's idea of a global strategy is a product of opportunism; it runs counter to the trend of historical developments and does not conform to the realities of the present condition.

### Western Philosophical Ideas' Impact on College Students

91CM0402A Nanchang ZHENGMING  
[CONTENDING] in Chinese No 1, 15 Jan 91 pp 76-85

[Article by Yang Huiru (2799 1979 1172) et al.: "The Impact of Western Philosophical Ideas on Today's College Students"; ZHENGMING is sponsored by the Jiangxi Provincial Social Sciences Federation]

[Text] From every perspective and in every sense, Western philosophical ideas have had an unprecedented impact on China's college students in the last 10 years. It would be unrealistic to avoid, deny, or ignore this fact. In our opinion, this impact produced a unique cultural phenomenon on college campuses in the 1980's. It is an arduous but meaningful task to comprehensively study this campus cultural phenomenon, which has such broad ramifications. In fact, many comrades have studied it with some success in recent years. Overall, however, we feel that these studies fell short, because they were flawed by the "two too much's" and the "two too little's": too much discussion of the theoretical background and of superficial phenomena, and too little investigative study and empirical analysis. As a result, they were not very convincing or enlightening.

It was because of the above reasons that we conducted a fairly comprehensive survey of students in 13 of Shanghai's colleges and universities. These institutions were of 8 different types and included: Tongji University, Jiaotong University, Shanghai Teachers' University, Shanghai University's College of the Arts, the University of Finance and Economics, the Foreign Studies University, the China Textile University, the Institute of Ocean Shipping, the Institute of Physical Culture and Sports, the Institute of Urban Construction, the Shanghai Conservatory of Music, the No. 1 Medical University, and the Aquatic Products College. Those polled consisted of full-time underclassmen, upperclassmen, and graduate students. We sent out 2,000 questionnaires and received 1,883 responses. After discarding 21 responses which contained errors or other defects, we had 1,862 valid responses.

#### I.

Our survey focused on the following five questions. Here we will briefly discuss the results of our survey.

#### A. How well do college students understand Western philosophical ideas?

Western philosophical ideas cover a very broad area. Although those in academic circles have drawn different boundaries, they agree on one thing: as social ideologies, Western philosophical thoughts are the reflections of social being in Western capitalist countries in this era of imperialism and proletarian revolution. To a very large extent, these thoughts are in keeping with the second scientific and technological revolution (represented by the spread of electrical applied science resulting from the invention of motors and generators in the late 19th and early 20th centuries) in capitalist societies. All Western

theories and doctrines with sufficient impact to cause social upheaval and changes in the last 100 years can be classified as Western philosophical ideas. Looking at the loci laid down by these Western ideas on college campuses in the last few years, it is our opinion that there are nine theories and doctrines which the majority of China's college students understand somewhat and which have had some impact. These are: Freud's theory on sexuality, Nietzsche's and Schopenhauer's irrationalism, Sartre's existentialism, Western scientific philosophy, Western theory on the separation of power, Maslow's humanist psychology, "Western Marxism," democratic socialism, and Weber's sociology.

Our survey showed that in terms of understanding (referring to students who "have thoroughly studied" or "have read some books"), Freud is the best known, with 43.3 percent of the students indicating some knowledge of him. Nietzsche and Schopenhauer come in second, being recognized by 33.1 percent of the students. They are followed by scientific philosophy, the theory of separation of power, and existentialism, with 26.7, 20.9, and 20.2 percent respectively. From the survey, we learned that most students do not have a profound understanding of Western ideas; most have only "heard" of them. The first three names on our list are the best known. These numbers explain the "Freudian craze," the "Nietzsche craze," the "Schopenhauer craze," the "Sartre craze" (strictly speaking, we should call this the remnants of the Sartre craze, because the "Sartre craze" actually peaked in the early 1980's), and the "scientific philosophy craze" that swept campuses in recent years.

#### B. Where do college students learn about Western philosophical ideas?

Our survey showed that students come into contact with and learn about Western ideas mainly by reading books. Of those polled, 56.6 percent read reference books, 43.2 percent read translations, and 41.2 percent read literary works. These figures by far exceed the number of people who attended lectures (22.4 percent). In addition, 33.9 percent of the students were exposed to Western philosophical ideas in political science and ethics education classes. Educators should be especially aware of this fact.

#### C. What are the main reasons behind college students' interest in Western philosophical ideas?

More than half of the students—55.3 percent—cited "broadening their outlook, gaining new knowledge, and acquiring new concepts" as the reason behind their interest in Western ideas. The second most popular answer was "wanting to learn more about the trend of modern capitalist development," which was chosen by 36.8 percent of the students. A few students just wanted to be "fashionable and know a little bit of everything" (19.1 percent). Among the reasons cited, the least important was that "Marxism has fallen behind the times and can no longer solve today's problems," which was cited by 16.4 percent of the students. These figures give us a general idea about the motivation behind the students' interest.

**D. What Western academic ideas are college students most interested in, and which ones do they identify with the most?**

In the past, we knew very little about this subject, or we only knew that some doctrines or theories created more of a furor among students than others, but we did not know which ones they appreciated or identified with the most. Thus we asked some questions.

**Table I.**

With which Western theory or doctrine do you agree?	Agree (%)
1. Existentialism's theory of self-design	30.8
2. Irrationalism's free will doctrine	12.1
3. Pragmatism's outlook on truth	25.1
4. Psychoanalysis's libido theory	15.4
5. Western Marxism's dissimulation theory	8.3
6. Humanist psychology's theory on different levels of needs	23.4
7. Western political theory's concept of democracy, freedom, and human rights	26.9
8. Scientific philosophy's falsifiability	8.1

The above table shows that pragmatism's outlook on truth ranks third among the ideas students identify with the most. Although most of the students have not read the works of Dewey and James, they are nevertheless familiar with the typical viewpoints of pragmatism and tend to be fairly utilitarian in real life.

**E. How have the influx and infiltration of Western ideas changed college students' views on sexuality, their concepts of human value, political outlook, and modes of thinking?**

This is a very important question. No doubt when we comment on Western philosophical ideas and describe students' inclinations and attitudes toward Western ideologies, we must ultimately get a foothold on how to extract, discern, and analyze Western philosophical ideas' impact and influence on today's college students. How do we quantify this impact and influence, and how is it manifested in students' views on sexuality, their outlook on life, value concepts, political outlook, and modes of thinking? We need to know. Although the survey may be limited in breadth and depth, it nevertheless answered many questions:

**1. The impact of Western philosophical ideas on college students' views on sexuality:**

**Table 2**

The following are some Western views on sexuality. Please indicate your opinion of them	Acceptable (%)	Absurd (%)	Unacceptable (%)
1. One should marry at least twice in one's lifetime.	18.8	43.9	28.9
2. Marriage is a contract of love. If love ends, so should the marriage.	59.7	22.3	11.8
3. If two people love each other, it's okay to have sex.	19.4	34.3	35.1
4. Just follow where love leads, and ask no questions.	29.2	28.5	27.1

Table 2 shows that more people find statements 1 and 3 "absurd" and "unacceptable" than "acceptable," and most people find statement 2 "acceptable." This means that most college students still have a fairly serious and cautious attitude toward sex. At the same time, there is no denying that 18.8 percent and 19.4 percent of the

students agree with statements 1 and 3 respectively, and another 29.2 percent find statement 4 quite acceptable. This means we cannot relax our grip on sex education.

**2. The impact of Western academic thoughts on students' outlook on life:**

**Table 3**

Please indicate your own view on the meaning and value of life:	Reasonable (%)	Absurd (%)	Unacceptable (%)
Life is short, enjoy it while you can.	37.5	25.7	29.6
Subjectively, one serves oneself; objectively, one serves others.	45.8	32.4	13.4
A man leaves only his good name after he is gone, just like wild geese leave only their call after they are gone.	44.0	27.7	18.4
A person should carry out his duties his whole life.	24.8	37.3	24.7
It's no good wishing for what you can't have.	45.2	22.5	20.4
Human value = give + take.	59.1	23.6	8.7
One holds one's destiny in one's own hands.	35.8	40.5	17.2
Life is made up of innumerable chances.	68.2	22.4	4.7
There is a use for everything.	63.2	26.1	5.4
Life is full of pain, weariness, and annoyances.	42.5	29.7	19.0

Table 3 clearly shows that the largest percentage of students find statements 8, 9, 6, 2, and 5 "reasonable," indicating that they have a strong desire to learn more about the value of life. As much as 62 percent of students find statement 4 "absurd" and "unacceptable," suggesting that few understand the spirit of sacrifice symbolized by the statement. Statements 10 and 1 reflect that students' outlook on life is tinted by strong overtones of pessimism, relativism, and hedonism.

### 3. The impact of Western philosophical ideas on the college students' modes of thinking:

The survey showed that when dealing with a certain matter or issue, most students—45.8 percent—are "governed by rationality and norms"; 41.6 percent rely on "intuition or inspiration"; and only 17.6 percent "follow their instincts." Thus, most students do not ignore reason or standards, but will combine reasoning and intuition, norms and inspiration. Although they often boast of "following their instincts," it is only a facade. We should not draw conclusions based on outward appearances.

### 4. The impact of Western philosophical ideas on college students' political outlook:

The survey showed a clear dichotomy in college students' political outlooks: On the one hand, most have the right attitude toward China's political system. On the other hand, many show a strong interest in three features of the Western political system: "the separation and balance of power," "the congressional system," and "supervision by public opinion." When asked if those features "basically suit China's conditions," 14.6 percent felt that the first was suitable, 10.2 percent found the second suitable, and 44.4 percent embraced the third. Another 40.7 percent, 40.8 percent, and 24.3 percent found the respective features "worth emulating." However, a large percentage of the students are confused about China's "People's Congress system," its "system of multiparty cooperation under the leadership of the Communist Party of China," and the idea of "upholding the one central and two fundamental propositions." There is 15.9 percent who "have doubts" about the first aspect, 18.9 percent who question the second, and 18.7 percent who question the third. This indicates that Western philosophical ideas have a very negative effect on college students' political outlooks.

## II.

Upon studying the responses to the above five questions, we have drawn the following conclusions:

A. On the whole, we need to ascertain and understand Western philosophical ideas' full impact on college students over the last 10 years. However, this impact is not as great as some comrades first imagined. They used to think that everything students did, thought, or said was to a large extent influenced by Western ideas, and that everything could be traced to or was founded on Western theories or doctrines. But our survey showed that there is

a limit to the effect Western ideas have on China's college students. This is demonstrated mainly by the fact that many students are unfamiliar with or do not understand Western ideas. For example, we mentioned nine theories and doctrines epitomizing Western ideas, but many indicated that they had "never heard of them." There were 7.2 percent of the students who had never heard of Freud and 14.8 percent had never heard of Nietzsche; both are among the most well-known figures. Close to 30 percent of the students had "never heard of" the other schools of thought we listed. This clearly proves our point. Of the 2,000 college students polled, only a handful had studied Western ideas "in depth"—the percentages ranged from 1.6 percent (for Weber's sociology theories) to a paltry 4.6 percent (for Freud's theories.) Thus, most students have at best a general knowledge. In other words, most of them start out with a few concepts, propositions, or even a few words that they may have gathered from movies, novels, lectures, and classrooms, and then decide whether to accept or reject those ideas based on their own needs, emotions, interests, tastes, and their ideas of right and wrong. Of course this kind of haphazard understanding will not afford them the essential and thorough knowledge of the theories and doctrines of Western ideas. Naturally such knowledge cannot be elevated to the level of rational knowledge sufficient to govern or guide their conduct. Its impact is therefore limited, shallow, unstable, easily shaken, and may simply vanish (this is borne out by the way students are attracted en masse to certain Western ideas and then just as quickly change their minds, as they have in recent years.) Such impact varies from individual to individual, and from campus to campus, and may change as the general situation changes. As one student said, "As a social group, our change of mind is due more to the changing times and not so much to the impact of Western ideas." This very much sums up our point. Therefore, in our opinion, the starting point of our inquiry is to meet the challenge posed by Western ideas and deal properly with their impact on the college students. We must ascertain how well and how much the students understand those ideas, as well as the ideas' impact. No viewpoint that exaggerates or mitigates the impact can logically explain the unique spiritual-cultural phenomenon on China's college campuses at the turn of this century.

B. Western philosophical ideas indeed have an impact on college students, but this impact is not "all-encompassing." Some areas are affected more than others. In our opinion, the greatest impact is on students' concepts of the value of life, and then on their political outlook. The impact on other areas, such as sexual concepts and modes of thinking, is minimal. Our survey showed that Western ideas have a tremendous effect on college students' outlook on the value of life. Here, we are referring to both active (positive) and passive (negative) effects.

On the positive side, Western philosophical ideas, especially Sartre's existentialist and individually-based

action philosophy, their self-centered value and moral concepts, and Sartre's "psychological description" of the existence of man can to a very large extent satisfy today's students' spiritual need to rediscover, reaffirm, and actualize themselves. The ideas play a definite role in establishing college students' independent character and strong spirit, arousing their will to fight and struggle, and inspiring the confidence that "there is a use for everything." Faced with the future society of the 21st century, where competition will be intense, students' recognition of this kind of individual personal value is nevertheless a good thing. If one's personal "design," "struggle," or "actualization" can be achieved without alienating oneself from society or the collective, and without ignoring certain socio-historical conditions and cultural backgrounds, it can still be an inspiration, because it is more positive and meaningful than self-demoralizing, self-depressing, and self-destructive thoughts. An individual's ability to reason and to reflect is often the intrinsic, spiritual drive behind his ability to improve himself, and it is one of the marks of his psychological maturity. Since the 4 June disturbance, the entire society has wondered how to set a correct political course for young students. This has been our top priority in training a generation of qualified college students, and no doubt this is a correct attitude. However, this does not mean that college students do not need—or that we should no longer value—the ability to reason and reflect, make their own decisions, and be independent. The problem and the mistake lie in the fact that before the disturbance, we overemphasized those abilities, to the point of neglecting students' political direction. Thus, in our opinion, it will not be a historicist attitude if we do not acknowledge or if we overlook the subtle yet positive effects, no matter how large or small, Western ideas have had on students' outlook on life. Of course, neither will exaggerating their positive effects be a historicist attitude.

On the negative side, there are the following effects:

1. Western ideas breed extreme individualism and emotionalism. Existentialism overemphasizes human existence as the highest phenomenon. It does not recognize any a-priori, predetermined value system other than human existence. Irrationalism overemphasizes human nature as the origin of "free association" from which "the flow of life" and "the flow of will" develop. It suggests that people are born to express, create, and expand themselves. In turn it refutes man's social nature. Humanism overemphasizes the role man's many needs play in the process of actualizing their own value. It pits man against man, the collective, and society. Thus, these theories and doctrines are deliberately willful and reckless. In essence, they are irrational, asocial, non-historical, extreme subjectivism and individualism. Insofar as the students are concerned, within certain limits and under certain socio-historical conditions, it is important for them to know their personal value "at this very instant" and to know the role they play in their own success. But because students' rational thinking is characteristically partial, and because these doctrines and

theories are depicted as a "science," which can be very deceiving and enticing, these ideas can greatly influence students' conduct and their psychology and emotions. Take the "ego" as an example. Students love to inflate their own egos. They dwell on their egos and on their own emotional needs, stress their own rights and privileges, and ignore other people's rights and privileges and the objective necessity of social relationships and social obligations. They glorify their "personal struggles" to the point of severing value's subjective and objective ties and treat value as a personal experience that has nothing to do with society. In our survey, a whopping 65.7 percent of those polled found Nietzsche's "be yourself" and "do not follow me"—words of extreme individualism—to be "reasonable," and only 13.9 percent found them "unacceptable." There were 38.5 percent who found Sartre's "man is no more than a blueprint designed by man"—a surrealist statement on self-design—"reasonable," and only 13.8 percent who found it "unacceptable." Some students even suggested that human value lies in "satisfying personal needs" and "proving oneself to be a worthy individual." All these show that the absolute "self," "self-worth," and "self-actualization" have a very important place in the hearts of college students. We cannot deny that, whether in terms of a moral or value judgement, this is a brand of extreme individualism. There is a huge gap between this extreme individualistic kind of "self-actualization" and what is real. This is often manifested in the conflict between the subjective and the objective, between the ideal and reality, and between rights and privileges. Such extreme, individual-based value outlooks are unattainable in the real world. Once the "egos" suffer setbacks, students will stubbornly go to extremes and simply give in to the impulse of their own emotionalism. They either drop out of school and run away from their "egos" (as with the drop-out trend that swept campuses before the student strikes); they "turn political" to give vent to their "egos" (as with the student strikes in recent years); they "retreat to their own little corner" and stay away from everything, isolating their "egos"; or they eat, drink, and be merry to make fun of their "egos." These are manifestations of their impetuosity.

2. Western ideas foster feelings of pessimism that make people weary and disillusioned with life. This is largely because of the influence of existentialist philosophy. Existentialism sums up human existence as nothing but "weariness," "dread," "fear," and even "death." Sartre said vexation is a part of life; vexation is the sense of responsibility or the feeling that one is in a dilemma when must make a decision about one's own conduct. Heidegger said that "nothingness" is the true essence of life, the purpose of existence. There are also Schopenhauer's pessimism, Nietzsche's pessimistic optimism, and such "quotables" as "life is a bitter sea" and "hell is other people." All these have a negative effect on college students. Today's students also love to exaggerate their emotional roller coasters and psychological experiences, such as anxiety, pain, and boredom, which are a part of life. At their tender ages, they are already tired and weary

of life. To them, life is blanketed by darkness and everything is in vain. As a result, they are very pessimistic and tend to take life lightly. Our survey showed that 42.5 percent agree that "life is full of pain, weariness, and annoyances," and 37.5 percent agree that "life is short, enjoy it while you can." As for Schopenhauer's very pessimistic depiction of life as a "circular track paved with burning coals," 37.9 percent found it "reasonable." Apparently many students share a pessimistic outlook on life. Occasionally, we hear about students committing suicide on campus. These students must have doubts about the value and meaning of human existence. They must feel that there is no end to life's pain and suffering, and that there is no reason for them to linger. They seek death to end their human pursuits and relieve themselves of human suffering. To them, "death is the end to living."

3. Western ideas abet moral nihilism. Western philosophical ideas have strong moral relativist and nonhistoricist tendencies. Modern Western humanist philosophers and theoreticians have a negative attitude toward historical morality. This is especially true in Nietzsche's case. His "God is dead" and the "transvaluation of values" lashed out at the Christianity which had dominated Western cultural and moral arenas for nearly 2,000 years. He resisted or rejected totally all established historical moral concepts. Under special historical conditions, this may have special meaning. But such radical denunciation and destruction of traditional moral culture is typical of irrationalism and historical nihilism. Nietzsche's "Dionysian spirit" which refutes all traditional moral culture also has a very negative effect on students. They too begin to doubt China's traditional moral culture. They accuse our moral system of suppressing human nature and inhibiting individual character. They describe it as the breeding ground of "the nationalities' deep-rooted bad habits" and "nationalist nature" and maintain that it must be destroyed and rebuilt. This kind of nihilist attitude toward traditional moral culture robs students of their old moral system and value concepts. Because they cannot be immediately replaced by a new and acceptable moral system and value concepts, there is a huge moral void. This is manifested by the students' moral nihilist tendencies, characterized by their inability to reason, to act with restraint, or to heed law and order. Some students in the survey said, "Swept by the spring tide of the commodity economy, what moral is there to speak of? It seems so inept." Because they ignore and even despise all moral norms, students' moral standards and moral outlook are indeed something to be concerned about.

Western philosophical ideas' greatest impact is on students' outlook on the value of life, and then on their political outlook. Our survey discovered that besides existentialism's self-design theory, what college students appreciate and identify with most are the democracy, freedom, and human rights from Western political theory. We admit that Western ideas have both a positive and negative impact on student's outlook on the

value of life. However, when it comes to their political outlook, there is only a negative, and no positive, effect. Some college students have mistaken Existentialism's "free choice is always unconditional," "absolute freedom of choice," "the power of the will smashes all idols," and "one should create oneself unrestricted by society," as well as other bourgeois liberalization viewpoints, as "major discoveries since Marxism" and as "true democracy and freedom." They in turn abandon or sever the ties between democracy and the legal system, freedom and discipline, and rights and responsibilities. As a result, extreme democratization and anarchism run amok on college campuses. The political disturbance that erupted from spring to summer of 1989 was in fact an "exercise" in Western democracy and freedom in socialist China staged by the college students that turned into a disturbance and counterrevolutionary rebellion. It was something the majority of the students did not foresee. This also shows that it is a very important and very urgent task to resist bourgeois liberalization on campuses and to educate students on socialist democracy, freedom, and legal systems.

As for the issue of sexual concepts, we must realize that in recent years reform and opening up have brought dramatic changes to our culture and concepts, and that the Western "sexual liberation" and "sexual freedom" which have become very fashionable have begun infiltrating China. Overall, compared to college students of the past, the sexual morality of today's students is much slacker. This is one of the basic premises we must consider when we assess today's young people as a group, and it is also the departure point of our analysis and consideration. In recent years, because of the availability of various literature and some of Freud's theoretical works, Freudianism has remained very popular with today's college students. A handful of students have taken some of Freud's viewpoints as the theoretical basis for their own lack of sexual restraint. This is a fact, and we would be less than thorough if we failed to see or tried to ignore this fact. But our survey also showed that not too many students truly embrace Freud's "libido theory" or try to put his theory into practice. Most students are bashful or ambivalent about his theories. That is, they indicate a high level of interest (the popularity of Freud's work among students as indicated in the polls bears out this point), but also have some reservations (this is also reflected in the survey about their sexual concepts discussed earlier). In short, in our opinion, Freudianism has an impact on today's college students, but this impact is very limited. The majority of students have a fairly serious and cautious attitude toward sex. This finding differs from the views held by some comrades.

C. Exploring the ways Western ideas are propagated among the college students is also an important issue that should not be overlooked. In the past, we have ignored or not paid enough attention to how ideas are propagated, and our information has not been very accurate. Some comrades only looked at the surface and suggested that lectures and salons on campus were the

main avenues for propagating Western ideas. Thus we concentrated our efforts on an examination and approval process to control the contents of those lectures and salons and on managing the different formats, thinking that this would block the "source of the pollution" and that the negative effects could be effectively controlled. Yet Western ideas continued to "regenerate every spring" and spread and run rampant on campus. Apparently that conclusion was not entirely accurate. The fact of the matter is, according to our survey, students come into contact with and learn about Western ideas mainly by reading reference-type books (56.6 percent) and translated works (43.2 percent). For example, 27.5 percent of students have read the book *Modern Western Philosophy*, and 18.9 percent have read *Western Marxism*. Our poll also listed 22 fairly representative Western works and asked whether the students had "read a book carefully" or "skimmed through" it. The first 10 books and the percentage of students who answered positively to the two questions—were: Freud's *The Interpretation of Dreams*, 16.0 percent and 41.5 percent; *A General Introduction To Psychoanalysis*, 9.3 percent and 28.1 percent; Sartre's *Being and Nothingness*, 5.0 percent and 25.0 percent; Goble's *The Third Force: The Psychology of Abraham Maslow*, 7.3 percent and 19.1 percent; Marcuse's *Eros and Civilization*, 5.5 percent and 19.6 percent; Nietzsche's *The Birth of Tragedy*, 8.1 percent and 15 percent; Freud's *The Psychopathology of Everyday Life*, 8.1 percent and 14.3 percent; Lifujin [6849 1133 6855] Howard's *Entropy: A New Kind of World Outlook*, 5.1 percent and 16.6 percent; Nietzsche's *Ecce Homo*, 6.5 percent and 13.9 percent; and Maslow's *A Self-Actualized Man*, 3.1 percent and 9.1 percent. As for lectures and salons, only 3.1 percent "always attended" and 9.1 percent "often attended," but 41.0 percent "occasionally attended" and 37.0 percent "never attended." This fully demonstrates that lectures and salons are not the main channels of propagation. In fact, this is not difficult to understand. Few people have the time to attend lectures and salons. Since extracurricular reading is the main avenue through which college students come in contact with Western ideas, the question now is how to guide their extracurricular reading. We will discuss this question later.

D. Another conclusion we can draw from the survey is that the absolute majority of college students are interested in Western philosophical ideas mainly because they want to broaden their views, increase their knowledge, acquire new ideas, and understand the development of modern capitalist societies. In the past, we used to think that students were trying to be fashionable and "quote Sartre or Nietzsche" to show off their interest in Western ideas. Or we thought that the main reason for their interest was that it was their way of challenging Marxism and saying that Marxist theories had fallen behind the times or could not solve practical problems. It is our opinion that neither one of these viewpoints sheds light on the real reasons behind students' interest, nor can we agree with those viewpoints. Our survey showed that college students are no less interested in Marxist

classics than in reading Western philosophical works. For example, students were asked to indicate whether they had "carefully read" or "skimmed through" the following books. The response were: *The Communist Manifesto*, 11.9 percent and 27.9 percent; *Selected Works of Mao Zedong*, 9.4 percent and 34.0 percent; and *Selected Essays by Deng Xiaoping*, 8.5 percent and 26.0 percent. This states the case clearly. By reading and comparing, some students have concluded that Marxism is more scientific and holds more truth than do Western philosophical ideas. Some students even wrote in their questionnaire that "Marxism has not fallen behind the times. The problem is, we have not made good use of it in solving real problems." In addition, only 18.4 percent of those polled feel that Western ideas "are reasonable and very convincing." This also indicates that students have some ability to distinguish right from wrong and have analytical minds. It also suggests that most have no intention of replacing Marxism with Western doctrines or theories, or using Western ideas to solve China's practical problems. Based on this unique characteristic found in young students, we can conclude that they are interested in knowledge and are eager to explore new ideas. They find themselves in institutes of higher learning where different thoughts and ideas cross swords and where concepts can change radically. The little education they receive in the classroom is no longer sufficient to satisfy them; they want to learn more and be able to think independently. Therefore they do a lot of extracurricular reading, and they long to observe society and seek ideas and viewpoints that are compatible with the society in which they live. They want to explore and understand the development of contemporary capitalism. (For example, the reason students are interested in "Western Marxism" is that, by learning the theories of Lukacs, Gramsci, and Marcuse, they hope to understand the changes and development of the modern capitalist world and the flaws of capitalist societies, as exposed and criticized by these theoreticians. As another example, they are interested in scientific philosophy, because through Popper, Kuhn, and others, they hope to understand the revolution of ideas caused by the development of natural science in modern capitalist societies.) All these are in keeping with our socialist practices of reform and opening up. "Opening our door" has helped us understand capitalist societies even better. In 40 years of socialist construction, we have had successes as well as failures. Other socialist countries have also had their share of troubles and problems which have puzzled many students, and prompted them to look for answers in Western philosophical ideas. Thus, Western ideas have become important sources of knowledge outside of Marxist theories and other classroom knowledge. Now that we have sorted out the main reasons, we can conclude that the subjective wishes and motivation behind most students' acceptance of Western ideas are not only understandable but also positive. We should not feel that it is wrong for them to be so enthusiastic about Western ideas simply because there are some negative effects. In fact, today we no longer live in a world of closed societies, nor are the campuses closed campuses.

With the continuous influx of Western ideas, it is normal for students to want to understand, personally experience, and show interest in those ideas. The only problem is that previously Marxist theories gave too much ground up to Western ideas on college campuses, resulting in wave after wave of Western cultural crazes on campuses in recent years, while there was no sign of a Marxist craze. We cannot blame the students. It is something those in higher-level departments and school officials should reflect on.

E. As Western ideas buffet and challenge the students, we must come up with effective responses. Of course, our response should not be simple acceptance or rejection or passive resistance. We must actively analyze and criticize, amplify the positive and abandon the negative, and be selective. How to objectively and realistically manipulate the Western philosophical ideas that are so admired by college students is something we must pay special attention to. It would not be scientific for us to try to "block" those ideas or let them "run amok." On this issue, we have several suggestions:

First, we should actively guide the absorption of ideas. This primarily means that we should guide students' extracurricular reading. Looking at the translation and publication of Western literary works and the way they are studied in academic circles, there are several points which warrant special attention: a. In order to make more profit, some publication units have expanded their distribution and therefore have indiscriminately translated and published works of Western philosophers. They are more worried about their own economic benefit than society's benefit. They rush headlong into mass action, causing a loss of macro control. b. Research work is lagging behind. There are few works published and distributed that recommend or critique original works, and so students do not have timely or proper guidance as to what books they should read. As a result, they blindly accept the viewpoints expressed in some books. c. Most recommendations and critiques are marked by "two too much's and two too little's." That is, there is too much "objective presentation" and too little analysis and criticism, too much affirmation, and too little refutation. Faced with this situation, we should pay special attention to guiding students' reading and targeting their hotspots. With correct guidance from teachers, we should make students read original works by Western scholars selectively and systematically, so that they can find out what these scholars really have to say. In this way, they can focus on several scholars' ideological viewpoints and propositions rather than starting from "hearsay" and one-sidedly and punctiliously trying to understand the words, but misinterpreting the meaning. Besides original works, writings that recommend and critique the works, or even articles that offer thorough and convincing analyses, should also be recommended selectively to students to help and guide them in looking at Western ideas comprehensively and correctly. Meanwhile, publishers should publish good books to help students digest Western philosophical ideas.

Second, we must provide stronger guidance. We suggest offering a course on "Western philosophical ideas and today's students" to actively guide students' learning process. The influx of Western ideas is an objective reality. In the future, new sects and schools of thought will continue to come in. Simply "blocking" the influx would not be effective; "noninterference" would be even worse. Rather than take a "laissez-faire" approach, we would be better off to make the first strike, get organized, and provide systematic guidance. Arts students could attend structured courses. As for science, engineering, agriculture, and medical students, we could select the more influential Western sects and schools of thought and analyze, introduce, and criticize them from a Marxist standpoint and viewpoint, using Marxist methods. Thus, with the teachers' guidance, students can correctly assimilate the essence of those Western ideas and consciously discard the dross. By making comparisons, students may become more conscientious about learning Marxist theories. To correctly critique Western ideas, and to do it well, is a very difficult theoretical task. Therefore, school officials must create the proper conditions for raising teachers' theoretical and teaching standards and formulate an appropriate system for facilitating the course and running the schools properly.

Third, we need a proper approach to enlighten students. That is, we should make students utilize materialist dialectics and historicism to analyze Western philosophical ideas and determine whether they are acceptable. Western ideas are in essence non-Marxist; some are even anti-Marxist. But within individual sects and schools of thought, things can be very complicated and diverse. For the same proposition or viewpoint there can be a positive and a negative side, a constructive and a destructive side, a side that enlightens and is optimistic, and also a side that is hedonistic and decadent. Take Nietzsche's philosophy as an example. Although it is corrupt and decadent bourgeois idealism and irrationalism in every sense, the profoundness of some of his viewpoints and propositions (such as "God is dead" and the "transvaluation of values") is equally obvious. Jaspers said, "Nietzsche's philosophy gives Western philosophy the shivers, and we have yet to ascertain the ultimate significance of such shivering." Take Freud's psychoanalysis as another example. It exaggerates the role of sex and attributes the core of human civilization to sex and desire, which is ridiculous and unscientific, and it contradicts the process of development of human history. His school of psychoanalysis probes microscopically into the human psyche. Through his theories of the "unconscious," "subconscious," and "conscious" and the "id," "ego," and "superego" and his "principle of happiness," "principle of reality," and "principle of ideal," he exposed how the human psyche develops from being governed by natural desires to acquiring a sense of morality, which opened up a whole new field in the study of modern Western ethics. No doubt this is its constructive side. Practical education shows that profound, not superficial, analyses of the pros and cons, and the rational enlightenment of the mind is very effective with

students and can help them make scientific and rational choices. Students do not blindly follow or simply swallow Western ideas without digesting them. Facts prove that what they despise and dislike most is the kind of "pseudo" criticism which has no give-and-take and which is not based on analysis. Such criticism only strengthens their sense of rebellion and "resistance." In other words, the more we criticize, the more they appreciate and embrace those things, and the more extreme and prejudiced they become. This probably is something we are well aware of by now. In addition, the proper way to enlighten students should include how they should treat and assess China's traditional culture. The "culture craze" of a few years ago went overboard in rejecting our own traditional culture, which produced a negative effect on college students and played a catalytic role. What this means is, students have come to believe that Western culture and morality are more advanced and progressive and that their own culture is backward and conservative. As a result, there are strong feelings against tradition (the deep-seated motivating force behind the several rounds of students strikes is this clash in cultural philosophies.) We should shed light by making students realize that traditional Chinese culture not only has a backward and conservative side (we cannot deny this), but also a progressive, upbeat side. As the nation's cultural spirit, it has a right to exist and the vitality to survive this modernization process. Only if we vigorously amplify and publicize our national spirit can we strengthen our body so that it can handle cultural clashes from without, and only in this way can we make students ultimately bid "farewell to Nietzsche" and "farewell to Sartre" and once again bid a warm "hello to Mao Zedong and to Marx." Only then can we regain our spirit of value and reestablish the fulcrum of our beliefs.

**Economics Seen as West's 'Peaceful Evolution' Tool**  
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[Article in "Counter Peaceful Evolution Studies" column by Liu Tingya (0491 1694 0068) of Nankai University: "Imperialism's Use of Economic Means To Achieve Its 'Peaceful Evolution' Strategy"]

[Text] Economic infiltration is one of Western imperialism's most important means to achieve its "peaceful evolution" strategy. It is the strategic base, and it is being used as "leverage" against the socialist countries. Therefore, it is imperative that we study Western imperialism's economic approach to the "peaceful evolution" strategy very carefully.

**I. Economic and Technical "Assistance" With Political Strings Attached**

The international situation has changed dramatically since the 1970's. The two different social systems have been in a state of "peaceful coexistence" as far as international relations are concerned. On the one hand,

the socialist countries have run into many problems and setbacks in the course of their development, and one after another, they have implemented reforms and are opening up. On the other hand, the well-developed Western capitalist countries have made use of science and technology to start up production and have readjusted their internal relations, which have enabled all bourgeois economies to develop to some extent. As a result, the balance of political and economic power between the two social systems has changed dramatically in favor of the capitalist countries. Anti-communist forces within the well-developed Western capitalist countries are making use of their economic and technological superiority and are taking advantage of the socialist countries' reform and opening up to launch an all-out assault on the socialist countries with their "peaceful evolution" strategy. One of their main offensives is economic and technical "assistance," which has political strings attached.

Nixon pointed out that, "We should not simply throw our money away on projects to please or thank those who support us on international issues. Instead, we must learn to use foreign aid to achieve our own strategic goals," and "we must join economic forces with other democratic industrialized countries (author's note: referring to the developed Western capitalist countries) to obtain political concessions from the Eastern Bloc as a condition for our economic cooperation." The "concession" Nixon referred to is to force the socialist countries to yield to the political conditions attached to the economic "assistance." The political strings attached to such economic assistance are "political reform" and "economic reform" that conform to their imperialist wishes. Specifically, they include political pluralization, privatization of the economy and the market system, and bourgeois liberalization of ideologies. It should be pointed out that yielding to imperialist pressure has become matter of fact in some socialist countries today.

In fact, economic and technical "assistance" that has political strings attached are a bait used to lure the socialist countries away from the socialist path and onto the "peaceful evolution" road. In the course of promoting its "peaceful evolution" strategy over the last 40 years, imperialism has learned one important political lesson, and that is, if it wishes to hasten the socialist countries' evolution into capitalist countries, it cannot just rely on military and economic "containment"; instead, it must emphasize "friendship," "cooperation," and "assistance" in addition to "containment." In his book, *1999—Victory Without War*, Nixon breaks down this "friendship" policy into four elements: (1) Ways must be found to ease international relations. He maintains that a tense situation can only strengthen the socialist countries' "autocratic rule," but "moderation" will "weaken autocracy." (2) Ways must be found to expand "the West's contact with Eastern Europeans" and increase "trade and cultural exchange." He suggests that "the more contact we have, the more we will be able to make them succumb to Western influences." (3) Ways

must be found to reduce the Soviet Union's military forces in Eastern Europe, because "the smaller its armed forces in Eastern Europe, the less control it will have there." (4) Ways must be found to "cooperate with those communists who truly want reform" in Eastern Europe. In Nixon's opinion, only through these "communist party members" can Eastern Europe be freed. Obviously, imperialism's economic "assistance" is but a means to achieve its political goals. If we fail to recognize this point, we will be at a serious disadvantage and will be fooled.

## II. Using Economic Sanctions as a Means To Force the "Unruly" Socialist Countries To "Comply"

Economic sanctions are one of the primary means that Western imperialist countries employ against socialist countries that dare to oppose "peaceful evolution." The following are its main components:

### (1) Economic blockade and embargo:

The economic and trade relations between countries of two different social systems have always proceeded under the tight control of the well-developed Western capitalist countries headed by the United States. The West has strict controls on the specific items and the exact quantities which can be traded with socialist countries to ensure sure that their political goals are served. The Coordinating Committee for Multilateral Export Controls (or COCOM), which was created in 1948 and is headed by the United States, is an organization set up by the West specifically to enforce a trade blockade and embargo against the socialist countries. Although it is an independent organization, it is influenced and controlled by the United States. It separates all economic goods and products into two major categories: Restricted goods and non-restricted goods. The so called restricted goods are goods related to national defense and goods that have a bearing on national strength. Nonrestricted goods are ordinary civilian goods. The restricted goods are divided into three sub-categories: The first is a list of banned items which include weapons and nuclear products and materials; the second is a list of controlled items; the third consists of restricted items. The West may ease or tighten control over the quantity of restricted goods and materials being traded depending on the socialist country's internal policies and its attitude toward the West, and a majority of the socialist countries are on this embargo list.

In 1952, COCOM set up the "China Commission" to administer trade with China. The "China-restricted list" drawn up by the commission contains more than 500 items. Even after Sino-U.S. relations were normalized, the restriction was not lifted. When China implemented the policy of reform and opening up in 1978, the United States announced that it would lift trade restrictions with China, but main-frame electronic computers, high-density and state-of-the-art machinery and equipment,

electronics, information processing equipment, nuclear power stations and other goods remain on the banned and controlled lists.

### (2) Using "most-favored-nation" treatment to steer policies:

Most-favored-nation treatment has always been used as by the Western nations as a favor to their "trading partners"; socialist countries have always been excluded. In the early 1970's, in order to moderate relations with the Soviet Union and consciously make economic and trade relations a part of its "peaceful evolution" strategy, the United States proposed that if the Soviet Union agreed to "open its doors for some poor emigrants and permit at least 60,000 Soviet Jews to leave the country each year," it would grant the Soviet Union most-favored-nation status in return. The Soviet Union of course could not accept such a humiliating condition. Thereafter, in order to implement their "peaceful evolution" strategy even more effectively in China, the Soviet Union, and other socialist countries, Western nations voluntarily gave up their harsh conditions and granted the Soviet Union and China and others most-favored-nation status. U.S. leaders maintained that this policy would not weaken the United States but would instead provide new markets for U.S. goods. In addition, it would greatly accelerate the socialist countries' "reform process."

In the hands of Western politicians, "most-favored-nation" treatment is but a political "baton" which they use freely, and in accordance with the socialist countries' political conduct, to regulate and control as they see fit the terms of most-favored-nation status, or tear up their treaties and contracts and impose "economic sanctions." For example, in the 1970's, conflict broke out between Romania and the Soviet Union, and when it looked as if "an independence movement was brewing" in Romania which would break up the Soviet Union's unified domain in Eastern Europe, the United States immediately announced that it would grant Romania most-favored-nation status. Several years later, the United States accused Romania of "human rights violations" and revoked its most-favored-nation status. In the 1980's, the United States granted China most-favored-nation status and tried in vain to revoke it in 1989, both were "in response" to China's political conduct. All these are carried out to serve the West's "peaceful evolution" strategy.

### (3) "Friends prosper while foes perish":

Western politicians are certain that if the socialist countries' economic structure should turn to privatization and the market system, their political system and ideologies will sooner or later turn capitalist. This is an inevitability quite independent of man's subjective will. The Western nations have drawn a clear line between "friend" and "foe" based on whether a country complies with the above-described demands of "political reform" and "restructuring of the economic system." Whether

the West decides to extend economic and technical "assistance" is hinged on this balance.

When the Western imperialist countries thought that bourgeois liberalization was emerging in China and that the economy was showing "privatization tendencies," they "escalated" their aid to China. Conversely, when our party insisted on upholding the basic principles and opposed bourgeois liberalization, especially after we put down the counterrevolutionary rebellion in Beijing, they imposed severe economic sanctions on us, attempting in vain to suffocate China's policy of reform and opening up. Between November 1989 and January 1990, despite strong opposition from the Chinese people and ignoring the truth, the U.S. Senate and House ratified a series of proposals and amendments to stop that country's export of military equipment to China, halt all contacts between high-level Chinese and U.S. officials, end its nuclear energy cooperation with China, and prohibit international financial organizations from making loans to China. They even prohibited the U.S. government from acting as a guarantor for companies doing business in China through overseas private investment firms, and prevented the use of funds provided by the "Foreign Aid Act" to assist China's trade and development projects. They also tried to revoke China's most-favored-nation status. The Western countries banded together to impose economic sanctions on China, which caused serious damage to China's socialist undertakings.

### III. Economic Prosperity Is the Material Base and the Basic Means To Forestall "Peaceful Evolution"

There are many internal and external reasons why imperialism's "peaceful evolution" strategy has been so successful in some socialist countries. No doubt one of the main reasons is that the socialist countries are behind in economic development, their living standards are relatively low, and they have not fully realized the superiority of socialism in economic matters. Overall, because we still cannot compete with Western developed capitalist countries in science and technology and economic strength, and our national strengths are relatively weak, we sometimes appear weak and inept when it comes to attempts to forestall "peaceful evolution." Historical facts prove that political and cultural means alone are simply not enough to prevent "peaceful evolution." We must have economic means. The West makes economic measures the "lever" in their "peaceful evolution" strategy, and we too should make economic measures the basic means to forestall "peaceful evolution." If we can invigorate the economy, the other evolution-prevention measures will have "roots." If the economy falters, no matter how strict the other preventative measures are and how well they are implemented, in the end, we will still run into problems.

To stop the West's economic infiltration, we must first uphold the policy of reform and opening up and continue to develop our productive forces and concentrate our efforts on making the national economy work. We must do an even better job with rectification and

improvement, deepen the reform process, and improve social efficiency and social justice so that China's socialist economy can achieve sustained, steady, and smooth development. Second, we must emphasize scientific and technological progress and guarantee the development of educational undertakings. The fact that we lag behind in science and technology is one of the main reasons why the Western nations dare to bully us. If we are scientific and technological advanced, we can not only rapidly and effectively raise the productive level but can also crush the West's blockade and embargo. Without many talented people on hand and on reserve, economic development will be but empty words. Thus, if we want to attain and retain ample national strength, we must guarantee the continued development of our educational undertakings. Lastly, with respect to foreign economic relations, we should not refuse to have economic dealings with the West just because we want to forestall "peaceful evolution." On the contrary, based on the principle of equality and mutual benefit without any political strings attached, we should increase economic contacts and try to absorb as much advanced foreign science and technology as possible to promote economic development at home. But in our foreign contacts we must uphold two principles: One, the use of foreign capital to develop the economy must be kept reasonable. We cannot allow foreign capital to control our economic lifeline. Two, we must stop the West's ideological infiltration and always be on the alert and ready to crush their "peaceful evolution" conspiracy.

### Publishing Industry's Woes Viewed

#### Government Blamed

91CM0365A Hong Kong TANGTAI  
[CONTEMPORARY] in Chinese No 66, 9 Mar 91 p 21

[Article by Wu Yan (0702 0917): "The Mainland's Publishing Industry Is at Its Last Gasp"]

[Text] I was very disturbed by the article "A Broad View of the Publishing Industry in the PRC" that was carried in TA KUNG PAO, and want to express some thoughts on the matter in the pages of TANGTAI.

### The Publishing Industry Has Flourished in the Past

The development of the publishing industry in the Chinese mainland in the 40-some years since the founding of the PRC may be divided into three stages. During the first 30 years, every province, city, and autonomous region had its own people's publishing house which implemented a policy emphasizing localization, popularization, and service to the masses. At that time, there were more than 100 publishing houses nationwide, with a concentration in Beijing. At the "Changsha Conference" in the winter of 1979, authorities from Hunan and other publishing departments demanded an end to the local publishing houses' long-time policy of the "3-izations" [localization, popularization, and serving the masses] and, in a daring challenge

to the central publishing house, loudly called for the "establishment of provincial publishing houses, a national orientation, and an international orientation." After much heated debate, the impetus to create local publishing houses was finally set free.

Then during the 80's, the mainland's publishing industry entered a new phase, the second stage, in which specialized publishing houses of localities and departments sprang up everywhere. In a few short years, the number of publishing houses nationwide increased three to four times. In spite of their increased numbers and the resulting increased competition, publishing houses enjoyed good times, especially after the decade-long Cultural Revolution, in which cultural censorship created a serious book shortage. During this time [the second stage of the PRC publishing industry], a respectable book would be published in the ten thousands. Publishing houses did not have many financial pressures and could concentrate on producing more quality books. It was a golden age for the mainland Chinese publishing industry, a period which lasted about five to six years. With the end of the book shortage, publishing houses did not make any preparations for bad times. They did not conduct market surveys and became unable to satisfy the demands of the readers. They published blindly and caused a huge surplus inventory for Xinhua bookstores throughout the country. During the latter half of 1985, overstocked inventory in Xinhua bookstores nationwide amounted to nearly 2 billion yuan. Xinhua bookstores lacked the funds to order and stock more publications, and publishing houses nationwide came under a crunch.

In 1986, the mainland's publishing industry entered a third phase. During this period, the commodity economy made its way into the publishing industry and many bizarre and complicated things happened.

#### **Publication Houses Were Heavily Taxed by the Government**

If the situation had been handled properly, such a mess would not have occurred. The publishing industry exists to serve the cultural needs of society and it is the government's role to provide financial support. But the government has financial problems, so it has been treating the publishing industry like an enterprise, an increasingly source of tax revenue. Some provinces and cities have demanded that the publishing system pay as much as 20 to 30 million yuan in taxes each year, and have classify publishers as "a large taxpayers." Although publishing houses are called "business units with enterprise management," in reality they are "enterprise units with business management." Like any other enterprise, publishing houses must pay various taxes. More than half of their profits must be used to pay taxes, yet publishing houses do not have the autonomy of enterprises. Where can publishers find the money when the state wants its taxes, the workers must be fed and housed, scholarly works must be published at a loss, and the market for publications is in a depression? Publishing houses have found that a way to survive is to

cater to the low-class tastes of the public by putting pornographic material in books and magazines and on their covers. Vulgar and cheap books and magazines have thus flooded the market and have brought about the decline of the mainland's publishing industry. What publisher and chief editor wouldn't want to publish more works of scholarly value, and more healthy and meaningful books and magazines? Under the current system and difficulties in the publishing industry, however, this is a dream that cannot be realized. The saying "forcing the good to prostitute oneself" is by no means an idle saying! The first to be subjected to a self-examination for creating this chaotic situation in the mainland's publishing industry should be the managing departments of the publishing industry.

#### **China Press and Publications Administration Hacks Away at Publishing Houses**

Regrettably, the situation is just the opposite. The China Press and Publications Administration cannot come up with a comprehensive, effective means to guide the healthy development of the publishing industry. It acts like a fire department, going wherever it sees smoke, to put out fires. In one year, it issued over a thousand circulars to prevent the publication of certain kinds of printed matter, ban certain books, and to make certain rules. It goes without saying that such small changes are not enough to change the current situation in the mainland's publishing industry. The Press and Publications Administration made the erroneous calculation that "there are too many publishing houses," and wielding a big knife, began hacking away. The only city-owned publishing house in Guangzhou, the Guangzhou Culture Publishing House, was axed, even though it had not published any reactionary books, pornographic books, or books discussing bourgeois liberalization. This is truly regrettable.

The current desolate state of the PRC publishing industry is undeniable. If China does not implement structural and policy reforms in the publishing industry, its comeback will be very limited and is not at all optimistic.

#### **Publisher's Closure Seen as Scam**

*91CM0365B Hong Kong TANGTAI  
[CONTEMPORARY] in Chinese No 66, 9 Mar 91 p 20*

[Article by Yan Ren (0917 0088): "China Wantonly Destroys Publishing House"]

[Excerpts] After 37 or 38 years after the founding of the PRC, Guangzhou, a famous, historic city; economic center of south China; and important base for intercourse with the outside world, finally had its own Guangzhou Culture Publishing House. How could the several million people of Guangzhou and their multitude of relatives overseas not be excited about this! The staff and workers in the editorial and distribution offices of the Guangzhou Culture Publishing House were even more excited, worked hard, and accomplished outstanding results.

### Two Awards in Two Years

*Choulou di Ribenren [The Ugly Japanese]* ranked fifth among the top ten bestsellers in Beijing in the first half of 1988. It also won the Golden Key Award for the nation's outstanding publication.

*Tiyu Youpiao Bolan [Commemorative Stamps on Sports]* won the third annual national Outstanding Book Award in 1988.

There are publishing houses that have been around for a long time but cannot even claim a single publication among the nation's top ten, not to mention having even a single publication receive any kind of national award. For the newly established Guangzhou Culture Publishing House to reap such special honor is certainly a reason to be proud!

In December 1989, the China Press and Publications Administration ordered the Guangzhou Culture Publishing House to close. After being in business for barely over two years, the Guangzhou Culture Publishing House died in its infancy.

The foremost reason for closing the Guangzhou Culture Publishing House was that it "seriously violated the rules on coordinating publication, printing, and distribution.....what is more serious, it did not follow the final editing and final approval procedure in the publication of 18 books, violating publishing practice.

The results of more than two months of investigation by the rectification committee of the Guangzhou City CPC Committee's propaganda department showed that 1) 18 publications were cited but in reality, there had only been 16 because two books had been counted twice; 2) Of the 16 publications, most dealt with politics, history and sports, except for a four-volume *Shici Jikan [Collection of Poems and Ci]* and a novel, *Cixiong Qilin Tu [Picture of Male and Female Chimeras]*, both of which are classified as literature; 3) Only 3 [as published] publications had not gone through the final approval and final editing procedure and they were *Zhengque Renshi Shehuizhuyi Chuji Jieduan [A Proper Understanding of the Initial Stage of Socialism]* and *Dang de Jiben Luxian Jiaoyu Jiangzuo [Seminars on the Party's Basic Line]*, both of which had been written by the Guangdong Provincial CPC Committee's propaganda department; and 4) The publisher only sold these three books for several hundred yuan.

Bookstores in Which "Money Is Everything"

The point of bookselling is to make money and "care only about economic benefits and not worry about social benefits." This was not the case with the Guangzhou publisher; thus the first reason for closing the publishing house was not valid.

The second reason for closing the Guangzhou publishing house was that it had published many bad books, as many as 19, according to investigations by the China

Press and Publications Administration and the Guangdong Provincial Press and Publications Bureau. What is the reality?

1) *Cixiong Qilin Tu [Picture of Male and Female Chimeras]* was an illegal publication "which was passed off as a publication of the Guangzhou Culture Publishing House" (See the China Press and Publications Administration's "Circular of Titles in the Second Group of Books Banned from Publication and Distribution").

2) *Gubao Youhun [Silent Spirit of the Ancient Fort]* was not published by the Guangzhou Culture Publishing House.

3) Three books titled *Yuhai Yuannu [Resentful Maid in a Sea of Desire]*, *Qing'ai Hunyin Lun [On Love and Marriage]* and *Nudie Yeying [The Female Spy and the Nightjar]* have never been reviewed by any office. In particular, *On Love and Marriage* is a volume in the series *Shijie Mingjia Zongheng Tan Congshu [Collected Works by World Famous Authors]*; its content is of high quality, the cover is wholesome and clean; the book has only received words of praise and has never received any criticism.

4) In following the policy of "liberal self examination," the Guangzhou publisher banned 36 titles on its own.

5) Seven publications were banned by the Guangdong Provincial Press and Publications Bureau.

6) One publication was banned by the China Press and Publications Administration. [passage omitted]

Of the 19 publications cited, only eight were actually banned by the China Press and Publications Administration and the Guangdong Provincial Press and Publications Bureau, a margin of error of 58 percent.

### There Was No Problem With the Majority of the Books

It should be especially pointed out that the decision to close down the Guangzhou Culture Publishing House was made in September 1989. At that time, the only publication that was banned by the China Press and Publications Administration and the Guangdong Provincial Press and Publications Bureau was *Aiqing Zai Hunwai [Love Outside of Marriage]*.

The third reason for closing down the Guangzhou publisher was that it had violated publishing rules. It had published five books without approval and had changed the titles of 3. Again there are discrepancies between the allegations and the facts. The practices mentioned above were commonplace in the publishing industry nationwide, and were not limited to the Guangzhou Culture Publishing House. Furthermore, in September 1988, the CPC Central Committee's propaganda department and the China Press and Publications Administration issued a joint document which states: "The human rights, property rights, and right to review and approve material for publication that is granted by the state, is to be

carried out by the directors of publishing houses." Thus, the third reason for closing the publishing house is untenable.

In little more than two years, the Guangzhou Culture Publishing House, with a staff of only 30-some people, had published more than 200 titles. Furthermore, in its first year of operation, two of its publications had won national awards. [passage omitted] The demise of the Guangzhou Culture Publishing House is something that the Guangzhou City CPC Committee, the Guangdong Provincial CPC Committee, and its propaganda department all feel regret over because they had all worked to keep it alive.

For those in authoritative positions in the Guangdong Provincial Press and Publications Bureau and for some other people, the early death of the Guangzhou Culture Publishing House is just what they wanted and is something they are gloating about.

#### **CPPCC Discusses Improving Audio, Video Products**

*OW1005165491 Beijing XINHUA Domestic Service in Chinese 1102 GMT 9 May 91*

[By reporter Sun Yong (1327 0516)]

[Excerpts] Beijing, 9 May (XINHUA)—Some problems currently existing in the audio and video trade have attracted the attention of the National Committee of the Chinese People's Political Consultative Conference [CPPCC]. The Standing Committee of the CPPCC National Committee held its sixth seminar today to hear and discuss the "Report on the Investigation of Problems in China's Audio and Video Trade," made by Comrade Chen Huangmei, vice chairman of the Education and Culture Committee of the CPPCC National Committee. Chen Huangmei expressed the opinion that, currently, we should endeavor to create audio and video products that have a relatively high ideological and artistic quality, that suit the masses' taste, and that better reflect reality and true life, to replace low-taste and vulgar products.

It was learned that the report, after being discussed and amended by the Standing Committee, will be submitted to the CPC Central Committee and State Council as a reference for making policies. [passage omitted]

Chen Huangmei also offered the following opinions on developing a healthy audio and video trade:

—The party and government should strengthen their leadership over and planning of the audio and video trade; streamline the system for guiding the audio and video trade; establish laws, regulations, and a system for managing the trade; and gradually improve these laws, regulations, and system.

—We should make serious efforts to rectify the audio and video trade, and we should establish a force of cadres with high political consciousness and good management ability to crack down on illegal activities in the audio and video trade and close down audio and video products units that have erroneous management ideas, that do business in an unreasonable way, or that engage in illegal activities resulting in serious social consequences.

—We should formulate regulations on controlling the establishment of video viewing sites to prevent people from setting up viewing sites at will.

—We should endeavor to promote audio and video production work, appropriately increase investment in the audio and video industry, and encourage efforts to create audio and video works.

—We should import overseas audio and video programs in an organized and planned way; we should import programs that have depth and relatively high artistic quality and that will help us develop our own audio and video industry, and we should take effective measures to decidedly crack down on smuggling in of audio and video products.

Wang Qianghua, deputy director of the Press and Publications Administration, made a report to Standing Committee members at the meeting on curbing and rectifying the audio and video trade and on efforts to help the trade thrive.

Wang Renzhong, vice chairman of the CPPCC National Committee, presided over today's meeting. Vice Chairmen Fang Yi, Gu Mu, Wang Guangying, and Cheng Siyuan; and Song Demin, secretary general of the CPPCC National Committee, attended the meeting.

Also attending the meeting were responsible comrades of the Propaganda Department of the CPC Central Committee, the Ministry of Culture, the Ministry of Radio, Film, and Television, the Press and Publications Administration, the State Education Commission, the Central Committee of the Communist Youth League, and other departments concerned.

## NATIONAL AFFAIRS, POLICY

### Prospects for Economic Development in 1991

91CE0445A Hong Kong CHING CHI TAO PAO  
[ECONOMIC REPORTER] in Chinese No 8, 11  
Feb 91 pp 10-12

[Article by Bing Shan (0393 1472): "Prospects for Economic Development in 1991"]

[Text] This article gives a basic estimate of the current Chinese economy. It points out major problems and the possible consequences of various solutions to those problems. It concludes that the positive policy should be the end of the economic improvement and rectification program and the beginning of basic economic system reform.

The year 1990 is over. What problems did 1990 leave for the Chinese economy? What effect will the gradual relaxing of credit controls have on this year's economic development? These are questions requiring urgent study for China's current economic decisionmaking.

#### The Overall Economy Has Not Lifted Out of Its Slump

This author has always maintained that the judgement of a given country's economic status in the world economy is not made according to its per capita national income, which is not difficult to compare, but according to its quality of life and its export structure, which reflect its productivity level. By the same token, judgments of the domestic economic situation are based not on the rate of production growth, but on economic results and financial revenues and expenditures. Using these criteria in the analysis of economic development in 1990, we can conclude that the overall economy has not lifted out of its slump, although production has turned upward.

In 1990, China's gross value of industrial output [GVIO] increased by 6 percent over 1989. Of this, light industry grew by 7.4 percent and heavy industry by 4.6 percent. The production of enterprises owned by the whole people grew by 2.9 percent, while the production of the collectively owned enterprises grew by 6.9 percent. Production of industrial enterprises within the budget grew relatively slowly, mainly because investments in fixed assets were slow. From January to June 1990, there was almost no growth in fixed asset investment compared with the same period in 1989. The total growth rate in the first half of the year was only 2.7 percent. In July, it increased sharply, from zero growth in June to 16 percent in July. Production picked up. Yet the market saw no notable improvement, and there was a trade surplus of \$8.71 billion (according to customs statistics) due to strict import restrictions and efforts to expand exports. Thus the sales revenues of industrial enterprises within the budget only grew by 3.5 percent. Although the growth in the amount of funds tied up in manufactured products decreased, the total rate for the year was nearly 27.8 percent. In December, enterprises reduced the prices of a large quantity of products. Although the amount of funds tied up in stockpiled products

decreased by more than 4 billion yuan (Renminbi) [RMB], enterprise losses still increased by 15.3 percent compared with November. Enterprises' total annual losses increased by over 100 percent. Therefore, in 1990 realized taxes and profits dropped by 18.5 percent, and the amount of profits and taxes turned over to the state dropped by 3.4 percent.

#### An Overheated Economy and Inflation May Reemerge

Hopes for economic improvement and rectification have been raised inappropriately. In the decision-making over macroeconomic policies, attention has been paid to trifles, rather than to the essentials. There has been persistent avoidance of systematic problems and too much dependence on incremental structural adjustments. The results have been contrary to people's wishes. Some major problems that were basically resolved at the start of the economic improvement and rectification program—such as an overheated economy and inflation—may again emerge and become prominent.

In 1990, net currency issues equalled more than 30 billion yuan. The total amount of loans issued by banks and credit cooperatives came to 273.15 billion yuan. While credit gradually expanded, the growth rate of extra-budgetary investment again exceeded that of investment within the budget by nearly 3 percent. The growth rate of local investment projects was again above the growth rate of the central government's investment projects by nearly 7 percent. This phenomenon itself is not a bad thing. However, since production in light industry has again exceeded that in heavy industry, and since there was a sharp increase—about 40 percent—in new projects, we must pay close attention to this tendency. An economy characterized mainly by out-of-control investment may again become overheated. Efforts to adjust the economic structure through incremental methods may lead to more losses than gains. Because the sluggish market caused by the gradual accumulation of structural problems cannot be improved, and because economic results cannot be raised, financial expenditures will inevitably be greater than financial revenues. As a result, there will be constant overdrafts made at the bank to pay daily expenses, forcing the bank to issue more currency. Also, the price levels for basic products and services will increase by a big margin, perhaps doubling. This will not only reduce the level of residents' real consumption, but will also increase enterprises' costs for comparable products by 6.5 percent. This increases the pressure of a price rebound daily.

#### The Market is Still the Key to the Question

At present, the key to the economic question is still the market. The direct cause of the sluggish market is the excessive retrenchment measures taken at the start of the economic improvement and rectification program. It is also a consequence of a seriously overheated economy. The fundamental reason for the market's long period of sluggishness is the twisted economic structure, which has produced quite a few unsalable products. Faced with a

market that has been soft for nearly two years, we can no longer blame "residents' abnormal consumption psychology." Since the scale of credit has already gradually expanded, we can no longer regard the market problems as only a "periodic effect" of economic improvement and rectification.

Looking at the market's product structure in 1990, sales of durable consumer goods in the cities rose very sharply starting in the third quarter. In November and December, sales of 11 items—such as television sets, electric fans, washing machines, refrigerators, and bicycles—increased by about 20 to 30 percent more than the average monthly growth. Township enterprises mainly engage in processing industries. Because they do not have any macroeconomic protection, and because they face the dual pressures of overall tightening and a sluggish market, township enterprises actively developed new products and worked to increase product quality. They achieved rapid growth in both the production and sales of marketable products. Facing reductions in the scale of capital construction, the electrical machinery industry had to turn to the world market. It decided to adjust its product structures, and rapidly developed technologically advanced products, import substitutes, and products that earned foreign exchange. Its foreign exchange earnings accounted for 17.71 percent of the country's total foreign exchange earnings. Thus the unfavorable decline in production was gradually reversed. The varieties of raw materials products increased, and exports also rose by a large margin. Total sales of the major means of production in the country's materials system still declined compared 1989. The situation varies between urban and rural areas, and among different regions. The increase in peasants' incomes was very slow, and there were few salable products on the rural market because of the continued growth of the price scissors between industrial and agricultural products; the rough circulation in the rural market; and the difficulty in township enterprise development. So the rebound in sales in the rural market was far below that in the urban market. In 1990, sales of the means of agricultural production grew less than 2 percent compared with 1989. From January to November, retail sales of social commodities at the county level or below fell more than 3 percent compared with the same period in 1989, and they were 4.5 percent lower than total retail sales of social commodities. After 10 years of reform, the degree of openness varies from region to region. Because of this, the market has had a varied influence on people's lives. This is quite evident in rural areas. For example, in 1991, peasant households in the eastern part of the country will spend 4.7 percent less on living expenses than will households in the middle part of the country, and 12.2 percent less than will households in the western part. Total retail sales of social commodities picked up very slowly. From January to August, the total increase was 1.1 percent. The growth rate increased from around 1 percent in August to 3.6 percent in September. October's growth rate was 7.4 percent. In November and December the growth rate was 10.3 percent, but this was

prompted by the wave of the Asian Games, and was a consequence of the rebound in social group consumption. From September to December, the monthly growth rate in retail sales of commodities for social group consumption was about 6 to 8 percent higher than total retail sales of social commodities. In the whole year, the rapid growth in social group consumption influenced the total retail sales of social commodities by 0.5 percent. This indicated that although sales in the market improved in the fourth quarter, it was largely a result of the promotion of social group consumption. From 1988 to 1989, the growth rate of total retail sales of social commodities was higher than the growth rate of the GVIO in the same period. But in 1990, the growth rate of total retail sales of social commodities was lower than the growth rate of GVIO. After deducting the factor of social group consumption, the level of retail sales of residents' consumer goods was even lower. Therefore, we cannot blindly and optimistically look at the market situation.

#### How To Turn Positive Elements Into a Force for Development

**In general, the external climate for industrial production this year is good. The major problem to be resolved is how to turn these positive factors into an internal motivating force for promoting healthy economic development. If we deal with these factors incorrectly, the favorable conditions may become a burden delaying development.**

In 1990, energy production went up 1.7 percent compared with 1989. Contracts were basically fulfilled, and the contract fulfillment rate increased by 1.5 percent over 1989. Coal stockpiles increased a lot compared with the previous year. Crude oil output also rose compared with 1989. Electricity output increased by 6.2 percent. The qualified cycle rate in the electricity transmission networks went up by 5 percent over 1989. Power supplies in some regions tended to be short until the fourth quarter, when industries all rushed to try to meet their production targets. The output of steel, pig iron, and 10 types of nonferrous metals grew from 5 to 25 percent. Compared with 1989, there was certain growth in 93 percent of the 16 major chemical products. Transportation fulfilled its targets ahead of schedule, but the rate of growth was small. Railroad transportation fell by 0.4 percent compared with 1989. These facts indicate that 1991's foundation for industrial production is relatively good. However, development is still very uneven. Many contradictions still exist among these "favorable elements." If the links in the national economy are not arranged well, these contradictions will become serious. Railroad transportation still has potential. On the one hand, sustained growth in raw materials output depends on energy supplies and transportation. On the other hand, it also depends on the pulling power of the demand in the light, processing, and electrical machinery industries. If production in these industries is not effectively controlled, the present relaxed situation in energy supplies and transportation services will again become strained, which in turn will restrict the growth of raw

material outputs. Whether the electrical machinery industry can develop normally also depends on timely investments in fixed assets. If electrical machinery products and output in the light and processing industries cannot grow normally, it will further worsen the overstocks of raw materials and other upstream products, turning economic development into stagnation.

#### **Dependence on Controlling Overall Supply and Demand**

Since economic system reform has not yet started and structural problems cannot be resolved overnight, China's economic development is more dependent on controlling overall supply and demand than ever before. Whether the economy can move in a better direction in 1991 depends mainly on the effectiveness of investment in March, April, and later months, which will promote increased consumption demand.

At present, the growth of industrial output depends increasingly on an influx of funds. In 1990, about 10 percent of fixed asset investments was made through bank loans. This figure does not include funds borrowed from credit cooperatives or other financial institutions. In the entire country, the increase in loans for fixed asset investment was about 15 percent higher than the growth rate of fixed asset investments. Enterprises relied on bank loans for 80 percent of their circulating funds. The increase in loans for industrial circulating funds was over 10 times the growth rate of industrial output during the same period. As for the results of inputs and output of funds, loans for fixed asset investments were more effective. When enterprises' economic results are constantly declining, increases in investment rely more and more on credit for support. In the first quarter of 1990, bank loans increased over 200 percent compared to the same period in 1989. Yet fixed asset investments only went up by 0.1 percent. Of this, most funds were loaned for industrial circulating funds. Although industrial output in the first quarter reversed the drastic decline that began in September 1989, the GVIO still registered "zero" growth. In July 1990, fixed asset investment started to increase by a wide margin (16.6 percent). In succeeding months, the growth rate was also very high. Industrial output was restored and gradually raised. After a delay, industrial output kept a high growth rate of more than 10 percent. Therefore, the key point of whether the economy can develop in 1991 proportionally and according to the plan depends on whether the plan for fixed asset investment can be fulfilled. However, the most crucial point of all lies in the investment in capital construction, because investment in capital construction has a tremendous influence on the increase in consumption demand.

#### **Is There Much Hope for Raising Economic Results?**

In 1990, both the central and local governments experienced financial deficits. If this year's budgetary deficit is still high, authorities will most likely be forced to take measures to remedy it; these measures could easily cause inflation. If the supply of funds is still seriously short,

banks will be forced to expand the amount of credit, which may further worsen inflation.

In 1991, only when the entire society's investment in fixed assets has reached over 490 billion yuan can we achieve a relative growth rate that is the same as that of the gross national product after being adjusted for price increases. Although surplus bank savings equalled over 1.3 trillion yuan at the end of 1990, and rural and urban residents' individual bank savings amounted to over 700 billion yuan, if the currency surplus reaches more than 1.6 trillion yuan, the state can only arrange bank loans worth about 200 billion yuan in order to ease inflationary pressures. In previous years, about 10 percent of loans for fixed asset investment could be fulfilled in the same year. Thus the larger part of the investment was obtained through financial arrangements and raised by enterprises themselves. Now enterprises themselves have very limited funds. Even profitable enterprises retain only several hundred yuan per capita. In 1990, the deficit was nearly three times the planned figure. Moreover, the new situation is different than in previous years in that both the central and local governments have financial deficits. This means there is even less room to maneuver financially. Finances are increasingly dependent on borrowed money and on budget deficits. Yet these next few years happen to be the peak period for debt repayment. It is either unwise or difficult to issue too many state bonds or to use large amounts of foreign capital. In the face of excessive budget deficits, we can of course increase the central government's financial revenues by raising taxes, get rid of some burdens through price adjustments, and increase the value of foreign exchange reserves by adjusting the RMB exchange rate. But if the potential pressure of inflation is too great, all these possible alternatives will stimulate price hikes. Meanwhile, so that we do not reduce residents' real incomes, we still must increase certain financial expenditures. Thus we can only place our hope on increases in economic results. The present trend indicates that if the structural problems are not improved significantly, even this solution will not be reliable. In the end, the most likely way out is to resolve the fund shortage through bank overdrafts and expanded credit and loans.

#### **Cautions About Sharing the Burden of Central Finance**

The problem needing attention at present is that adjustments of the relationship among product prices is not equal to the reform of the price system. Overcoming financial difficulties relies on raising economic results. We should not cut a piece out of people's real incomes. Before the overall economic situation turns better, the relationship among product prices can only be adjusted gradually until the financial balance between revenues and expenditures improves. We can only manage to make localities share a part of burden for central finances. We cannot simply throw the burden onto the ordinary people.

In 1990, the People's Bank of China's payroll increased by a total of about 14 percent. Bank savings of urban and rural residents increased a total of 41.5 percent. But

market sales were still not good. Some people believed that since residents' income level had increased, a big adjustment in prices should be under way so as to stimulate residents' consumption. But at present it is mainly high-grade durable consumer goods that have relatively low prices in the market. The life-time income of Chinese people is limited. The major reason residents save money is to purchase high-quality consumer goods. Right now the prices of these consumer goods are very low, and sometimes they fall further: why should they not deposit their money in the bank first? However, present price statistics in China are conducted through sample analyses. General consumer goods such as clothes have already been freed up and put onto the market. Additionally, the size of price adjustments for some daily necessities is already very large, and residents actually feel much more inflationary pressure than the official price index shows. Under these circumstances, if we continue to increase prices for basic goods and services in 1991, residents will not stand for it, and it may lead to a serious crisis. Certainly too many financial subsidies is one of the important causes of the central government's financial difficulties, but the fundamental reason is a decline in economic results. In 1991, the focus of economic work should be placed on three things. First, we should resolutely conduct economic system reform to promote economic adjustment and raise economic results. Second, we should strive to increase the efficient use of the central government's financial funds. Third, through functional adjustments, we should gradually transfer parts of the subsidy burden from the central to local governments.

#### **Conclude the Economic Improvement and Rectification Program and Begin System Reform**

There are many alternatives for resolving the aforementioned issues. But the positive policy should involve the resolute and unhesitating conclusion of the economic improvement and rectification program and the start of basic economic system reform, centered on enterprise reform. The thinking on reform should be reevaluated. Should we adopt a proper promotion strategy in which we may manage to remedy problems when they occur? Or should we adopt the reverse process strategy, in which we try to control and minimize possible risks?

Without independent legal persons, there will not be any market price mechanisms. Without the mechanisms of market competition to eliminate the bad and reward the good, we will not optimize the economic structure. Making enterprises' management and administration the center of reform over the past 10 years was absolutely correct thinking. Reforming the macroeconomic management and administrative system is not the business of the central government alone. Along with the gradual marketization of economic activities, the central and local governments can only directly and effectively control the vast and different markets when they engage in different levels of administration. Only if these two major themes for China's future reform are grasped can we steadily promote economic system reform. Of course,

when the system of public ownership characterized by "eating from the same big pot" and "the iron rice bowl" is introduced to competitive mechanisms, enterprise bankruptcies and unemployment will inevitably occur. In order that reform not affect social stability, and in order to conduct reform smoothly, the author proposed long ago that reform of the social security system should be appropriately conducted before any other reform. The party Central Committee has decided to make reform of the social security system a focus of this year's economic work. This is really a wise decision. Even with "continuous economic improvement and rectification," if we can achieve this reform, we can still create a relatively stable environment for further reforms of enterprises, prices, and employment systems in coming years.

The year 1991 has just begun. The Chinese economy has had a random nature for years. It is very difficult to forecast the whole year's economic process at this moment. This article only lists problems to be faced, and tries to point out as much as possible the different influences different solutions would have on economic development.

#### **Localities Adopt Measures To Combat Market Slump**

*91CE0523A Chongqing TIGAI XINXI [SYSTEM REFORM NEWS] in Chinese No 3, 5 Feb 91 pp 2-3*

[Article by Dong Yiwen (5516 3015 2429); edited by Zhang Xinlin (1728 2450 2651): "Various Areas Have Adopted Flexible Policies To Combat the Market Slump"]

[Text] Some provincial and municipal governments have adopted certain policy measures in the following major areas to stimulate markets:

##### **I. Bank Credit**

1. Commercial credit input has been increased. Zhejiang Province has allocated 800 million yuan for preferential commercial loans, 50 percent of which will be used to procure marketable manufactured goods and replenish commercial stocks in Zhejiang. Shanghai Municipality has put 457 million yuan of special loans into circulation, which will be used to pay commercial debts and support procurement in Shanghai. Moreover, it has also arranged 1.1 billion yuan of preferential reserve loans.

2. Preferential interest rates and strict interest rate control have been adopted. The government of Shaanxi province has decided that all circulating fund loans granted by the Industrial and Commercial Bank of China and the Agricultural Bank for procurement of local manufactured goods and agricultural products will use standard interest rates, with necessary rate increases being subject to strict examination and approval regulations. The government of Gansu Province has stipulated that interest rates may not be raised on loans for reserve commodities, or on those to commercial supply and marketing departments for sending manufactured goods

to the rural areas or procuring staple agricultural sideline products or key raw materials. Moreover, interest rates can be lowered 10 percent for enterprises that have good efficiency and are not overstocked. The government of Yunnan Province has stipulated that circulating department loans to minority national areas will use the triple preferential interest rates given to minority nationality trade of 7.2 percent annual interest;

## II. Finance and Taxation

Beijing Municipality has drawn up 38 regulations to provide preferential tax reductions or exemptions for enterprises that make tiny profits or sustain losses from producing or handling 26 basic articles for daily use and over 100 key products. The government of Zhejiang Province has stipulated that state-owned commercial enterprises, which sustain large losses from cutting prices to sell off overstocked commodities, can be given preferential tax reductions or exemptions at the discretion and with the approval of tax departments. State-owned commercial and supply and marketing cooperative wholesale enterprises, which sustain losses from the increased cost of maintaining reserves of provincially produced products for long periods of time, can be given appropriate wholesale business tax reductions or exemptions subject to the approval and jurisdiction of tax controllers. Bonuses given to reward good salespeople can be exempted from bonus and wage regulation taxes upon the approval of tax departments. Shaanxi Province has decided that state-owned commercial enterprises, which have trouble protecting their capital or sustain losses during set stock turnover periods from procuring or dealing in daily necessities or key manufactured goods included in state directive or provincial management plans, will be given preferential interest discounts and tax reductions or exemptions by finance and tax departments. Yunnan Province has stipulated that over 300 basic-level supply and marketing cooperatives in border and minority nationality areas, which have sustained losses, will be exempt from business, income, regulatory, and added-value taxes for one year, and that provincial, prefectural, and county finance departments will give them one-time subsidies.

## III. Regulation and Control Measures

1. The scope of market regulation fund collections has been expanded. In order to enhance its macroeconomic regulation and control capability over state-owned commerce, the government of Shaanxi Province has decided to expand its current regulations on collecting market regulation funds in cities under the jurisdiction of the provincial government, to its directly subordinate commercial enterprises in all prefectures and cities and the counties and cities (districts) in which they are located.

2. Graded reserve systems have been set up. The government of Shaanxi Province has provided for the gradual

establishment of a graded reserve system for key commodities that affect the national economy and the people's livelihood, in which all commodities at all reserve levels will be discounted by finance departments at the same level.

## IV. Pricing

Tianjin Municipality has stipulated that uniform price differences must be implemented based on links, such as industry, commerce, centers, and departments, for commodities sold to other areas, and that enterprise price concession agreements that are reached between industry and commerce must be observed by both sides after they are reported and agreed to by pricing departments. The government of Shaanxi Province has stipulated that provincial-level companies and grade-two centers will procure local manufactured goods at factory prices, grade-three wholesale enterprises will use current wholesale prices minus a fixed differential, retail enterprises will use wholesale prices, the prices of certain overproduced and poor-selling or outdated products will be appropriately reduced, and long overstocked and unmarketable products will be firmly sold off at reduced prices. As to planned commodities, industry and commerce must use the same set prices in the same markets, but commerce can be given price difference subsidies based on procurement volume to protect value if prices are lowered. Wuhan City has urged industry and commerce to agree on price concessions for overstocked and slow-selling local products, allowed various price differences to be used for hot-selling local products, and allowed temporarily increased price differences based on declarations of actual conditions for some durable consumer goods that are in short supply and great demand and have too small circulation price differences;

## V. Sales Promotion Awards

The government of Shaanxi Province has set up a sales promotion award system for the procurement of Shaanxi manufactured goods by provincial-level companies and grade-two centers. After stipulated procurement and marketing tasks are fulfilled, a 10 percent overfulfillment earns an award of 1 percent of sales turnover, an 11-20 percent overfulfillment earns a 3 percent award, and a higher than 20 percent overfulfillment earns a 5 percent award. The government of Zhejiang Province has stipulated that, when state-owned commercial enterprises sell overstocked provincial products, wholesale enterprises can deduct 1 percent to 2 percent of sales income as a sales commission, and retail enterprises can deduct 3 - 5 percent. These sales commissions are included in marketing costs and, upon approval, are exempt from bonus and wage regulation taxes. The government of Liaoning Province also allows the commercial sector to pay per piece bonuses for the sale of provincially produced large durable consumer goods, with the amount of bonuses being set by industry and commerce and handsome rewards being given for outstanding sales.

## VI. Social Group Sales

Shanghai Municipality took rational steps in the first half of 1990 to control increasing social group sales, which had reached 447 million yuan in May, and were higher than in February, March, or April. The government of Zhejiang Province has stipulated that social group purchases of consumer goods throughout Zhejiang are to be controlled in principle at the same actual level as in the preceeding year. Premised on this, it is allowing enterprises and institutions that handle their own revenue and expenditures to purchase specially controlled commodities to meet their management, administrative, and research needs, and catering services and the tourist sector to buy business commodities needed for new construction or replacement, based on availability of funds and subject to examination and approval. The government of Wuhan City has improved its regulations on controlling purchases of local products for social group purchases of special state-controlled commodities, premised on not exceeding the special control quotas for the whole city.

### Raw Materials Supplies Improve for Foreign Enterprises

*HK2805021291 Beijing CHINA DAILY in English  
28 May 91 p 1*

[By staff reporter Xiao Li]

[Text] Tianjin—Delivery of raw materials to foreign-funded enterprises in China has seen a marked improvement, thanks to efforts by governments at all levels, according to the Ministry of Materials and Equipment, the State's leading supply agent.

Han Zhihong, a ministry official, told a recent meeting in Tianjin that Dalian, Shanghai, Guangdong and Hainan—as well as Tianjin—had set up special materials supply service companies for foreign-funded enterprises, following the approval last year by the State Council of a seven-measure package to upgrade their materials supply.

Most managers of foreign-funded enterprises complained that the complex price structure in China, especially the two-tier price system, continued to impede production.

They said that the policy of providing certain low-price materials for State-owned key enterprises had fueled the continued increase in the market price of such materials, eating up their profits.

It was learned that the market prices of certain raw materials in China have already exceeded their price level on the world market.

And previously, according to Han, most of the foreign investors had been attracted into the country by two factors—low labor costs and low prices of raw materials.

Therefore the government decided last year to take a series of steps to improve the supply of raw materials to the foreign-funded firms, Han said.

As a result of the government efforts, the previous 12 different kinds of official prices for steel have been cut to only two, and the two-tier prices for cement were unified their year.

Last July, the State Council, the country's highest governing body, endorsed a package drafted by the Ministry of Materials and Equipment to improve the supply of resources to the 21,000 foreign firms in the country.

It empowered the State-run materials distribution enterprises to provide Sino-foreign joint ventures, contracted enterprises and solely-funded enterprises with all kinds of materials.

The package also gave priority in supply of materials to those foreign-funded firms in the production of energy, communications or goods for export or meeting any domestic shortage.

Han said that the central and local governments had completed providing the first batch of key supplies to the foreign-funded firms. These include 70,000 tons of steel, 1,000 tons of copper, 8,000 tons of chemicals and large amounts of cement, timber and coal.

## PROVINCIAL

### Restoring Shanghai's Status as Economic, Trade Center

*91CE0535A Shanghai JIEFANG RIBAO in Chinese  
1 April 91 p 5*

[Article by Cao Zhihu (2580 0037 5706): "Establishing Mechanisms for Greater Circulation, Greater Trade, and a Greater Market"]

[Text] Every economic strategy or objective depends on certain economic systems and operating mechanisms. To accomplish the strategic objectives of Shanghai's economic development, and to restore Shanghai's function as an economic and trade center, it is necessary to establish and perfect an operating model that suits its operation.

In terms of theory and practice, the function of a trade center is demonstrated by such aspects as merchandise collection and distribution, information dissemination, and transaction services, which each reflect the efficiency of the circulation networks, the organizational system for trade, and market operations. The merchandise, information, and transactions are discussed here in a broad sense. That is, they include ordinary consumer goods as well as investment goods; ordinary merchandise as well as factor products; visible and invisible trade; and domestic as well as international trade. Therefore, to expand Shanghai's overall capacity to handle merchandise, information and transactions, and to raise its

overall operating efficiency, one must understand the concepts of greater circulation, greater trade, and a greater market; establish the framework for greater circulation, greater trade, and a greater market; and perfect the operating mechanisms for greater circulation, greater trade, and a greater market.

### Mechanisms for Greater Circulation

Circulation is the intermediary between production and consumption. In a narrow sense, circulation is independent of the production and consumption processes. It is especially independent of production, since it acts as a supplement and extension of production. That is, it is the so-called supply and marketing channel or mechanism that is the predecessor to production—supply—and the successor to production—marketing. In this way, the supply and marketing channels and organizations become independent, forming the two great organizational systems of material circulation (supply) and commercial circulation (marketing). The independence of circulation organizations is a sign of the development of a commodity economy; it breaks away from the narrow concepts of time and space inherent in earlier methods of commodity production, and provides broader space and prospects for economic development. However, the independence of circulation is always relative; the development of circulation always goes along with changes in enterprise organization, increases in the scale of production, increases in merchandise transactions, and expansions of the scope of time and space. The modern organization of the circulation system represents the integration of commerce and industry; commerce and trade; or commerce, industry, and trade. The modern regulation of the circulation system represents the organic combination of state intervention with price regulation. The modern geographical scope of circulation represents the coordination between regional links and international integration. Obviously, the independence and development of modern circulation has broken away from the narrow concept of business operations of the past. A greater circulation that transcends time and space, enterprise forms, and sector boundaries has become the main operating form for the whole national economic system, and even for the world economy.

If Shanghai is to gain trade-center status in the 1990's, it must understand the strategic idea of greater circulation and establish the operating mechanisms for greater circulation. More specifically, the following is necessary: 1. Establish and perfect enterprises' organizational structures so that they operate in greater circulation. That is, break down the boundaries between industry and commerce, and between commerce and trade, so as to form enterprise organizations which integrate commerce, industry, and trade or commerce, trade, and industry. Break down the boundaries between wholesale and retail; develop merchandise wholesale-trade centers in a planned, gradual, and organized way; break down the boundaries restricting business to one industry; and

develop supply and marketing networks that link different industries. 2. Establish and perfect a plan-based regulatory system for circulation. In other words, perfect regulating and coordinating institutions, economic arbitration institutions, and legal protection institutions for the overall management of social circulation. 3. Formulate and perfect business methods for circulation enterprises so as to accommodate greater circulation or an integrated mode of circulation. Also formulate a regulation and control system that combines state planning mechanisms with market mechanisms, so that they may continuously accumulate and develop in market competition.

### Mechanisms for Greater Trade

Trade is economic exchange, and greater trade extends the principle of economic exchange to economic activities in broader areas. Included here is merchandise trade, real estate transactions, transport business, technological trade, information trade, labor (trained personnel) exchanges, capital transactions, title trade, and service trade. Obviously, the concept of greater trade exceeds the scope of the usual definition of circulation, and is closer to that of the market system. If Shanghai is to revitalize the city through trade, develop its tertiary industry, and develop modern, greater trade, it must establish mechanisms for greater trade that accommodate and match greater circulation and a greater market. It must extend its economic mechanisms to broader areas, while establishing and perfecting greater circulation and a greater market.

Merchandise trade is the pillar of the operations of greater trade. Merchandise trade includes domestic merchandise trade and import-export trade; its operating mechanism is divided between the domestic and international markets. To establish a trade center, the domestic market must be linked with the international market. In terms of merchandise circulation and balancing supply and demand, we must adopt different policies at different times. For example, at a time of strong domestic demand, we must mainly satisfy the domestic market; at a time of insufficient domestic demand, we must mainly expand exports. Based on Shanghai's actual situation, the main direction for merchandise trade should be to expand merchandise exports and accelerate foreign-trade development. Merchandise trade is connected to transport business, technological trade, information trade, and capital transactions. In terms of establishing a trade center as well as mechanisms for greater trade, circulation is independent of, as well as interrelated with transport, technology, information, and capital. In view of Shanghai's tens of thousands of industrial enterprises and their output value of over 100 billion yuan, other categories of trade should understand the concept of serving big industry. They should establish operating mechanisms to serve big industry. They should develop and promote structural readjustment of their industries and promote the rationalization of the industrial and economic structures by promoting merchandise trade. In terms of developing the trade

industry, Shanghai should look far into the future with regard to operating transport, technological, information, and financial industries. It should be open-minded in business, create a new path for industries' independence, and establish new operating mechanisms that suit the respective industries. Developing real estate transactions, exchanges of trained personnel, capital transactions, and title trade, relative to merchandise and technological trade, represents reforms that are of an even more essential and breakthrough nature. In fact, this represents the fundamental condition and operating basis for establishing and perfecting mechanisms for greater trade. Establishing and perfecting mechanisms for real estate and capital transactions will be a particular breakthrough for building Shanghai as a trade center, and it will affect the transformation of Shanghai's overall economic structure in the 1990's. Therefore, the key to Shanghai's economic development will be to make real estate transactions, capital transactions, and merchandise trade the leader, and establish a proper order in the relationships between building the three sectors and reform while establishing mechanisms for greater trade.

#### Mechanisms for a Greater Market

If the stress of greater circulation and greater trade mechanisms is on the organizational structure, then the operation of the circulation organizations will necessarily constitute market operations. Therefore, the heart of greater market mechanisms is making circulation organizations function more effectively after the main part of greater circulation (the mechanism) and its organizational trade structure is established.

Market operations are determined by three large factors: first, the main part of the market; second, the tools of the market; and third, the scope of the market. After the main part of the market—the organizational circulation structure we discussed earlier—is determined, the key lies in determining how the market tools—first of all, the price tool—are used and what the limits of the market are. The former determines market efficiency and the latter determines market volume. Since the start of reform and opening to the outside, the greatest challenge faced by the traditional system has been the permeation of market mechanisms throughout economic life. It is becoming an irreversible trend. The main part of the market, market tools, and market boundaries, as well as the resulting market efficiency, are subjects that must be studied and resolved for economic development and reform.

In terms of Shanghai operating as a trade center, after the problem of the main part of the market (greater circulation) is resolved, the work on greater market mechanisms should be mainly to establish price mechanisms that accommodate greater market operations; to promote and foster a regional market, centered around Shanghai, whose development is oriented towards a unified national market; to further develop the market internationally; and to participate in the international division of labor. The key to this centers around the

following three things: First, establishing and perfecting, as soon as possible, a standardized Shanghai market. Second, destroying regional blockades, so as to expand the scope of the Shanghai market. Third, completing and perfecting economic channels that link up with the international market. Obviously, these are the three steps for completing a greater market system, and the main theme is imposing a proper order on price relationships. To perfect Shanghai's market mechanisms, we must impose a proper order on price-ratio relationships between different categories of products, on price-ratio relationships between different factors, and on price-ratio relationships between different markets in Shanghai. To develop a unified national market, we must impose a proper order on industrial-structural relationships, on the relationship between the regional economies, and on the relationship between the center and the localities. This will accomplish the task of linking up with the international market. To establish a truly greater market, we must reform the monetary and financial systems and establish an exchange rate system linked to international currencies. We must deepen reforms of various enterprise systems so that they can compete with international enterprises. We must continuously improve the investment environment; perfect various laws, rules and regulations; create an economic environment attractive to foreign investment and technology; and facilitate trading activities.

#### Xinjiang Party Development Proposals

*OW0505141991 Urumqi XINJIANG RIBAO in Chinese 14 Apr 91 pp 1, 2, 3*

["Proposals of the Xinjiang Uygur Autonomous Regional CPC Committee for Drawing Up the 10-Year Program and the Eighth Five-Year Plan for Regional Economic and Social Development" adopted at the First Plenary Session of the Fourth Xinjiang Uygur Autonomous Regional CPC Committee on 21 March 1991]

[Text] On the basis of further study of the guidelines laid down by the Seventh Plenary Session of the party's 13th Central Committee and in accordance with a decision of the fourth regional party congress, the First Plenary Session of the Xinjiang Uygur Autonomous Regional CPC Committee earnestly discussed the basic tasks, principles, and policies for the economic and social development of the region in the next decade and during the Eighth Five-Year Plan period and adopted the following proposals:

#### I. Review of Economic and Social Development in Xinjiang Over the Past Decade

1. Tremendous achievements were made in various socialist undertakings. Rallying closely around the party Central Committee, the people of various nationalities in Xinjiang undertook economic construction as the central task, upheld the four cardinal principles, persisted in carrying out reforms and opening to the outside world, and consolidated and developed the political

situation of stability and unity over the past decade. As a result, Xinjiang's economy developed in a sustained, stable, and coordinated manner. We overfulfilled major economic targets set in the Sixth and Seventh Five-Year Plans ahead of time. The past decade was one of the historical periods with the best political and economic situation since liberation.

**Economic strength was noticeably increased.** Over the past decade, the region's total industrial and agricultural output value, the total income for the region, and the incomes of people in the urban and rural areas were doubled, and revenues were more than quadrupled. It was estimated that the total output value of goods and services for the region would reach 13.8 billion yuan in 1990 (in terms of 1980 constant prices; the same below). The average annual growth rate over the past decade was 10.6 percent. The per capita output value of goods and services for the region and the average per capital income of the region exceeded the national averages, ranking 10th and 12th in the country respectively. The proportions between the main sectors of the region's economy were systematically rationalized, and the proportions of industry and the tertiary industry considerably increased.

**Bumper harvests were reaped for 13 consecutive years, industry developed in the course of readjustment, and the output of major products increased by a big margin.** The growth rate of the average annual agricultural output value was 9.4 percent over the past decade. Grain production went up from 3.86 million metric tons to 6.6 million metric tons, an increase of 70.9 percent; cotton production rose from 80,000 metric tons to 400,000 metric tons, an increase of 400 percent; and the head of livestock went up from 26.7 million to 35 million, an increase of 31 percent. The average annual growth rate of total industrial output value was 12.3 percent over the past decade. The output of raw coal went up from 11.36 million metric tons to 19 million metric tons, an increase of 67.3 percent; the output of crude oil rose from 3.91 million metric tons to 6.82 million metric tons, an increase of 74.4 percent; electricity went up from 2.4 billion kilowatt-hours to 6.8 billion kilowatt-hours, an increase of 180 percent; and steel production rose from 100,000 metric tons to 310,000 metric tons, an increase of 200 percent. Internal industrial and agricultural structures were readjusted to some extent, there was an increase in the variety of industrial products, and product quality was improved.

**Significant progress was made in the construction of key projects, and basic industries and infrastructure were strengthened.** Xinjiang society as a whole invested 47 billion yuan in fixed assets over the past decade, 2.2 times the total investment of the previous 31 years. Forty big and medium projects were completed, and a number of projects in water conservancy, energy, communications, petroleum, light and textile industries, chemical and metallurgical industries, and building materials were built, increasing new production capabilities and adding strength to the further development of the economy. Big

progress was achieved in surveying natural resources, and a significant breakthrough was made in petroleum prospecting in particular. The distribution of economic construction sites gradually spread north and south from the northern foot of Tian Shan.

**Economic reform proceeded steadily.** The household-based contracted responsibility system was implemented in all farming and pasture areas. The system of dual operations, which complements individual household operations with centralized services, was gradually established. The marketing system, and prices, for agricultural and animal husbandry products was readjusted. All of these efforts greatly arouse farmers' and herdsmen's enthusiasm for production. In urban economic reform, while upholding public ownership as the principal form of ownership, we also developed various economic elements, gradually increased the rights of localities and enterprises, and implemented various types of contracted operation responsibility systems, thus enhancing the vitality of enterprises. On the circulation front, the monopoly of state-run commercial stores was abolished, and a new circulation system was basically formed which features various elements, patterns, and channels and has less links. Reforms in planning, investment, materials, pricing, finance, banking, taxation, foreign trade, and labor wages also went on steadily, fostering the development of the planned commodity economy.

**The process of opening to the outside world quickened, and economic and technological cooperation expanded.** The region has already established economic cooperative relations with more than 50 countries and regions. Progress was made in trade and technological cooperation with the Soviet Union and the peripheral countries of Central Asia. The gross value of export commodities for 1990 was estimated at \$350 million, 20.5 times that for 1980. The accumulated foreign capital invested in the region over the past 10 years amounted to \$280 million, which was used to build 53 enterprises of various types. A number of advanced technologies, as well as complete plants and equipment, was introduced into the region. Lateral cooperation within the region and with other parts of the country was expanded with some economic results.

**Practical results were made in scientific and technological advancement, and education developed rapidly.** In the past 10 years, the region completed a total of 2,820 scientific and technological projects, of which 110 received state and regional awards. Remarkable achievements in tackling scientific and technological problems, assisting poor areas with science and technology, the "Spark Project," and in soft science research facilitated economic construction and social development in the autonomous region. An education system ranging from primary schools to higher-learning institutes and encompassing various forms and subjects was basically established. Elementary education was enhanced, the structure of secondary education was readjusted, and general higher-learning institutes and adult education developed rapidly, thus accelerating and supporting the development

of production. Progress also was witnessed in culture, arts, public health care, sports, social welfare, as well as the press, publishing, radio, film, and television industries.

**Urban and rural markets were stable and thriving, and people's living standards improved markedly.** The total volume of retail sales for 1990 was estimated to be 11.5 billion yuan, representing an annual growth rate of 13.4 percent over the past 10 years. Supply of most articles for everyday use, as well as that of means of agricultural production were ample, and commodity prices were relatively stable. As production increased, living standards of various ethnic groups improved considerably. After deducting price hikes, the per capita spending of urban and rural residents has climbed at an annual rate of six percent during the past 10 years. Living conditions also improved. Over 30 percent of herdsmen led a settled or semisetled life. Most poor households in the region were able to feed and clothe themselves. Some cities, towns, townships, and villages where economies developed at quicker pace, people began to lead a more comfortable life.

Initial results were achieved in improving the economic environment and rectifying economic order; investment and consumption demands were curbed; and inflation was brought under control. In recent years, price increases have been brought down to a large extent, the product mix has been readjusted, the supply of essential goods has been increased, and initial results have been achieved in improving the chaotic situation in the circulation sphere.

Building of socialist spiritual civilization proceeded gradually; new progress was made in promoting socialist democracy and building the socialist legal system; people of all nationalities became increasingly aware in safeguarding the motherland's unification and nationality unity; and encouraging changes took place in people's thinking.

2. While great achievements were made in economic and social development, new contradictions and problems cropped up.

Our economic development once fluctuated. In the mid-term of the Seventh Five-Year Plan, the circulation sphere became chaotic; as a result, prices increased by a big margin for two consecutive years, and inflation was aggravated. Moreover, the market became sluggish last year, and industrial production seriously dropped.

Decentralization appeared in some sectors of our economic life. The percentage of the autonomous region's financial revenues in the total income of the people was lower than normal; inadequate guidance was given to the use of extrabudgetary funds, making it difficult to pool financial resources for more projects. No effective macroeconomic control was exercised on fixed asset investment, and construction projects were reviewed and approved by various departments, resulting in repeated construction of similar projects and poor production

capability of increasing numbers of enterprises. The organizational structure of enterprises was "small, yet complete" and "small and loose," and readjustment of the industrial structure proceeded slowly. Development of locality enterprises, enterprises of the Xinjiang Production and Construction Corps, and enterprises under the central authorities, the three major economic sectors in Xinjiang, was not well coordinated, preventing the autonomous region from making full use of its resources.

Xinjiang's economic efficiency was poor. Xinjiang is located in a remote area, goods to and from Xinjiang have to be transported long distances, its industrial development is at a low level, so naturally there is a "efficiency gap" between Xinjiang and other localities. This, in addition to its relatively poor economic structure and poor quality of its enterprises, resulted in the autonomous region's poor economic efficiency and poor quality of its products. This has seriously prevented our enterprises from accumulating more funds and building up their self-development power, and has prevented the autonomous region's financial status from making a fundamental improvement.

We once neglected ideological and political education. For a while, we concentrated our efforts on building material civilization, while neglecting the promotion of spiritual civilization.

## **II. The Guiding Principles for and Goals of Economic and Social Development in the Next Decade and During the Eighth Five-Year Plan Period**

3. The favorable conditions and restrictive factors for Xinjiang's economic development. The 1990's is a new stage for Xinjiang to further develop its economy, as well as a crucial period for it to lay the foundation for its economic and social development in the next century. Xinjiang is currently facing the following favorable conditions and opportunities:

People of all nationalities in Xinjiang have closely united, lived and worked in peace and contentment, and created a stable social environment for development and construction. The common will "pursuing stability, seeking unity, anticipating development, and striving for prosperity" of people of all nationalities has mustered tremendous force to invigorate Xinjiang's economy.

The state has adopted the "stabilize the east, develop the west" strategy for the country's petroleum industrial development. Our main efforts will be put on prospecting and exploiting petroleum and natural gas in Tarim and the Turpan-Hami Basin. This will give impetus to the development of related industries in the whole autonomous region, especially in southern Xinjiang, and will quicken the pace of Xinjiang's economic development.

The state's industrial policy of developing on a large scale the agricultural, energy, transportation, and raw and processed materials industries, and its policy of readjusting the production capability and structure of

the textile industry, of bringing about a more reasonable division and coordinated development of regional economies, and of actively supporting the pattern of economic development in areas of minority nationalities, have brought a good opportunity for Xinjiang to accelerate the process of transforming its resources into its economic strengths.

Opening the whole line of the second Asia-Europe land bridge will create favorable conditions for Xinjiang to take advantage of its geographic location to open itself to the outside world, for it to introduce investment from abroad and establish lateral ties at home, and for it to establish ties with the eastern part of the country and export through the west.

With the development and construction in the past 40 years, especially in the last decade, Xinjiang has built up considerable economic power, which will serve as a material and technological foundation for the autonomous region's future economic development.

On the other hand, Xinjiang is facing various difficulties and problems in its economic development in the coming decade and during the Eighth Five-Year Plan period. Some major problems are: The international reactionary forces' subversive activities and infiltrations and nationalist splittist sabotaging activities have always been the main threat to Xinjiang's stability and unity; the ever-changing situation in neighboring countries may pose some adverse effects on Xinjiang's efforts to increase its foreign trade and economic and technological cooperation and exchanges; Xinjiang's economic development will continue to be restricted by its weak economic base, its backward communications and transportation facilities, the low level of utilization of its resources, its poor ecological environment, increasing difficulty in controlling its population growth, shortage of funds, and lack of trained personnel.

In short, Xinjiang is facing a good opportunity as well as many difficulties in developing its economy. On the one hand, we should seize the opportunity to strive to develop our economy, and, on the other hand, we should face up to difficulties, do only what we are able to do, and refrain from seeking instant success.

4. In carrying out Xinjiang's economic and social development program over the next decade and during the Eighth Five-Year Plan period, we should follow the party's basic line of "one central task and two basic points" [the one central task refers to economic development, and the two basic points refer to upholding the Four Cardinal Principles and adhering to the policy of reform and opening to the outside world], and adhere to the path of building socialism with Chinese characteristics. Using "stability and development" as the general guiding principle, we should adhere to the policy of developing the economy in a sustained, steady, and coordinated manner; and, following the basic idea of deepening reform, broadening the scope of opening up, enlisting the help of science and technology, readjusting

the industrial structure, concentrating our efforts on building key projects, and improving economic efficiency, and starting from exploiting water and land resources and petroleum, we should adopt the strategy of making good use of our rich natural resources to develop our economy. The basic principles for carrying out the work are:

**We should insist that preserving stability is an overriding task.** Political stability is a precondition for economic development, and economic development is the foundation for political stability. We should bear in mind that nationalist splittism is the major threat facing Xinjiang, should maintain a high level of vigilance, enhance our awareness of class struggle, resolutely oppose subversive activities and infiltrations by nationalist splittists and the international reactionary forces, strengthen nationality unity, maintain the motherland's unification, ensure Xinjiang's long-term stability and peace, and create a good social environment for Xinjiang's economic development.

**We should insist on integrating development with reform and opening up.** We should continue to firmly carry out the policy of reform and opening up, and strive to develop the productive forces and bring about a social progress. While developing the economy, we should create favorable conditions for work on reform and opening up, and enable development and reform and opening to support each other and to organically integrate with each other.

**We should insist on closely integrating science, technology, education, and the economy.** Based on popularizing education, we should promote science and technology to invigorate Xinjiang and enable science and technology to serve as the number one productive force. By modernizing our technology and promoting scientific management, we should transform our natural resources into our economic strengths to invigorate Xinjiang's economy.

**We must heed both efficiency and speed.** We must not only focus our economic work on raising economic efficiency, thus improving the quality of the national economy, but also ensure moderate economic growth, striking a balance between efficiency and speed.

**We must strive for the common prosperity of all ethnic groups and actively implement the autonomous law for ethnic areas.** We must work to enhance the comprehensive national economic strength, gradually narrow the gap between the region and the rest of the country, and actively assist remote, poor areas with their economic development so that we may achieve common prosperity.

**We must keep up the practice of plain living and hard struggle and apply thrift and hard work to all undertakings.** In the development and construction of Xinjiang, we must not only ask for assistance from the state and fraternal provinces and autonomous regions but also adhere to the principles of self-reliance, hard work,

diligence, and frugality. In this way, we will be able to get rid of extravagance and waste on various fronts and use certain financial and material resources to accomplish some major tasks.

**We must strive to protect our environment while developing natural resources.** We must ensure that economic and social development will not upset our environment, and foster a favorable development of the ecology. In short, we must strive to ensure harmony among economic, social, and ecologic efficiency.

**We must uphold centralized planning and common development.** It is necessary to firmly establish the concept that the region is an integrated entity. Under this concept, we must correctly handle the interests of individuals vis-a-vis those of the whole region as well as short-term interests versus long-term interests. Under a centralized plan and rational arrangements, we will fully arouse the enthusiasm of localities, production and construction corps, and central enterprises to develop Xinjiang so that we may unite and cooperate with each other to achieve common development.

**We must promote the development of both spiritual and material civilization.** We must intensify the development of socialist spiritual civilization to provide spiritual momentum, ideological guarantees, and intellectual support for economic construction, reforms, and opening to the outside world.

5. The general tasks and goals for the next 10 years. In line with the party Central Committee's strategic plan, the Second Plenary Session of the Third Regional Party Committee formulated a correct two-step policy for the region's national economic and social development up to the end of this century. In 1990, the region's GNP as well as total industrial and agricultural output value were more than two times those of 1980, and people's living standards improved noticeably, fulfilling the first-step strategic goal. During the next 10 years, the basic requirements for realizing the second-step strategic goal are:

- We will raise economic efficiency and optimizing economic structure thorough increasing our GNP at the end of this century by nearly six times that of 1980, or an annual growth rate of 7.3 percent for the next 10 years. Per capita GNP will reach \$1,000 (calculated with the exchange rate of 1980, which also applies to the rest of these proposals).
- People will basically lead a comfortable life. There will be more consumer goods. People's spending pattern will become rational. Living conditions will greatly improve. Cultural life will further diversify. Public health will further improve. There will be better social service facilities.
- We will further our educational undertakings, promote scientific and technological advancement, improve economic management, readjust economic structure, and step up construction of key projects. In

addition, we will gradually build different sizes of production centers for agriculture and animal husbandry (food grain, cotton, sugar, and livestock); petroleum and petro-chemical industries; and light, textile, food industries, as well as construct reserve bases for gold, nonferrous, salt-making, salt-chemical, and coal industries, laying a material and technological foundation for the total revitalization of Xinjiang's economy in the 21st century.

- We will set up an economic system adaptable to a socialist, planned commodity economy based on public ownership—which incorporates a planned economy and market regulation—and its operation mechanism. We will further improve the market system and the macroregulatory system.
- We will raise the development of socialist spiritual civilization to a new high. We will continue to promote socialist democracy and strengthen the legal system. We will further consolidate and develop the new socialist ethnic relationship where all ethnic groups are equal and assist, unite, and cooperate with each other to achieve common prosperity.

6. Item 6 deals with the basic tasks and objectives to be fulfilled during the period of the Eighth Five-Year Plan. It is necessary to correctly handle the relationship between economic development and the campaign to improve the economic environment and rectify the economic order and between economic development and deepening reform. We must concentrate efforts on economic improvement and rectification and strive for development amid the campaign for economic improvement and rectification in the first year of the Eighth Five-Year Plan or for a period longer than that; and, after we have basically fulfilled the tasks of the campaign for economic improvement and rectification, we must shift the focus of our efforts to strive for development while paying attention to finishing certain tasks left over from the campaign for economic improvement and rectification. In this way we shall continue to carry on our campaign for economic improvement and rectification while we endeavor to promote development. It is necessary for us to make vigorous efforts to deepen reform as required by economic development and wherever possible under the actual conditions during the entire period of the Eighth Five-Year Plan in a bid to make [the implementation of] reform promote the campaign for economic improvement and rectification as well as economic development in a better way. The following are the basic tasks and objectives to be fulfilled during the period of the Eighth Five-Year Plan:

- Under the prerequisite of making efforts to restructure the economy and improve economic returns, the gross national product in 1995 is to be almost quadrupled over that of 1980, while an average annual growth rate of 6.6 percent is to be achieved and the per capita GNP is to reach \$755 during the next five years.

- The efforts to readjust the production structure should produce results; the role played by agriculture as the foundation for promoting development of all other sectors and the basic industries and parts of the infrastructure of energy, communications, raw and semifinished materials, and so forth, are to be further strengthened; and progress is to be made in our construction of the production centers of agriculture and animal husbandry (grain, cotton, sugar, and livestock), oil and petrochemical products, and light textile and food industries. The structure of the organization of enterprises is to be readjusted step by step.
- The people are to have more than enough food and clothing for their livelihood and are to begin to enter a transitional period toward a fairly comfortable standard of living, while the housing conditions and cultural life of the residents in both urban and rural areas are to be further improved.
- Efforts are to be made to promote the development of science, technology, and education, and enable them to better serve the development and construction in our region and make more contributions toward improving economic quality as well as economic returns.
- The minds of the people are to be further emancipated to enhance their awareness of opening to the outside world, more effectively expand opening to the outside world, and make new and important progress in our trade and economic and technical cooperation with foreign countries and in lateral economic ties at home.
- While centering our efforts on invigorating the large- and medium-sized enterprises run by the state and improving a rational enterprise operation mechanism, we are to carry out reform of the systems of prices, finance, banking institutions and monetary markets, planning, investment, circulation, labor and wages, social security, and housing in a coordinated and mutually-supportive way in order to promote the gradual formation of a new system of socialist planned commodity economy.
- Efforts are to be made to bring about overall social development and progress. Population growth is to be strictly brought under control; proper arrangement will be made to provide job opportunities; various social services of culture, public health, sports, and so forth, will continue to be developed; and efforts will be stepped up to build the socialist spiritual civilization and further consolidate and develop political stability and unity.

### III. Focal Points and Local Distribution of Industries in Economic Development

7. It is necessary to let water and soil utilization lead our efforts to unremittingly develop agriculture and animal husbandry. Agriculture is the foundation for economic development and social stability. In the next decade and during the Eighth Five-Year Plan period, we should

continue to strengthen the foundation of agriculture; persevere in implementing the policy of "combining the five sectors of agriculture, animal husbandry, forestry, grassland, and fishery; carry out comprehensive management of the industrial, communications, construction materials, commercial, and service sectors; encourage the sectors to promote each other; and promote overall development." We should also allow the comprehensive development and rational utilization of water and soil resources to be at the forefront; center on the construction of water conservancy facilities; and take the path of promoting agriculture through science and education, tapping potentials, and conducting intensive farming. We should strengthen unified planning and management of land resources; concentrate on transforming and constructing 60 million mu basic farmland; effectively improve the comprehensive productive capability of agriculture; and gradually form an agricultural and animal husbandry production system with new Xinjiang characteristics, of good quality, and that gives steady production and high yield. We should vigorously promote cotton production; develop beet production according to the needs of the sugar manufacturing industry; and promote cash crops, such as oil-bearing crops, melons, fruits, and vegetables, according to local conditions, in order to promote agricultural development to a new level, and provided that we are more than self-sufficient in grain and there is a balanced grain production in small localities. We should implement the policy of emphasizing grassland grazing in animal husbandry, while simultaneously promoting animal husbandry in pastoral areas, agricultural zones, and on the outskirts of towns. We should also focus on developing meat and woolen products, and strive to increase the percentage of animals slaughtered and animal products marketed. It is necessary to uphold the policy of "resolutely protect, actively develop, and rationally use" in promoting forestry; cultivate and protect forest resources; actively develop shelter belts and forests for logging purposes; and increase the percentage of forest cover. We should improve the ecology, and strictly impose limits on logging as well as prohibit random logging activities. The meteorological sector should further increase returns from social, economic, and ecological sectors receiving its services. It should effectively forecast disastrous weather phenomena, and enthusiastically provide good services to agricultural and animal husbandry industries. Localities with necessary requirements should actively promote the sericultural industry, and propel the development of the silk processing industry. According to our tentative plan, by 1995, the output volumes of grain should reach 7.25 million tonnes, cotton 600,000 tonnes, beets 3 million tonnes, and meat 350,000 tonnes, and the amount of livestock on hand should reach 37 million heads. By the year 2000, the output volumes of grain should reach 8 million tonnes, cotton 750,000 tonnes, beets 5 million tonnes, and meat 450,000 tonnes, and the amount of livestock on hand should reach 40 million heads. By then, we should have established a grain, cotton, sugar, and animal product base of certain scale.

8. This item deals with measures for promoting the development of agriculture and animal husbandry. Generally speaking, the development of production of agriculture and animal husbandry depends on policy, science and technology, and input.

—Continued efforts will be made to deepen reform in rural areas. Implementation of the responsibility system with the household-based system of contracted responsibility with remuneration linked to output playing the dominant role and the establishment of the dual management system that combines household with collective operations form a basic system that suits the level of the productive forces in the agricultural and pastoral areas of our region at the present stage and, as such, must be stabilized and continuously improved for a protracted period of time. The major tasks facing us in our endeavor to deepen reform in rural areas are further amplifying the dual management system that combines household with collective operations on the basis of “doing a good job in promoting development of five sectors [agriculture, animal husbandry, forestry, grassland, and fishery]” and with “unified planning and management for successful exploitation of five resources” as the main contents; establishing and improving a socialized service system; and gradually expand the collective economy. Various forms may be adopted to work successfully in having peasants voluntarily conduct operations of appropriate scale in areas where conditions are ripe.

—Input will be increased to vigorously exploit water and soil resources. It is necessary to persist in the guiding principle of “concentrating efforts on saving water and, meanwhile, combining the efforts to increase water resources with those to save water; and focusing attention on transforming medium and low-yield land and, meanwhile, combining the efforts to transform medium and low-yield land with those to cultivate wasteland” in our efforts to rationally develop and utilize water and soil resources. We plan to transform 10 million mu of medium and low-yield land; cultivate 8 million mu of wasteland; work successfully in promoting comprehensive development in the areas encompassing the five rivers of Hetian He, Yeerqiang He, Weigan He, Kaidu He-Kongque He, Ili Area, Tac Pendi, Akto County, and Altay-Habahe-Fuhai Counties, in which eight projects are currently being carried out; and proceed with the corresponding first phase project of irrigation and drainage works and environmental protection in Tarim and a number of water conservancy projects, including the Uruwati Key Water Control Project within the next 10 years. It is necessary to improve management of irrigation; develop the type of agriculture that stresses water conservation; make vigorous efforts to prevent leaks in irrigation ditches and to reinforce dams; gradually spread the water-saving techniques of furrow irrigation, irrigation for low-lying lands, drip irrigation, sprinkler irrigation, and irrigation on farmland with

plastic film protection; reduce the quota of water for irrigation; and increase the ratio of water's utilization. All quarters are to mobilize to increase their input of funds, materials, and labor for agriculture; properly manage and use various funds for promoting development of agriculture and animal husbandry; concentrate efforts on accomplishing a few important jobs; and continuously improve the conditions for agricultural production.

—More animal husbandry-related capital construction will be carried out to create conditions favorable for steady development of animal husbandry. Water conservancy projects will precede other endeavors. Cultivation of grassland will be instituted; and construction of grassland, forage grass, and fodder bases and livestock sheds and pens will be sped up. Through 10 years of effort, we will strive to provide 0.5 mu of man-made grassland, 1 mu of improved grassland, and 20 kg of fodder for every head of livestock, and to store an average of 250 kg of forage grass for every head of livestock to safely last through winter and into spring in a bid to basically solve the problem of livestock survival through the winter and spring seasons. The problem of water shortage for people and livestock living on arid grasslands must be solved in a planned way in a bid to quicken the pace of herdsmen's settling down and partly settling down in order to enable 50 percent of the herdsmen to settle down and partly settle down by 1995, and the majority of them to settle down and partly settle down by the end of this century. Agricultural areas will make efforts to promote agricultural development in conjunction with those efforts to promote the development of animal husbandry. They are required to give priority to promoting the development of animal husbandry. Efforts will be made to have lucerne planted on an area of between 15 and 20 percent of the total area sown area by the year 2000.

—It is necessary to further readjust the agricultural structure. We should accelerate the development of animal husbandry, forestry, sideline production, and fishery sectors while promoting steady growth in farm production. This is so that the ratio of the output values of farm production to animal husbandry to forestry, sideline production, and fishery in our total agricultural output value is adjusted from 72.1:20.3:7.6 in 1990 to 56:32:12 in 2000. Acreage sown for farming purposes should be determined according to the goals for growth in major farm products, and readjusted when necessary.

—We should actively promote agricultural mechanization, and improve the standards of intensive farming and agricultural modernization. It is necessary to uphold the policy centering on the collective management of farming machinery while allowing the existence of other management methods. We should promote mechanization in animal husbandry, principally in herbage harvesting, fodder and forage processing,

sheep shearing, and milk processing, while we promote mechanization in grain, cotton, and beet production. During the Eighth Five-Year Plan period, the acreage cultivated, sown, harvested, and weeded with machines should respectively account for 80 percent, 74 percent, 37 percent, and 35 percent of acreage cultivated, sown, harvested, and weeded. We should give instructions according to categories, make major breakthroughs, effectively strengthen teams involved in mechanization efforts, and strengthen and improve the farming mechanization service system.

—It is necessary to vigorously promote “agricultural development through science, technology, and education.” We should continue to expand contracts undertaken by scientific and technological groups, and to popularize applicable advanced technology in fertilizer application, water conservation, irrigation, artificial breeding, and animal disease prevention and cure. We should work hard to improve scientific and technological services as well as the socialized service system catering to activities before, during, and after production. We should also strengthen the construction of the “three stations” in agriculture and animal husbandry; implement overall scientific and education planning; combine the “Spark Program,” the “Harvest Program,” and the “Prairie Program”; carry out propaganda to popularize science in agriculture and animal husbandry; conduct technical training for peasants and herders; and enhance the people’s scientific and technological sense.

—It is necessary to further improve the circulation system in rural areas which provides services for the agricultural and animal husbandry sectors, and promotes the sectors’ development. We should strive to construct more facilities to serve as purchase and sales, storage, transport, and processing points for agricultural and sideline products; open up circulation channels for agrarian products and means of agricultural production; and reduce links in relevant channels. We should also enhance the functions of supply and marketing cooperatives as the major channels. Apart from that, we should encourage legal management of agricultural and sideline products by collectives and individuals, and facilitate circulation of such products in agricultural and animal husbandry zones. It is necessary to adopt practical measures, protect economic benefits of peasants and herders and their enthusiasm for production, and conscientiously solve difficulties facing peasants and herders in purchases and sales.

9. We will use petroleum exploitation as a driving force for the development of related industries. Developing the petroleum and petrochemical industries is an important starting point for invigorating Xinjiang’s economy. Based on the state’s planning, the general guidelines for prospecting and exploiting Xinjiang’s petroleum resources are: Our efforts should be centered on increasing the amount of proven oil and gas reserves during the Eighth Five-Year Plan period, and, we should

exploit them according to the amount of proven reserves. During the Ninth Five-Year Plan period, in addition to continuing prospecting to increase the amount of proven reserves, we should expand the scale of exploitation. We should accelerate prospecting work in Tarim, and step up work in Jungar and the Turpan-Hami Basin; in addition, we should carry out prospecting in some smaller basins, in order to secure 1.5 billion tonnes of proven reserve in the Eighth Five-Year Plan period, and 2 billion tonnes in the Ninth Five-Year Plan period. Development of oil fields and gas fields during the Eighth Five-Year Plan period will be carried out in three steps: The first step is to restructure and expand the Karamay Oil Field. We should take various measures to make full use of its resources, make full use of the proven low-yield low-seeping oil reserves that so far have not been exploited, make the most of its thick oil reserves, and try our best to extend the period of stable production. The second step is to selectively develop new oil and gas areas in the northern, southern, and eastern parts of the Jungar Basin, to ensure a steady growth in crude oil output in northern Xinjiang. The third step is to experiment on the intermediate development of the Tarim and Turpan-Hami oil and gas areas, and to set up production operations as soon as possible, in order to lay a foundation for large-scale production in the Ninth Five-Year Plan period. In addition, we will begin the project of delivering natural gas from Turpan to Urumqi. We should adhere to the principle of mainly relying on the strengths of various industries, planting ourselves on a social base, making unified planning, and making joint efforts to develop. We should provide professional and standardized services for oil exploitation, and endeavor to develop oil-related industries, especially the electrical machinery, building materials, and construction industries. We will develop facilities in support of the current water supply, electric power supply, coal industry, transportation, and telecommunications services, and other public utilities; we will promote the “combined” management style, develop industries related to the exploitation of oil and natural gas to enliven local economies, and, with the state’s support, properly organize the shipping of oil products to other localities, in order to create favorable external conditions for prospecting and exploiting oil in Xinjiang. It is contemplated that crude oil output will reach 15 million tonnes in 1995, and 30 million tonnes in the year 2000.

The planning for the petrochemical and natural gas industries should be combined with the planning for the exploitation of oil and natural gas, and work on these two areas should be carried out at the same time. In the next decade, we will develop key projects, stage by stage, in the Urumqi, Dushanzi-Karamay, Korla-Kuqa, Turpan, and Zepu petroleum-natural gas chemical industrial zones; we will systematically develop polyester, ethylene, synthetic ammonia, synthetic rubber, chemical fiber, plastics, and other petrochemical products, initially building Xinjiang into China’s important petrochemical industrial base.

10. We will strive to develop the coal and electric power industries to ensure that needs for industrial and agricultural production and people's daily life are met.

We should simultaneously pay attention to prospecting and exploiting coal and to developing coal mining facilities. In addition to revamping, expanding, and making full use of the facilities of the current coal pits, we should build a number of modern and standardized backbone coal pits. In the near future, we will concentrate our efforts on building the Urumqi, (Aiweirgou), and Hami comprehensive mining areas, making them become respectively Xinjiang's industrial coal, coking coal, and thick coal production bases. We should make great efforts to standardize coal pits of local coal mines, and shift our main efforts to southern Xinjiang, where coals are in short supply. Township and town coal mines should associate or merge with others, revamp and expand their facilities, ensure production safety, and make greater efforts to protect and recycle resources. It is contemplated that crude coal output will reach 24 million tonnes in 1995, and 30 million tonnes in the year 2000.

—In developing the power industry, it is necessary to carry on the principle of "taking local conditions into account; stressing both hydroelectric and thermal power; integrating plants of large, medium, and small scales; and pursuing multiple channels." We should accelerate the construction of key electric power plants and transmission and transformer stations; gradually expand the power network; and promote joint thermal power generation. We should also build a number of small thermal and hydroelectric power stations; actively develop power generation based on wind and solar energy; resolve the problem of power supply in counties without electricity; and significantly improve energy consumption by the broad masses of people in farming and pastoral areas. Power output is projected to reach 9.5 billion and 14.5 billion kilowatt-hours in 1995 and 2000, respectively, raising the elastic coefficient of electricity to 1 or more. During this century, we should accomplish the linkup of the Urumqi power grid, with Ili Prefecture in the west, Korla and Aksu in the south, and Karamay City in the north.

In developing the coal and power industries, we should effectively strengthen management, and successfully perform coordinating work in linking up central and local power networks with that of the production and construction corps, as well as hydroelectric and thermal power grids. We should also step up unified planning and management in the renovation, construction, and sale of coal mines; pay close attention to energy conservation; heighten the sense of energy saving; and do an effective job in instituting and implementing energy conservation measures.

11. In the sector of raw and semifinished materials, it is necessary to focus on restructuring and to improve overall product quality.

—The iron and steel industry should continue to tap its potential, retool itself, and launch expansion projects. We should expand the key facilities of the Xinjiang Bayi Iron and Steel Works; raise our region's self-sufficiency in terms of variety of steel products; and actively develop and build auxiliary mines. Steel output is projected to hit 500,000 tonnes and 600,000 tonnes, respectively, in 1995 and 2000.

— The gold and nonferrous metals industry should continue to implement the principle of "developing gold on a priority basis, enthusiastically mining copper and nickel, prospecting for aluminum without overlapping the resource, and maintaining the leading position of rare metals," so as to gradually build our region into a reserve base for the national gold and nonferrous metals industry. The gold sector should follow the principle of "jointly undertaking risks, sharing benefits, working in concert, and exploiting superiorities"; and rely on its main strength and local communities to build the Hatu, Axi, Duolanasay, and Baogutu Gold Mines. We plan to produce 100,000 liang and 150,000 liang of gold in 1995 and 2000, respectively. In nonferrous metals, it is necessary to stress the development and construction of such key projects as the Karatunk Copper and Nickel Mine, the Ashele Copper Mine, and the Fukang Copper and Nickel Smeltery. We should further develop multiple processing for rare metals and improve utilization of resources.

—It is essential to make full use of our region's abundant resources of salt and saltpeter, and to vigorously develop the salt and salt chemical industries. We should build large- and medium-scale key projects, such as an 80,000-tonne soda plant and a 50,000-tonne caustic soda plant, in an effort to develop soda, caustic soda, and other salt chemicals. We should also continue to consolidate the leading positions of anhydrous sodium sulfate and sodium sulfide in production and export; develop fine chemicals, pesticides, and organic chemicals; and gradually build salt and salt chemical bases.

—The construction industry should actively develop nonmetallic elements and related processed products; energetically exploit and promote new building materials; and satisfy the needs of development and construction, while working to maintain and improve the quality of conventional building materials, such as cement, glass, and ceramics, and to increase variety.

12. We will step up construction of transportation and telecommunication facilities, and improve transport and telecommunication networks. Communications and transportation, especially railways connecting the region with the eastern part of the country, have an important role in the development of Xinjiang's economy at the present time. During the next 10 years and the Eighth Five-Year Plan period, we will give top priority to constructing transportation, posts, and telecommunication facilities. First, we will intensify construction of

communication passageways to economic hinterlands throughout the country. We will step up construction of the southern multitrack portion of the Urumqi-Wuwei section of the Lanzhou-Xinjiang Railway. Meanwhile, we will try to have the state undertake the construction of the pipeline project for transporting oil to the eastern part of the country and the optical cable project linking Urumqi to Lanzhou. In this way, we hope to gradually alleviate the difficulties in transporting passengers and cargo from Xinjiang to the eastern part of the country and to improve the transmission of messages. Second, we will complete auxiliary facilities for the western section of the Lanzhou-Xinjiang Railway, strengthen management of its operations, and promote multinational operations on the railway connecting Asia with Europe. We will build highways and telecommunication lines toward Horgos, Tuerdat, and other border posts, as well as expand and renovate the Urumqi Airport to create convenient transport and telecommunication conditions for opening to the outside world. And third, we will further intensify construction of transportation, postal, and telecommunication facilities within the region. We will gradually extend the Nanjiang Railway; ensure the technological transformation for the Hami-Yining and Altay-Hotan Highways which cross each other at Urumqi; and construct air, postal, and telecommunications facilities linking Urumqi to various prefectures, autonomous prefectures, and cities in the region. In addition, we will further upgrade highways in counties and townships, accelerate renewal of vehicles, and develop large-tonnage, long-distance bus transport. In short, we will try to improve transportation and telecommunications in a significant way by the end of this century.

13. We will upgrade and develop the light and textile industries. Xinjiang is endowed with the resources for the development of the light and textile industries. In the next 10 years, we will take the opportunities presented by the state's efforts to readjust the production capabilities and distribution of the light and textile industries, and systematically increase our production capabilities to a higher plateau of technology while upgrading existing enterprises. We will also gradually move from the export of raw materials to the export of processed products, thus increasing the returns from the transformation of resources. We will strengthen management of the industries and unify our planning. We will direct the amalgamation of enterprises and systematically develop enterprise groups in accordance with the standards for rational economies of scale and the requirements of specialization. Moreover, we will make efforts to readjust product mix, introduce new technologies and equipment, raise the quality and grade of products, promote more sophisticated processing of materials, and diversify the utilization of materials. We will increase production of superior products and goods in short supply, develop high-quality products, expand exports, enhance our accumulative capability, and strengthen the competitiveness of our products.

The textile industry will systematically develop the cotton, silk, wool, linen, and chemical fiber textiles; promote production of fashionable, high-quality garments; and enhance the support system within the industry. In addition to constructing cotton textile projects of an economically feasible scale in major cotton production areas where currently there are no cotton mills, we will focus on the expansion, restructuring, renovation, and upgrading of small cotton and wool mills which are not up to an economically feasible scale and employ low-grade technologies, so that they will produce better-quality and higher-grade products. We hope to increase our cotton production capability to 1.2 million spindles by 1995 and to 1.5 million spindles by 2000.

In the light industry, while giving top priority to the development of basic industries and export goods, we will actively encourage the restructuring and transformation of the industry, readjust product mix and enterprise organization, and develop new production categories and new products. We will focus on the upgrading, improvement, and strengthening of the eight industries that produce foodstuffs, glauber's salts, paper, leather goods, plastic products, arts and crafts, special necessities for ethnic minorities, and packing and decorative materials. We hope to increase our sugar production capability to 400,000 tonnes by 1995 and to 600,000 tonnes by 2000.

14. Restructure and transform the machine-building and electronics industries. The machine-building and electronics industries should focus on industrial restructuring and transformation and should use readjustment of product mix and enterprise structure, and rationalization of relations among various trades, as a point of penetration to advance technology and management; raise the level of specialization; and improve their coordination capacity and support within the industries. They should vigorously develop products capable of earning foreign exchange and products that are efficient in the use of energy, materials, and foreign exchange. They should provide advanced technology and equipment for key construction projects undertaken in the region and in other parts of the country, and they should provide machinery and electronic products vital to the people's livelihood, by concentrating on five major pillar products: agricultural and livestock machinery; petroleum machinery and parts; motor vehicles and parts; light, textile, and food processing machinery; and electrical products that are urgently needed in the market. They should remove boundaries existing between different forms of ownership and make backbone enterprises a leader in an effort to create conditions for the establishment of motor vehicle, tractor, and electronics enterprise groups.

15. Seriously strengthen geological surveys. Xinjiang possesses rich mineral resources. However, despite its potential overall reserves, the actual reserves of certain specific minerals are unclear and the degree of certainty of finding them is not high enough. In accordance with

the policy of "basing our plan on what we already have, concentrating on what we need the most, guaranteeing our short-term demands, and making long-term preparations" and the policy of "guaranteeing our basic needs, strengthening general surveys, conducting surveys in selected areas, and gearing exploration to specific demands," we should, in the next 10 years, achieve a breakthrough in geological surveys by making vigorous efforts to carry out long-range surveys and evaluation of the results of general surveys; and find more potential mines and selectively prospect them to determine the reserves available for development. In finding coal reserves, the emphasis is to carry out geological surveys and in-depth exploration in selected southern Xinjiang areas where coal is in short supply, and to find more reserves for the construction of new mines. We should explore deposits of iron ore, manganese, supplementary minerals for metallurgy, and non-metal minerals essential to the development of metallurgical industry, building material industry, and raw and semifinished material industry. We should continue to strengthen the prospecting of gold, nonferrous, and rare metal resources in our region and concentrate on the implementation of the state's "305" project. With the areas targeted for mining exploration in the Seventh Five-Year Plan as the foundation and with the important metallogenetic provinces and targeted mining areas in Altay and Tianshan as our focus, we should continue to improve our research in mineralization theory and technology, and to find a number of large deposit regions with scientifically arrived at estimates on reserves. We should also conduct a general assessment of the large mines and areas with mineral deposits that are planned for development in the immediate and near future, and tackle other technical problems before we begin development of the mines. We should raise funds through various channels and increase investment in geological surveys by various means. We should adopt a preferential policy to promote cooperation in geological research and prospecting with interior provinces. We should make vigorous efforts to develop surveying and cartography undertakings, and use remote-sensing and other advanced technologies to collect information on mineral deposits and to predict mineralization, in order to improve our ability for sustained development in geological work.

16. It is necessary to strengthen the construction of urban and rural areas, and to develop the construction industry steadily. In the next decade and during the Eighth Five-Year Plan period, we should uphold the principle of "making unified plans, achieving a rational layout, stressing overall development, and launching auxiliary construction projects" in drawing up unified plans for the layout of cities and towns throughout Xinjiang. We should also focus on enhancing the functions of 16 cities and 69 county seats, and on building infrastructural projects that are vital to production and the people's livelihood, such as water supply, drainage systems, public transportation, city telephone and telecommunication services, environmental sanitation facilities, and highways in downtown areas, in order to boost the

functioning capacity of cities and towns. In accordance with the principle of "making overall plans, providing correct guidance, relying on the masses and ourselves, tailoring our measures to local conditions, and building up step by step," we should integrate the construction of "five good aspects" in rural areas with the settlement or partial settlement of herders; concentrate on building towns; use typical cases to provide guidance; build residential quarters in rural pastoral areas and villages; and strive to build a number of rationally arranged and environmentally sound towns and villages, with conditions favorable to production and living, and with ethnic and local characteristics. The construction industry should rely on technical progress, improve operations and management, deepen enterprise reform, improve enterprise quality, enhance its own capacity for development, and seek steady progress in developing resources, in building urban and rural areas, and in opening international labor service markets.

17. It is necessary to actively develop the tertiary industry. In the next decade and during the Eighth Five-Year Plan period, we should focus on stimulating commodity circulation and on improving social services by further strengthening circulation outlets; in particular, we should build commercial outlets in the vast numbers of rural pastoral areas. We should also stress the development of materials, technological, labor, and financial markets; improve the city-based market system; gradually establish and improve a network of socialized service in science, technology, information, consultation, banking, insurance, catering, real estate, and public utilities; and increase the portion contributed to the gross regional product by our region's tertiary industry to 35 percent or more.

18. It is essential to readjust the economic pattern and optimize the distribution of resources. In the next decade, we should combine regional economic uniformity with local economic features, and integrate major industrial projects with key local ventures, in accordance with the principle of "making overall plans, dividing work rationally, supplementing each other with one's own superiorities, and developing proportionately." On the basis of the current arrangement of productive forces, we should adopt the strategy of "relying on the central part, moving south, going west, stressing key sectors, and making orderly moves," and pursue the development and construction of "three belts" and "three places," in order to promote an orderly layout of productive forces, improve overall regional economic returns, promote the entire region's economic development, and gradually optimize the distribution of resources and the composition of local economic structures.

—The Overall Economic Development Belt (including Urumqi, Changji Autonomous Prefecture, Shihezi City, Shanwan County, Toli County, Usu County, Kuytun City, Karamay City, Jinghe County, Bole County, and Alataw Pass): We should make full use of

our petroleum and coal resources, relatively concentrated industry, fairly developed agriculture, substantial scientific and technological strength, and convenient transportation network to vigorously develop petrochemicals, energy, and building materials; strive to promote light industry, textiles, machine-building, electronics, and the gold industry; and appropriately develop science, technology, education, and the tertiary industry. We should also improve our industrial system and structure; enhance our capacity for accumulating and earning foreign exchange; and truly turn this belt into a center for expanding the productive forces in the region; a base for researching, developing, and promoting new technology; and an economic corridor that opens to the west, promotes imports from abroad, and helps foster domestic economic associations, in an effort to support and promote economic development throughout Xinjiang.

- The Petroleum and Petrochemical Industrial Development Zone (including Turpan Prefecture, Korla City, and Luntai, Yuli, Yanqi, Bohu, Hejing, Hoxud, Koqu, Xayar, and Xinhe counties). We should use oil prospecting and exploitation as a driving force for economic development. While endeavoring to develop the petroleum and petrochemical industries, we should strive to make use of our water and land resources; strengthen our agricultural foundation; develop facilities to improve our coal, electric power, and textile industries, and our socialized services; and accelerate development of Korla City to make it a forward position for developing southern Xinjiang.
- The Gold and Nonferrous Metal Industrial Development Zone (including Qinghe, Fuyun, Altay, Burqin, and Habahe counties). We should make full use of our mineral resources and step up prospecting work to increase the amount of proven reserves. While developing the gold, nonferrous metal, and rare metal exploitation, dressing, and processing industries, we should make use of our water resources, grasslands, and tourist and precious stone resources to develop the animal husbandry industry, tourism, and precious stone processing industry.
- The Development Zone With Kashi City as its Center (including Kashi City, Shufu County, Shule County, Artux City, and Akto County). While exploiting our water and land resources, and developing the agricultural and animal husbandry industries and the processing industry using agricultural products as raw materials, we should take full advantage of our position as an open region to try to set up export trade and processing zones and to develop the tourist industry, and strive to develop them into the regional economic development center and the center for opening to the outside world.
- The Development Zone With Yining City as its Center (including Yining City and Yining, Huocheng, Qapqal, Nilka, and Gongliu counties). We should take advantage of our rich water and land resources to

build food and animal products production bases. We should exploit our hydraulic power and coal resources; develop the electric power industry; raise the processing level of the wool textile, flax textile, food, and leather industries; develop export products; accelerate development of Yining City and other cities trading with the Soviet Union; and make these cities forward positions for opening to the west.

- The Development Zone With Hami City as its Center (including the Sandaoling Mining Area). We should concentrate on developing the coal, electric power, salt chemical, and building materials industries, and on mining ferrous metals; improve Hami City's infrastructure; and quicken the pace of building nonstaple food production bases, to enable the zone to better serve as the door of cooperation between Xinjiang and other localities.

19. We will focus on enhancing self-accumulation and self-development capabilities in the effort to revitalize the economy of the counties.

- County-level economies are an important component of the region's national economy. One of the major tasks in the region's economic construction during the next 10 years will be to revitalize the economy of counties, and to increase the self-accumulation and self-development capabilities of county economies. We will take effective steps—including specific guidance and selective support measures—to significantly improve the financial and economic situation at the county level. We will organize and implement the comprehensive development plan for counties with rational arrangements, making best use of the strong points of each county. While making good use of water and soil resources and promoting agriculture and animal husbandry, we will actively develop county-operated industries, rural enterprises, the construction industry, and tertiary industry. Counties with favorable conditions will foster and develop one or two high-quality products with which to bring themselves and their residents prosperity. In the next 10 years we hope to achieve the following goals:

- Counties (cities) which are self-sufficient financially and are able to make financial contributions to the state will climb another step; other counties which have a fair financial base and whose revenue and expenditure barely meet will be able to achieve financial self-sufficiency; and the financial self-sufficiency rates of the rest of the counties in the region will rise significantly. In short, we will strive to ensure that all of the 14 county-level cities and one third of counties in the region will become self-sufficient or be able to make financial contributions to the state.

- We will continue the effort to help poor areas. While adhering to the policy of regarding agriculture as the foundation of the national economy, we will further the construction of the infrastructure—such as water, electricity facilities, and highways; develop the processing industry; and promote the commodity economy. After realizing the goal of feeding and

clothing themselves, farmers and herdsmen will be encouraged to pursue prosperity. We will mobilize all sectors of society to continue the effort to help poor areas. Various policies aimed at helping poor areas will be carried over to the Eighth Five-Year Plan period. We will draw up more special policies and boost lateral cooperation between poor and developed areas so that poor areas will be able to provide enough food and clothing for their residents and most people will be able to lead a more comfortable life.

20. It is necessary to vigorously develop village and town enterprises. Developing village and town enterprises is the only way to help people and various counties become rich, make the rural economy prosperous, transfer the residual labor force in the rural areas to non-agricultural industries, and promote intensive farming operation. We should continue to implement the policy of "giving effective support to the rural areas, making reasonable plans for development, providing correct guidance for and strengthening the administration of village and town enterprises," grasp the work of vigorously developing village and town enterprises as a strategic task, speed up their development, especially industrial enterprises in villages and towns, and turn village and town enterprises into a pillar industry in developing the rural economy. We should increase the proportion of the output value of village and town enterprises to 15 percent of the total industrial and agricultural output value in the whole region by 1995, and increase it further to 18 percent by the year 2000. Based on the industrial policy of the state and the actual situation of the autonomous region, the development of village and town enterprises should take advantage of locally available resources, be geared to the needs of the vast market in and outside of Xinjiang, lay stress on developing light industry, the textile industry, food processing industry, mining industry, processing of mineral products, rural construction work, and tertiary industry which provides services before, during, and after agricultural and livestock production by fully utilizing agricultural and livestock products as raw materials. In the meantime, it is necessary to adjust, consolidate, transform, and improve the existing enterprises; develop lateral economic ties; establish a high reputation for various plants and products; absorb funds, capable people, and advanced technology; raise the production level of various enterprises; and insure good quality, more varieties, rational scale of operation, and high economic efficiency. We should maintain the continuity and stability of the policy for developing village and town enterprises, constantly improve various preferential policies to promote the development of village and town enterprises, continue to provide necessary financial and material support for village and town enterprises, continue to implement the policy of giving scientists and technicians "a free hand," and encourage talented scientific and technological personnel and people with special skills in urban areas to go down to the countryside to lead or run village and town enterprises; continue to deepen reform and improve the operational system of village and town enterprises; and further promote the

modernization of the rural economy by using industry to help the development of agriculture.

#### IV. The Task and Policy of Developing Science, Technology, and Education

21. The basic principles and tasks for developing science and technology are as follows:

— Science and technology are the primary productive force. In the future, the economic development and the rise in the overall strength of the autonomous region will, to a great extent, depend on the level of the development of science and technology. We should lay stress on education and exert great efforts to promote the method of "making Xinjiang prosperous with science and technology." In developing science and technology, we should continue to implement the policy of "relying on science and technology to promote economic construction, and having scientific and technological work serve economic construction." We should closely integrate scientific research, education, and production work, and strengthen unified planning for economic construction, the research of high technology, the development of industries which employ new technologies, and basic research projects. We should appropriately allocate manpower at various levels to promote the all-around development of scientific and technological work in the autonomous region. We should speed up the transfer of scientific and technological achievements to the actual productive force, and use science and technology to guarantee the building and construction of Xinjiang and the development of the local economy, especially the county level economy.

The goals of scientific and technological development are as follows:

—By the end of this century, we should strive to raise the comprehensive scientific and technological capability of this region to the medium level of the national standard in the same period. The extent of contributions of scientific and technological progress to economic growth should reach approximately 40 percent. We should use modern technology to transform the existing traditional industries and form a multi-level production system with industries using conventional technologies as the main body. We should enable the main industrial departments to reach or nearly reach the technological level of developed countries in the 1970's and enable advanced industries to reach the advanced level of the nation.

22. Developing science and technology in the next decade should closely center around the main issue of modernizing production technology and equipment for industrial and agricultural production in the autonomous region. We should organize and implement a number of key scientific and technological projects to promote technological progress and implement the plan of "making Xinjiang prosperous with science and technology" step by step.

—“Making agriculture prosperous with science and education,” should center on improving the quantity as well as quality of farming and animal husbandry products. We must do a good job in popularizing the application of science and technology, developing new technologies, construction of experimental zones, and key scientific and technological projects. The focal points of our work should be: Improving the ecological environment and comprehensive utilization of water and soil resources in arid areas; comprehensive development of small drainage areas, and continuous development and study of medium and low production zones; intensive operation of planting and breeding industries; breeding of good strains of major crops, study of new cultivation techniques, and the prevention and cure of plant diseases and insect pests; the study of comprehensive experimental zones for excellent production models of animal husbandry on grasslands; study of improving breeds of livestock and poultry as well as prevention and cure of diseases; strengthening technical training of peasants and herdsmen in the region; launching activities to promote science and technology in townships and villages and households; and extensively promote the implementation of the Spark Plan, the Prairie Fire Program, and the Harvest Plan.

—“Making industry prosperous with science and technology” should center on improving quality, variety, efficiency, doing a good job in technological transformation, developing new products, popularizing major scientific and technological achievements, developing key scientific and technological projects as well pioneering industries of science and technology. The focal points of our work should be: Vigorously popularizing scientific and technological achievements which require little investment but produce quick and good economic results; promoting industrial technological transformation, renewal of equipment as well as readjustment of the industrial structure and raising technological standards; speeding up the development and study of the commercialization of “popular, excellent, special, and new” light textile industrial products; conducting systematic research into natural resources of oil and gas in the Tarim Basin, as well as exploration, utilization, and research into energy resources of coal, wind, and the sun; improving communications, postal and telecommunication networks; developing technological research into petrochemical and salination industries; prospecting and developing mineral resources of nonferrous metals and precious metals as well as the study of mineralization principles; research and improvement of the quality of gold.

—We must take note and keep track of the trend of development of new technologies in the world and the nation, strive to score new achievements in research into biological engineering, advanced technologies in electronic information, automation, new energies and materials as well as communication, and promote the proliferation and penetration of achievements of

advanced and new technologies into traditional industries, in particular popularizing the application of microelectronic technology in industrial production in order to vastly increase productivity.

—We must pay attention to basic scientific research, and build up the reserve strength for scientific and technological development. It is necessary to further strengthen development of basic facilities for scientific research, properly coordinate scientific research work between professional scientific research organizations, colleges and universities, as well as large- and medium-sized enterprises. We must also enhance the cooperation between natural sciences and social science, and pay attention to developing, new, as well as borderline sciences.

23. We must strengthen the study of social science. Under the guidance of Marxism-Leninism-Mao Zedong Thought, we must carry out in-depth and meticulous study of the major theoretical and practical problems relating to socio-economic development as well as the reform and open policy, including theories on nationality, and basic issues of nationality policy, nationality history, religion, literature and art, education, information and law, and other subjects. We must also attach importance to the study of business management and soft science, strengthen the work on libraries, information and archives, and gradually improve the conditions for the study of social sciences. It is necessary to promote the style of study of integrating theory with practice, encourage social science workers to regularly plunge themselves deeply into social, practical work, and continuously raise our ideological standard and work quality.

24. We must deepen structural reform in science and technology. It is necessary to establish a new mechanism which combines active and efficient scientific research, its introduction, and innovation with popularization and application so as to be in line with economic development. We must improve our policy for scientific and technological advancement, and actively carry out the process of transforming scientific and technological achievements into productive forces. We must organize extensively and through various channels, our efforts to raise funds and the capacity for developing science and technology. It is also necessary to strengthen the building of science and technology contingents, especially the training of young science and technology personnel of minority nationalities. We must actively import domestic and foreign scientific and technological forces, promote cooperation, and exchanges in science and technology. We must also actively promote education to popularize science and technology, and cultivate a sound social practice of showing respect for knowledge, for science, as well as for qualified and talented personnel.

25. The development of education to keep improving the quality of all nationalities in the whole region. It is necessary to continue to carry out the guiding principle of stressing the need for education to serve socialist

modernization, to be integrated with production-related labor, and to train a succeeding generation of construction workers who are well educated in respect of moral ethics, intellect, and physical culture; further straighten out the guiding ideology for running a school; give top priority to firm and the correct political orientation; and endeavor to improve the ideological and political level as well as the professional quality of all the educators and students. Continued efforts must be made to deepen educational reform, readjust and optimize the structure of education, strengthen education among minority nationalities, and keep improving the quality of education as well as the efficiency of running a school. More teachers are to be recruited and trained. This is particularly necessary for outlying districts. More educational programs with the aid of electrical audio-visual equipment will be developed. Meanwhile, the system of raising funds for education through various channels will be continuously perfected to further improve the conditions for running a school.

26. Efforts to improve elementary education. The system of nine-year compulsory education will be carried out, stage by stage, in line with local conditions. Primary education is to be conducted in 90 percent of the areas throughout Xinjiang by 1995, while the system of nine-year compulsory education is to be conducted in both urban and rural areas, and in the companies of the Xinjiang Production and Construction Corps all over Xinjiang by the year 2000. Senior middle-school education is to be widely conducted in the major, big and medium-sized cities, while support will be given to the mountain areas and pastoral areas in outlying districts to help them do a solid job in conducting junior middle-school and elementary school education. Vigorous efforts are to be made to promote the steady development of kindergarten education and special education for children who are intellectually retarded. It is necessary to continue to adopt special measures for elementary education and, in particular, for education in the outlying and impoverished areas in accordance with the standards for basic education facilities for middle and elementary schools promulgated by the State Education Commission. In this respect it is also necessary to increase necessary input, install educational instruments, equipment, books and reference materials, and construct school buildings to provide the material conditions necessary for further raising the level of education.

27. Vigorous efforts are to be made to develop intermediate vocational education and steadily improve higher education as well as adult education.

—Overall planning is needed for intermediate vocational education. The structure of the subjects and branches of learning must be rationally arranged to improve the quality of education and facilitate strict control to make the scale of intermediate vocational education equal to that of an ordinary senior middle school. We will see to it that the ratio between the number of students attending senior middle schools

and that of students attending vocational and technical schools reach 1:1 by the end of this century. Meanwhile, various forms of short-term technical training are to be conducted extensively. Efforts will be made to have the majority of the new labor force in rural areas receive different degrees of vocational technical education or training, and the new employees of enterprises receive the necessary education before they report for duty and on-the-job training within the next 10 years.

—It is necessary to optimize the structure of higher education, stabilize its scale, and improve its quality in the light of the requirements of Xinjiang's economic development. "Four determinations" (determine their tasks, scale, size of staff, and funds) will be made for the existing institutions of higher learning during the period of the Eighth Five-Year Plan. Meanwhile, a number of major subjects and branches of learning will be established and the scope of professional knowledge will be appropriately broadened for them. We will strive to make the ratio between the number of the undergraduates of regular colleges and universities, and that of students attending vocational training schools reach 1:2 by the end of this century. Vigorous efforts are to be made to train graduate students, and to select and send some of them abroad for advanced study. The system of recruiting students and assigning jobs for graduating students will continue to be reformed. Directional recruitment of students [ding xiang zhao sheng 1353 0686 2156 3932] and directional job assignment for graduating students [ding xiang fen pei 1353 0686 0433 6792] will be expanded.

—Continued efforts are to be made to consolidate and readjust adult education. We will persist in running a school by various forms and through various channels; make vigorous efforts to conduct on-the-job training and education during leisure hours for staff and workers; and conscientiously maintain standards, effectiveness, and quality. We will pay close attention to conducting education among youths in agricultural and pastoral areas in a bid to basically wipe out illiteracy among youths in the whole region by the end of this century. We stress education for the purpose of promoting industrial and agricultural development, and turning science and technology into productive forces.

#### V. Control Population Growth and Improve the People's Living Standard

28. It is necessary to enforce family planning and strengthen the people's awareness of population control. The next decade will be the autonomous region's baby boom period and, therefore, we must firmly implement the basic national policy of family planning and conscientiously implement the policy of controlling population growth, raising the quality of the population, advocating late marriages and late childbirths, and encouraging people to do a good job in prenatal care and have less

children. We should pay attention to both production work and the rate of population growth, and ensure a coordinated development of material production and population growth. We should strictly implement the system under which cadres are held responsible for the attainment of certain objectives in the work to control population growth. We should lay stress on doing a good job in family planning work in rural and pastoral areas, especially poor areas. We should closely integrate the plan of "changing people's economic condition from poor to rich" with family planning work. We should establish and improve family planning service networks at the county, township, and village levels. We should vigorously support the work of cadres in charge of family planning and strengthen their professional training. We should raise the technical level of family planning and service quality. We should strive to keep the total population in the whole autonomous region within 16.9 million people in 1995 and 18.6 million people in 2000. The natural population growth rate should be kept within 19.7 per thousand.

29. We should make constant efforts to improve the people's living conditions and actively solve the problem of job placements for people in cities and towns. We should continue to implement the policy of allowing some people and some localities to become rich first through honest work and legitimate operations. On the basis of economic development and an increase in labor productivity, we should constantly raise the living standard of people of various nationalities and gradually achieve the goal of joint prosperity. By developing the rural economy and rationalizing the comparative prices of industrial and agricultural products, we should raise the average per capita income of peasants and herdsmen to 800 yuan in 1995 and to 1,100 yuan by the year 2000. On the basis of increased labor productivity, we should appropriately raise the wages for staff members and workers. We should continue the "shopping basket" project. While gradually improving the variety and quality of food and clothing for the people, we should lay stress on improving the housing situation of the people in urban and rural areas. We should further promote the work of giving preferential treatment to dependents of martyrs, providing aid for people who need assistance, and helping disabled people.

We should continue to implement the "three-in-one" [san jie he 0005 4814 0678] employment policy [combining employment on the recommendation of state labor departments, with employment through voluntary self-organization and the individual search for jobs]. We should create more job opportunities to solve the employment problem in cities and towns. We should support the collective economy with funds, raw materials, and land, and give full play to its role and other economic activities in providing employment for people seeking jobs. We should foster a correct employment concept and enhance people's awareness of work. We should organize young people in cities and towns who are waiting for jobs to set up productive enterprises in

suburban areas in a planned manner, strengthen macro-management of labor forces in the whole society, guide the residual labor force in the countryside to engage in diversified farming operations or nonagricultural work, and gradually solve the contradiction of employment in cities and towns.

30. We should develop public health and sports work to raise the level of the people's health. We should adhere to the policy of laying stress on preventing diseases. We should implement the policy of relying on scientific and technological progress, mobilizing the whole society to take part in public health work, and promoting coordinated development of Western and Chinese traditional medical sciences to improve people's health. We should continue to improve the public health service system, strengthen the primary medical care network and work to protect women and children, improve the medical care situation in various counties and townships in a planned way, continue to improve the quality of water to prevent diseases, strengthen health supervision work, and prevent infectious, endemic, and occupational diseases. We should attach importance to medical science research, raise the level of medical technologies, strengthen education on medical ethics, improve medical care, promote the development of public health, and strengthen preventive work. We should implement the policy of "developing physical culture and sports to strengthen people's health," vigorously unfold mass sports activities, gradually improve sports facilities, and raise the quality of sports in the autonomous region. On the basis of popularizing sports, we should further strengthen the building of professional sports teams, give prominence to their advantages in certain sports, and raise their skill in competition.

31. It is necessary to maintain ecological equilibrium and strengthen environmental protection. It is necessary for us to draw up a program for land development and improving land conditions, take comprehensive measures to dredge the major rivers and lakes by focusing such efforts on the key sections and areas, and launch activities to improve the condition of our land. We must resolutely carry out the guiding principle of synchronizing the plan, implementation, and development of environmental construction with the plan, implementation, and development of economic construction and urban and rural construction; correctly handle the relationship between economic construction and the ecological environment; expand production under the prerequisite of protecting the ecological environment; and continuously improve the ecological environment while expanding production. It is necessary for us to do a good job in maintaining the existing oases, forests, desert vegetation, and, in particular, the "green corridor" along the lower reaches of Tarim He; strictly forbid the destruction of forests and grasslands and cultivate wasteland; make vigorous efforts to plant more trees and grass, restore vegetation, and prevent desertification; and find a solution to the energy shortage problem facing rural areas in various ways in order to prevent woodcutters'

excessive felling of trees for firewood, a practice which will cause a deterioration of the ecology. In accordance with the principle of whoever causes pollution is responsible for its treatment and whoever carries out a development project is responsible for environmental protection, we must make efforts to work successfully in promoting key industrial production as well as sewage treatment and multiple utilization of solid waste material for residents living in urban areas; develop the supply of central heating in urban areas; reduce the source and extent of pollution; and gradually treat the major sources of pollution throughout the region. We will work to bring the general trend of a deteriorating natural ecology and environment under control noticeably through efforts over the next 10 years.

#### VI. Orientation for Deepening Reform of the Economic System and Its Major Points

32. This point deals with the orientation of deepening the reform of the economic system as well as the objective and major tasks for this endeavor. Reform is the self-improvement and development of the socialist system and is a powerful driving force behind economic and social development. The basic orientation and objective for reform of the economic system in our region in the next decade are that we must adhere to the socialist orientation which stresses reform, must persist in integrating the planned economy with market regulation as required by development of the socialist planned commodity economy, and must strive to gradually establish a new economic system and operational mechanism with Xinjiang characteristics and which is full of vitality and vigor by closely focusing our attention on the strategic objective of promoting economic development in our region and by having our feet firmly planted on rationalizing basic economic relations.

The major tasks facing us in our efforts to deepen reform of the economic system during the Eighth Five-Year Plan and in the next decade are as follows:

- We must continue to consolidate and capitalize on the achievements scored in our campaign for economic improvement and rectification and stabilize, amplify, readjust, and perfect the reform measures that have been drawn up and implemented by centering such efforts on the major issues cropping up in the course of economic operations.
  - We must gradually establish a lively management system, an operational mechanism, and a self-restraint mechanism for state-run enterprises.
  - We must improve the market operational mechanism and gradually establish a socialist market system that stresses unified opening to the outside world and competition on an equal footing and has sound regulations.
  - We must persist in an individual income distribution system and a social security system with the general principle of distribution to each according to work playing a dominant role and other distribution methods playing the supportive role, and gradually rationalize and standardize the distribution relationship between the state, collectives, and individuals.
  - We must gradually establish a system for macroeconomic regulation and control at the autonomous regional level to make macroeconomic regulation and control more scientific, authoritative, and effective.
33. Enterprise reform. Enterprises, especially large and medium-sized enterprises, are important pillars of our region's modernization drive and a major source of our region's revenue. We must continue to focus on enhancing the vitality of enterprises; work hard to improve the mechanism and external economic environment for operating enterprises; take further steps to implement the laws, regulations, and policies promulgated to revitalize enterprises; and gradually form a modern management mechanism compatible with the development of a commodity economy and socialized mass production, a mechanism which is both invigorating and restrictive.
- Perfect and develop a system of contract responsibility for enterprise management. Continue to stabilize and perfect the contracting method during the Eighth Five-Year Plan and adopt a contracting method which uses a more standard general index. Deepen the reform of the leadership structure and management mechanism of enterprises and establish a mechanism and a system that promote technological transformation and the development of new products. Experiment, in a well-planned manner, with the system which requires payment of taxes plus a percentage of profits to the state, and payment of taxes before loan repayments or retention of profits. Gradually popularize this system after gaining experience and creating the conditions.
  - Persist in separating the functions of administration from those of management, appropriately separating ownership from management authority, and gradually make the overwhelming majority of the state-owned enterprises true socialist commodity producers and operators responsible for their own management and for their profits and losses. Protect enterprises to enable them to exercise their decision-making power in accordance with the law, and seriously resolve the question of unreasonable burden borne by enterprises.
  - Work hard to rationalize the organizational structure of enterprises and actively develop enterprise groups. Advance, in a well-planned manner, the reorganization, grouping, and merger of enterprises in accordance with the industrial policy and cultivate a number of large enterprise groups capable of competing in the domestic and international market.
  - Work actively to explore new structures for oil exploration. Bring into play both central and local initiatives to speed up the development and construction of oil fields so as to give impetus to the development of the local economy and to enable the local people come out of poverty and become better-off.

34. Preserve the socialist form of public ownership as the main form of ownership, and develop diverse sectors of the economy. Under the precondition of bringing into full play the leading role of the state sector of the economy, vigorously develop the collective economy; continue to appropriately develop individual economic activity, the private economic sector, the foreign-invested economic sector, and the mixed economic sector incorporating different systems of ownership; and strengthen their supervision and management.

35. Reform of the circulation structure. Continue to perfect and develop the consumer market; actively cultivate and expand the market's of means of production, funds, technological information, labor, and real estate; and break down regional blockade and departmental barriers to promote the development of an integrated market. Take further steps to deepen the reform of commercial and materials supply structure, enliven large- and medium-sized enterprises engaged in circulation, and bring into full play the role of state-owned commercial, materials, and supply and marketing enterprises as the main channel and reservoir of circulation. Gradually improve circulation facilities, and establish and perfect the regulatory fund system and a reserve system for important commodities. Strengthen market organizational management and system construction to gradually develop rules for competition and normal market order. Establish and perfect a foreign trade structure incorporating a multitude of levels and forms, and gradually develop a foreign trade management structure which implements uniform policies and promotes fair competition, self-management, and self-responsibility for profits and losses, and integration with industry, agriculture, commerce, and technology. Perfect the export commodity procurement system, the self-exporting system, and the export agent system. Establish funds to cover export risk, for developing new products for export, and for building export commodity bases. Take further steps to strengthen the uniform management of foreign debts, and establish and perfect the system of funding for the repayment of foreign debts by localities in order to increase the ability to repay foreign debts.

36. The price system should be reformed. While maintaining a basic balance between the total supply and demand, we should continue to strictly control the general price level and to adjust the irrational price structure in an active, careful, and methodical way with emphasis on certain aspects as long as residents, enterprises, and our autonomous region can withstand the financial impact caused by such adjustments. Key tasks of this reform are as follows: Prices of the major means of production should be adjusted so as to gradually solve the problem that these prices are too low. The price used for ordering grain from the government should be raised appropriately. The purpose of this is to gradually change the abnormal state regarding grain buying and selling prices and to reduce the government's price subsidy. With regard to processed products whose supply and

demand are by and large in balance, commodities whose supply and demand are subject to great fluctuation, as well as durable consumer goods and items other than daily necessities, we should decontrol their prices step by step and let them be regulated by the market. Meanwhile, we should gradually eliminate the double-track price system for certain means of production by replacing it with a single-track system or by narrowing the price gap as dictated by the specific requirements in different cases.

37. It is necessary to reform the financial and banking system. The direction to be taken in reforming the financial and taxation system is to put into effect a tax revenue-sharing system between the regional and local governments while reasonably defining the scopes of their authorities. During the period of the Eighth Five-Year Plan, we should gear up budget control and put into practice a double-entry budget system. At the same time, we should test-implement the tax revenue-sharing system according to the state plan so that we can gradually switch to this system. In addition, it is necessary to strengthen the state asset management. We should check and reappraise the state assets so as to ensure that there is a complete record of these assets and their added value is properly recorded.

The reform of the banking system should be focused on stabilizing the value of currency, readjusting the credit structure, and further promoting the regulatory and control role played by the people's banks at various levels on behalf of the central bank. While carrying out the state's production and monetary policies, specialized banks should proceed step by step toward the goal of enterprise-type operations. Funds for credit loans extended according to specific policies and funds used for business credit loans should be managed separately. New banking services, such as house construction savings and loans, should be opened. Every effort should be made to develop the financial market.

38. With regard to the reform of the wage system, we should comply with the state's unified plan and gradually establish a wage system in line with the development of the economy, meeting the requirement of raising labor productivity, and which is capable of rational regulation and control of the wages of staff members and workers and the income of individuals. First, we should establish a wage system that reflects the quality and amount of the work done by staff members and workers according the principle of distribution according to work. With regard to enterprises, it is necessary to popularize and further improve the system of linking the total amount of wages to the economic returns of the enterprises. Enterprises should gradually form an internal distribution system based mainly on a wage system in which an individual's wage is determined by his work post and skill. Party and government organizations and institutions should gradually establish new wage systems suited to their specific requirements. Second, we should adjust the composition

of wage income by restricting and reducing allowance in kind and including some welfare subsidies into wages. Third, we should correct the disorderliness with regard to bonuses, allowances, and income other than wages. We should strengthen wage management and gradually put into effect a system in which the state exercises macro regulation and control according to the different levels and categories of enterprises, while enterprises conduct distribution on their own. Fourth, it is imperative to carry out the individual income report system and strictly enforce the collection of individual income tax so as to strengthen regulation and alleviate the unfairness of distribution of wealth in society.

39. We should reform the housing and social insurance systems by speeding up housing reforms and readjusting the rents for public housing in a planned manner to reflect the costs for maintenance, management, and depreciation. We should strive to incorporate interest accrued on investment, property taxes, and three other types of expenses into the rents. New rent criteria should be adopted for newly built public living quarters, and housing subsidies should be granted in light of practical conditions. We should introduce housing prices that are commensurate with urban residents' incomes; create conditions to encourage home purchases by individuals and to expedite housing commercialization; and establish and expand agencies in charge of commercial housing development and management in accordance with the principle of working out plans, drawing up designs, requisitioning land, raising funds, carrying out construction, and practicing management under unified arrangements. We should also draw up various preferential policies to encourage workers and staff members to raise housing construction funds from various sources; gradually undertake banking business for housing, such as savings and loan services for individuals planning to buy or build houses; and set up a multilevel housing fund.

It is necessary to reform the old-age insurance system. Based on different situations, we should gradually institute an old-age insurance system whose costs are rationally shared by the state, enterprises, and individuals; establish and improve the old-age insurance system for laborers working under different systems of ownership in urban and rural areas; and supplement and improve the insurance and welfare system currently implemented by state organs and institutions. We should also expand and refine the unemployment insurance system for workers and staff members in the cities, and gradually extend unemployment insurance coverage currently available to some workers and staff members in state-run enterprises to all workers and staff members in enterprises run by the state and the collective, and in those operating under different systems of ownership. We should exploit the superiority of the socialist distribution system; ensure the success of well-run enterprises and eliminate badly managed businesses; promote the rational flow of labor; and appropriately expedite medical insurance reforms while strengthening the management of medical costs.

Units owned by the state and the collective should try out a system under which workers and staff members pay a certain sum of premium toward their medical insurance as well as an appropriate share of expenses for medicine. We should first institute an overall social medical insurance system for major diseases; create an organization for coordinating various social insurance systems under unified planning; and step up planning efforts with regard to reforms of various social insurance systems.

40. It is essential to reform the planning and investment systems, and to strengthen the establishment of a macroeconomic regulatory and control system. In accordance with the principle of combining the planned economy with market regulation, we should improve our ability to forecast, plan, guide, regulate, and control economic activities in the whole society; maintain a balance between total supply and demand in economic life; and keep the relations between major economic sectors and structures in harmony. We should also constantly improve planning and management methods; refine the overall system for balancing the national economy; make appropriate and rational adjustments to the scope of mandatory planning, guided planning, and market regulation; and further smooth the planning sector's relations with finance and banking. It is necessary to vest planning commissions at all levels with the function of applying overall economic leverages and other means toward macroeconomic regulation and control; gradually apply economic policies and leverages toward guiding, regulating, and controlling economic operations; improve the democratic and scientific process and system of making economic policy; and strengthen the responsibility system for economic policymaking and management. We should gradually institute a process and system for evaluating indexes of economic performance; strengthen the binding force of such indexes; step up the enactment of economic laws and regulations; and promote the standardization and systematization of economic regulation and control. We should also correctly handle the relations between centralization and decentralization and between national uniformity and local distinctiveness, and work step by step to introduce a macroeconomic regulatory and control system that is consistent with the system of autonomy for ethnic areas.

Continued efforts should be made to reform the investment system. It is necessary to designate the authority for approving investment projects according to the production policy and the different categories of industries. An investment management system should also be established and perfected. Major construction projects should be put under centralized management. Ordinary construction and technologically upgrading projects can be decided by investors themselves as long as they are within the limit of the total investment program. Capital construction and special technological upgrading projects must be approved by state-designated authorities according to established procedures. Firm efforts

should be made to ban the practice that leaders themselves issue notes and decide on investment projects. For construction projects, the systems of investment responsibility and public bidding should be continued. Moreover, we should establish a construction fund system in connection with the reform of the financial and budget systems so that there will be a stable source of funds for capital construction investment.

#### VII. Further Expansion of Openness to the Outside World

41. We should continue to implement the basic national policy of opening to the outside world. In the next decade and during the Eighth Five-Year Plan, we should further emancipate our minds and enhance our consciousness of opening up according to the principles of "opening to all sides and paying attention to the West" and "establishing lateral ties at home, soliciting investment from outside, cooperating with the East, and promoting exports to the West." We should adjust or formulate a series of preferential policies in line with opening to the outside world, make full use of our geographic advantage, seize the present opportunity when industrial structures at home and abroad are being adjusted, and rely on the economic development areas along the Longhai and Lanxin railways as a foundation to further promote our economic and technological exchange and cooperation with the outside world, in particular our trade and economic and technological cooperation with the Soviet Union. We should make still greater headway in developing lateral economic cooperation, the tourist industry, and other undertakings to create in our region a new pattern of opening up to all sides.

42. We should actively expand our foreign trade and make every effort to boost our foreign exchange earning capability by promoting exports. Our initial plan is that the total export volume will be brought to a level equivalent to about 15 percent of the region's GNP by the year 2000. We should implement those policies and measures that are conducive to the expansion of export. We should develop big trade transactions, expand local trade, promote border trade, and give play to the initiative of prefectures and autonomous prefectures where border trade cities are located. We should rationalize the relations between departments in charge of foreign trade and enterprises doing export business and engaged in production, strengthen unity to deal with foreign companies, and see to it that we exercise control—but our control is not rigid—and our situation is dynamic but not chaotic. While trying to consolidate and develop our trade markets in Hong Kong, Macao, Japan, Southeast Asia, and European and American countries, we should make positive efforts to explore markets in the Soviet Union, West Asia, and South Asia to achieve market pluralism. While ensuring sustained and stable export development, we should put emphasis on improving the makeup and the quality of our export products. We should strive to develop new commodities and diversify the variety of our exports. It is necessary to build export

commodity production bases in a planned way and gradually form a production system for export commodities. In addition, continued efforts should be made to promote the export of labor and the practice of doing contract work outside our region. On the other hand, we should strictly control the foreign exchange spent on imports. We should use our limited foreign exchange solely for importing advanced technology, key equipment, and means of production urgently needed for industrial and agricultural production in our autonomous region.

43. We should use foreign capital actively, prudently, and effectively. The scale of utilization of foreign capital should be reasonable. Foreign capital should be utilized mainly on such projects as agriculture, water conservancy, energy, transportation, telecommunications, and important raw and semifinished materials. Meanwhile, we should strive to improve our investment environment to attract more foreign businessmen to make direct investment or to establish wholly foreign-owned enterprises, joint ventures, and jointly operated enterprises, especially those that can earn foreign exchange through export and apply advanced technology. It is necessary to combine the efforts to solicit foreign investment with the acceleration of technological transformation of enterprises. We should use our present enterprises to draw foreign businessmen to come to cooperate. We should continue to do well in dealing with foreign-funded enterprises, protect their legal operations and legitimate rights and interests according to law, and strengthen supervision and control over them as necessary.

44. We should develop lateral economic associations. It is necessary to further expand economic cooperation with fraternal provinces, municipalities and autonomous regions, particularly with coastal special economic zones and economic development zones. We should combine our own economic structural readjustment with that of fraternal provinces and autonomous regions. We should combine our superiority in natural resources with the superiority of fraternal provinces and autonomous regions in capital, technology and specialized personnel; and cooperate with them in exploiting Xinjiang's water and soil resources and mineral resources by using their capital and technology. We should run export-oriented joint ventures together with fraternal provinces and regions and foreign firms and establish relations with well-known factories and producers of famous-brand products so as to enhance the competitive power of our products. While the state is working on a urban planning system for cities and towns along the Liangyungang-Lanzhou and Lanzhou-Xinjiang Railroads, we should promote the establishment of a northwest foreign trade community and a Gansu-Lanzhou foreign trade community, and create a new pattern of opening to the outside world, making both the coastal regions and Xinjiang play an important role and supply each other's needs. We should pay attention to the management and construction of the Urumqi economic development zone, existing open ports, and new ports, and make them play

the role of showcases, bridges, and bases in the course of opening Xinjiang to western regions. It is necessary to promote cooperation between Xinjiang and central departments (corporations) and take the road of running cooperative enterprises.

45. We should strive to develop tourist industries. We should make full use of Xinjiang's tourism resources, including its history, geography, nature, and folk customs; and make great efforts to offer tours with Xinjiang's special features, such as the Silk Road tour, folk custom tour, and desert mountaineering expedition. We should increase publicity on Xinjiang at home and abroad to attract more tourists. We should build tourism districts (points) according to plan, and gradually improve the six major elements of tourism (transportation, lodge, food, sightseeing, shopping, and recreation). We should enhance our overall reception capability, improve service quality, and increase non-trade foreign exchange earnings.

#### **VIII. Accelerate the All-Around Development of the Undertakings of the Xinjiang Production and Construction Corps**

46. The role played by the Production and Construction Corps shows that it is an extremely important part of Xinjiang. In the last four decades, the corps has displayed the "Nanniwan" spirit, worked hard to open up wastelands in the border region, and kept growing in strength. It has become a large socialist association composed of workers, farmers, soliders, students, and businessmen, engaged in primary, secondary and tertiary industries simultaneously, and performing social, political, economic, and military functions at the same time. Its overall economic strength accounts for one-fifth of Xinjiang's total economic strength. Playing the role of a production team, work team, and fighting team, it is an important force for economic construction, unity among various nationalities, and social stability in Xinjiang and for strengthening border defense and protecting the motherland's unity. So, it holds a very important strategic position. Under the changeable international situation and with the arduous tasks of developing and building Xinjiang in the 1990's, the Production and Construction Corps will play an even more important role in ensuring Xinjiang's stability and development.

47. In the next 10 years and the Eighth Five-Year Plan period, the Production and Construction Corps should resolutely adhere to the principle of making an all-around development with agriculture as the foundation and strive to accomplish the following basic tasks:

—It should increase its gross product to 6.1 billion yuan by the end of the century, up 600 percent from 1980; and this will require it to achieve an average annual increase rate of 9 percent in next 10 years and keep pace with the development of the autonomous region;

—It should put agricultural development above all else, make great efforts to improve basic production conditions, bring into play the strength of large-scale agriculture, properly increase the crop area and the scale of operation, and build bases of agricultural and animal husbandry products; by 1995, its total agricultural output value should reach 2.6 billion yuan, with an annual grain output of 1.65 million tonnes, cotton 225,000 tonnes, and meat 45,000 tonnes; by the year 2000, its total agricultural output value should reach 3.6 billion yuan, with an annual grain output of 1.9 million tonnes, cotton 300,000 tonnes, and meat 55,000 tonnes; and 3.2 million mu of wasteland should be reclaimed in next 10 years;

—We must actively develop industry. It is necessary to readjust industrial structure under the guidance of state industrial policy, and raise the proportion of industry in the economy of the Production and Construction Corps. Total industrial production is expected to reach 3.9 billion yuan in 1995 and 6.4 billion yuan in 2000.

—We must continuously widen our opening to the outside world and actively develop foreign economic relations and trade, as well as economic and technological cooperation and exchanges.

48. On the key strategies for realizing the various objectives of the Production and Construction Corps. It is necessary to enhance cooperation between the Production and Construction Corps and the localities, under the united leadership of the autonomous region and Ministry of Agriculture, to unify planning, support each other, and develop together. We must increase the vitality of the development of the Production and Construction Corps through implementing state plans with independent economic decision-making authority. It is necessary to continuously deepen reform, strengthen operational mechanisms in land reclamation, stabilize various forms of joint production contract responsibility system, persist in the "five unifications," and move down the path of developing, managing on one's own, and assuming sole responsibility for profits and losses. We must vigorously promote comprehensive agricultural development centering on developing water conservation projects, increase our investment in agriculture, reinforce the reserve strength for agricultural development, readjust the distribution of agriculture with emphasis on the crop-growing belt, and raise the level of agricultural production in an all-around way. We must actively participate in the overall industrial development of Xinjiang on the basis of agricultural development, and explore the avenues for an all-around development of the industry of the Production and Construction Corps. It is necessary to improve the circulation system, give full play to the comprehensive management superiority of unified development of the Production and Construction Corps along with agriculture, industry, and commerce. We must make every effort to promote educational, scientific, and technological undertakings, stabilize contingents, and raise living standards. It is also

necessary to take various measures to strengthen the construction of agricultural and pastoral farms in border areas, and improve basic conditions for production and living in order to ensure stability and development in border areas.

#### **IX. Consolidating the Building of Socialist Spiritual Civilization**

49. The building of socialist spiritual civilization under the guidance of Marxism is the basic task of building socialism with Chinese characteristics. Socialist spiritual civilization is an important feature of socialism. It is the spiritual motivation, ideological guarantee, and intellectual mainstay of the four modernizations of socialism. In the next decade and during the Eighth Five-Year Plan period, we must pay attention to building spiritual civilization just as we pay attention to economic development so that the people of all nationalities in Xinjiang will uphold the four cardinal principles, be imbued with firm conviction in socialism, and resolutely take the socialist road. They must be inspired with a strong sense of patriotism, self-consciousness for safeguarding the unity of the motherland, and the need to strengthen unity among nationalities. It is necessary to markedly raise their ideological and moral standards, further heighten their awareness of reform and the open policy, and further strengthen their concept for abiding by discipline and law, their love for labor, respect for science, and make all these the order of the day so that their cultural quality will be generally enhanced, and our region will become a stronghold of socialist spiritual civilization.

50. On upholding the four cardinal principles and strengthening ideological and political work.

—We must further strengthen the party's basic line, uphold the four cardinal principles, oppose bourgeois liberalization, guard against "peaceful evolution" education, relentlessly and penetratingly wipe out pornography, resist the corrosive influence of the decadent capitalist thought and ways of life so as to maintain the correct political orientation for economic construction and reform and opening to the outside world. —It is necessary to penetratingly conduct education on patriotism, socialism, collectivism, dialectical materialism, and historical materialism (including atheism). In addition we should also educate people on the national situation and the fine tradition of self-reliance and hard struggle; strengthen education on public morality and vocational ethics; vigorously advocate and carry forward the spirit of serving the people wholeheartedly; and bring up a new generation of people with high ideas, moral integrity, a good general education and a sense of discipline.

—We should strengthen education on Marxist nationality affairs theory, the party's policy for nationality affairs, and national unity; clean up and criticize bad books and publications which advocate national splitism and distort history; thoroughly eradicate their

pernicious influence; have people of various nationalities foster Marxist concept of nationality affairs and religion; and raise people's consciousness of defending national unity and the unification of the motherland. We should go all out to publicize and implement the party's policy on religion. We should protect citizens' right of not believing in religion and not taking part in religious activities as well as their freedom of believing in religion.

—It is necessary to actively unfold mass activities of creating civilized cities, civilized townships, civilized villages, civilized units, civilized households, five good families, and model counties (cities) and units in promoting national unity and unity between the army and the people. We should penetratingly unfold activities of "five stresses, four beauties, and three loves," continue to grasp well competition in "three goods and one learning," promote the building of civilized units jointly by army men and people, develop "double support" [supporting the army and giving reverential treatment to military dependents, and supporting the government and cherishing the people] activities unfolded by the 16 cities, and further improve environmental outlook and social customs in all urban and rural areas of the autonomous region.

51. We should further prosper socialist cultural undertakings and develop the outstanding culture of the Chinese nation. News service, publishing houses, radio and television broadcasting services, and other cultural and art work should all adhere to the policies of serving the people and society and of "letting a hundred flowers blossom and a hundred schools of thought contend," adhere to the principle of unifying social benefits with economic benefits, seriously implement the party's line, principles and policies, pay attention to rectifying bad things on the one hand and promoting good things on the other hand, provide more spiritual food for people with modern nature and special characteristics of Xinjiang to enrich people's cultural life. It is necessary to adopt a responsibility system at various levels and accumulate funds from various sides to strengthen the ideological, cultural and propaganda front and its foundation building. We should increase the coverage of radio and television services and raise the quality of television programs. We should strive to set up libraries and cultural halls in all counties; cultural stations, radio and television stations and sports ground in all townships; and cultural rooms and radio and television rooms in all villages in five years or a little longer period. It is necessary to actively promote academic and cultural exchanges with the outside world and continue to do a good job in protecting cultural relics. We should further strengthen management of the cultural market including books, publications, and audio and video products market.

52. It is necessary to strengthen people's democratic dictatorship and safeguard social stability. We should continue to unfold education on legal system among masses, raise citizens' consciousness of socialist laws,

and manage all undertakings in a lawful manner. We should further strengthen public security and judicial work and give full play to the role of state organs of dictatorship. We should strengthen the building of frontier defense and armed police, and resolutely expose and struggle against subversive, splitting and sabotage activities by international reactionary forces and national splittists at home. We should improve social security with comprehensive methods, continue to crack down on serious criminal activities and economic crimes, and protect people life and properties and their legitimate rights. We should continue to eradicate the "six vices" and resolutely stop and crack down on all evil things which damage good social customs in order to insure the smooth implementation of various tasks in socialist construction.

#### **X. People of All Nationalities in Xinjiang Must Unite and Strive for Realizing the 10-Year Program and the Eighth Five-Year Plan of the Autonomous Region**

53. Further strengthening, improving the party's leadership, and enhancing the party's ideological and organizational building are the political guarantee for realizing the 10-Year Program and the Eighth Five-Year Plan of Xinjiang. The Communist Party of China is the strong leadership nucleus of realizing the great cause of the motherland's four modernizations drive. In the course of implementing Xinjiang's 10-Year Program and Eighth Five-Year Plan, all levels of party organizations in the autonomous region should further strengthen leadership; enhance building of party style, a clean and honest government; step up building the party's grassroots organizations, particularly the building of leading bodies; carry forward the party's excellent traditions of combining theory with practice, of forging close ties with the masses, of criticism and self-criticism; they should become the fighting bastion of spreading the party's policies among the masses, of mobilizing, organizing the masses, and of building socialism with Chinese characteristics. All Communist Party members, particularly leading cadres, should enhance party spirit; bring their exemplary vanguard roles into play; set examples; wholeheartedly devote themselves to public duty; be the first to bear hardships and the last to enjoy comforts; wholeheartedly serve the people; and play a leading role in realizing the 10-Year Program and the Eighth Five-Year Plan.

54. Actively and steadily promote political structure reform. Political structure reform is the guarantee for the economic structure reform; it is also an important component of undertaking socialist modernization construction and reform. In the next 10 years and during the Eighth Five-Year Plan, we should, in addition to doing a good job in the economic structure reform, actively and steadily do a good job in political structure reform; continuously persist in and perfect the system of people's congress; the system of multiparty political consultation and cooperation under the leadership of the Communist Party; establish sound democratic decision-making, democratic supervision process and system; further

carry out reform in our region's administrative management structure; coordinate relationship among various levels of government departments; continuously reform cadres personnel system; simplify organizations and administrative structure; reduce the staff; change work style; crack down on corruption; establish a leadership structure that will help improve efficiency and mobilize initiative in all sectors; and further perfect socialist political democracy with Chinese characteristics.

55. Unite and jointly strive for long-term stability and the development of Xinjiang. "Stability and development" are the glorious historical mission entrusted upon us by the CPC Central Committee, which are also the fundamental interests of 15 million people of all nationalities in Xinjiang. Unity is stability; unity is strength; unity is victory. We must further strengthen party unity; the unity between the military and government, between the military and people, between localities and production and construction corps; mobilize all positive factors; unite with all the people who can be united; and contribute efforts to the development and construction of Xinjiang.

All Communist Party members, Communist Youth League members, workers, farmers, shepherds, cadres, intellectuals, staff members, and workers of production and construction corps, all officers and men of the People's Liberation Army, people's armed police stationed in Xinjiang, public security department, other security departments, cadres and police at legal departments, all democratic parties, and patriotic persons of all nationalities and circles, let us have full confidence for victory; let us closely unite around the CPC Central Committee with General Secretary Jiang Zemin at its center; under the leadership of the CPC committee of the autonomous region, let us with one heart and mind and with enthusiasm do a solid job; let us make efforts and strive for a still greater victory for the cause of Xinjiang's socialist construction and for the comprehensive realization of Xinjiang's 10-Year Program for the National Economic and Social Development and the Eighth Five-Year Plan.

#### **Trade Prospers Between Hunan, Guangdong**

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[Text] Changsha, 31 May (XINHUA)—Border trade markets between Hunan and Guangdong are full of businessmen who are traveling between the north and south. Thousands upon thousands of peasants are making business negotiations, often using figures to help make calculations. Meanwhile, trucks carrying pigs, poultry, eggs, and native products are going from Hunan to the south while truckloads of Guangdong's industrial products are coming to the north, all in endless streams.

It is reported that the volume of Hunan-Guangdong border trade has risen in each of the past three years. Last year farm and sideline products and industrial products from Chenzhou sold to Guangdong amounted

to 640 million yuan. Traditional retail markets with "basket-carrying small businessmen" have been replaced by specialized and comprehensive trade markets with groups of businessmen doing big-sum transactions.

In May 1988, the Chenzhou Prefectural Administrative Office removed all the 57 check points along its border with Guangdong. Since then, more and more Guangdong people have come to the border to do business. Of the 18,000 factories and stores along the Hunan-Guangdong border, 20 percent were established with investment by Guangdong people. A survey shows that more than 360 big specialized and collective trade units have been established by Guangdong people. During the past two years, the Yizhang County Emporium has drawn over a dozen Guangdong household electric appliances factories to cooperate with it. As a result, it has become a Guangdong household electric appliances distribution center in Hunan.

## FINANCE, BANKING

### Financial Subsidies, Runoff, Remedies

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[Article by Yang Guangyan (2799 0342 3543) of the Central Institute of Finance and Money: "Financial Price Subsidies, Runoff, and Their Solution"]

[Text] Financial price subsidies comprise the main content and form of China's financial subsidies. In order to fully use the positive effects of price subsidies, it is imperative to ensure that subsidies can reach their targets smoothly, and that these targets enjoy the subsidies fully. However, in China there is a serious problem with runoff from financial price subsidies. Enhanced study of this issue is not only required to further perfect financial price subsidies, but also is demanded by improvement and rectification in the financial sphere.

#### I. The Origins of Runoff From Financial Price Subsidies

China's financial price subsidies include mainly: 1) Price subsidies for the population's daily life. 2) To help agricultural production, the state pursues a low-price policy on the means of agricultural production. This results in state financial subsidies on losses suffered by manufacturing enterprises. 3) Import subsidies for foreign trade; these consist mainly of subsidies for foreign trade losses from importing five commodities—grains, cotton, sugar, chemical fertilizers, and pesticides. As can be seen from the contents of price subsidies, China's financial price subsidies are subsidies for enterprises and operators who suffer losses because they carry out state policies. However, in essence they are subsidies for the population, and individuals within the population are the ultimate beneficiaries of the subsidies. Because financial price subsidies do not take the form of direct state subsidies to individuals, there have been problems with runoff from financial price subsidies.

Financial price subsidies began in 1953, with only one item—cotton fiber—subsidized. From 1953 to 1960, the state spent 720 million yuan on price subsidies, equivalent to 0.26 percent of its fiscal revenues in the same period; four items were subsidized. From then until right before reform, the amount of price subsidies continuously increased, but the increase was not great. Because the amount of subsidies was small, under the socioeconomic conditions at the time, there was little problem with runoff from financial price subsidies.

However, since the start of reform and opening to the outside, the amount of financial price subsidies has increased, and runoff from financial price subsidies has become increasingly serious. It is manifested mainly by the entry into the market of large quantities of goods with financial prices. Subsidized goods enter the market mainly through the following channels: 1) Nonrationed goods are resold directly on the market. 2) Rationed subsidized goods go through a process where, after ration tickets are traded, the subsidized goods go to those holding the ration tickets. They may also go through a process in which they are purchased at parity prices and then sold on the market at market prices. For instance, grain supplied by the state at parity prices enter the market in large quantities every year. This should arouse our sufficient attention to the matter.

#### II. The Damage Caused by Runoff From Financial Price Subsidies

Large-scale runoff from financial price subsidies not only directly weakens the positive role of subsidies, but also leads to some social problems.

1. There are problems with the agent implementing price subsidies. On the one hand, large-scale runoff from subsidies directly increases the state's financial burden. On the other hand, it weakens the efficient use of financial funds. This is demonstrated in two ways. First, runoff from subsidies directly reduces the positive effect of financial subsidies, and increases their negative effects. Second, in terms of the overall use of financial funds, when funds are limited, the use of financial funds for subsidies can only reduce the amount used for other purposes. Thus, if there is runoff from subsidies and only small benefits from subsidies, the result can only be an unprofitable increase in the opportunity cost of developing the national economy, and the weakening of overall efficient use of financial funds.

2. There are problems with the targets of the subsidies. As a result of the large-scale runoff from subsidies, target groups do not enjoy the subsidies they deserve. This can only add to target groups' resentment about subsidies, and to factors that destabilize society.

3. The flow of a large amount of financial price subsidies into personal pockets is an important aspect of the injustice of China's personal income distribution. Some lawbreakers exploit loopholes in the state's financial price subsidies and profiteer by trading in large quantities of state-subsidized goods. State subsidies have

become a source of wealth for some lawbreakers. This is a very conspicuous aspect of the injustice of the existing distribution of personal income.

4. The entry of large quantities of subsidized goods into the market directly attacks market stability and market prices. This is because many subsidized goods are in short supply, and there are substantial gaps between supply and demand. If pulled by demand, market prices can easily go up.

Clearly, runoff from financial price subsidies seriously harms finance itself and the development of the national economy as a whole. It is an urgent, pressing task to look for causes of the runoff and to block up the holes allowing the runoff.

### III. Causes of Runoff From China's Financial Price Subsidies.

The causes of the runoff from China's financial price subsidies are varied. Causes come from the financial price subsidies themselves, as well as from imperfections in the system. The following is a concrete analysis:

1. The excessive scale of financial price subsidies leads to a "natural overflow of price subsidies."

**Financial Price Subsidies**  
unit: 100 million yuan

Year	Amount	Year	Amount
1978	93.83	1983	341.66
1979	180.71	1984	370.00
1980	242.07	1985	299.47
1981	327.72	1986	257.48
1982	318.36	1987	294.60

Since the start of the reform, China's financial price subsidies have increased rapidly, by an average of 13.55 percent annually. This is much higher than the 8.6-percent growth rate of financial revenues for the same period. At present, the economic significance of financial price subsidies has changed; they have shifted functioning originally as an income supplement to functioning increasingly as income distribution. Thus they are becoming an important means for providing the urban population with welfare income. In large part, the provision of such welfare income is carried out through rationed supplies of subsidized goods. But it is necessary to realize that China's existing scale of financial price subsidies is too large, and that there is the problem of excessive rations. The grain ration is representative here. China's ration system of grain supplies originated in the 1950's. At the time, the grain structure was not diversified, and grain rations were rather high. Despite several small adjustments since then, because living standards have improved, the size of the rations obviously represents more than the amount of real consumption. As a result, large quantities of grain ration coupons flow into the market, intensifying the trend of coupons becoming

more like currency. Correspondingly, large quantities of state-subsidized grain also flow into the market, resulting in large-scale runoff from financial price subsidies. This is a "natural overflow of price subsidies" when price subsidies are excessive.

2. The huge amounts of financial price subsidies lead to serious distortions in commodity prices, thus creating conditions for the runoff from financial price subsidies. The huge amounts of price subsidies have led to the formation of dual-track pricing for many subsidized commodities. State-subsidized goods are supplied at parity prices, while those in the market are supplied at market prices. In this way there is a great, artificial contrast between the listed and market prices for the same commodity. This creates a hotbed for illegal trading in state-subsidized goods so as to gain the benefits of state subsidies.

1. Since many of China's subsidized commodities are supplied through state ration coupons, some of those controlling the supply or rationing of subsidized materials use their power to profiteer, by trading directly in subsidized materials or coupons.

2. Some "master profiteers" exchange money for power, buy up state-subsidized goods, and then resell them at high market prices. As a result state subsidies flow into personal pockets.

3. Some people use currency to buy coupons at low prices or exchange low-priced goods for coupons. They use the coupons to acquire state-subsidized goods and then resell them at market prices, thus gaining the benefits of state subsidies. This is particularly common in the sphere of circulation of grain coupons.

4. The state's financial price subsidies for the population are not provided in one step. Some subsidized materials go through too many layers, which facilitates and creates a possibility of runoffs from price subsidies. Some lawbreakers take advantage of too many layers in circulation and profit by trading in subsidized materials. Take state subsidies of supplies of some means of agricultural production as an example: Since the prices of subsidized means of agricultural production increase at each layer and are continuously inflated, in the tortuous circulation process these means lose all their subsidies. By the time they reach the peasants, there is no longer even a shadow of the subsidies.

5. Poor management of financial price subsidies is also an important cause for the runoff.

### IV. Policies for Solving the Problem of Runoff From Financial Price Subsidies.

1. Reduce the scale of financial price subsidies appropriately. Reducing financial price subsidies can prevent runoff in two ways. 1. Reducing the scale of subsidies and eliminating excess subsidies can prevent the natural overflow of price subsidies, while also reducing the space in which law-breakers can operate and diminishing their

chances of exploiting loopholes in price subsidies. 2. Reducing the scale of subsidies will force us to enhance subsidy management, so as to ensure the due benefits for the targets of subsidy. For example, there are rather serious problems regarding grain price subsidies. Such subsidies are given to the urban population on a per capita basis. The size of the subsidies is too large and the coverage is too wide, which is not conducive to enhancing subsidy management. The method of subsidizing on a per capita basis also violates the purpose of financial subsidies. As a result, inevitably there is the phenomenon of a disjunction between subsidy and need, and excess grain coupons inevitably flow into the market. Therefore, we may consider reducing the scale of subsidies for grain prices, and changing the method of subsidizing.

2. Preventing runoff from financial price subsidies must be done in connection with price reform. The nature of huge financial price subsidies is contrary to the market and would distort market prices, resulting in dual-track prices—listed and market—for subsidized goods. Therefore, to fundamentally solve the problem of subsidy runoff, it must proceed together with price reform, so as to solve the dual-track pricing problem. 1. As people's living standards improve, the scope and scale of subsidies may be gradually reduced. On this basis, we must adjust the prices of subsidized commodities gradually and in phases, so as to make them approach market prices. 2. As prices for subsidized commodities are adjusted, the amount of hidden subsidies can be gradually reduced, while the amount of open subsidies is increased; this will correct the past method of subsidizing the population through distorted market prices. 3. In connection with reform of the wage systems, we must ensure that people's living standards will not be affected too greatly by adjustments to prices of subsidized commodities.

3. Shortening the circulation channel for subsidized commodities is an effective way of preventing runoff from price subsidies. For instance, in the case of supplies of subsidized means of agricultural production, it is proper to consider the practice of state monopoly. The amount of means of agricultural production to be supplied is to be determined in accordance with the amount of land worked by the peasant and with the size of the quota in the grain purchase contract the peasant signed with the state. This will reduce the number of unnecessary intermediate layers of circulation, thereby ensuring the benefits for the targets of subsidy.

### Li Yining Views Securities Market

91CE0502A Beijing JINRONG SHIBAO in Chinese  
4 Apr 91 p 1

[Article by staff reporter Hu Wannian (5170 8001 1628):  
"Li Yining Views Securities Market"]

[Text] By the end of last year, China's total issues of various securities had passed an important juncture by

reaching 200 billion yuan in value. In addition to this breakthrough, China's securities industry has undergone many historic changes after many years of going back and forth. As the existence and development of the securities market have become an inescapable fact, what is the significance of its existence for China's economy and reform? What problems urgently need solving right now? With these questions in mind, this reporter interviewed Professor Li Yining, member of the Standing Committee of the National People's Congress.

When the reporter asked about the significance of developing the securities market in China, Professor Li Yining discussed two aspects of the issue: the immediate and the long-term. He believed that the fiscal difficulties and insufficient construction funds for the state and for enterprises are prominent problems in real economic life. Therefore, from an immediate perspective, the great significance of the securities market for China's economy lies in raising funds. Issues of debt securities through the securities market will help alleviate fiscal difficulties and enterprises' insufficient funds. At the same time, this also benefits banks. When there are fiscal difficulties, in the absence of raising funds through the securities market, it would be necessary to rely on banks as the only way out. When enterprises have insufficient funds, in the absence of managing through the securities market, it would also be necessary to rely on banks as the only way out. In this case, there would be great pressure on banks. Thus, developing the securities market can alleviate pressure on banks in terms of funds supply.

Professor Li Yining looked even further. In the not-too-distant future, the great significance of the securities market for China's economy will change into promoting such developments as resource recombination and the optimization of resource disposition. This change in the securities market will be directly related to the increase in the number of places with trial stock systems, the standardization of the stock system, and the development of enterprise groups. As the readjustment of product and industrial structures can be carried out by way of securities exchanges, and as the channels for resource flow will be rather unimpeded, resources will flow towards the industries, regions and enterprises with higher economic efficiency. Therefore, the perfection and development of the securities market will be an important condition for China's resource disposition.

Since the start of the Seventh Five-Year Plan, China's economic development has experienced a series of problems, such as overheating-contraction-overheating, structural imbalances, and falling efficiency. In view of those problems, Professor Li Yining summed up the great significance of developing the securities industry from both a macroeconomic and microeconomic perspective. He said that the securities market will become one of the means for ensuring the sustained, steady, and coordinated development of China's economy. The securities market embodies the combination of the market's spontaneous regulation of the economy with the government's planned regulation of the economy. Through the

securities market, it is possible to regulate the total savings and consumption of funds macroeconomically. In microeconomic terms, that will improve the efficient use of assets and test enterprises' operations with the market, thereby playing a role in improving the enterprises' economic efficiency. Professor Li Yining particularly emphasized that only by combining planning with the market would it be possible for the securities market to play its role fully. This is something we should not neglect.

With the growing amount of funds for consumption, the population has at its disposal 700 or 800 billion yuan (renminbi) in cash or bank deposits. This forms a great pressure on the market, and constitutes a destabilizing factor in economic development. Professor Li Yining told the reporter that to solve this problem, it is imperative to divert purchasing power. Developing the securities market, just like developing commercial housing, is a means of diversion that can be selected.

From 1981, when China started resuming securities issues, to the present, when the securities market has acquired its elementary shape, a series of problems in the maturation of the market came to light. Particularly after the sudden price surges and the plunge in the Shenzhen stock market, people became more divided over praising or censuring the securities market, and the stock market in particular. What measures should be adopted for more advanced tests of the stock system? Professor Li Yining said that, overall, developing the securities market produces more good than harm. We should not deny that there will be securities exchange speculation, and that some people will become millionaires overnight while others go broke. Securities investment has by its very nature a rather large degree of risk. Nevertheless, if developing the securities market is beneficial to the stabilization and development of China's economy today, we must not give up eating for fear of choking. The key lies in how to perfect the securities market, and how to strictly regulate the securities market. First, we must speed up legislation, formulating and perfecting laws and regulations on stocks and bond issues, securities exchanges, and on regulating dealers. Thus there will be laws to abide by and rules to observe in the operation of the securities market. Second, proceeding from standardization, we must rectify enterprises which have already issued securities, and also operating securities markets, so that securities issues and exchanges can be brought back on track. We must ban unlicensed business in securities and black-market exchanges of securities so that the securities market may develop in a healthy way. Third, we must develop an information service for securities exchanges, and use modern means to establish securities-market networks that link major cities nationwide. This will facilitate successful securities transactions—and the resulting accounting—involving different cities. Fourth, we must enrich the body of regulatory personnel for the securities market, complete regulatory institutions for the securities market, and train dealers, in order to accommodate the requirements for developing the securities market. Fifth, we must increase the

number of places with trial stock systems; increase the variety and volume of stock available in the market in a planned, gradual way; stabilize stock prices; and develop the stock market, while strictly enforcing the individual income tax system as related to stock exchanges.

"China's securities market has achieved some breakthroughs, but its standard is still low. With the deepening of economic reform and the steady increase in the number of trial stock systems, a market focused similarly on exchanges of state bonds, enterprise bonds, and stocks will mature sooner or later." Professor Li Yining is really confident about the development of and prospects for China's securities market.

#### **Individual Savings Deposits at Construction Bank Increase**

*OW2505073091 Beijing XINHUA in English  
0605 GMT 25 May 91*

[Text] Beijing, May 25 (XINHUA)—The individual savings deposits in the People's Construction Bank of China exceeded 600 million yuan by the end of April of this year, according to sources of the bank.

Funds from the savings deposits have been mainly used to support the construction of state and local energy, transport and raw material supply projects.

Since 1988, the construction bank has adopted many forms of savings deposit services in line with different local conditions. Now savings deposits have become a main source of credit money.

Zhou Hanrong, vice-governor of the bank, said that his bank would continue to promote various savings deposit and bond issuing services in the next three years.

It plans to expand its credit card business to 50 cities in China by the year 1993.

## **MINERAL RESOURCES**

#### **Large Diamond Found in Liaoning Province**

*OW2805041691 Beijing XINHUA in English  
0149 GMT 28 May 91*

[Text] Dalian, May 28 (XINHUA)—China has recently unearthed a very large diamond from the Wafangdian diamond mine in Dalian City, northeast China's Liaoning Province.

The diamond, weighing 60.5 carats and with an axial length of 22.5 millimeters, was named "Fenggu No. 1."

Since the founding of the People's Republic of China in 1949, the country has exhumed four extremely big diamonds. The biggest, found in Shandong Province in east China in 1977, weighs 158.786 carats.

Since the Wafangdian mine went into production last year, many diamonds weighing more than 10 carats have been found.

Now the mine is negotiating with the United States, Belgium and Hong Kong firms to build a joint venture for diamond processing.

## INDUSTRY

### Liaoning's Deputy Governor on Renovating Industries

*OW1106050691 Beijing XINHUA in English  
0100 GMT 11 Jun 91*

[Text] Shenyang, June 11 (XINHUA)—Northeast China's Liaoning Province plans to renovate its existing industries with new high technology during the Eighth Five-Year Plan period (1991-1995).

The province plans to develop 30,000 new products and have the capability to produce 70 percent of them by the end of the period, according to Deputy Governor Wen Shizhen, who made a briefing on the plan at the seventh provincial enterprises' technological advancement conference.

Wen said that to achieve this goal the province will introduce more foreign funds and advanced technology. By the end of 1995, foreign-funded enterprises and export-oriented enterprises are expected to number 2,000 and 1,000 respectively.

Statistics from the relevant provincial departments show that the province made great progress in the enhancement of science and technology during the Seventh Five-Year Plan period (1986-1990) compared with the Sixth Five-Year Plan period (1981-1985).

During 1986-1990 period, state-owned enterprises and institutions in the province invested a total of 37.785 billion yuan in technological upgrading, 2.67 times that of the Sixth Five-Year Plan period. The average annual rate of increase was 21.7 percent.

As a result, the province's output value increased by 48.5 billion yuan, taxes and profits by 14.7 billion yuan, and foreign exchange earnings by 3.5 billion U.S. dollars.

In the past five years, the province renovated 460 outdated production lines and renewed over 40,000 pieces of equipment in the ten fields covering electronics, petrochemicals, building materials, light industry, textiles, pharmaceuticals, and the metallurgical and machine-building industries.

### Shenyang Development Zone Approves Foreign-Funded Firms

*OW1306035791 Beijing XINHUA in English  
0115 GMT 13 Jun 91*

[Text] Beijing, June 13 (XINHUA)—The Shenyang Development Zone has become a potential export-oriented economic center in northeast China's Liaoning Province after two years of construction.

It is the third of its kind in the province after the Dalian Economic and Technological Development Zone and the Yingkou New Economic Zone.

The Shenyang Development Zone has approved the formation of 38 foreign-funded enterprises and 12 domestic-funded firms, according to Zhao Jintang, deputy director of the administration committee of the zone.

Of the 1.1 billion yuan (200 million U.S. dollars) total investment in the foreign-funded enterprises, 70 million U.S. dollars is from overseas.

The zone is located in Shenyang City, China's largest heavy industrial and machine-building center, and enjoys many advantages with regards to infrastructure facilities and scientific and technological conditions.

According to statistics, since June 1988, the Shenyang zone has invested 100 million yuan (20 million U.S. dollars) to complete its first phase construction, which covers 4.48 sq km. The construction included water, electricity, heating and gas supply systems, telecommunications facilities, a special local railway line and workshops with 20,000 sq m of floor space.

The area is now supplied with 330,000 kwh of electricity and 26,000 tons of water each day.

Zhao Jintang said that the Shenyang zone has attracted a lot of foreign investment to northeast China.

Last year, 19 foreign-funded enterprises received approval to be built in the zone. During the first five months of this year, 14 more foreign-funded ventures have closed contracts to be set up in the zone. Moreover, another 16 projects with foreign investments between 20 and 60 million U.S. dollars are under negotiation. They expect to begin construction in the zone by the end of 1991.

According to a general development plan for Shenyang City, the second phase of the zone's construction will cover 25 sq km.

Zhao said that the zone would adopt preferential policies for high and new technology industries, especially in the fields of electronics, bio-engineering and energy-saving equipment.

### Government Helps Jiangsu Enterprises Improve Efficiency

OW0506180891 Beijing XINHUA in English  
1245 GMT 5 Jun 91

[Text] Nanjing, June 5 (XINHUA)—A number of large and medium-sized enterprises in east China's Nanjing City have benefited greatly in the past year from the preferential policies adopted by the central and municipal government.

An official from the municipal economic affairs commission said to XINHUA that Nanjing, the capital of Jiangsu Province, is home to 160 state-owned enterprises, which have encountered certain difficulties due to the national economic readjustment in recent years.

Last year, in order to help state-owned enterprises tide over difficult periods, the State Planning Commission decided to mainly support 234 of the country's large and medium-sized enterprises by ensuring the supply of funds, energy and raw material supplies. Five of the enterprises are located in Nanjing. Later, three more firms in Nanjing were added to the list.

Since early last year, Nanjing City financial institutions have provided these major enterprises with loans of over 350 million yuan (660,000 U.S. dollars), which they have used to purchase badly needed raw materials. At the same time, the local power administration has managed to meet their needs for electricity, according to the official.

The government efforts have produced good results. In the first four months of this year the eight enterprises in Nanjing recorded an industrial output value of over 3.37 billion yuan (625 million U.S. dollars). In addition, they reported income of over 3.46 billion yuan (650 million U.S. dollars), and gross profits of over 650 million yuan (123 million U.S. dollars).

The official said that the output value increased by 15 percent over last year's same period, while income increased by 23 percent and gross profits by 100 percent.

According to the official, during the Eighth Five-Year Plan period (1991-1995), the local government will maintain the present preferential policies in regards to key state-owned enterprises.

### Light Industry Corporation Opens Office in Moscow

OW1406005891 Beijing XINHUA in English  
0034 GMT 14 Jun 91

[Text] Moscow, June 13 (XINHUA)—The Chinese Light Industry Import and Export Corporation opened its representative office here today.

For the past few decades the corporation has been in close contact with Soviet trading sectors, exporting thermos flasks, enamelled utensils, electrical appliances and goods for sports and tourism.

Among the corporation's import items from the Soviet Union are refrigerators, pianos and cameras.

### Gross Industrial Output in April

HK1705102091 Beijing CEI Database in English  
17 May 91

[Text] Beijing (CEI)—Following is a list showing China's total industrial output value in April 1991, released by the China State Statistical Bureau:

	(In 100 Million Yuan)		
	4/91	1-4/91	Increase Over 1-4/90 (percentage)
Total	1969.8	7114.2	13.2
Export products	212.7	737.6	9.6
Light Ind	964.6	3522.1	15.2
Heavy Ind	1005.2	3592.1	11.4
State	1261.0	4688.7	9.0
Collective	582.3	1998.1	18.7
Others	126.5	427.4	43.8

Note: Industrial output value is measured in 1990's constant yuan.

### Anshan Iron, Steel Company Stresses Technology

OW2005143191 Beijing XINHUA in English  
0712 GMT 20 May 91

[Text] Shenyang, May 20 (XINHUA)—The Anshan Iron and Steel Company, the largest producer of iron and steel in northeast China, has put forth great effort towards upgrading technology in recent years.

The company has completed 34 technological advancement projects, and at present 43 percent of its equipment equals world advanced levels, up from a low three percent only a few years ago.

The company invested over 6.7 billion yuan (1.3 billion U.S. dollars) to upgrade equipment during the Seventh Five-Year Plan (1986-1990). During the period, the company's fixed assets rose by 5.5 billion yuan (1.1 billion U.S. dollars).

Anshan Iron and Steel now uses advanced equipment for ore dressing, as well for the production of iron and steel, rolled steel and wire rod.

The new technology and advanced equipment have enabled the company to increase its annual capacity by three million tons of iron ore, five million tons of cold sintering ore, and two million tons of pellets, as well as one million tons of pig iron, 1.2 million tons of steel, and two million tons of continuous cast plate steel, 500,000 tons of wire rod, 800,000 tons of cold-rolled plate, and 100,000 tons of seamless steel tube.

The company has a designed capacity of eight million tons of iron, 8.2 million tons of steel and 5.8 million tons of other steel products.

### Henan's Metallurgy Industry Makes Great Strides

OW3005102591 Beijing XINHUA in English  
0934 GMT 30 May 91

[Text] Beijing, May 30 (XINHUA)—The metallurgical industry in Henan Province in central China has made great strides ever since the implementation of the reform policy in the late 1970's, THE CHINA METALLURGICAL NEWS reported.

Last year, the province produced 1.677 million tons of steel, 1.032 million tons more than in 1980. Meanwhile, its output volume of iron and rolled steel were 1.682 million tons and 1.324 million tons, respectively, marking increases of 726,000 tons and 881,000 tons compared with the figures from 1980.

While enlarging the industry's production capacity, the province has also paid attention to improving product quality. It has adopted and implemented Chinese and foreign advanced technologies and equipment.

According to incomplete statistics, during the Seventh Five-Year Plan period (1986-1990), the province's metallurgical industry invested 1.16 billion yuan in its fixed assets. It also realized 2.389 billion yuan in profits, an increase of 1.625 billion yuan over that of the previous five years. Furthermore, it submitted 1.471 billion yuan to the state treasury.

Henan has also drawn up some blueprints for developing the metallurgical industry in the Eighth Five-Year Plan period (1991-1995). By the year 1995, its annual output volume of steel, iron, and rolled steel is expected to reach 2.35 million tons, 1.9 million tons, and 1.67 million tons, respectively.

### Nantong To Set Up High-Tech Development District

OW1805095391 Beijing XINHUA in English  
0712 GMT 18 May 91

[Text] Nanjing, May 18 (XINHUA)—Nantong City in Jiangsu Province, one of China's 14 open coastal cities, is planning to build a 2.5 square kilometer high-technology development district with the approval of the State Science and Technology Commission.

Situated at the mouth of the Yangtze River and near Shanghai, China's largest city, Nantong will focus on the development of electronic information, bio-technology, textiles and light industry, and the new materials and energy-saving industry during the Eighth Five-Year Plan period (1991-1995).

The high-tech development district is adjacent to the city's economic and technological development zone, which was set up in 1989.

The Nantong City government decided that the high technology enterprises set up in the Nantong High-Tech Development District will enjoy the same preferential

policies as those enterprises in its economic and technological development zone. In addition, they will enjoy the state preferential policies afforded the country's high-tech development regions.

The Nantong government will formulate related local regulations to encourage scientific and economic circles at home and abroad to open businesses in its high-tech development district.

## CONSTRUCTION

### Wenzhou Improves Houses, Old Urban Areas

OW1505110591 Beijing XINHUA in English  
0658 GMT 15 May 91

[Text] Beijing, May 15 (XINHUA)—Wenzhou City in east China's Zhejiang Province has started the work of improving its out-of-date houses and old urban areas with funds from various channels.

According to today's overseas edition of PEOPLE'S DAILY, more than 3,000 families that used to live in out-of-date and dangerous houses have moved to new buildings.

The rebuilt areas include highways, Wenzhou harbor and the main road leading to the airport.

The total investment in the project will be 300 million yuan (60 million U.S. dollars), which will be raised through various channels, including investments by departments and individuals.

At present, the city has raised about 140 million yuan from local enterprises and individuals and more than 500,000 U.S. dollars from overseas investors. The city plans to solicit another 1.47 million U.S. dollars of overseas funds for the reconstruction project.

## FOREIGN TRADE, INVESTMENT

### Trade Delegation Visits Oman

91P40294A London AL-SHARQ AL-AWSAT in Arabic  
24 May 91 p 11

[Text] Muscat—AL-SHARQ AL-AWSAT—A large Chinese trade delegation will visit the Sultanate of Oman on 28 May to open new markets for Chinese goods and to strengthen commercial relations between the two countries. Cui Yushan, vice chairman of the China Council for the Promotion of International Trade, will head the delegation.

Included in the delegation's membership are a number of trade officials and representatives of the chamber of commerce, industry, and technology [as published].

The delegation will meet with Maqbul Sultan, president of Oman's Chamber of Commerce, and a number of Omani businessmen to discuss the strengthening of

commercial and economic relations. The visiting delegation will have discussions with officials in the Ministries of Commerce and Industry and Petroleum and Minerals. They also will visit a number of industrial facilities in the Sultanate.

## LABOR

### Women's Employment Problems, Remedies

91CE0529A Beijing GONGREN RIBAO in Chinese  
9 Apr 91 p 5

[Article by Li Guansheng (2621 0385 3932), deputy director of the Department of Labor Management and Employment, Ministry of Labor: "Vigorously Open Wide Employment Channels, Find Places for City-Town Women"]

[Text] The problem of employment for city and town women from beginning to end is an important problem about which there is widespread concern. This is because it not only directly relates to the vital interests of thousands upon thousands of families, but also is an important aspect in insuring the legal rights and interests of women and in achieving their liberation.

### Successes, Existing Problems in Employment of City, Town Women

The problem of women's employment is interrelated with socioeconomic patterns. In old China women were shackled and enslaved by the four bonds of political authority, clan authority, religious authority, and husband authority. They had no personal freedom, and it was out of the question for them to go outside the home to take part in productive labor. Only socialist New China created the broad environment and conditions for the employment of a great number of working women. First of all, there were the state's laws and regulations on the family, which clearly stipulated: "In political and educational affairs, in social and family life, women have equal rights with men; the state protects the rights and interests of women who are to receive with men equal pay for equal work." The "Temporary Regulations for the Recruitment of Workers by State-Run Enterprises," issued by the State Council in 1986, clearly state: "When enterprises recruit workers, in all cases in which the work is suited for women to perform, the enterprises should recruit women workers." The State Council's "Labor Protection Regulations for Women Staff and Workers" stress: "No unit in which there is work suited for women to perform may refuse to recruit women staff and workers." All of these regulations provide reliable legal safeguards for the right of women to work. Second, party committees and governments at all levels, as well as labor departments at all levels, in line with the state's laws and regulations, are taking a series of specific measures to open wide the path for the employment of women in cities and towns. In particular, in the 10 years of reform and opening up to the outside world, the

"three integrations" employment policy, which was formulated and put into effect by the state, vigorously developed the collective economy, supported and developed the labor services enterprises, and appropriately developed the private economy and the individual economy; and also integrated this policy with the adjustment of the industrial structure, making arrangements for young women to enter tertiary industries and engage in productive labor in the types of work and posts suited to their physiological and psychological characteristics. Thus a large number of young women in cities and towns achieved the rights and interests of employment at production and work posts. By the end of 1989 the total number of city and town women staff and workers was 51.37 million, 37.38 percent of the total number of city and town staff and workers and an increase of 30 percent over the 1949 total. In the 10 years from 1978 to 1987, the rise in the rate of the number of women employed was always higher than the rate for men, being an annual average increase of 5.17 percent and 3.86 percent greater than the increase in the rate for all staff and workers. In 1990, in China as a whole, employment was found for 1.8143 million city and town young women, an increase of 30,000 as compared with the figure in 1989. China's women staff and workers have now become an important force in socialist revolution and construction.

It should be noted that although tremendous successes have been obtained in the work of finding employment for city and town women, there exist some problems worthy of attention. The main ones are:

1. It is more difficult to employ young women than it is to employ men. Because China's population is large and the rate of growth of its labor force is faster than the rate of growth of its economy, and in addition the improvement and rectification over the past several years reduced the scale of investment, the contradiction in which the supply of the labor force is greater than its demand has become more and more prominent. At the same time, in the process of reforming the economic structure, enterprises have been given a certain authority to choose whom to employ. In line with the state of its production and operations, the quality of its staff and workers, and other factors, an enterprise may select its staff and workers. This authority is necessary for the invigoration of enterprises, but it has also led to a situation in which, when some enterprise units recruit workers they want men, not women. Even in some trades and units suited to the physiological characteristics of young women, few or no women are wanted. Some units have set a hiring marks line, and young women must score several dozen or even a hundred marks higher than young men. In the city and town employment in China as a whole, young women account for a little over 48 percent. However, in the past several years in some cities there has appeared a trend for a rise year after year in the number of young women awaiting employment. For example, in Chengzhou City in 1988, 1989, and 1990 the proportions of young women awaiting employment were respectively 52, 55, and 61 percent.

**2. Distribution among trades of employed women is inappropriate.** Because of the physiological and psychological differences between men and women, the difference between them in physical strength, intelligence and capability, and personality traits is fairly large. Thus the amount of work that men and women can take on is different, and the occupations they engage in should be different. However, for a long time China's industrial structure has not been entirely appropriate. The proportion of primary industries in the national economy is fairly large, there is an insufficient development of secondary industries, and the proportion of tertiary industries is even smaller. This problem is especially prominent in some cities with heavy industry, and it seriously affects and restricts the full employment of city and town young women. Moreover, there have been some inappropriate parts in the propaganda. For a time excessive stress was put on men and women competing on an equal basis, which encouraged women to take on work beyond their power and thus some completed their work tasks with great difficulty. A situation appeared in which women were not as good in work as men, and they were unwelcome. For example, in some cities the brick and tile plants made arrangements for many women workers to engage in productive labor at arduous work posts, putting them in an inferior position in the competition.

**3. The amount paid by women staff and workers for the cost of giving birth is inappropriate, and the degree of socializing the compensation given to women staff and workers when giving birth is fairly low.** The reproduction of material goods and the reproduction of mankind itself are both necessary for the maintaining of mankind's existence and society's progress and development. The reproduction of mankind itself not only is a requirement for an enterprise's production and operations, but above all is a requirement for the economic development of society as a whole and for social progress. Therefore, the cost of women staff and workers' giving birth should be borne by society, and the compensation given to them when giving birth should be gradually socialized. However, the wages and other costs of women staff and workers during their birthing period are totally borne by the enterprises in which they work. During the period in which they nurse their babies, the enterprise must supply other welfare facilities and reduce their work time in production. All of this causes a situation in which the more women staff and workers are utilized, the heavier the burden on the enterprise. Therefore, out of consideration for its own interests, the enterprise, when recruiting workers, would rather recruit men and is not willing to take on more women.

**4. The quality of some women staff and workers is fairly poor, a fact that adversely affects their employment.** Since the founding of the PRC, the broad masses of women have not only participated in the building of socialism, but also have vigorously pursued education and professional skills, and the quality of their education has been greatly improved. However, because in some areas

women have a great deal of housework as well as other factors, it is impossible for them to put much energy into the studying and mastering of professional skills, and so the improvement of their quality is limited to a certain extent. The level of their professional skills is not as high as that of men of the same age.

#### Ways To Solve the Problem of Women's Employment

Solving the problem of city and town women's employment is a long-term task. To solve this problem, full consideration must be given to the solution of the problem of city and town employment as a whole, as well as to the overall arrangements and plans for the urban and rural labor force. However, we also cannot, because of the long-term and arduous nature of the solution to the problem of women's employment, take a passive, wait-and-see attitude. In our thinking we must regard the women's labor force as wealth, not as a burden. In recent years, in the recruitment of workers in some areas, there has appeared a phenomenon in which types of work and work posts suited for women to hold and engage in have been taken by young men, and the cause of this phenomenon in most cases has been a poor understanding on the part of those who run enterprises.

On the basis of improving the understanding with regard to the important significance of women's employment, some practical, feasible ways and means must be taken.

**First, perfect the legal system so as to provide a legal basis for women's employment.** The labor law must include clear provisions to guarantee women's rights and interests in labor. At the same time the relevant departments of government, when formulating employment policies and measures, must also give full consideration to policies and measures that insure women's employment.

**Second, conscientiously implement the policies of improvement and rectification and of deepening reform, adjust the industrial structure, and expand the field of women's employment.** We must vigorously develop industries that suit the physiological and psychological characteristics of women, especially the light and textile industries and the tertiary industries, and constantly increase the opportunities for women's employment.

**Third, explore forms of employment suited for women's characteristics.** Women bear the heavy responsibility of mankind's reproduction; also, generally speaking, they do more household work than men. Therefore, we should vigorously explore and put into practice forms of employment that are suited to women's characteristics and their actual situation, so that they will be able to take good care of their children and to manage household affairs, and also be able to take part in society's productive work.

### Jan-Apr Statistics on Payments to Employees

HK3005104491 Beijing CEI Database in English  
30 May 91

[Text] Beijing (CEI)—Following is a list of total payment to employees by region from January to April 1991 released by the State Statistical Bureau:

Total Payment to Employees	1-4/91	Change over 1-4/90 (pc)
(unit: 100 million yuan)		
Total	959.5	15.7
Beijing	37.8	24.1
Tianjin	21.1	10.3
Hebei	41.2	15.3
Shanxi	28.3	14.7
Inner Mongolia	19.9	17.4
Liaoning	69.3	12.1
Jilin	30.3	17.0
Heilongjiang	48.1	14.8
Shanghai	50.2	17.9
Jiangsu	61.5	17.0
Zhejiang	34.7	10.9
Anhui	28.6	13.3
Fujian	21.7	16.8
Jiangxi	21.3	14.0
Shandong	51.7	15.1
Henan	39.5	14.2
Hubei	42.5	15.7
Hunan	34.5	14.4
Guangdong	75.9	17.5
Guangxi	21.7	18.4
Hainan	6.7	12.1
Sichuan	62.3	17.6
Guizhou	13.6	17.9
Yunnan	20.2	18.8
Tibet		
Shaanxi	23.8	10.5
Gansu	16.9	11.3
Qinghai	5.3	9.7
Ningxia	4.6	11.9
Xinjiang	24.7	17.5

### Jan-Apr Statistics on Labor Productivity

HK3005104891 Beijing CEI Database in English  
30 May 91

[Text] Beijing (CEI)—Following is a list of labor productivity by region from January to April 1991 released by the State Statistical Bureau:

	1-4/91 (yuan/person)	Change over 1-4/90 (pc)
Total	10636	7.1
Beijing	14882	7.2
Tianjin	14455	2.3
Hebei	9089	11.2
Shanxi	7031	2.3
Inner Mongolia	6866	2.0
Liaoning	10228	2.3
Jilin	8123	6.1
Heilongjiang	8930	3.9
Shanghai	18833	7.5
Jiangsu	13425	8.2
Zhejiang	13655	10.5
Anhui	9642	7.8
Fujian	10335	5.9
Jiangxi	7168	8.7
Shandong	12492	4.7
Henan	8979	10.7
Hubei	10246	3.6
Hunan	8908	6.0
Guangdong	16919	21.0
Guangxi	11027	6.0
Hainan	10215	10.3
Sichuan	8072	9.5
Guizhou	7493	7.6
Yunnan	12915	10.5
Tibet		
Shaanxi	7637	9.1
Gansu	9476	4.6
Qinghai	8513	2.9
Ningxia	8518	-2.0
Xinjiang	9277	11.1

## TRANSPORTATION

### Hebei Province Opens Two Air Routes

SK1306092591 Shijiazhuang HEBEI RIBAO  
in Chinese 17 May 91 p 1

[Text] Two air routes will formally open on 18 May through the common consultation between the Civil Aviation Administration of Hebei Province and the Civil Aviation Administration of Shenyang. They are the Changchun-Shenyang-Dalian-Qinhuangdao and Qinhuangdao-Dalian-Shenyang-Yanji air routes. The no. 12 flight team under the Civil Aviation Administration of Shenyang takes charge of the flight with Y-7 airliners making the run every Tuesday and Saturday. The Qinhuangdao aviation station started to handle the flight tickets from 7 May.

### Huanghe Highway Bridge Construction in Shandong

SK2605024391 Jinan Shandong People's Radio Network in Mandarin 2200 GMT 25 May 91

[Text] The construction of another highway bridge over the Huang He, the Dongming Huanghe highway bridge which links up the traffic from the south to the north, formally began on 25 May. This is the state key project set in the Eighth Five-Year Plan. The designed length of the bridge is 4,142 meters and its width is 18.5 meters. The main approach to the bridge is 81-arched, and its largest span is 120 meters. The total investment in the bridge is 178.7 million yuan.

### Plans To Expand Transportation Facilities

OW2505082891 Beijing XINHUA in English 0758 GMT 25 May 91

[Text] Taiyuan, May 25 (XINHUA)—Shanxi Province, China's leading coal producing province, plans to expand transport facilities during the next five years.

Provincial authorities report that construction of five railways, with a total length of 467 kilometers, is proceeding on schedule, and that at present some sections are open to traffic. Preparations for the four remaining lines which cover 230 kilometers are well underway.

When completed, the lines are expected to enable the residents in the province's remote mountain areas to take full advantage of local natural resources, thereby enlivening the economy and allowing the area to escape the grips of poverty.

In addition, the province plans to open 15 air routes between 1991-1995 which will link Taiyuan, the provincial capital, with 33 cities across the country.

## AGRICULTURE

### Sichuan Grain Area

91P30151A Chengdu SICHUAN NONGYE KEJI in Chinese No 3, 15 May 91 pp 4, 17

[Summary] In 1991 the planned spring rice area in Sichuan Province is 47 million mu, an increase of 246,000 mu; the corn area 26 million mu, an increase of 176,000 mu; in the second quarter the planned corn area is 800,000 mu, an increase of 390,000 mu; and the planned cotton area is 2 million mu. The planned hybrid rice seed area is 42 million mu, and hybrid corn 23 million mu.

### QIUSHI Views Rural Community Cooperatives

HK1906074091 Beijing QIUSHI in Chinese No 9, 1 May 91 pp 35-38

[Article by Zhang Yunqian (1728 0061 0578): "Reflections on Rural Communal Cooperative Organizations"]

### [Text] I. Existence of Cooperative Organization in Rural Communities Based on Solid Social, Economic Foundation

The term communal cooperative organization was mentioned in several No. 1 central party documents as "regional economic cooperative organization." The 1987 No. 5 document also mentioned that the nature of "rural cooperative organization" was "communal" and "comprehensive." This is the most common form of economic cooperative in the rural areas and it is a part of the collective ownership system. After the Third Central Plenary Session of the 11th CPC Central Committee was held, the CPC Central Committee and the State Council emphatically repeated in the agriculture policy paper that communal cooperative organization was important and valuable. When the Central Committee and the State Council made plans for commodity production service system, they asked the regional economic cooperative organizations to be more attentive to the agricultural households. However, people are still two-minded about the purpose and the development of this sort of cooperative. Some people believe that because communal cooperative organization is the product of administrative order, it lacks economic basis. The organization exists as a result of a man-made movement, therefore it should be eventually phased out. To them, the implementation of household responsibility system of linking remuneration to output means that each individual peasant household becomes a relatively independent business entity. By implementing the system of "combining two rights as one," that is, granting peasants the right to own land; or by implementing the "permanent land leasing" system, peasant households will have a completely independent business operation. These people firmly believe that only when the peasant households are given a free hand in their operation and only when the farmers assume sole responsibility for their own profits and losses, will the peasant households try to expand their business and meet the demand of commodity economy. They will turn their family business into professional operation, and eventually may merge their business with the business of other households. According to this viewpoint, communal cooperative organization should be gradually phased out.

There are people with another viewpoint. They believe that communal cooperative organization is created under a certain social economic condition. The objective of setting up these cooperatives has not yet been accomplished. Therefore, we should let the system work, and we should make further improvement so it is adapted to rural economic development. The people with this viewpoint suggest that we should improve the household responsibility system as well as reinforce the organization of rural community cooperatives.

From these two viewpoints we can see that people are confused about the relation between a commodity economy and a cooperative economy. One group think that cooperative economy is caused by socialization of production and therefore it must have the support of

commodity economy. This is to say, the system will not work until after the commodity economy is fully developed. Then, there are other people who think that under the present circumstances, we can and must conscientiously use the cooperative system and change the small scale production to become professional and socialized. I agree with the second viewpoint. The idea of private ownership of land is opposite to the major principle of socialism, which is public ownership. This is against the party's policy of household responsibility system of linking remuneration to output and against the state law of land ownership. And this definitely works against the basic interest of the peasants and of other people in the nation. Besides, the system of community cooperative is based on a solid social economic foundation, and it is a system adequate for the national situation in China. Doing away with the system will not help us transform agricultural economy to commodity economy.

The rural areas in our country turned to the cooperative system after the land reform. Farm land was distributed to the peasants. This invoked farmers' urge to work harder at agricultural production. But they had a limited work force, and no one had enough farm animals or equipment. Because of this, individual households had difficulty increasing agricultural production. This was why farmers wanted very much to organize some sort of cooperatives. Some regions decided to set up mutual aid groups and cooperatives. Our party recognized the need of the farmers and undertook the task to set up cooperatives for agricultural production. The center of the cooperative system was land, the objective was agricultural production, and the characteristic was the chance to share means of production and labor force. The system satisfied the need of the farmers and promoted agricultural production. The problem was that we were too blind to notice why peasants wanted to have cooperatives. We were influenced by the Russian model. Furthermore, we were hindered by the purchases and sales of agricultural products. We simply ignored farmers' desire to operate individually, and we insisted on centralized unity. We blindly thought that the bigger and the more public the cooperative was the better, and we created a mold for the cooperative. It was particularly bad that after we set up the people's commune, we organized a centralized work force and used the distribution format of egalitarianism. We encircled ourselves with boundaries and restricted the mobility of any essential tools of production. To top it all, the choice of items to be produced was monotonous. Peasants were quite discouraged by all these harmful measures and the rural economy was in a bad condition.

There were three factors causing the cooperative system to have problems. First, the nature of community cooperative was that it was a limited economic organization. Second, the system was controlled by the superimposing outside environment. Third, errors were made because of inexperience. The last two factors were the major reasons. After the Third Plenary Session of the 11th CPC Central Committee, we have implemented reform of the

rural economic system. This is not because we decide to totally discard the original idea of community cooperative organization. We implement reform because we want to improve the economic administration system in the rural area, improve the macroeconomic environment, and correct any errors made in the past.

At present, the only effective way, since reform, to organize the peasants is still setting up community cooperatives. The basic economic and social condition of our rural areas calls for such organization. First, we are still at the stage where the land is the center of agricultural production and of business operation, and where economic activities concentrates only in populated villages. Second, the agricultural economy today is still small-scaled and only 50 percent developed. Peasant households tend to be involved in similar business operation. Third, the level of specialization of agricultural production is not high. The rate of productivity and the amount of direct economic profits are low. All three factors determine that the objective of cooperative organization is to serve the peasant households, and that cooperative should have the following characteristics: 1) It has to be communal. The natural condition in our country is not too good. To transform nature we need to unite all the peasants and struggle together. Besides, people who assemble in the same village tend to be involved in similar agricultural production and business activities. They have the same demand and share the same concern. This and the complicated network of clans and personal relationship demand that there should be a community organization to help organize production and coordinate controls. 2) It is comprehensive. Most of our agricultural households are involved in the kind of economy that is small but comprehensive. They grow a small amount of everything and breed a small number of a variety of animals. This is why they do not need large-scale service, but rather, they want to have many small-scaled services. Only the community cooperative that can provide comprehensive service will be able to satisfy the demand of the peasants. 3) The profits that are made within the cooperative must be able to supplement each other. Because the scale of agricultural operation is small, the level of direct economic benefits is low, peasants are unwilling to pay high fees for the services rendered to them. As an economic organization, the cooperative must be able to provide a variety of services, so that the gains may cover the losses. The objective is to have low cost but high return.

The economic organization of community cooperative is different from the organization of specialized cooperative. The community cooperative is suitable at present when most of our agricultural production is done with small pieces of land, and the standard of specialization and socialization is low. Yet, this does not mean that community cooperative and specialized cooperative are mutually exclusive. Although they are based on different economic and social foundations, they have different roles, and they have different objectives. Peasants will be benefited more if both organizations can work together and supplement each other.

## II. Basic System of Community Cooperative Organization

The two features of the basic system of community cooperatives are the responsibility system of linking remuneration to output and the double strata management. The responsibility system is the administrative system and format of the cooperative organization. The double strata management is the operative system and format. The two are interdependent and symbiotic. They are inseparable.

The term management implies decision and policy making of all economic activities, including production, distribution, and exchanges. It also includes the measures taken to implement the decision or policy. Double strata management is a management system that includes central planning and individual decisionmaking. The organic combination of the two strata is manifested through the responsibility system of linking remuneration to output. We can say that the implementation of the responsibility system makes it possible to carry out double strata management.

In order to implement the responsibility system of linking remuneration to output, cooperative organizations must follow state planning and satisfy market demand. They must be able to oversee the development, utilization, and overall arrangement of public resources in their communities, and be able to make general planning or individual decisions. They should make proper arrangement for the utilization of public funds, select the most suitable method to lease out contracts, and provide all necessary services. They need to project profit margins of the business items to be contracted out and charge contractors the proper amount of fees or subsidies. This way, the contractors will be awarded for their labor as long as they work hard. Plans are carried out and all business operations remain smooth. These economic activities are the necessary elements of responsibility system, and most importantly, they are vital to the "united management" of cooperative organizations.

As long as the contractors understand the objective and the rule of operation, they may decide how they are going to achieve the defined goal, improve business management, make use of advance technology, and determine the amount of investment. They make independent decision and they are responsible for their own business. The contractors have the right and duties to participate in such economic activities. This is what we mean by "separate management."

Therefore, each contracted item is taken care of by the two strata, united and separate. This is called the "double strata management." This is the difference between household responsibility system and individual labor. Today, the most popular household land leasing and contract system can be described in the following way: "the collective owns the land, and the contract households are responsible for the overall planning, development, and utilization." The best words to

describe "united management" are "overall planning, development, and utilization."

The definition of united management is relatively vague. Some comrades think that united management means "service." This is only a part of the picture. Community cooperative organizations must depend on the collective force when they render services to the peasant households. This is an important task but this does not describe everything about united management. The Central Committee talked about improving the cooperative system in the agriculture paper, and it talked about "work beginning at services." When the Central Committee discussed the function of cooperative organizations, it gave a clear definition: "the organization must undertake the responsibilities of production services, control and coordinate work, and accumulate funds." This is what united management is about.

Of course, we may give the word "service" a broader meaning. We may say that united management is a kind of service, because administering control and coordination can also be considered as a kind of service. For instance, in every village usually there will only be a few tractors. After the people finish working for the neighboring villages with the tractors, as usual, they will be served cigarettes, liquor, and food. This continues for a while. No one pays for the wear and tear of the machinery and no one is charged for the cost of gasoline. At the same time, the households who have rented the machinery have to spend heavily on the hired help. Later, the household owners of tractors ask the branch committee secretary to set up the rule for charging fees. This way, both sides are happy. Let us look at another example. At the only well of the village, there are seven or eight pipes to pump out the water. If everyone starts his motor pump at the same time, the well will be dry before enough water reaches to the farm land. They have to stop their motors for a while, and then start pumping again. If the village cadres are knowledgeable enough, they will arrange for the households to queue up and take turn to pump water, and the above mentioned situation will quickly improved. It is necessary to administer control and coordination in agricultural production. We may say that administering control and coordination is a kind of service, too. Developing resources can also be considered service. There is a place in Henan where the cooperative worked with the peasants to develop wasteland, turned it into public property, and leased it out, and the profit became a part of the accumulated fund. To develop resources, we need investment. But this does not mean material investment only; manual labor can also be vital to development. Cooperative organizations must be able to accumulate means of labor. All assets owned by the collective are the work of the cooperative members in the past. In some cases, there may be a surplus of labor, the collective can organize the export of labor.

If we can understand the three functions of the united management system, we will find out that there is much we can do, and the cooperative organizations have a great future.

### III. Community Cooperative Organization Basis of Socialization of Service System

As I have mentioned before, double strata management system and socialized service system are two different, but related, concepts. The double strata management is the internal management and control system of the cooperative economy. The socialized service system is the system that enables cooperative organization to provide internal services or services for the society. This is a multifaceted system; it has many subjects and it goes many directions. Some comrades think that double strata management system is like putting together "family business and socialized services." This is incorrect.

If we divide socialized services according to the organizations and the objects of services, we will have three categories of services. 1) Cooperative Service. This is organized by the peasants. Members of the cooperative organize work delegation and mutual help. Services are exchanged; and the exchanges are based on equal value and mutual aid, not profit making. One of the characteristics of cooperative organization is cooperative service. The objective of community cooperative organization is to provide cooperative services to members. The services rendered by specialized cooperative organization to its members can also be called cooperative services. 2) Social Service. This is the mutual service given by individual economic entities. This is like one cooperative providing service to another cooperative, or a cooperative providing service to nonmembers, or specialized service organization providing service to a cooperative or peasant household. This kind of service is traded like a commodity, and is based on delegation of labor. This is also called commercial service. 3) State Service. This service is provided by the various departments of the state and by the government. The service is by nature beneficial to the general society and is geared towards agricultural workers (including cooperatives and individuals); such as giving weather forecast and pest report, publicizing information, and promoting science and technology. This kind of service is provided with the interest of the society in mind. The relation between the provider and the receiver is not just simple market exchange; this is done because the state is interested in helping and supporting the peasants.

In 1989, at a national conference for agricultural work organized for various provinces and cities, the leaders from the central committee recommended that we increased the amount of comprehensive services of community cooperative organization. This is a correct move. Agricultural production depends on the services of community cooperatives. Community cooperatives can provide peasant households with direct services. If it is convenient and if the service required is within its capability, the cooperative will just render the service directly. If the cooperative cannot provide the kind of service its peasant members want, it can organize all household together as a group, and seek help from a specialized service organization. The aid coming

from the professional source can then be spread to individual households more efficiently. This way the cooperative can serve as the tie and the medium, linking the peasant households with the various service organizations in the society. This also makes community cooperative organization a more effective organization; peasants find the system convenient, the cost of exchange is kept low, and it is helpful to the development of specialized service organization. Judging from this definition, we can say that the services provided by community cooperative organization is the basis of the socialization of service system.

The fundamental function of a community cooperative is that it must offer comprehensive services, particularly the services needed during the production process; such as finding seeds, plowing with machinery, irrigation, crop protection, epidemic prevention, and overall planning of water work in the community. These are the basic tasks of a community cooperative. However, farmers need to sell their goods. This involves more services than the ones needed during production process. Farmers need help in selling and buying, in learning about science and technology, in understanding financial matters, in obtaining information, and in getting insurance. When the production of commodities becomes more and more developed, farmers demand more and higher quality services. Today, the community cooperative organization in many economically developed regions tend to provide more specialized services for its members. However, it is not possible nor economical for cooperatives to do everything themselves. It is better to combine cooperative services with social and state services, and combine comprehensive service with specialized service. At present, most specialized services in the society are provided by state enterprises and sales agencies. Many specialized cooperatives and professional units also help out. Individually these units contact community cooperatives or peasant households, and offer them separate items or series of services. Their initiatives help agricultural production become more specialized and more commodity-oriented. The services provided by the state that are socially beneficial in nature also play an important role in the socialization process of agricultural production. They are an important force behind agricultural production, and they work as a forceful lever controlling the agricultural production.

In short, we must work hard to connect all these service organizations and make them work closely together. If we want to receive efficient services from the society and state agencies, we must depend on the community cooperative organization; whose job is to contact all farmers and provide comprehensive services. All community cooperatives should take initiatives to build up good relations with various specialized service organizations, make use of the existing condition provided by these organizations, and expand the area of services available to the peasants. Community cooperatives should continue to be the medium and linkage, try hard to expand their services, maintain connection with their social surrounding, and coordinate with other service organizations. This is the only way to build a socialized service system.

**Experts Examine Ways To Alleviate Shanghai's Water Shortage**

OW2006182491 Beijing XINHUA in English  
1425 GMT 20 Jun 91

[Text] Shanghai, June 20 (XINHUA)—A group of experts here have recently produced fresh ideas for resolving the water and land shortages of the largest municipality in China.

Professor Chen Jiyu from the Institute of River Mouth and Coastal Areas of the east China Teachers' University proposed to turn Changxing Island, located at the mouth of the Yangtze River, into a reservoir base.

His idea is to reclaim 18.36 sq km of tidal land around the island and build four reservoirs. Water extracted from the river center will be held in the reservoirs first and piped into the urban areas through underwater tunnels.

The completion of the project will solve the water supply problems of the whole city, according to Chen.

Experts from the Shanghai Prospecting and Designing Institute have produced a program to divert the water of Wuhu Lake in Jiangsu Province into Taihu Lake at Wuxi City and then further down to the Huangpu River in Shanghai.

According to the Shanghai Geology and Minerals Bureau, the Pudong (east of the Huangpu River) area is rich in freshwater resources. The annual exploitable volume is estimated to be 44 million cu m, which can meet the demand of the Pudong area.

The bureau suggested dividing the water into different grades to meet drinking and washing demands.

On exploitation of the Pudong area, professors from the Institute of River Mouth and Coastal Areas also called attention to scientific use of land resources. There is only 0.023 ha of cultivated land per capita in Shanghai. They urged that shoal areas be fully utilized.

Professor Chen said that Shanghai has a total of 5,000 sq km of shoal areas and Pudong has the longest coastline in the city area.

He suggested an airport be built in a reclaimed area of Pudong. He estimated that the reclamation cost would be merely 15 percent of that for building an airport on farmland. "A reclamation project can also dispose of a great deal of garbage," Chen said.

**Sales Price in Zhengzhou Wholesale Grain Market**

**Prices at End of April**

91P30149D Beijing JINGJI CANKAO BAO in Chinese  
8 May 91 p 2

[Text]

**Sales Price in Zhengzhou Wholesale Grain Market**

21-30 APR		
unit yuan/kilogram		
Item	Grade	Price
white wheat	third	0.860
red wheat	fifth	0.760
corn	second	0.550
soybeans	third	1.224
wheat bran		0.420
unshelled peanuts	third	1.405
shelled peanuts	third	2.346

**Prices at Beginning of May**

91P30149D Beijing JINGJI CANKAO BAO in Chinese  
14 May 91 p 2

[Text]

**Sales Price in Zhengzhou Wholesale Grain Market**

1-10 May		
unit yuan/kilogram		
Item	Grade	Price
white wheat	third	0.860
red wheat	fifth	0.760
corn	second	0.550
soybeans	third	1.247
wheat bran		0.443
crude flour		0.453
unshelled peanuts	third	1.405
shelled peanuts	third	2.500
peanut oil	second	5.630
peanut cakes		0.820

**Prices in Middle of May**

91P30149E Beijing JINGJI CANKAO BAO in Chinese  
22 May 91 p 2

[Text]

**Sales Price in Zhengzhou Wholesale Grain Market**

11-20 May		
unit yuan/kilogram		
Item	Grade	Price
white wheat	third	0.860
corn	second	0.552
soybeans	third	1.250
wheat bran		0.443
crude flour		0.453

**Hebei Planned Grain Output in 2000**

91P30151B Shijiazhuang HEBEI RIBAO in Chinese  
21 May 91 p 2

[Summary] By the year 2000, Hebei Province plans to produce 27.5 billion kilograms of grain.

**Shanxi 1995 Livestock Estimates**

91P30149G Taiyuan SHANXI RIBAO in Chinese  
22 May 91 p 1

[Summary] By 1995 Shanxi Province plans to produce 400,000 tons of meat, 200,000 tons of eggs, and 230,000 tons of milk. The number of hogs in stock will be 4,100,000, cattle 1,950,000, sheep 10,000,000, and chickens 45,000,000.

**National Hog Output**

91P30149F Beijing JINGJI RIBAO in Chinese  
7 May 91 p 2

[Summary] According to a survey by the Ministry of Commerce of 208 counties in 12 hog-producing provinces, in March there were 54 million hogs in stock, a 0.2 percent increase over the same period in 1990. Of this amount, piglets numbered 9,340,000, a 6.2 percent increase; and sows numbered 3,910,000, a 0.7 percent decrease.

Reasons for stable hog output are: First, because of the bumper grain harvest in 1990 market grain prices declined, and feed supplies were ample. Second, hog and grain price ratios are rational, hog breeding is better than selling grain, one hog can reap a profit of about 40 yuan. Third, piglet prices have risen.

**Henan Improves Rural Technical Services**

91CE0580C Zhengzhou HENAN RIBAO in Chinese  
2 Apr 91 p 2

[Article by Zhu Ran (2612 3544), Wang Chuanqi (3769 5307 6386), and Jiang Huizhong (1203 1979 1813): "Outstanding Achievements in Building Henan Province's Rural Scientific and Technical Services System"]

[Text] Substantial progress has been made in building Henan Province's rural science and technology services system, and this has played a positive role in spreading farming techniques, developing peasant intelligence, solving technical framework problems, and advancing the development of production. In the area of technology contracting alone, in 1990 a total of 13,000 technical personnel throughout the province took part in group contracting. They contracted a total of 21.66 million mu, achieving outstanding results in increased yields.

According to reports from departments concerned, the province now has 100 agricultural technology promotion centers at the county level, and more than 2,000 at the township level. There are more than 17,000 rural science and technology units, and the forestry, water conservancy, animal husbandry, and farm machinery sectors also have founded technology promotion service organizations in counties, townships, and villages. An agricultural technology promotion service network consisting of centers in counties, stations in townships, and teams in villages has taken shape in some prefectures. In addition, all sorts of civilian-operated scientific and

technical organizations and peasant technology associations and research associations have sprung up. According to incomplete statistics from 116 counties (municipalities), more than 9,000 civilian-operated scientific and technical organizations have been founded, with a membership of more than 80,000. This includes more than 3,000 agricultural technology associations and research associations, and the operation of more than 1,100 technical and economic entities. They have proliferated in far-flung rural villages, and they serve technical progress in rural villages in many ways and regards. They have already produced more than 400 million yuan in economic returns for society, and in the process of providing services they also gained certain economic benefits themselves.

In order to advance the development of scientific and technical service work, all jurisdictions have done more to build a science and technology leadership command system. Currently more than 70 percent of the province's counties and townships have assigned deputy county magistrates and deputy township magistrates for science and technology; 60 percent of administrative villages have assigned deputy village committee chairmen for science and technology; and more than 50 percent of townships and towns have set up either township science committees or science and technology offices. However, the building and development of the province's rural science and technology service system is still uneven. In quite a few places the science and technology administrative system is incomplete; organs for promoting technology are not on a sound footing; and no social service system has taken shape as yet. "Technical framework" problems remain fairly widespread. In particular, although agricultural technology organs at the township level are nominally complete, they lack personnel, have not divided management between higher and lower levels, scatter their energies, and are unable to shape a dominant group position. This is the crux of the "technology framework" problem. Village-level organization is lax. If services are given attention, they exist; otherwise, they do not.

The key to building a sound rural science and technology service system today lies in building a sound leadership command system; setting up county, township, and village science and technology assistants; and establishing township-level science and technology leadership organs to enhance organization and coordination. In building rural technology promotion service systems, counties' primary levels must be adjusted and improved; townships' primary levels must be fleshed out and enhanced; and villages' primary levels must be established and developed. Management of agricultural science and technology organs require particular strengthening, and workable reform measures that are adopted should fully use the role of available science and technology personnel in order to really solve the technical framework problem. In addition, officials and civilians should develop simultaneously, specialists should be linked with laymen, and their skills and materials should

be used together to build entities to improve overall service capabilities. Peasant occupational and technical education and training; investments of materials and funds; a complete line of production, supply, and marketing services for outstanding industries; information market services; and associated policies are also required. This must also be placed on the daily agendas of leaders at all levels.

### **Yunnan Acts To Reduce Sugar Glut**

91CE0580B Kunming YUNNAN RIBAO in Chinese  
13 Apr 91 p 2

[Article by Han Shuguang (7281 2562 0342): "Province Takes Action To Solve 'Difficulties With Sugarcane Sales' and 'Difficulties With Sugar Sales'"]

[Text] Yunnan Province's state-run businesses used their "storage battery" role to the full in undertaking greater procurement, greater storage, and the institution of protective prices to actively solve peasants' problems of "difficulties selling sugarcane" and "difficulties selling sugar."

There will be a bumper sugarcane harvest in the province in 1991, and sugar output will reach an all-time high, at more than 600,000 tons. Additionally, the sugar market is in a slump throughout the country, and Yunnan's sales (or deliveries) of sugar outside the province are declining by several hundred thousand tons. This has resulted in the accumulation of a large sugar inventory within the province, causing a slide in prices. More than 200 sugar refineries throughout the province cannot sell their sugar production, so they either lack the money to pay peasants for their sugarcane, or they have restricted purchases of sugarcane from peasants. This has resulted in the peasants' problem of "difficulties selling sugarcane" and refineries' problem of "difficulties selling sugar." In view of this new situation in the sugar business, and at the urging of the provincial government, the province's Department of Commerce, Department of Finance, Department of Light Industry, Bank of Industry and Commerce, Bank of Agriculture, and the province's Sugar Industry, Tobacco, Alcoholic Beverages, and Vegetables Corporation made a special study. They took several actions to solve the problem:

They diligently implemented a series of policies and measures that the provincial government formulated to support sugar production, buttress sugar sales, and invigorate flow. The government has specifically provided that the Sugar Industry, Tobacco, and Alcoholic Beverages Corporation be primarily responsible for the sugar industry. State-run business actively gave free rein to the role of principal channels, doing everything possible to buy up the sugar that sugar refineries had produced. Inasmuch as the province's sugar production has already surpassed 600,000 tons in 1991, the provincial government directed that the province's Sugar Industry, Tobacco, and Alcoholic Beverages Corporation purchase 308,000 tons, and that all sugar refineries tabulate and

report to the government according to plan their sales of sugar to the local Sugar Industry, Tobacco, and Alcoholic Beverages Corporation. Sugar refineries were to continue implementing the state's award sales policy for peasants growing sugarcane.

They instituted price protection for sugarcane and sugar. After state-approved sugar and sugarcane prices were issued, the price of sugar fell far below the state price, as a result of the market slump. Thus, sugar refineries and peasants growing sugarcane were no longer interested in production. Faced with this situation, the provincial Price Bureau decreed a price protection policy to prevent a further decline in the price of sugar. The policy called for procurements within the plan of first-grade white sugar at 2,200 yuan per ton and second-grade white sugar at 2,100 yuan per ton. The procurement price for sugarcane was kept unchanged at its originally set state price in order to protect sugarcane-growing peasants' interest in production.

They increased storage. Because of the current difficulty selling sugar outside the province, after fulfilling planned sales, all sugar refineries were left with substantial amounts of sugar on their hands. Thus, the provincial government decided that the province's Sugar Industry, Tobacco, Alcoholic Beverage, and Vegetables Corporation would store 100,000 tons of sugar, and that the province's Department of Light Industry would store 50,000 tons. The sugar placed in reserve was purchased at negotiated prices, and the provincial treasury appropriately subsidized the storage fees.

They promptly allocated procurement funds to ensure there would be no issues of "IOU's" for sugar procurement. The province's Bank of Industry and Commerce and Bank of Agriculture issued 160 million yuan in loans, and provincially run businesses put up more than 100 million yuan. These funds have now been apportioned to all jurisdictions to enable immediate payment for sugar procurement. All sugar refineries have the money to pay sugarcane-growing peasants promptly, so the masses are satisfied.

In addition, leaders of the provincial Department of Commerce and the province's Sugar Industry, Tobacco, Alcoholic Beverages, and Vegetables Corporation recently conducted an investigation and study of all sugar producing areas where they solved difficulties encountered in the production and sales of sugar.

### **Heilongjiang Tries To Cut Electricity Costs**

91CE0580A Harbin HEILONGJIANG RIBAO  
in Chinese 30 Apr 91 p 2

[Article by Jiang Yihe (1203 0076 3109) and correspondent Xing Shiguo (6717 0013 0948): "Province Strives To Cut Peasants' Electric Bills—Peasants' Electric Bills Reduced 17.51 Million Yuan, Overly High Rural Electricity Rates Drop From 16 Percent to 9 Percent"]

[Text] The provincial Electric Power Bureau has taken vigorous action to reduce peasants' electric bills. Since the last half of 1990, the province's rural electric bills have been cut by a total of 17.51 million yuan, and overly high rural electric rates thereby fell from 16 percent to 9 percent.

A general survey shows that electric bills are excessively high in 16 percent of rural upland areas, and peasants are very disgruntled about it. Consequently, the provincial Electric Power Bureau conducted a thorough investigation to determine the main reasons for overly high electric bills in upland areas. The reasons are as follows: There is considerable theft of electricity. Electricity is provided to some free of charge for good will purposes. Electricity is provided free of charge to some as a special prerogative, and use of electricity is unmetered. Electric power workers accept graft on electric bills. Overly large transformers waste electricity. And finally, there are shortcomings in the management of electric charges.

After getting to the bottom of the matter, the provincial Electric Power Bureau relied closely on local governments at all levels to take action to solve the problem.

In 1990, a total of 210 kilometers of new electric power lines were built throughout the province. An additional 42,000 kilovolt-amperes of new main transformer capacity was added. Six power transformer stations and 800 kilometers of power distribution lines were renovated. Also, another 9 million yuan was put up by counties, towns, peasants for renovating 1,500 kilometers of collectively owned power distribution lines and replacing 1,200 transformers that consumed large amounts of energy.

By way of improving township (town) and village electric power management in the province and building a regular procedure for electricity usage, the provincial Electric Power Bureau and the Provincial Agricultural Affairs Committee jointly issued "Detailed Rules and Regulations for Implementing Rural Electric Power Station Management Methods in Heilongjiang Province." On the basis of "the regulations," a great many of the province's cities and counties reorganized their rural electric power worker corps, improved their methods for managing electric bills, and established and perfected collection procedures. In all counties (and cities), bills were collected in a uniform manner; cards were used for copying meter readings; receipts were given for bill payments and standard electricity use certificates were issued; meters were uniformly read on a regular day; meter readings were uniformly sent to individual households; electric bills and lists of charges were prepared for delivery to households; and rural electric power stations organized rural electric workers to centralize the collection of payments, and took electric bills and electric charge tables back to villages to post publicly. This effectively ended unhealthy practices, such as electric power workers telling customers the charges to be paid,

adding graft onto electric bills, and supplying electricity free of charge for good will purposes or as a matter of special prerogative.

Electric industry departments at all levels also organized staff members and workers to conduct campaigns for giving premium quality service. They went into rural villages to adjust upland regions' loads in order to lower transformer losses. They put electricity meters up out of reach, or installed anti-theft devices, in order to lower losses from unknown causes. They changed faulty meters and fixed inaccurately calibrated meters in order to reduce losses from calibration errors. They promptly analyzed and rectified situations in which electricity costs in a particular village seemed too high, tackling problems in a comprehensive way.

The implementation of a series of measures produced remarkable results. For example, resolving the problem electricity thefts in Hongxing Village, Xianfeng Township, and Anda City reduced electric bills from 0.62 yuan to 0.20 yuan. After correcting a low-voltage problem, installing meters on every household, and adopting measures to prevent electricity thefts in Andong Village, Hailang Township, and Ning'an County, electric bills fell from 0.40 yuan to 0.17 yuan.

At the provincial rural electricity work conference that was held recently, the provincial Electric Power Bureau again proposed battle objectives for 1991. During the year, it wants to make electric bills reasonable in half of the upland regions where they are overly high, and reduce them markedly in the other half, in an earnest and sincere effort to do things for the peasants. In this regard, the provincial Electric Power Bureau has already decided to conduct a competition to "lower peasants' electric bills and reduce peasant burdens" in the prefectures (or cities) that the rural electric power bureau serves.

### **Fujian Encourages Overseas Investment in Agriculture**

*OW1506010491 Beijing XINHUA in English  
0047 GMT 15 Jun 91*

[Text] Fuzhou, June 15 (XINHUA)—The Fujian provincial government has listed 10 offshore islands and their corresponding coastal zones for foreign investment in agriculture.

According to the "contemporary regulations to encourage overseas businessmen to invest in and develop land in Fujian Province," there is no land-use charge for those who invest in barren hills, wasteland or polder areas. Breeders of improved varieties of livestock or poultry in experimental zones approved by the provincial government will get a five-year tax holiday.

The Majia Experimental Zone for improved varieties of livestock, covering an area of three sq km, was set up in 1987. With an investment of 140 million yuan, the zone has set up the Yang'en College, a research center, a

duck-breeding base, a feed factory, an orchard and other projects. More projects are expected to be set up in the near future in the zone.

### Heilongjiang To Repay IOU's

91P30149C Harbin HEILONGJIANG RIBAO in Chinese 11 Apr 91 p 1

[Summary] At a spring production meeting held 8-9 April, the Heilongjiang provincial government asked relevant departments and banks to redeem all IOU's in the hands of farmers before 20 April. As of 11 April, Heilongjiang had paid 7.2 billion yuan for grain purchases, and owed 600 million yuan. Sugar refineries owe farmers 180 million yuan. Flax enterprises owe farmers more than 17 million yuan.

### Jiangsu Publishes New Grain, Oil Prices

91P30149A Nanjing XINHUA RIBAO in Chinese 30 Apr 91 p 1

[Summary] Beginning 1 May Jiangsu Province will raise the unified sales price of grain and oil as follows:

First grade long-grain rice will go from 0.126 yuan to 0.26 yuan per 500 kilograms; hybrid long-grain rice from 0.131 yuan to 0.27 yuan; first grade short-grain rice from 0.149 yuan to 0.30 yuan; rapeseed oil from 0.79 yuan to 2.08 yuan; soybean oil 0.84 yuan to 2.15 yuan; and peanut oil from 0.83 yuan to 2.31 yuan.

### Shanxi County Exports Sorghum, Corn

91P30149B Taiyuan SHANXI RIBAO in Chinese 15 May 91 p 1

[Summary] Since 1990, Dingxiang County, Shanxi Province has exported 17,774 tons of sorghum and corn to the Soviet Union, Japan, and other countries, and has earned 2,040,000 yuan in foreign exchange.

### Guangxi Banks Help Sugar Refineries Update Technology

OW1106080091 Beijing XINHUA in English 0632 GMT 11 Jun 91

[Text] Beijing, June 11 (XINHUA)—The Guangxi Zhuang Autonomous Region's branches of the Industrial and Commercial Bank of China has taken measures to allocate funds to help sugar refineries update their technology, according to FINANCIAL NEWS.

Since 1988, the banks in the region have invested more than 500 million yuan in support of 29 projects for transforming and expanding 24 sugar refineries.

The sugar industry is the pillar of the region's economy. In 1988, the State Council decided to build the region into the country's largest sugar production base.

The Guigang Sugar Refinery is an old enterprise which was set up in 1956. Over the past ten years, the Guigang

Industrial and Commercial Bank issued 75 million yuan in loans to the refinery to help it implement five technological transformation programs.

As a result, the refinery's daily sugar-extracting capacity rose from 1,500 tons to 8,000 tons, making it the largest sugar refinery in the country. The banks have also allocated funds to purchase sugar cane. They did this in order to encourage the farmers to expand their sugar cane production and increase their income from production.

Now the sugar industry in Guangxi has become the second largest taxpayer of the region.

Xiao Guangcheng, president of the Industrial and Commercial Bank of China in Guangxi, said that this year the bank will invest 130 million yuan in technological transformation of eight sugar refineries.

### Anhui Publishes New Grain, Oil Prices

91P30148F Hefei ANHUI RIBAO in Chinese 1 May 91 p 1

[Summary] Beginning 1 May, Anhui Province raised the unified sales price of grain and edible oil. The new prices are:

Second grade long-grain rice 25 yuan per 50 kilograms.

First grade long-grain rice 26 yuan per 50 kilograms.

Second grade short-grain rice 29 yuan per 50 kilograms.

First grade short-grain rice 30 yuan per 50 kilograms.

Second grade long-grain hybrid rice 26 yuan per 50 kilograms.

First grade long-grain hybrid rice 27 yuan per 50 kilograms.

Standard flour 27 yuan per 50 kilograms.

Rapeseed oil 208 yuan per 50 kilograms.

Rape cakes 18 yuan per 50 kilograms.

### Yunnan Grain Storage Problems, Wheat Price

91P30148E Kunming YUNNAN RIBAO in Chinese 24 Mar 91 p 2

[Summary] Since 1990 Yunnan Province has procured over 1.5 billion kilograms of grain. Because guaranteed grain prices in Yunnan are higher than market prices in some grain-producing regions, outside provinces ship their grain to Yunnan, which increases procurement pressures. In addition, storage facilities are insufficient. Therefore, some areas in Yunnan have reduced procurement, or stopped procuring grain at negotiated prices.

To solve the problem of insufficient storage facilities in Yunnan, governments at all levels have raised over 52 million yuan to increase storage capacity by 300 million kilograms since last year. Some of these facilities are now

operating. In addition, Yunnan has reduced grain purchases at negotiated prices from outside provinces by 700 million kilograms.

Recently, the Yunnan provincial government decided to implement a guaranteed price for negotiated purchases of spring wheat, which is 76 yuan per 100 kilograms.

### **Gansu Grain Storage**

*91P30148D Lanzhou GANSU RIBAO in Chinese  
13 Apr 91 p 1*

[Summary] At present, Gansu Province has a grain storage capacity of 2.2 billion kilograms. By the end of February, Gansu had 2.6 billion kilograms of grain in storage, an increase of 350 million kilograms over the same period in 1990.

### **Aquatic Production Now Leads World**

*HK2905015691 Beijing CHINA DAILY in English  
29 May 91 p 1*

[By staff reporter Wang Dongtai]

[Text] Output of aquatic products in China continued to increase during the first quarter of 1991 following last year's record output of 12 million tons, according to Vice Agriculture Minister Chen Yaobang.

Total output reached 1.88 million tons during the first three months of this year, an increase of 4.4 percent compared with the same period last year, the minister said recently at a meeting in Beijing.

Of the total output, ocean fishing accounted for 810,000 tons, an increase of 0.6 per cent compared with the same period of last year.

Another 110,000 tons were salt water aquatic products, an increase of 7.8 percent from the first quarter of 1990.

Fresh water aquatic products accounted for the remaining 955,000 tons, an increase of 7.5 percent compared with the same period of last year.

PEOPLE'S DAILY recently reported that last year's record output of 12 million tons for the first time surpassed Japan's yearly output, making China the world's leading producer of aquatic products.

According to the Ministry of Agriculture's plans, aquatic production will continue to develop in the next five years to reach an annual output of 14.5 million tons by the year 1995.

Per capita annual output is targeted to rise from the present 10.8 kilograms to 11.8 kilograms in 1995, according to the plans.

Although the country's aquatic production has developed rapidly in the past five years, there has been a sharp decline in fishing resources in coastal waters because of excessive fishing.

To protect fish resources in coastal waters, the Ministry of Agriculture will adjust production plans for salt water fishing and fresh water production.

The ratio between the output of salt water products and fresh water products was 57:43 in 1990. The ratio will be adjusted to 53:47 by the year 1995.

Output from fishing and the raising of aquatic products used to be equal. But in the next five years, there are plans to change the ratio so that fishing accounts for 43 percent of the total output and the raising of aquatic products accounts for the other 57 percent.

She Danu, a Ministry of Agriculture official in charge of aquatic production, said that the development of aquatic production will proceed more slowly now than in the past five years.

During the past five years, the annual increase in output was 1 million tons, while the production plan for the next five years includes an annual increase of 0.5 million tons.

The main idea of the slow down is to prevent the depletion of fish resources.

The official asked local authorities earlier in the year not to increase their aquatic output through fishing. Governments of coastal provinces have already cut their output quotas from fishing.

### **Yunnan Hybrid Rice Seed Area**

*91P30148C Kunming YUNNAN JINGJIBAO  
in Chinese 12 Mar 91 p 4*

[Summary] This year the planned hybrid rice seed area in Yunnan Province is 70,000 mu.

### **World Bank, IDA Finance Chinese Irrigation Project**

*OW0806185091 Beijing XINHUA in English  
1823 GMT 8 Jun 91*

[Text] Washington, June 8 (XINHUA)—The World Bank and the International Development Association (IDA) have approved a loan of 147.1 million dollars and a credit of 187.9 million dollars respectively to finance China's irrigated agriculture intensification project, it is announced today.

The objective of the irrigated agriculture intensification project is to increase the production of staple food by reducing the effects of drought, waterlogging, soil salinity, and surface flooding by improving and expanding irrigation and drainage systems.

### **Henan Corn Seed Area**

*91P30148B Zhengzhou HENAN RIBAO in Chinese  
12 May 91 p 1*

[Summary] This year the corn seed area in Henan Province should reach 32 million mu.

### Hunan 1995 Crop Estimates

91P30148A Changsha HUNAN RIBAO in Chinese  
13 May 91 p 2

[Summary] In 1995 planned grain output in Hunan Province is 27.5 billion kilograms, cotton 150,000 tons, oil crops 900,000 tons, flue-cured tobacco 170,000 tons, and feed output 3,500,000 tons.

### Hebei Edible Oil Prices

91P30146E Beijing ZHONGGUO TONGJI XINXIBAO  
in Chinese 9 May 91 p 1

[Summary] According to a survey of markets in major Hebei cities, the state-managed negotiated price [guoying yijia] for sesame oil was 14-16 yuan per kilogram, peanut oil 5.5-6 yuan, and about five yuan for soybean oil.

### Export Volume of Cereals, Oils In April

HK2105085891 Beijing CEI Database in English  
21 May 91

[Text] Beijing (CEI)—Following is a list showing China's export volume of cereals, oils and food in April 1991, released by the General Administration of Customs:

Name	Unit	Apr. 1991	Apr. 1990
Pig	head	229,580	232,288
Poultry	in 10,000	474	280
Beef	ton	2,629	7,535
Pork	ton	7,130	10,546
Chicken	ton	2,040	2,899
Rabbit	ton	774	1,208
Egg	in 1,000	82,441	72,501
Aquatic Products	ton	29,160	26,724
Fish	ton	5,745	2,252
Prawn	ton	2,630	6,904
Cereals	ton	863,640	433,601
Soybean	ton	81,465	101,214
Pulses	ton	84,700	54,460
Maize	ton	584,503	231,273
Vegetables	ton	78,334	54,884
Fruit	ton	4,719	4,662
Orange	ton	1,973	1,144
Apple	ton	633	3,263
Sugar	ton	25,313	53,226
Canned food	ton	41,963	62,202
Pork	ton	3,509	7,490
Vegetables	ton	24,693	34,553
Fruit	ton	8,568	8,373
Others	ton	5,194	11,785
Vegetable Oil	ton	23,088	19,983
Peanut	ton	47,225	34,351

### Farm Machinery Sector Earns 50 Billion Yuan in 1990

OW0506084591 Beijing XINHUA Domestic Service  
in Chinese 2019 GMT 3 June 91

[By reporter Lu Yongjian (7773 3057 1696)]

[Text] Beijing, 4 June (XINHUA) — The development of the farm machinery industry has opened up a way for the broad masses of peasants to gain wealth. According to the State Statistical Bureau, there are over 14 million peasant households throughout the country that run farm machinery businesses at present; and their total operating income approximated 50 billion yuan in 1990.

While the state and collectives own farm machinery, peasant households have also become legitimate owners and managers of farm machinery since implementation of the system of contracted responsibility for business operations on the peasant household basis in the countryside. Over 50 billion yuan, or 75 percent, of the nearly 70 billion yuan net worth of farm machinery across the country was owned by peasant households by the end of 1990. Peasant households have become the majority owners running the farm machinery business in our country.

While some of the 14 million plus households that run the businesses are engaged in the repair of farm machinery and some others are engaged in the sale of component parts, most of them use their own machinery in socialized services before, during, and after production such as agricultural production, processing of farm and sideline products, transportation, and so forth; thereby making important contributions to consolidating and improving the dual management system that combines household with collective operations. In 1990, the 14 million peasant households owned 585,000 large and medium-sized tractors, which represents 71.9 percent of the total number of such tractors in China; they owned 6,686,000 small tractors, which represents 95.8 percent of the total; and they owned 439,000 vehicles for farming purposes, which represents 70.2 percent of the total number of such vehicles.

Two million of the 14 million peasant households that run these businesses have expanded their business operations and become large businesses specialized in farm machinery.

### Frozen-Embryo-Transfer Test-Tube Lamb Born

OW0406024491 Beijing XINHUA in English  
0130 GMT 4 Jun 91

[Text] Hohhot, June 4 (XINHUA)—A very special lamb, which was the result of a successful test-tube transfer of a frozen embryo, was born recently at Inner Mongolia University's Experimental Animal Research Center.

The 3.2 kilogram male lamb, which was "born after a normal period of gestation," is the world's first of its type, according to the center.

The birth of the lamb marks another important breakthrough in the field of animal embryo research, following the center's successful experiments with test-tube sheep and calves in 1989.

Sources from the center reported that researchers experimented with over 1,000 ova. Following external fertilization and a period of development some 100 test-tube embryos were stored in liquid nitrogen at minus 196 degrees centigrade. After a period of time, the embryos were thawed and transferred into the bodies of female sheep. The lamb was born after a 159-day gestation period.

An international inquiry organization has provided proof that this is the world's first such embryo transfer.

The sources said that the successful experiment greatly improves methods used to breed sheep, and will further promote the country's livestock industry.

### **Storage Problems Threaten Bumper Grain Harvest**

*HK2805014091 Hong Kong HONGKONG STANDARD in English 28 May 91 p 6*

[By Alan Nip]

[Text] China's predicted record summer grain harvest is threatened by a lack of storage facilities.

The situation has forced the government to take emergency measures to avoid grain wastage.

A recent national conference in Beijing was told local governments had to take more responsibility for protecting the harvest.

State Councillor Chen Junsheng delivered instructions from Premier Li Peng that local government officials should be more accountable for protecting the harvest.

"A grain magistrate, mayor, or even governor will be held responsible for problems caused by negligence," Mr Chen said.

The Hong Kong-based CHINA AGRIBUSINESS REPORT said China loses millions of tons of grain each year because of improper storage. "This is more than most countries can produce in a year," the newsletter said.

The Vice Minister of Commerce, Bai Meiqing, told the conference: "Billions of kilograms of grain were stored in the open in various localities last year, almost double the figure of grain kept outdoors at the end of 1989."

High humidity and pests were destroying more grain as result, he said.

The government had raised funds through various channels to build a number of grain and edible oil storage facilities.

"However, in view of the absolute amount of grain that is to be stored and the large proportion of grain already kept outdoors, the safekeeping of grain in the coming summer will be far more difficult than before," Mr Bai said.

"The situation this year brookes no optimism. Taking care of the summer grain crop is important, but the main focus must be on solving long-term storage problems," he said.

The government also plans to buy foreign storage facilities and technology to help alleviate the problem, according to Mr Bai.

But a shortage of foreign currency would keep such imports limited to a level far below what was required, he said.

### Formation, Impact of Rural Wealthy Class

91CM0352A Shanghai SHEHUI [SOCIETY]  
in Chinese No 2, 20 Feb 91 pp 15-17

[Article by Zhang Renlei (1728 0088 4320): "The Emergence and Effect of a Rural 'Wealthy Family Class'"]

[Text] Ten years ago, there was one class of peasants. On the whole, there was little difference in income: they were generally poor. Today, 10 years later, the peasant class is gradually splitting into a number of different classes with clearly different interests and aspirations. These classes can be summarized approximately as farm laborers, peasant workers, hired workers, peasant intellectuals, self-employed laborers or merchants, proprietors of privately-run enterprises, managers of township enterprises, rural party and government administrators, and itinerant workers. The different classes are gradually becoming more prosperous, but a few are becoming so particularly quickly. The income and value of possessions of peasants in these classes far exceeds the average level of peasant wealth. They are worth 100,000, several hundred thousand, or even 1 million [yuan]. In a village in Nantong district, people refer to such households as "affluent families." We shall call them the "wealthy class," to distinguish them from the peasant masses who are generally well off.

#### How the Wealthy Class Became Wealthy

It is rather difficult to paint an accurate picture of wealthy peasants' road to riches, but the following factors are more or less common:

1. They labored hard and industriously. One should say that the vast majority became wealthy because of their labor, both physical and mental, and their decisiveness, astuteness, and accurate assessment of market conditions. For example, it is said that many self-employed workers and merchants and proprietors of private enterprises get up for work while the moon and stars are still out, and suffer hardships. They are shrewd, highly efficient, calculating, and budget-conscious, and put more sweat into their work than do others. If some businesses had been handled collectively, they would have lost their capital; under the management of these people, the businesses made marvelously large profits. Due to the hard and industrious efforts of some village enterprise managers, their businesses were brilliantly managed and had better development; at the same time some individuals prospered as well. With regard to the issue of how much of their income can be attributed to their "labor," the compensatory rewards of such hard, industrious work is a reasonable part of the wealthy class's super-high income.

2. "The monks grow rich, but the temple grows poor." This expression typifies some managers of township enterprises and a minority of village leaders. The rural collective enterprises created from the peasant masses' hard and bitter struggles have made unprecedented progress in recent years. At the same time, because some

of their managers excessively "skimmed off the cream," development has been slow, and some enterprises lost money or even closed. Thus some of the masses comment that "The enterprise is hollow and the employees are poor, but the factory manager is a wealthy man." "The workers are poor, but the cadres are rich, and the factory manager makes countless sums of money." In stark contrast to the picture of the "poor temple" is the usually generous income of some village enterprise managers: their money belts bulge. Some of the most stylish houses built in villages belong to factory managers of rural enterprises. Some places have seen the unusual phenomenon of "factory debts piling up high, while the factory manager's house towers above it all," and "individuals get rich, but the collective folds." A small number of village leaders who have objective control over factory managers' authority have followed them into "prosperity."

3. Tax evasion. It can be almost arbitrarily said that the rural wealthy grew so through tax evasion. This is typically shown by the self-employed and proprietors of private enterprises. Tax officials felt that, according to current national revenue policies, it was impossible for anyone to be a millionaire, but actually there were some. Clearly this was due to tax evasion. They have many means, and many tricks; the bigger fish can evade more, the smaller fish can evade less. Hardly anyone did not evade taxes. In June, 1989, the Bureau of Industry and Commerce in a certain county launched a major revenue investigation. It randomly checked 3,240 self-employed people and eight proprietors of private enterprises. It found that 2,337 in the former group and eight in the latter had evaded their taxes, or 70 percent of the total. In one town, a Mr. Huang managed a cooperative dealing in sales and purchases of sand, gravel, bamboo, and coal. He obtained an original invoice plus miscellaneous transportation fees from the supply unit; he billed most of it to the purchaser, and then issued a bill for the difference. When he paid taxes, he only reported the portion shown on his own invoice. After he was caught, the tax authorities recovered more than 200,000 yuan. In 1989, a Mr. Chen, who was a self-employed dealer in polyester fabric in a certain county, was slapped with a one-time restitution and fine of 790,000 yuan. One can see from these typical examples that the size of tax evasion figures is not tiny.

4. Cheating, deceit, trickery, and flagrant seizures. These are one type of methods used by a small group. The masses say, "Those who follow rules wear rags, those who are lawless make money." Building contractors stop at nothing when skimping on labor and materials; proprietors use every means to pass fakes off as the real thing, and poor quality as high quality. They flood the market, take shortcuts, drive hard bargains, rip people off, lie, are devious, and cheat. In Tonghai District in a certain county, one person who specialized in fake wool grew rich by ripping off the consumer.

5. Taking advantage of differentials and price differences. To earn high income through rent differentials,

some people living in better urban areas rented out half or whole rooms. In a year they cleared nearly 10,000 yuan, and the renter could also earn a high profit. Coastal fishermen relied on the price differences of their products to earn high incomes. Because the price differential between selling off shore and on shore was very great, they conducted business on the water and earned a large profit.

6. Acquiring surplus value. One of the major reasons self-employed workers and merchants, and proprietors of private enterprises grow rich is because they receive the surplus value generated from that amount of production of hired laborers which is in excess of what they themselves expended.

"A man cannot be rich if he is not ruthless, a horse cannot be fat without grazing at night." The high income and possessions of the rich are due to labor and non-labor; they are equitable and inequitable.

#### Where do the Wealthy Put Their Capital?

The rural wealthy have bulging money belts. On what do they spend it?

1. Brick homes. The first thing that almost all peasants do after becoming rich is build a multi-story brick house; the "wealthy class" was no exception. Building such a house requires 30,000, 50,000, or even several hundred thousand yuan. The houses became more and more tastefully decorated; the furnishings inside more comfortable and complete; and the house dimensions became more high-class, like a guest house or a small foreign home. A Mr. Chen in one county's Sanxing village spent 600,000 building a multi-story house. In Jiangzao Township, a Mr. Xu built a four-story house with an area of 800 square meters, and bragged that he had spent 640,000. It was learned that the costliest house in one certain county cost more than 800,000. In some prosperous villages and towns, it was not uncommon to see costs of 80,000 to 100,000.

2. A comfortable life. The wealthy used their wealth mainly to outfit their high-class housing with furniture and appliances and make a cozy, enjoyable nest. Some families had every electrical appliance imaginable. The furniture and decorations were lavish. In one county, one house had personal hygiene equipment (bath tubs, toilets, etc.) that was made entirely of agate, costing tens of thousands of yuan. One household had a complete set of new redwood furniture worth more than 100,000. Some wealthy people owned small cars. The vast majority of the 1,000 or so privately owned automobiles in the town were in the hands of rural wealthy peasants.

3. Fixed assets investment. Some shrewd individuals put aside part of their capital to continue expanding reproduction. For example, Sanxing Village in Jiangzao Township was noted for its embroidery, and its bedspreads and pillow cases were well-known. In the past, it relied on hand-embroidering the surface, and embossed the sides with an ordinary sewing machine. Its quality

was just below that of the nation's top-ranked Foshan in Guangdong, and production rate was very slow. Some self-employed people spared no expense and imported advanced equipment. For example, former soldier Hu Weiming imported three 60-needle Aoyagi-brand embossers from Japan, which cost more than 160,000 yuan each. Adding other equipment in, total fixed assets equalled about 700,000 yuan. This advanced equipment raised the quality level, enabling them to compete with embroiderers from Foshan. The amount of capital invested in ocean fishing by one town's coastal fishermen was also formidable.

4. Circulating capital in the area of circulation. To develop reproduction, one needs a small portion of circulating capital to circulate. This is a big business, involving from several thousand to several tens of thousands, or even several hundred thousand yuan. According to information from some rural credit cooperatives, some of these proprietors send credit amounting to several million yuan, or up to 10 million yuan, through the cooperatives.

5. Helping hometown construction. Some wealthy families love their hometowns so much that they use part of their money to provide education, build roads, and help the needy. For example, a wealthy man in one county donated 18,000 yuan to provide a massage machine for the county hospital. In one county a Mr. Yang, who was a bricklayer, once gave away 130,000 for education. Generally speaking, the rural wealthy do give some money, sometimes voluntarily, and sometimes because they are forced to do so.

6. Food, drink, illicit sex, and gambling. To be fair, most of the wealthy spent the least on food and drink. However, some threw money away like water, spending it on prostitutes and gambling. Some openly took a young girl out, and after she had a baby came home to divorce the wife, paying a settlement. If some wives would not agree to leave, they would go on living together. Some people patronized brothels. The gambling stakes of others amounted to several thousand or more than 100,000 [yuan].

7. Dealing with society's scoundrels. Much of wealthy households' money has been siphoned off by various rural cults and sects. For example, at New Year's, some rascals would sit near a wealthy household and ask for money, so that everyone would have a nice new year—otherwise... The wealthy reached for their wallets to buy safe, peaceful days.

8. Feudal, superstitious activities. The district in question did not have a high grade burial mound like in Wenzhou District, but their "special product" was a Taoist field. Some people spent quite a bit of money on this. In addition, quite a bit of money was used for holding joyous or mournful celebrations, dealing with personal relationships, and bribery.

The funds were generally invested as mentioned above. Some were of merit and worth promoting, while others required guidance and prohibition.

### Notes on the Feelings of the Wealthy Class

At one time, public opinion loudly proclaimed, "Down with egalitarianism!" "Let some of the people and districts become rich!" "People are becoming angry!" The wealthy had a relatively relaxed mental attitude. This was when some began to "prosper." Some of the wealthy could "join the party," be a "model laborer," a "member of the Chinese People's Political Consultative Conference," a "delegate to the National People's Congress," a "peasant entrepreneur," or earn other political considerations and honors. But recently, public sentiment has been touting that "China must not go the road of privatization." "Proprietors of private enterprises should not be allowed to join the party." "Wipe out the phenomenon of unequal social distribution." The thinking of the wealthy class is undergoing major changes.

1. Fear. First there is a fear of changes in political policy, and of a socialist prohibition on the existence of the "wealthy." To become a "wealthy person"—regardless of how one does it—requires a clear head, an astute mind, and a special sensitivity to political changes. Most of the wealthy subscribe to such party newspapers as RENMIN RIBAO and JIEFANG RIBAO. From these they grasp and search for even the slightest political change, so that they may take steps in response. Second, there is fear of another round of the "Three Anti's, Five Anti's." Some who used illegal means and improper measures to become wealthy truly fear the establishment of a clean government which will come down on their heads. Third, there is fear for people's personal safety. A small number of social rascals and extremists harass the wealthy, to the extent that there are masked robberies and murders. Some of the wealthy are so worried that they have hired bodyguards. Fourth, there is a fear of excessive taxation, which would be an unbearable burden for them.

2. Waiting. The wealthy are waiting, looking over the situation to see how the political situation will go. Some feel that they have no grounding in policy. Others try to "bulldoze" their way through, hoping that once they have run the gauntlet, what was illegal will become "legal."

3. Stopping. The wealthy cease operations and wash their hands of business. In 1988, there were 141,670 self-employed businessmen and 970 proprietors of private enterprises in a certain town. By the end of 1989, there were 116,609 of the former and 365 of the latter, a decline of 18 percent and 62.3 percent respectively. Some had made a lot of money and no longer did what they were supposed to do. They loafed at home or met to gamble and be the new idle in society; the hard work of days gone by had disappeared. They said, "We can live

on our bank deposits for three generations without worrying, so why take risks?"

### Varying Social Appraisals

The emergence of the wealthy class has had an influence on society, especially rural society, that cannot be ignored. Some who rejoice like to call it the product of reform and opening up. Some worry, concerned about polarization of the peasants and inequitable income distribution. Some are angry, cursing that "in the past, even landowners and wealthy peasants were not this extravagant!" Society's appraisals are not unanimous; below are some representative ones.

A cadre in Jiangzao Township in one county feels that the "wealthy class" has had two types of influences. The positive ones are: 1. If some of the masses become rich, then the peasants will all become rich quickly. For example, a Mr. Hu in Jiangzao imported embossing machines, and the nearby masses sent their products to him for processing, paying him a fee. He was richer, and the quality of their work was higher, and the price increased correspondingly, so they also got richer. In addition, there is a spiritual influence. Peasants see others getting rich, and they do not want to lag behind and stay poor. Thus many of the wealthy carry the nearby masses along with them. 2. The wealthy provide society with more efficient service. Regardless of whether the wealthy are engaged in commodity production or management, the construction industry, or service industries, etc., they all objectively increase efficient social services to meet social needs. 3. They increase national revenue. Take Jiangzao as an example: most of the wealthy were self-employed or were proprietors of private enterprises. In 1989, the entire town paid more than 8 million in revenues. This included 6.05 million, or 80 percent, from the self-employed or private enterprises. Jiangzao can be regarded as one of the wealthiest towns; were it not for the wealthy, it would be one of the poorest. 4. They strengthen the collective economy. Each year, the town takes in 400,000 in fees for regulating and serving the self-employed. This enhances the collective economy, as well as bridge building, road paving, and education. 5. They are an outlet for rural surplus labor. There are also negative influences: 1. The wealthy spur the collective economy, yet they also restrict it. Being self-employed makes one rich faster, so many employees from township enterprises will move toward the individual economy. In October 1988, one-fifth of the personnel in Jiangzao's township collective economy moved toward the individual economy; some factories could not operate. The backbone of township enterprises understood the techniques, and mastered the marketing channels. After they grew full wings, they "took off" to open a place of their own. 2. The wealthy influence agricultural production. The grain production of the entire town dropped from 1.8 million jin down to 1.2 million; the paddy area planted in rice dropped from 7,000 mu to over 1,000. The slide in agricultural production was severe. Basically, the rural wealthy did not want to farm any more. Half of the farmed land was worked by outside

hired hands. 3. The wealthy caused an increase social problems and more acute contradictions among peasants. Those who grew wealthy gambled, frequented prostitutes, and built houses that exceeded the prescribed area limit—the village had a limit of 20 square meters. No one feared fines for having too many children: there was plenty of cash. Many young had two children. 4. The wealthy caused excessive discrepancies in income and inequitable income distribution between the rich and poor. Some flippantly said, "I'll make 400 to 500 from planting, 4,000 to 5,000 from processing, and 40,000 to 50,000 from managing." In sum, there are large, positive influences from the legitimate use of income, but the negative influences from illegitimate riches and wanton spending are also great.

One retired cadre who had been a party committee secretary in a town in Nantong County sighed and said, "The way I look at it, it is like drinking something that has five flavors—I can't describe it clearly. So many of the old cadres who joined the revolution before liberation have a current annual income that is slightly over 2,000 yuan. Ten years ago this was the highest in the district; now it is loose change for the wealthy. Some rural cadres made less than I did, and yet they have become wealthy. This I cannot understand!"

A current party secretary in a town in Nantong talked about the bewilderment on the part of some of the cadre masses—those who plant and farm make a great contribution to society, but they cannot become affluent. The masses did not harbor a good impression of those in Tonghai District who grew rich first. A rich hog farmer received feed at parity prices and preferential loans, so people said, "The Communist Party made him fat." It is better to prosper together. Those without money obey rules, those with do not, and can even use their money to change their household status. In the past, policy was too leftist. No one got rich and that was not good. Now, policy is too lenient, which is not good either. Now it is harder to work as cadres; some of the wealthy ignore cadres. They say, "Your monthly salary can't equal what I get in one day!"

A county teacher said, "I graduated from a teacher's college, and in the village my educational level can be regarded as high, yet my income is low. There is one good thing—my family members work for the wealthy. We can make 3,000 annually, and my children can enter the realm of circulation. 'What an achievement!' The exploited are grateful to the exploiters."

A town committee cadre involved in rural youth work felt that the idea of going from having nothing to being a millionaire is actually the process by which traditional peasants become modern. It is a process inevitably accompanied by much struggle and pain, planning and strategy, and even speculation and illegality. There are no rural wealthy who grew rich by staying at home. Most of them travelled all over the country, understood the situation, and did business. An awareness and knowledge of commodity and market economics is deeply

embedded in their hearts. This is in clear contrast to the traditional peasant, who stays at home forever, never venturing out. His "face is toward the brown earth, his back is to the sky."

Regardless of how one evaluates the wealthy, one fact is beyond doubt: The influence the wealthy exert upon society, and the attention society pays them, is ever increasing. The emergence of this "wealthy class" and the issues accompanying this emergence merit further thought and exploration.

### Coordinated Social, Economic Development Urged

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[Article by Xiao Wentao (5135 2429 3447): "Changes in Social Development Theory and China's Coordinated Social and Economic Development"]

[Text] The history of development in many developed and developing nations as well as the process of reform and opening up in China itself has made it clear that as an entity, modern society is a composite of various elements, both social and economic. While economic growth and development play a decisive role for which there is no substitute, the overall development of society has never been the inevitable product of one single element—the economy. Without the coordination and development of related social elements, economic growth in the end will not be sustainable. This is because modern society is an organic entity composed of an array of elements. Only when all its components harmonize with one another can the social system run normally and develop healthily. This, it may be said, is the new thinking that we must establish in response to social development.

#### I.

After World War II, developing nations, which account for three-quarters of the world's total population, gained independence one after another. All faced choices regarding an overall development strategy. What emerged from their choices is a variety of development strategies revolving around the principal goal and substance of social development.

In the 1950s and '60s, the development strategies pursued by the majority of developing nations were basically variations of the traditional strategy pursued by industrialized nations during industrialization, that is, a strategy whose main objective is a fast rate of GNP growth and which puts exclusive emphasis on growth, industrialization, and investment, while ignoring economic results and social development. For a while, the traditional development strategy played a historically rational role in the drive by developing nations to achieve economic development and shake off poverty. But since the traditional strategy is one of economic growth, not of economic development, let alone a strategy of social development, it ignores the balance and

unity of overall social development. As a result, although the GNP has increased rapidly, the implementation of an exclusive economic growth strategy has been accompanied by a host of social problems, including a lopsided economic structure, resources waste, ecological degradation, accumulation and distribution imbalances, and increased crime and social disorder. All this has made people think long and hard: If economic growth cannot satisfactorily meet the needs of social development, what is the use of "growth, but no development" or "growth without development?" Practice shows that the exclusive economic growth strategy of most developing countries does not automatically lead to the development of other facets of society, and by no means signifies advancement and development in civilization.

In view of the negative social consequences of the "growth first" strategy, many developing nations in the late 1960s, particularly since 1970, became critical of that strategy and began paying attention to social development. What emerged was a development strategy that satisfied the basic needs of the people. Learning from the "First 10-Year Development Plan" introduced by the United Nations, which revolved around economic growth, UNESCO put forward a new strategy centered on "human development." Instead of emphasizing material and economic growth, this strategy focused on human beings. Growth does not equal development; growth is merely a means of development. Only man is the highest objective of development. Development means comprehensive social development centered on man. Human and social development depend on political development, educational development, new ideas, and environmental protection, as well as economic growth. As this new way of thinking spreads, the overall trend is to closely integrate economic growth with social development. The primary objective is no longer fast GNP growth, but improvement of the people's welfare and the satisfaction of social needs. The definition of development, it is now emphasized, is not just simply economic growth, but has been broadened to encompass economic, technical, educational, and ecological balance, a total concept that includes the basic, daily needs of the people, which extends to freedom, equality, and democracy.

Throughout the 1980s, the ranks of development experts have been expanding steadily overseas. One after another, they have amended their development strategies in light of their nation's strategies or the global perspective. The result is a flurry of new and improved strategies. One of them, the coordinated development strategy, is gradually demonstrating its vitality and has received widespread international attention. At the heart of the coordinated development strategy is comprehensive social modernization. Because the coordinated development strategy emphasizes comprehensive social development and focuses on the dynamic, coordinated development of all social and economic elements in different places and at different points in time, it is more scientific and rational. If the development strategy that

satisfies the basic needs of the people reveals what is wrong with the growth first strategy, the coordinated development strategy goes one step further by indicating the solution. Reviewing the parade of social development strategies devised and implemented by the governments of various nations and experts since World War II, one can readily see that the conception and evolution of these development strategies are essentially in line with the progress of social development, reflecting the radical changes in the social development thinking of the public. Generally speaking, there are two major changes. First, there was a change from material-centered development to man-centered development. Second, total social development replaced economic growth as the objective of development.

In brief, the above-mentioned changes in social development thinking are objectively inevitable, as well as the result of an ever-deepening understanding of development issues. Single-minded economic development has been replaced by human-oriented total development. Under the new development theory, economic development is regarded as merely one aspect of total social development. Even more important, the development of man, the main subject in society, becomes both the means and end of development. On the one hand, the satisfaction of human needs is now both the be all and end all of socioeconomic development. On the other hand, the enormous spiritual and material production forces that man generates in the course of development are regarded as the basic driving force of socioeconomic development. No doubt, this is a social development theory that will promote coordinated, stable, social development more quickly and comprehensively. It should be the principal guiding thought in formulating a strategy for coordinated socioeconomic development.

## II.

China is a developing country. In the course of socialist modernization, it must not go down a blind alley for which others have paid a hefty price. But it is similarly faced with a need to change socialist development thinking to expedite coordinated socioeconomic development.

In the 20-odd years between the Second Five-Year Plan, which followed the completion of the three great transformations, and the 3d Plenum of the 11th CPC Central Committee in the late 1970's, China has made tremendous achievements in economic construction, social development, and living standards. Overall, however, we were still following the traditional development strategy that single-mindedly pursued GNP growth. We were still taking the road of high growth rate, high accumulation, low wages, and industrialization. The result was fast growth, but not fast development. The people's living standards have not gone up correspondingly, which, in turn, has slowed down economic growth and development and created a severe imbalance in socioeconomic development. This is the major failure in socioeconomic development. It is also what is wrong with the traditional

development strategy. Since the 3d Plenum of the 11th CPC Central Committee, and after the shift in the direction of the party's work and the gradual intensification of various reforms, the coordination of social development with economic development has successfully made its way into the agenda. Since 1982, the first year of the Sixth Five-Year Plan, China has replaced its national economic plan with a national economic and social development plan. More than a change in name, this represents a strategic change of historic significance, a change from the past practice of pursuing fast growth single-mindedly while overlooking social development. It is also an expression of the maturing of public thinking on the issue of social development.

The tidal wave of reform and opening up which began in the late 1970s has not only injected unprecedented energy into the national economy, but has also widely affected all areas of society, politics, psychology, ecology, and the environment. In a short time, Chinese society underwent an enormous, sweeping, and profound transformation. In this transformation, what particularly caught the attention of the world was China's achievements in economic construction. Meanwhile, the people's living standards have also risen noticeably.

It is a palpable fact that reform and the open policy have enabled the productive forces in China to make great strides. The nation has become stronger economically, the people's living standards have improved markedly, and society has assumed a new look. Now what needs to be addressed is this. In the course of reform and opening up, our guiding thought still stressed the economy and overlooked society. Fast economic growth was pursued exclusively and there was an undue emphasis on the development of productive forces. Consequently, while the economy expanded rapidly and productive forces grew by leaps and bounds, many unexpected problems emerged, leading to a lack of coordination, and even an imbalance, between economic development and social development. A host of phenomena contrary to the coordinated socioeconomic development strategy are worsening before our very eyes.

—Loss of control of population growth. Relevant data show that there is an annual average of 9.6 million unplanned births, almost all of them in rural areas. Despite repeated efforts to outlaw it, illegal childbirth—by women who have more than the authorized number of children, who married and had children early, or who give birth outside of wedlock—has not been eliminated, resulting in a large number of unregistered "black babies." According to conservative estimates, there are at least 20 million such unregistered "black babies" in the Chinese countryside. The uncontrolled childbirth and resultant jump in population has inflated the population base, which was huge to begin with.

—A huge population exerts pressure on society all around. But behind the question of numbers is the more fundamental question of population quality.

Influenced by the commodity economy tide, people now pursue money more eagerly than they do knowledge. The belief that "knowledge has lost its value" and that "studying is useless" are still attracting more and more believers even now. In many areas, the educational development and economic development are moving in exactly opposite directions. Development of basic education, in particular, has not only failed to keep pace with or overtake the economy, it has actually fallen behind in some cases. The decline in education and deterioration in the quality of the population have a dire consequence—a new generation of illiterates even before illiteracy in the old generation has been eradicated. One day we will put our institutions in order, only to run smack into the barrier created by the culture gap in our population.

—Soaring population growth has been accompanied by a drastic reduction in cultivated land, thus magnifying the dual problem of more people, less land. According to statistics, because of capital construction, rural housing development, and other factors, cultivated land has shrunk by 22 million mu each year on average, including 7.20 million lost to desertification.

—Rapid population growth and economic expansion has sharply exacerbated the excessive demand for resources and has resulted in their irrational development and use, thereby destroying the balance between nature and society. To satisfy the daily requirements of an ever-growing population, people have extracted resources above and below ground in a predatory fashion and have generated even more waste. In addition, water shortages, water pollution, energy shortages, traffic congestion, noise pollution, garbage accumulation, have all resulted from burning huge quantities of fuels for domestic or production purposes and have long been common phenomena in our daily lives. Now the worrisome thing is that even while their proliferation is lifting peasants from poverty and helping them become rich, township and town enterprises have created brand new problems for the rural environment. According to statistics from agricultural departments, over 90 percent of the hundreds of thousands of new township and town enterprises began operation without undergoing environmental protection inspections. It is now clear that in many places, "becoming rich faster than others" goes hand in hand with "becoming polluted faster than others." Some people worry that the environmental problem is strikingly similar to the population problem. If we do not quickly adopt effective measures, the condition of our environment by the end of the century may well reach the point of no return, in the same manner as the population problem. It appears that such concern is not alarmist.

—The undesirable consequences of emphasis on the material and disdain for the spiritual, as well as the emphasis on economic construction and undervaluation of culture and education, have reached the stage where the success or failure of reform and the open

policy is at stake. In the course of opening up to the outside world and introducing advanced foreign technology and management experience, we have also let in a large influx of Western culture and ethics, which has dealt a heavy blow to traditional Chinese culture and ethics. This gave an opportunity to things that were never able to develop in the past to grow and spread. Even evil deeds that disappeared for a while have reappeared.

—Along with the decline in “spiritual civilization,” all kinds of crime and illegal activities have increased in society. All manner of criminal cases are increasing steadily. Even criminal gangs of a triad nature have been stirring in coastal areas. To a certain extent, crime increases in tandem with economic development. In the past few years, places like Shenzhen, Shantou, Jinjiang, Shishi, and Wenzhou have, because of their access to the coast, become production and distribution centers of “pornographic material.” Earlier, there was a crackdown on prostitution, the manufacture and sale of pornographic materials, gambling, and other illegal activities which had survived repeated bans and were conducted openly or semi-openly at one point.

—Today, when principles of the commodity economy are becoming more and more a part of people’s consciousness, the importance of material things has been greatly magnified. People are being swept along by a desire to accumulate wealth. There is nothing wrong with that, but because of the unequal competition that takes place in the redistribution of wealth in society, income gaps between the various social strata have widened improperly. Inequitable distribution takes many forms: trading money for power, mental labor and manual labor commanding just the opposite prices, excessive income disparities between employers and workers, and the failure of wages to keep pace with price increases. In a sense, this has made the conflicts of interest between different social strata and their members sharper, more widespread, and more apparent. Clearly, excessive gaps are neither what socialism advocates, nor what reform and the open policy seek.

It should also be pointed out that because we embarked on reform and introduced the open policy without adequate theoretical preparation, the public was not fully psychologically ready for the change. Thus the traumatic experience proved to be more than they could handle psychologically. Reform and the open policy brought to the fore a host of social psychological disorders that developed and took root in the past: the craving for stability, fear of disturbances, high expectations, lack of tolerance for setbacks, and a strong sense of social justice. All this is worlds apart from a harmonious social psychology and environment.

### III.

In view of the lessons we have learned from the various development strategies of other developing nations over

the years, as well as from the imbalance between social development and economic development in China today, any development strategy aimed at advancing coordinated socioeconomic development in China should proceed from a new social development theory and focus on the weak links in social development. The many elements that constitute social development should be studied from an overall systematic perspective, comprehensively and multi-dimensionally. The following relations should be handled properly: the relations between the economy and the population, between the economy and society, between the economy and the environment, between the population and society, between the population and education, between the population and resources, between society and science and technology, between science and technology and production, between production and living, between production and ecology, between growth and development, and between growth and efficiency. Short-, mid- and long-term forecasts on changes in social structure, social relations, social behavior, demographics, and the ecological environment should be conducted in order to devise policies that can bring about economic prosperity and political stability, and enable administrative and managerial mechanisms to operate properly, as well as to inspire the people spiritually and ensure a healthy cultural life. Accordingly, I think we should draw up a comprehensive socioeconomic development strategy based on the development of productive forces and centered on human development, a strategy in which economic growth, the political system, culture, ideology, demographic conditions, the quality of life, social order, science and technology, and ecology would all be in harmony with one another. In this development strategy, the development of productive forces is what will ultimately determine overall social development. The economy is always society’s base. Both the development of productive forces and social development must revolve around man, the main subject in society. Human development should be the ultimate litmus test. To reliably guarantee the development of productive forces and human development, all-around social development must emphasize the organic coordination of all elements.

According to the requirements of the new social development theory and in line with the basic thinking behind China’s coordinated socioeconomic development strategy, China should proceed along the following lines in the near future:

1. We shall correctly interpret and handle the relations between economic growth and overall social development and eliminate the guiding thought that emphasizes the economy and overlooks society in thought and deed.

Judging from the many local development plans and development strategies that have been unveiled in recent years, their objective is not coordinated socioeconomic development, but economic goals or economic growth strategy. Thus what should be a multi-element development strategy becomes a single-element development strategy, clearly contrary to the strategic requirements of

coordinated socioeconomic development. Note that economic development has never been purely an economic issue. The development of productive forces at a high rate is less an economic mission than a mission of transforming the entire macro social structure that includes the economy, politics, culture, population, and the environment. The single-minded pursuit of output value and targets and the economic overheating caused by excessively rapid growth that goes beyond what is permissible by objective conditions not only mitigates against economic development, but will also cause a host of social problems. To accelerate economic growth within a short period of time, some localities, sectors, and units in China have adopted a policy of high inputs, including human, material, and energy inputs, while cutting back on consumption and equipment. But their development has no staying power; the higher they rise, the harder they fall. In the long run, they too will have to deal with endless problems. With its limited resources and energy, China cannot afford to invest thoughtlessly in a way that is concerned only with the present and ignores the future. We should avoid acting shortsightedly, or demand instant success. We should adjust the relations between economic growth and overall social development, maintain an appropriate amount of growth momentum, and concentrate on improving economic efficiency and social benefits. For now, it is particularly important that we guide the overall development of the national economy in light of constant changes in the social consumption structure and social demand. Even as we strive to improve economic efficiency, we should pay attention to the social benefits of economic activities and relate the results of economic activities to such factors as the comprehensive utilization of resources, improvement of the people's living standards, development of spiritual civilization, preservation of social order, and maintenance of the ecological balance, and consider them in an overall context. The guiding thought that substitutes economic development for total social development should be corrected.

2. The situation in which reform commands more attention than human development should be corrected without delay. Human development should be given closer attention in reform and opening up.

It should be made clear that the reform and open policy currently under way seeks to give man more and more control and realize human values. Its essence and central purpose is to mobilize man's initiative, enthusiasm, and creativity, bring out his vitality, and his development. If removed from the development of man as the subject in society, all other elements would be like a tree without roots. Even if they develop briefly, they will shrivel and die in the end because they are far removed from the goal. Accordingly, the lack of attention to human development in reform should be rectified as soon as possible. We should establish the idea that population, economy, society, education, resources, and environment form an organic whole. We should draw up a network of interrelated policies and development plans to make the population factor the key to coordinated development in the

comprehensive social development plan. We should make sure that population control and development are closely related to everything else in the course of reform and obtain the best overall results. The grim reality today is that runaway population growth is accompanied by a decline in the quality of the population. What we urgently need is a policy of population control that has the force of law and is backed by other effective measures such as a financial policy. A variety of tools, foremost of which would be legal instruments, but would also include economic, administrative, educational, and ideological tools, should be used together to establish a new population control mechanism suited to the new situation under reform and the open policy. The idea is to make population growth rate and overall social development dovetail each other. At the same time, we must consider the decisive impact of population quality on coordinated socioeconomic development from the strategic plane and tackle it as diligently as we tackle population control. We should hold high the banner of "developing the nation on quality" and instill in the public the idea that the hope of modernization lies in improving the caliber of man, as well as the idea that human development is the fundamental development, making them the shared values of modern society. Policies should be formulated soon to correct such anomalies as the devaluation of knowledge and the decline of education. The basic position of education and science and technology should be clearly established to ensure that they will keep pace with and even pull ahead of socioeconomic development, so that the quality of the population will meet the demands of coordinated socioeconomic development.

3. Even as we guide the people to correctly understand and handle the adjustment of interests in reform and opening up, we must develop and maintain normal relations between the various interest groups.

When all is said and done, reform is a readjustment and redistribution of interests, an effort to pull together a rational and efficient pattern of interests to expedite the development of productive forces and the advancement of society. This is a massive piece of systems engineering that touches upon the people's most personal interests. Because of institutional flaws, lack of coordination between different reforms and lack of equal opportunity, people have received uneven degrees of satisfaction of their interests. Needless to say, we must properly guide people to fully appreciate the long-term and complex nature of reform, accurately view gains and losses properly in the course of reform, and acquire the necessary concept of price. The trend to idealize unrealistically and have overly high expectations must be checked so that people will be better able to cope with reform. At the same time, we must not overlook the fact that reform is the adjustment of irrationalities in the existing pattern of interests distribution between members of society, and redistribute interests to the most realistically possible extent in order to release human potential and ultimately bring about more tangible benefits for the people. If, in

the end, all that reform accomplishes is further distortions and anomalies in the distribution of interests so that costs and benefits accrue to totally different parties, then some people would inevitably be disillusioned with reform. Certain destabilizing elements may then come into play, to the detriment of social stability and harmony. Judging from the present situation, certain excessive income disparities caused by economic disorder and other superficial reasons have been ameliorated. However, wide income gaps caused by deep-seated institutional and policy factors are far from resolved. In the course of reform, therefore, we must ensure that there is a generally balanced relationship between those who pay the costs and those who receive benefits, establish new interest accommodation principles and mechanisms based on unequal distribution in real life, and develop without delay an interest relationship that is both rational and workable through the formulation of laws and regulations. On the one hand, we should insist that there be legitimate and justifiable differences in the interests distributed to the various strata. On the other hand, we must firmly prevent one stratum from becoming a newly-rich stratum or an impoverished stratum. We must do our best to let all strata benefit from reform and the open policy equally over time and prevent people from securing interests improperly. This is the only way to gain maximum support from the masses for the great enterprise of reform in the various strata, and is the only way to inspire their fervor for reform and enthusiasm for labor, thereby creating a harmonious and relaxing interpersonal environment and social climate for coordinated socioeconomic development.

4. We should comply with the laws of ecology and economics and handle the relations between economic development, resource extraction, and environmental protection correctly.

In China, the reality of ecological imbalance and even ecological crisis is a warning to us that today the only feasible way to handle the relations between economic construction and ecological construction is to clean up the environment at the same time that we develop the economy. Environmental protection and the preservation of the ecological balance should be incorporated into socialist modernization in China so that economic construction and ecological and environmental protection will promote one another and develop in harmony. Toward that end, our most urgent task right now is to heed the danger signals sent out by the ecological environment, and engender a sense of urgency and environmentalism among the masses. In particular, we must make leaders at all levels even more environmentally conscious, correct narrow, biased views on resources, instill a total resource viewpoint that encompasses social, economic, and ecological elements, and overhaul our thinking on the extraction, utilization, and preservation of natural resources. The idea of the full utilization of resources should be revised as the appropriate utilization of resources. The single-minded emphasis on the

utilization of resources should be replaced by the idea of resource renewal and protection. Instead of meeting the needs of the economy exclusively, we should seek to meet ecological demand as well as economic demand. Even as we formulate and implement ecological and economic regulations aggressively, we should make the coordinated development between the ecology and economy as our basic starting point. National economic development plans should be drawn up in a way that will meet the demands of environmental protection as well as satisfy the need to develop production and improve the economic structure. We should take the long-term view in agricultural and industrial production, transportation construction, and urban design and development; and incorporate environmental protection into the orbit of economic development through the formulation of such plans as industrial distribution, choice of technology, method of treatment, and investment distribution. In addition, environmental quality should be included in the tenure and responsibility system for administrative managers at all levels of government. How well a leader accomplishes his environmental objectives and tasks should be a major criterion in the evaluation of his performance.

5. We should establish and improve a new code of social conduct and improve the comprehensive regulatory and control mechanisms of social stability.

During the period of reform and opening up, society is at a low level of stability. Yet stability is in the best interest of the entire nation. Maintaining a stable, united political situation and keeping a stable and orderly society are prerequisites for coordinated socioeconomic development in China. Numerous chaotic things happen in social life these days. They are neither intrinsically a part of reform and the open policy nor insurmountable social contradictions. But the occurrence and continuation of these chaotic phenomena will no doubt seriously hamper coordinated socioeconomic development, and even jeopardize stability throughout society. We should therefore take advantage of the opportunity now offered by the transition in society and focus on the new conditions and problems in socioeconomic development by overhauling and perfecting all social norms, establishing a variety of management systems, and ensuring that social mechanisms operate and human beings behave in an orderly fashion in accordance with rules and regulations. Moreover, social control must be strengthened using a variety of tools, dominated by legal control but including economic tools, power, policy, institutions, morality, conventions, public opinion, and ideological and political work. The management and supervision of social life, social conduct, and social relations must be tightened so that the reach of social control mechanisms can be broadened to cover the entire society.

6. We need to develop a system of social development indicators to form the basis for assessing leadership and decision-making in the task of coordinated socioeconomic development.

To make sure that economic development and social development proceed in harmony in the near future without a major imbalance, it is imperative that we proceed from actual conditions in social development in the various localities and create a system of social indicators by selecting a host of representative quantitative indicators (including a warning system) that assess the status of socioeconomic development and embodies the relations between the various elements of socioeconomic development, as well as the development trends. By analyzing these quantitative indicators, we can monitor the trends and coordinate socioeconomic development. The warning system, in particular, can help us locate the latest movements that are still in the early stage but may result in a major disaster somewhere down the road. Leading departments and society at large can then be warned to study them in advance and come up with practical countermeasures. In this way, what is potentially a disaster can be effectively nipped in the bud, and we can avoid major imbalances in socioeconomic development.

#### **Karaoke Bars To Feature Ideological Videos**

*HK1405013091 Hong Kong SOUTH CHINA MORNING POST in English 14 May 91 p 1*

[By John Kohut in Beijing]

[Text] In the life and death struggle to build socialism, China's Communist Party Propaganda Department has found a new battlefield—the burgeoning karaoke scene.

The propagandists recently ordered about half-a-dozen state-run companies to produce a series of karaoke videos with a more ideologically sound message than that of the frivolous love songs, mainly from Taiwan and Hong Kong, currently favoured by Chinese crooners.

According to Chinese sources the new videos, under the Zhonghua (China) label, will feature Chinese opera, folk music and revolutionary songs.

Hundreds of songs will be produced under that label by July 1, the 70th anniversary of the founding of the Communist Party.

Among the songs to be released are "Our Leader Mao Zedong" and "On the Golden Mount of Beijing," a song

about Mao being like the golden sun popularised in the 1960s by the famous Tibetan singer Caidanzhuoma.

Another is "Graduation Song," and anti-Japanese song from the pre-liberation era.

The first karaoke bar in China appeared in Shenzhen in September 1988 and the business has grown rapidly since then.

Beijing and Shanghai now have about 50 karaoke bars each, and Guangzhou has more than 100, according to Chinese sources. In addition, many hotels and even billiard halls offer karaoke.

Adding the socialist touch, however, is the brainchild of Mr Xu Weicheng, the hard-line vice-chief of the Propaganda Department who sent out a team of his minions earlier this year to investigate the karaoke scene, the sources said.

The investigation teams were impressed by the rapid growth of the karaoke business and advised that karaoke should be exploited for ideological ends.

"He (Mr Xu) wants to take over the karaoke scene," said one source.

Some karaoke bars already list revolutionary songs on their menus, but love songs still dominate.

Karaoke bars, normally patronised by wealthy private businessmen, will be encouraged but not be forced to buy the Zhonghua label, the sources said.

In the initial stages of marketing, the videos will be given to labour unions, schools and cultural organisations.

Mr Xu faces tough competition from private video-marketers who continue to turn out commercial pop music in order to cash in on the growing demand for light entertainment.

In Sichuan province, the authorities earlier this year introduced Sichuan opera songs to karaoke bars to stem the influence of music from capitalist countries.

The Bayu tea-house in Chongqing, the first to offer traditional local opera karaoke, was built at the behest of the head of the city's Communist Party committee.

## CENTRAL-SOUTH REGION

### Hainan Crime, Gambling Discussed

91CM0339A Hong Kong KUANG CHIAO CHING  
[WIDE ANGLE] in Chinese No 221, 16 Feb 91  
pp 30-33

[Article by Han Shanbi (1383 1472 4310): "Hainan's Fanatism for Gambling Adversely Affects Public Order"]

[Excerpt] [passage omitted] **Public Order in Chaos, Thieves in Abundance**

On Hainan, people have a down-to-earth style. In the past, public order has been extremely good. Although it was not necessarily the case that no one would pocket things they found on the road, it definitely was possible to leave doors unlocked at night. Particularly in the summertime, sleeping with unlocked doors was a common thing. But now there are large numbers of robbers and thieves. Not only is thievery carried out at night, but it is also common to have robberies committed in broad daylight. Not only is public order in the cities bad, but it is also bad in remote villages. When it comes to handling prosperous overseas Chinese who have returned to China, the Public Security Bureau must especially protect them at night! There is fear of bandits who loot and plunder. After this writer arrived in Haikou, a friend gave a special warning: Do not walk the streets alone at night, because women's necklaces (many belonging to Hong Kong and Macao overseas Chinese) and handbags are snatched. Men are forced into dark corners and robbed, and beatings are also common. Last year a Taiwanese businessman was robbed and killed at a guesthouse, and the case remains unsolved.

The countryside was formerly tranquil and peaceful, but now it too is not immune to disturbances. Peasants do not have much money, and robberies only involve animals within a house. In the countryside, many people steal chickens and dogs, and hence in many places one sees no chickens or pigs. A chicken is only worth about 10 yuan, but the peasants are poor to begin with, and 10 yuan is a sizable sum of money to them. They bitterly detest chicken thieves, and will surely beat thieves if they catch them, even beating them to death. One villager exultantly described to me how he had caught and beaten a chicken thief. By the time the public security personnel arrived, the chicken thief had already been beaten to death; they did not know who had killed the thief, and were forced to leave the matter unsettled. I reprimanded them, telling them that all those who had taken part in the beating were murderers, and that in Hong Kong they would have been prosecuted for murder. They were quite astonished, asking, "Is beating a thief also a crime?" I said that it certainly was a crime. We are not law enforcement personnel, and have no right to punish criminals on our own. After capturing them, you can only turn them over to public security organs. Besides the fact that someone should not die for stealing a chicken, beating people to death is the same as murder.

They could not believe me. One said angrily, "Even when we beat the robbers, there are so many of them; if we don't beat them, won't there be even more?"

Another said, "As far as turning them over to public security, they have connections and get themselves released."

This one petty case of chicken stealing shows that peasants have run out of patience, and people are gradually becoming more cruel. It also shows that peasants do not have faith in public security personnel. There clearly are cases where some public security officials act in collusion with criminals.

### Criminal Gangs Rampage, Brazenly Challenging Public Security

In the past, peasant youths were for the most part honest, straightforward, and sincere. They could bear hardships and do hard work. These qualities are nowhere in evidence among today's youth. Responsibility for land is divided up, there is no need for so many people to till the land, and the income from farming is small, thus young people generally think that "there is no future in farming." For this reason, they do not want to help their parents, and are unwilling to go to the fields and till. Hainan also has no rural enterprises to speak of, thus there is no way to assign jobs to the large quantity of surplus rural laborers. Young people idle about all day long, fooling around. In addition, middle schools have recently concocted various pretexts for collecting excessive student fees. The parents of one middle-school student were required to pay 100 yuan. Many parents cannot handle this obligation, and rural middle-school students leave school one by one, which increases the army of idlers in the countryside.

When young people (between 10 and 20 years of age) have nothing to do and gather together, what good can come of it? Nothing more than playing tricks, gambling, quarreling, and fighting. This also naturally develops into the formation of criminal gangs and factions, which start with a few people and gradually grow in strength. Wenchang has a relatively large criminal gang that has grown to include five or six hundred members. The gang not only engages in gang fighting, but also robs and even loots, disregarding the public security police.

Members of criminal gangs here are like underworld figures in Hong Kong and Taiwan. They are fierce and are fond of tattoos. They tattoo dragons, phoenixes, and beasts of prey on their arms, chests, and backs, or tattoo their gang's emblem or slogan. Supposedly several months ago a gang made up of five or six hundred people roamed the streets of Wenchang County in force, brazenly swaggering through the city and carrying a placard reading "massacre so-and-so." The Public Security Bureau did not dare take action. Today's rural youth frequently engage in gang fights, and not only wield knives and axes, but even handguns. There is a wide variety of handguns, both of the homemade and military varieties. When public security personnel come and

surround them, the gang members even dare to exchange fire with the public security personnel. The situation in Wenchang is considered to be relatively good for Hainan. Reportedly the situation in Dingan, a large county, is even worse.

### Island-Wide Gambling Frenzy

With regard to the causes of breakdowns in the social order and the terrible public security, in addition to some of the factors mentioned above, I believe that the greatest cause is the gambling frenzy that is already sweeping the entire island. This type of gambling is not the group gambling that involves mahjongg or betting on Chinese dominos, but a lottery that the whole island's society has bought into, men and women, old and young.

Last year, Hainan's Finance Department and its provincial government sent a report to the central authorities stating that, in order to raise funds for Hainan's development, they sought approval to sell lottery tickets. However, this lottery was not the same as the insurance lottery on the mainland, nor was it the same as Hong Kong's liuhe [0362 0678] lottery. Rather it was similar to Hong Kong's zihua [1316 5363] lottery in the 1950's and 1960's, which was banned but not totally eliminated, and similar to the sizi [0934 1316] lottery (choose four numbers), which is popular in Singapore and Malaysia. The gambling method is very simple: buy four Arabic numerals, and they are correct, the more you have bought, the greater the payoff.

The perniciousness of this type of gambling involves the fact that:

First, there is no limit on the stakes; one can buy tickets for one yuan, for 10,000 yuan, for 100,000 yuan, or for 1 million yuan. Some people spend from 100 to 300 yuan; some people sell pigs for 1,000 yuan and spend it all. The result is that some people lose family fortunes, husbands and wives separate, and some people have even committed suicide by jumping from buildings.

Second, the method of winning is similar to that of "zihua," with literary books and charts taken as "puzzles." Everyone thinks about these books and charts day and night, trying to figure them out. Humans have a common, major weakpoint: they always think they are right. Regardless of whether a person has a doctorate and an advanced education, or whether a person is a relatively illiterate farmer, everyone thinks he is intelligent, and that he can guess the answer. Under the impetus of this self-confidence, people gamble away all of their family's possessions.

Hong Kong's liuhe lottery does not have any "puzzles," and does not allow the printing or distribution of any books or charts which give hints. Singapore and Malaysia's "sizi" lottery is also like this, because the government prohibits dissemination or personal handling of any hints. This type of gambling on pure luck lacks in stimulation, and thus the people of Hong Kong, Singapore, and Malaysia gamble in moderation, and there

cannot be the sort of fanaticism for the lottery that has happened all over Hainan Island.

I returned to Hainan for only a few days, but everywhere I went I saw people carrying books or charts, trying to figure out what the numbers would be. They also often asked me for advice, and wanted me to guess. I was unwilling to expend effort on this type of thinking and tried to persuade them not to gamble, but I believe my words had little effect; nobody listened conscientiously to my pleas. Before I left Wenchang, I went to visit a doctor late one night. My uncle was ill and had repeatedly seen a doctor; I wanted to visit, find out about his condition, and then leave. When I arrived, I found the doctor engrossed in a study of sizi. The rural person who had accompanied me immediately joined him in his studies. From this I could see the fanaticism for the sizi lottery.

There are reports that HAINAN RIBAO once published a notice stating that there was no relation between literary books and charts published outside the country and the lottery company, and that the items were by no means disseminated by them. One may ask, who has nothing better to do than this type of thing? Why does the lottery company add fuel to the flames? One may also ask, what is the Hainan Public Security Bureau doing? Why do they not investigate this? Why do they not ban dissemination of the tupes of "books and charts" that are puzzles? Lotteries and gambling have already damaged the will of the people, and puzzle-type books or charts act as a catalyst.

The poor condition of public security on Hainan, and the chaos in its social order are closely related to the gambling frenzy.

Third, gambling also has a major harmful effect. This is namely that, no matter who wins or loses, once one is enchanted, one does not think about production. This is a very obvious fact, and I will not go into detail about it. [passage omitted]

## NORTH REGION

### Changing Life of Mongols in Farming Regions Studied

91CM0407A Beijing SHEHUIXUE YANJIU  
[SOCIOLOGICAL STUDIES] in Chinese No 1, 20 Jan 91  
pp 52-57

[Article by Bao Zhiming (0545 2535 2494), Sociology Institute, Beijing University: "The Changing Life of the Mongol Nationality—An On-the-Spot Survey of Sanyefu Village"]

[Text] Sanyefu Village is located in Bagatalasumu in Ongniud Banner, which is under the jurisdiction of Chifeng City in Inner Mongolia. It is a village with a mix of Mongol and Han residents. Today the village has 319 people in 70 households. Of these, 16 households, a total

of 82 people, are Mongols. As a result of changes in the ethnic structure and production patterns during the past 40 years, there have been substantial changes in the daily lives of Mongol villagers. These changes are typified in Inner Mongolian farming regions, which substantially reflect a general trend of change in the lives of Mongols living in farming regions. This article looks at data gathered from an on-the-spot survey of the village conducted during July and August 1989 to try various analyses of typical cases of two changes in the life of Mongols. These changes are namely the use of Mongolian and intermarriage between Mongols and Hans.

### I. Population and Production Patterns

Changes in the use of Mongolian and intermarriage between Mongols and Hans in Sanyefu Village have taken place under specific social and historical conditions. Therefore, before discussing the above changes, it is necessary to provide a simple exposition of changes in Sanyefu's population and production patterns.

#### A. Changes in Population

Changes in the population of Sanyefu Village since liberation have produced two types of consequences.<sup>1</sup>

1. The absolute size of the village's population has increased. Before liberation, Sanyefu Village had only 93 residents in 17 households. Today, the population has increased to 319 people living in 70 households, which is a quadrupling of the population (see Table 1) [as published]. There are two main reasons for the increase in Sanyefu Village's population. First, there was a large influx of immigrants. Nearly 80 percent of Sanyefu's 70 households are new households.<sup>2</sup> Most of the immigrants come from Chifeng's southern farming region, where cultivated land is scant and infertile, and where the standard of living is relatively poor. When they immigrated, the area of reclaimable land in Sanyefu and nearby areas was large, its quality was good, and the standard of living was also relatively high. This attracted a large influx of new immigrants. Second, the natural rate of population growth was too high. Most of the new households moved into Sanyefu before the 1960's. By the end of the 1950's, the village's population base figure was already very large, and subsequent natural population growth caused a very high rate of population growth in Sanyefu Village.

Table 1. Mongol and Han Households, and Population Increases in Sanyefu Village

Year	Statistics	Households			Population			Mongol/Han Population
		Mongol	Han	Total	Mongol	Han	Total	
1947	Number	15	2	17	81	12	93	7:1
	Percentage of Total	88	12	100	87	13	100	
1989	Number	16	54	70	82	237	319	1:3
	Percentage of Total	23	77	100	26	74	100	
Increase from 1947-1989		7%	2600%	311%	1%fold	1800%	243%	

2. Enormous changes occurred in the population ratio between Mongols and Hans. In 1947, there were only two Han nationality households—12 people—in the whole village. They were only 13 percent of the village's population, and the population ratio of Mongols to Hans was 7:1. By 1989, the Han population had increased to 237, far outstripping the village's Mongol population, and accounting for 74 percent of the village's population. The population ratio of Mongols to Hans was 1:3. Table 1 shows only a 1-percent increase in the Mongol population over more than 40 years, but a 1,800-percent increase in the Han population. The reason was that new households accounted for 80 percent of all village households, and, except for four new households that were of the Mongol nationality, all new households were Han. This was 93 percent of the new households. Clearly the main reason for the startling increase in Sanyefu's Han population was the large influx of Han immigrants. For Mongols, emigration exceeded immigration. In 1947, the village had 15 Mongol households, but only seven remained by 1956. An unmarried lama died in 1955, and seven households moved away by the end of 1956. This included five families that moved because they could not

make a living following natural disasters, and two families that moved into pastoral regions because they wanted to continue living a pastoral life.<sup>3</sup> The remaining seven households grew to 12 by 1989. The subsequent immigration of four households has brought the present total to 16 households, which is only 1 household more than in 1947. The population also increased by only one person. The enormous changes in the size of Sanyefu Village's population and in the population ratio between Mongols and Hans were one of the reasons leading to changes in all aspects of Mongolian residents' lives.

#### B. Changes in Production Patterns

Before liberation, the area around Sanyefu was vast, and it was sparsely populated. There was a large area of pasture land and the grass was of fine quality. The overwhelming majority of people inhabiting this area were Mongol herdsmen. An extremely small number of Han immigrants mostly tended livestock, living the traditional pastoral life of the Mongols. During the early 1950's, there was a large influx of Han immigrants. Although they occupied some pasture land and reclaimed some land for cultivation, they did not

directly affect the Mongols' economic life. The Hans tilled the land and the Mongols continued tending livestock. The mutual aid teams and the elementary agricultural production cooperatives in Sanyefu Village at that time were agricultural production organizations whose members were mostly immigrants. Very few Mongols joined. The reasons the Mongols lacked a desire to join cooperatives were as follows: They did not want to share with others the fruits of their labor, which they had acquired through many years of hard work. Also, they had no farming experience. They did not want to give up their traditional way of life to farm, which was strange to them. However, with the founding of advanced agricultural production cooperatives in 1956, the Mongols were forced to join cooperatives. When peasants entered a cooperative, they took with them only their tools and their land. The fruits of their previous labor, such as grain, did not go into the cooperatives. When herdsmen joined cooperatives, however, their pasture land, tools, and the fruits of their labor that they had accumulated over many years—such as cattle and sheep—all went into the cooperative. Since the population was large and the livestock few, and since advanced agricultural production cooperatives had developed from mutual aid teams and elementary agricultural production cooperatives, once herdsmen joined a cooperative, they had to give up animal husbandry and change to farming, becoming peasants.

This clearly shows that the increase in the immigrant population, and herdsmen's forced entry into cooperatives marked an important turning point for changes in

the economic life of Sanyefu's Mongols. It led to changes in Mongols' production pattern, thereby changing traditional production methods and ways of living.

## II. Linguistic Changes<sup>4</sup>

Changes in the Mongolian language in Sanyefu Village is also a matter that merits exploration. In the course of the survey, we found that the Mongols of Sanyefu Village gradually switched from speaking their own national language, Mongolian, to speaking Chinese. In addition, each passing generation was less and less familiar with Mongolian and more and more familiar with Chinese. This change was shown in the survey data. The older a person was, the greater was his grasp of Mongolian, and the younger a person was, the poorer was his grasp of Mongolian (see Table 2). Table 2 shows a higher degree of familiarity with Mongolian in older age groups than in younger age groups. A further look shows that the Chinese language abilities of Mongols in Sanyefu is just the reverse of Table 2 (see Table 3). Namely, Chinese language abilities are better among younger age groups than among older age groups. Clearly, the Chinese language abilities of succeeding generations improved, but their abilities in their own language were gradually lost. The data in Table 2 show the Mongolian abilities of Mongols who were 40 years old to be very good, which shows that 40 years ago Mongols in Sanyefu all used Mongolian. However, the two Mongols under 40 who have good Mongolian abilities are women from pastoral regions who moved into the village as daughters-in-law following marriage.

Table 2. Age and Mastery of Mongolian<sup>5</sup>

Age (Years)	Number of People	Mastery of Mongolian (percentage of total)			
		Very Good	Average	Poor	None
1-5	10		60.0	20.0	20.0
6-20	15		26.7	46.6	26.7
21-30	10		70	30.0	
31-40	6	33.3	66.7		
41-50	4	100			
51-60	4	100			
Over 60	6	100			

Table 3. Age and Mastery of Chinese

Age (Years)	Number of People	Mastery of Chinese (percentage of total)			
		Very Good	Average	Poor	None
1-5	10	40.0		60.0	
6-20	15	100			
21-30	10	100			
31-40	6	66.7	33.3		
41-50	4	75.0	25.0		
51-60	4	50.0	50.0		
Over 60	6		33.3	66.7	

The overall trend was for older age groups to have a better knowledge of Mongolian than younger age groups. The Mongolian language abilities of the 1-5 age group was better than those of the 6-20 age group, and their Chinese language abilities were poorer. This actually reflects a theoretical proposition in sociology, namely that the family plays an important role in the socialization of pre-schoolers. Our sample was of Mongol households where Mongolian was the dominant language in the socialization environment. This was particularly the case in extended families and in families in which the mother came from a pastoral region. Furthermore, the Mongolian abilities in younger age groups was not spread evenly, largely because of differences in family language environments. The family language environment as used here has two connotations: first, life in a nuclear family or in an extended family; and second, the mother's Mongolian abilities. (Here the division into pastoral-region Mongols, farming-region Mongols, and

Hans is made on the basis of the mother's Mongolian abilities). Table 2 shows that Mongols over 40 have very good Mongolian abilities. Thus, the family language environment of the children, regardless of family type, was substantially the same. The Mongolian abilities of family members in the 20-40 age group was definitely different. This was particularly so when there were very great differences in Mongolian abilities that stemmed from the woman's place of birth and ethnic status. Women's Mongolian abilities directly affected their children's Mongolian abilities. This meant that Mongol women from pastoral regions had the best Mongolian abilities; Mongols from farming regions had the second best; and Hans had the poorest Mongolian abilities. The Mongolian abilities of Mongols 20 and younger varied very greatly according to the type of family. Table 4 shows that the language abilities of children in extended families was influenced by both the parents and grandparents. Thus their level of abilities in Mongolian were higher than those of children growing up in nuclear families.

Table 4. Mongol Households and Mastery of Mongolian

Family Type	Mother's Birthplace, Nationality/Number of People	Mastery of Mongolian (percentage of total)			
		Very Good	Average	Poor	None
Nuclear Family	Total	11	27.3	27.3	45.4
	Pastoral Region, Mongol	2	100		
	Farming Region, Mongol	3		100	
	Han	6	16.7		83.3
Extended Family	Total	14	50.0	42.9	7.1
	Pastoral Region, Mongol	4	100		
	Farming Region, Mongol	3	100		
	Han	7		85.7	14.3

Note: This analysis applies to Mongols 20 years old or younger

The correlation among age, family, and Mongolian abilities to a certain extent reflects a trend of change in which the national language of Mongols in Sanyefu Village gradually deteriorated.

In Sanyefu Village, the dramatic increase in the immigrant population was the fundamental reason for the changes in Mongolian language abilities. The large-scale influx of Han immigrants into Sanyefu Village started the frequent association between Mongols and Hans. Once begun, this association was manifested in social contacts. After collectivization, the need for both nationalities to work together in production meant that they had to associate with each other; both sides needed a common language in their contacts so as to be able to exchange ideas. After 1956, because of the increase in the immigrant population, the number of people speaking Chinese greatly exceeded the number of locals speaking Mongolian. For the immigrants, this meant that they did not have to speak Mongolian in order to associate with

most of the people in the village (including minority Mongols who could speak Chinese). For the Mongols, it meant that an inability to speak Chinese meant an inability to associate with most people. This produced a situation in which studying Chinese became imperative. Of course, if Hans spoke Mongolian, they could associate with Mongols more readily; actually, among second-generation immigrants, quite a few can speak Mongolian. It is simply that Chinese subsequently quickly gained absolute dominance in the language environment. The social language environment was entirely Chinese. Although people learned Mongolian when socialized in the family, they did not use it after they entered society. Neighbors' children spoke Chinese, and Chinese was used at school. Consequently, children's Mongolian abilities stayed at the level that they had learned at home, which was just average. They had to use Chinese to express complex ideas and feelings. For the later generation of Mongols born during the past 10 years, because of an increase in the number of nuclear

families and of intermarriages between Mongols and Hans, there are longer conditions at home in which the children can use Mongolian. One might say that the changes in Mongolian in Sanyefu are an outgrowth of the influence of the overall socialized environment.

The changes in Mongolian in Sanyefu influenced the following four main areas: 1. The differences between Mongols and Hans narrowed, and intermarriages between Mongols and Hans increased. 2. Associations between nationalities increased and relations between Mongol and Han nationalities blended. 3. Mongols' conversational language changed. 4. The schools' teaching system changed. The first two influences will be discussed in the third part of this article. Here we will primarily discuss the latter two influences.

With the gradual primary use of Chinese instead of Mongolian in Sanyefu, Chinese became the *lingua franca*. However, one cannot generalize about the language used when Mongols talk with each other. Changes in the language that Mongols use among themselves are manifested specifically in the difference in the language used with those of the same generation and that used with those from different generations. We divided the Mongols in Sanyefu into four generations: great-grandfathers, grandfathers, fathers, and children. With members of the same generation and with members of other generations, both the great-grandfathers' generation and the grandfathers' generation speak almost nothing but Mongolian (a small number of those who speak good Chinese mix in Chinese words when talking with the children's generation). When members of the fathers' generation speak with those from older generations, they use Mongolian mixed with Chinese. When those of the same generation or a later generation converse, they use Chinese exclusively. The situation for those of the children's generation is just the reverse of the situation of those of the grandfathers' and great-grandfathers' generations. They can understand some Mongolian, but rarely speak it. When talking with members of older generations or of the same generation, they use Chinese. This pattern of language use among Mongols has come about naturally over a period of 40 years, and it is still undergoing changes.

As for changes in Sanyefu's education system, from the time of liberation until 1966, Sanyefu had classes in Mongolian (i.e., classes held in Mongolian). School-age Mongol children in the village went to classes held in Mongolian, where they were taught Mongolian and arithmetic; Chinese was offered in third grade. By 1966 the need for instruction in Mongolian declined more and more, for the following reasons: 1. The number of school-age children in Sanyefu and in several nearby villages was very limited. Organizing a class became very difficult each year. 2. The Mongolian abilities of second-generation Mongols was limited only to language used in daily life; complex thoughts had to be expressed in Chinese. Under these circumstances, the academic achievements of those who received instruction in Mongolian were naturally adversely affected. Consequently,

parents did not want to have their children taught in Mongolian. Correspondingly, the number of school-age Mongol children attending Chinese classes (classes held in Chinese) increased, so the need for classes held in Mongolian declined even more, and finally resulted in a halt to classes held in Mongolian. With the present revival of classes held in Mongolian, two factors must be considered: first, the desires of the masses, and second, whether objective conditions permit such instruction. The survey found there is no strong desire among Sanyefu's Mongols for a revival of classes held in Mongolian. They are fairly satisfied with the education system as it stands. In terms of objective conditions, the Mongolian abilities of school-age Mongol children today is far poorer than the Mongolian abilities of school-age Mongol children in the 1960's, when classes held in Mongolian were stopped. Classes held in Mongolian would for the most part not be understood. Therefore, in places such as Sanyefu, where the level of Chinese is fairly high, reviving classes held in Mongolian must be carefully pondered.

Although the Mongols in Sanyefu did not want their children taking classes held in Mongolian because of the limitations of objective conditions, very many Mongols want their children to master the language of their own people. Therefore, in terms of the educational system, establishing Mongolian courses for Mongol students who take classes held in Chinese is one way to improve their Mongolian. In this regard, departments concerned must explore the problem of establishing a whole teaching system for Mongolian in schools that teach classes in Chinese.

### III. Mongol-Han Intermarriage

During the past 20 years, intermarriage between Mongols and Hans has become increasingly common in Sanyefu and nearby areas. Five people in 10 Mongol households intermarried with Hans. This is half of all Mongol households. Twenty years ago, however, not a single person in the previous generation married a member of the Han nationality. This article intends to explore the intermarriage of Mongols and Hans in the following several ways.

#### A. Changes in Ideas

Changing ideas about marriage is a basic reason for intermarriages between Mongols and Hans. Superficially, the degree of education is the main reason for changing ideas about intermarriages between different nationalities. It would seem that the higher one's education, the easier it is for one to concur with intermarriages between nationalities. However, under certain circumstances, differences in the degree of education actually stem from regional differences. In mixed Mongol and Han residential areas, the education level of Mongols is generally higher than it is in pastoral regions. Likewise,

in mixed Mongol and Han residential areas, the incidence of intermarriages between Mongols and Hans is greater than in pastoral areas. Were the study limited solely to communities in which the social and cultural environments were identical, the situation would not be that simple. In Sanyefu Village, Mongols who intermarried with Hans had an average of 6.6 years of schooling. However, another five men who married women of their own nationality also happened to have an average of 6.6 years of schooling. This shows that the amount of education is not the main factor causing changing ideas about Mongol-Han intermarriages. Another fact validates this conclusion. With social development, ideas about the father's authority have become increasingly weak. In Sanyefu Village, however, parents still have ample control over their children's marriages. Only one of 10 Mongol men who married during the past 20 years married for love. The other nine had arranged marriages, to which the parents consented. Clearly this shows that the degree of education has been of little importance with regard to the changes that have taken place in the marriage ideas of people of two generations. What does play a real role is the convergence of Mongols' and Hans' languages, cultures, and living habits. Only when there is a convergence between both parties can a Han girl enter a Mongol family, or a Mongol girl enter a Han family.

Most of the youths who married or reached marriage age during the past 20 years were born after the mid-1950's. At that time, the village's social and cultural environment was already different from the living and production environment of the past. With time, these differences became more evident, until the only difference between a Mongol youth and a Han youth was their lineage. Their daily living habits were identical. The older generation of Mongols in the village retained traditional Mongol production patterns and life-styles, but changes in Mongol production patterns and living habits enabled them to let their children marry members of the Han nationality, because it made no difference in terms of language and customs whether the family had one more Mongol or one more Han. Clearly, frequent contact with members of the Han nationality, mutual understanding, changes in the production patterns and customs, and removal of language barriers resulted in changes in the ideas of older-generation Mongols.

#### B. Actual Conditions

Although it is true that Mongols' changing ideas about marriage are the fundamental reason for intermarriages between Mongols and Hans, certain conditions are still required for marriages between Mongols and Hans to take place. In mixed Mongol and Han residential areas today, the percentage of Han men taking Mongol wives is far lower than the percentage of Mongol men taking Han wives. Results of a 1985 sampling conducted in pastoral and agricultural regions in the Sanyefu area showed that 13.2 percent of Han men took Mongol wives, while 15.2 percent of Mongol men took Han wives.<sup>6</sup> Intermarriages between Mongols and Hans occur largely in farming regions where Mongols and Hans live

together, and very few occur in pastoral regions; the 15.2-percent figure reflects the combined situation in agricultural and pastoral regions. Thus, the percentage of intermarriages in mixed agricultural regions is far higher than 15.2 percent. In Sanyefu Village, marriages of Han women to Mongol men reached 31.3 percent. This shows the reverse situation, namely that the percentage of Mongol women from mixed Mongol-Han residential areas entering a Han family is far lower than the percentage of Han women who enter a Mongol family. Not only do Mongols not like their women to marry Han men, but they also do not like them to marry Mongols in agricultural regions. In the area around Sanyefu, farming regions are predominantly Han and pastoral regions are predominantly Mongol; consequently Han has become another name for farming regions. An unwillingness to have a woman marry a Han is actually an unwillingness to have a woman marry into a family from a farming region. In the Mongols' view, life in a farming region is poor and hard. This idea has deep roots, so much so that large numbers of Mongol women "flow away" to pastoral regions. Differences in economic levels between farming and pastoral regions support this idea. For example, Hetazi Brigade—which is in an agricultural region—and Qigang Gacha—which is in a pastoral region—are both under the administration of Sanyefu Village, but a comparison of the two shows very marked differences in wealth.<sup>7</sup> In pastoral regions, not only has the problem of sufficient food and clothing been solved, but very many families have certain reserves. In the Hetazi Brigade, very many families find getting sufficient food and clothing difficult. From a Han standpoint, as the frequency of associations between Mongols and Hans increases, there are fewer misgivings about intermarriages with Mongols. Furthermore, members of the Han nationality who are ruled by a desire for more children and more wealth frequently use intermarriages as a means of evading family planning controls.<sup>8</sup> They also expect their children to receive special consideration for schooling and for getting jobs. For these reasons it is the Hans who take the initiative in intermarriages. They both want to take Mongol wives and marry their women to Mongols. However, as mentioned above, large numbers of Mongol women in farming regions "flow out" to pastoral regions, and women in pastoral regions do not want to marry into Han families or go to farming regions. Thus the result is that an overwhelming majority of intermarriages are of Mongol men taking Han women as wives.

In addition to the above, the extent of blending in relationships among nationalities is also an element affecting intermarriages. If relations between the two nationalities are tense, intermarriage become impossible. Intermarriages between Mongols and Hans in Sanyefu demonstrate this point. The founding of advanced agricultural production cooperatives in the village in 1956 demolished the separation between Mongols and Hans, enabling Mongols and Hans to associate indiscriminately. Furthermore, an increase in Mongols'

degree of familiarity with Chinese also provided favorable conditions for associations between Mongols and Hans. As associations between the nationalities increased, mutual understanding and mutual confidence developed between the two peoples. This eliminated prejudices between them and produced a blending and a harmonious relationship. This has played a role in intermarriages between Mongols and Hans that cannot be overlooked.

The preceding discusses changes in the lives of Mongols in Sanyefu in terms of population, production patterns, language, and Mongol-Han intermarriages. These elements are interrelated. The increase in the Han immigrant population led to changes in types of production and language. Changes in production patterns promoted changes in customs and habits, and changes in language, customs, and habits led in turn to a convergence of the language and living habits of the two peoples. This made it possible for Mongols and Hans to live in a single family, which is to say it led to intermarriages between Mongols and Hans. Conversely, the increase in intermarriages between Mongols and Hans played a role in promoting language changes.

Today, Sanyefu has become a cultural environment for blending between Mongols and Hans, creating conditions for the continued and matched advance of the Mongols and Hans.

#### Footnotes

1. Sanyefu Village was liberated in 1947.
2. Pre-liberation residents are known locally as old households; post-liberation residents are known as new households.
3. Following the founding of advanced agricultural production cooperatives in 1956, Sanyefu Village's Mongol residents switched from animal husbandry to farming, becoming peasants.
4. Generally speaking, language changes include both micro and macro changes. Micro changes refer to changes in a language's internal structure (pronunciation, grammar, vocabulary, and meaning). Macro changes denote people changing from speaking one language to speaking another, or a marked change in their degree of familiarity with or use of a certain language. Micro changes are gradual and natural changes that occur through the endlessly long river of history. Macro changes are conditional, and require a dramatically changed social and cultural environment; macro changes are actually an inevitable outgrowth of social change. Viewed from this angle, a micro change is a change in linguistic meaning, and a macro change is a change in sociological meaning, which is what this article explores. Unless further explained, the language changes discussed in this article are macro changes.
5. Four Mongol households—comprised of 27 people—did not understand Mongolian when they immigrated to

Sanyefu. The role that these Mongol immigrants played in Mongolian changes in Sanyefu differed from that of the Hans; thus it is beyond the scope of this table. The same applies in subsequent tables.

6. Please refer to Ma Jie [7456 2054] and Pan Naigu [3382 0035 6253], "Study of Intermarriage Between Mongols and Hans in Chifeng Rural Pastoral Regions," BEIJING DAXUE XUEBAO [BEIJING UNIVERSITY BULLETIN] Philosophy and Sociology Section, No 3, 1988.

7. In Mongol areas, a brigade is called a gacha.

8. If one partner in a marriage is of a minority nationality, special consideration is given in family planning.

**Township, Town Structure Reorganization Viewed**  
*91CM0394B Tianjin QIUZHI [SEEK KNOWLEDGE MONTHLY] in Chinese No 3, 5 Mar 91 pp 36-37*

[Article in the "Rural Page" column by Bai Ruisheng (4101 3843 3932): "Straighten Out the Townships' and Towns' Organizational Structure." The author is the secretary of the Beijiao District CPC Committee]

[Text]

#### I.

As the local level units of the party committees and government, townships and towns are linked to various district-level departments at one end and to thousands of rural households at the other. Whether township and town organs are set up properly, working smoothly, have capable personnel, and are efficient are factors that affect not only the proper implementation of the party line and the party's general and specific policies in rural areas but also determine whether tasks planned by district departments will be carried out properly in the villages.

To improve the organizational structure of townships and towns and fully enable their party committees and governments to implement their comprehensive coordination, directing, and management functions, as arranged by the district party committee, and to allow them to develop their jurisdictions politically, economically, and socially, I personally led a team from the district party committee's general office and organization department and the district labor and personnel departments to study in detail the district's 12 townships and towns, using a variety of techniques such as questionnaires, informal discussions, and analyses of the key characteristics of different types of townships and towns. On the whole, we feel that townships and towns have made several readjustments in recent years that separate the party from government and government from the work of the enterprises. Basically, they have met the requirements of reform and opening up and have promoted economic development. But there are still some problems and many neglected areas.

First, there are too many organs and the overall setup is very disorganized. Each township and town on the average has 13 to 14 organs; some have as many as 20 or more. They may be called "ban," "suo," "zhan," "ke," or "zu," but there is little difference among them in rank or size; two organs that are essentially the same may have different names.

Second, local and central organs obstruct each other, with the result that some departments are overwhelmed while others have nothing to do. On the whole, the township and town organs are fairly large. Including orderlies and ad hoc workers, there are no less than 90 workers and there may be as many as 200 or more people in each organ. In fact, some of the district-level administrative departments extend their leadership to encompass township and town organs and implement a "department-owned" system vis-a-vis the cadres in their jurisdictions. They overemphasize the idea of special tasks for special personnel and demand that staff size be maintained and that workers not perform outside duties, regardless of the volume of work and the actual conditions in the townships and towns. Meanwhile, township and town party committees and governments, which are responsible for economic development in their own areas, are unable to coordinate, direct, or manage the cadres, creating a situation in which those in charge of the workers cannot utilize them and those who task the workers cannot supervise them. Thus personnel allocation is unbalanced. Some important departments are shorthanded and cannot function properly while others have nothing to do. In addition, job responsibilities are sometimes not clearly delineated and some people simply shirk their responsibilities and some jobs are left unattended, with adverse effect on efficiency.

Third, people make their own rules and districts lack effective control over the size and number of township and town organs. There is a fine division of labor among departments at the district level. In determining who should be in charge of which front and what tasks, each department always emphasizes the importance of its own work and demands that townships and towns increase the number of personnel and the size of their organs. Relevant departments at the district level pay uneven attention to what is going on, and when a certain leader makes a speech, the townships and towns simply follow instructions. There is no centralized regulation or strict examination and approval system. Thus, there is no control over the organization of township and town organs.

Four, government and enterprises are mixed together, which diminishes their management and service functions. A few years ago, during the reform to separate government from enterprises, Beijiao District's township and town organs only separated the Enterprise Economic Commission from the ranks of government, but the Agricultural Economics Office and its subordinate stations, which were business entities, stayed within the government. Administration and management functions are thus merged into one. This not only has

enlarged the township and town government's administrative organs but has also weakened its management and service functions. This does not lend itself to providing better collective service, which is needed to promote the system of household contracted responsibility related to output. As a result, the weakest links have always been township and town services, and the social services at the district, township and town, and village levels.

## II.

Regarding the above problems in the organizational structure of Beijiao District's townships and towns, we conducted an in-depth investigation and research, and studied the gist of documents on organizational reform issued by the central government and the city party committee. On the basis of our observation and study in Wuqing and Jixian counties and responses to our requests for recommendations from departments at all levels and the townships and towns, we feel that the basic guiding ideology in this round of rectification and consolidation should be: Consider what has been accomplished and focus on the practical needs. At the same time, be concerned about the future. Emphasize straightening out the organs and linking the central and local organs properly. Specifically:

One, the names of the organs should be made uniform. The organs and the names of those organs in the township and towns should be standardized. We should, however, take into consideration the characteristics of economic development and the inherent differences among different townships and towns. In assigning and installing personnel and organs, we should set certain requirements in principle only and leave room for townships and towns to determine the size of their own organs according to their actual needs.

Two, some organs should be merged. This means that when we decide on the townships and town organs, we should, as much as possible merge those organs which have little work or which perform similar work. Instead of creating one organ to serve one function and perform one task, each organ should have several functions and performing several tasks, and instead of one person manning one post and doing one job, each person should perform several functions and take on several jobs.

Three, we need to streamline personnel. Although the emphasis of this round of readjustment of township and town organs is on smoothing things out and there is no uniform, rigid requirement for staff size, it is stipulated that personnel size can only be cut, and there can be no increase beyond the original number of workers. The number of administrative and management personnel will be especially tightly controlled. The number of business and service personnel that earn a living will be decided according to actual needs. The general principle is to make sure that the organs are responsible for their

own profits and losses and generate some surpluses so as to reduce the townships' and towns' financial burden as much as possible.

Four, we should match job responsibilities. After deciding the duties of each organ, we must determine which major, district-level department the organ should answer to and which department's tasks it should perform. In this way, we are matching job responsibilities and not organs. Instead of matching one organ to one department at the district level, we should match one organ with several district-level departments. This not only prevents situations in which there are too many township and town organs, overly large organs, too fine a division of labor, workers with less than a full load of work, and more hands than work. This move also guarantees that every relevant district-level department has "legs," that is, somebody is held responsible for every task and that there is somebody to make sure that things get done.

Five, we must separate government from enterprises. In reorganizing township and town organs, we plan this time to separate the Agricultural Economics General Office from the government and turn it into the Agricultural Economic Commission. It will be managed alongside the Enterprise Economic Commission, which will put it under the economic management of townships and towns. In general, under the Agricultural Economic Commission, we should set up an agricultural station, agricultural machinery station, water and electricity station, livestock veterinarian station, and a combination production and sales service station. In addition, in townships and towns where there is a concentration of vegetables, eggs, meat, milk, fish, fruit and other sideline production of grain and cash crops, we can also set up single-item product sales service stations. These stations should primarily be service-oriented. The emphasis is on providing better service for the thousands of households and gradually making a transition toward becoming management entities.

### III.

After this reorganization, we recommend implementing the following system in order to keep those organs from expanding again in the future, and to resolve the conflict between central and local jurisdictions regarding the management of township and town cadres:

1. The standing committee of the district party committee should examine and approve any future change in the organization of central townships and town organs. In the future, in order to guarantee the seriousness of the examination and approval of the township and town organizational structure, and prevent people from making their own rules, and creating confusion in the organization of organs, all requests for adding personnel and new organs must be submitted in writing to the district authorization committee, which in turn will make its recommendations to the district standing committee for examination and approval. Other kinds of

work reports and speeches delivered by the leaders about the size of government bodies should no longer constitute a basis for increasing or reducing the number of organs and personnel.

2. With regard to the attempts of the various management departments of the district to extend their power over township and town organs and cadres, the general policy is that "local authorities come first, and central authorities are supplementary, and local and central authorities should be integrated." The business department's job is to provide guidance toward township and town organs and cadres. The exercise of their management authority is limited to the townships and towns. The townships and towns have the right to assign other tasks to these departments, after they have completed their other duties. The higher authorities not only should not intervene but should offer their support.

3. Townships and towns are not allowed to willfully reassign cadres recruited by the district's various, pertinent departments under the system of ownership by the whole people, or under the collective ownership system, or by workers under the people's contract system. If reassignment is necessary for work-related reasons, townships and towns must take the initiative to discuss the matter with pertinent business departments, seek their approval whenever possible, provide qualified personnel to assume the vacant posts, and make all subsequent arrangements. On the issue of personnel utilization, management, and transfer, if there is a conflict between local and central authorities, the district party committee's organization department should then arbitrate the matter.

4. In the future, if we run into a situation where the business management department must recruit cadres and workers in the townships and towns again, the relevant department must first submit a written report to the district party committee's organization department and let the department take the lead in calling together the personnel, labor, and other relevant units to resolve the issue. The business departments are prohibited from recruiting directly in the townships and towns.

### Beijing Satisfies Army Veterans in Job Placement

*OW0351059 Beijing Domestic Service in Mandarin  
2130 GMT 2 May 91*

[From the "News and Press Review" program]

[Text] In placing military cadres transferred to civilian jobs, Beijing Municipality has put forward a slogan—reassure active-duty servicemen and satisfy the military cadres transferred to civilian jobs. At present, the placement of military cadres transferred to civilian jobs in Beijing is done according to established regulations. In 1990, Beijing Municipality placed more than 1,000 Army veterans and has basically ensured their satisfaction and that of their relatives and employers.

According to Zhang Yongcheng, deputy head of the municipal leading group for placing military cadres transferred to civilian jobs and director of the municipal personnel bureau, Beijing Municipality in June 1990 promulgated interim provisions for placement of military cadres transferred to civilian jobs. The administrative provisions stipulate the conditions, procedure, and method for placing military cadres transferred to civilian jobs, and are the legal basis for the placement.

In practical work, Beijing Municipality puts great emphasis on meticulous work style, and, as policy and provisions permit, ensures the satisfaction of the veterans placed. Before the annual placement begins, the municipal office will hold a meeting of those cadres, brief them on the local situation, and seek their opinions

on job placement work. Beijing Municipality has introduced a system of tentative placement of Army veterans. It will show the tentative placement plan to the people concerned and will seek their opinions on the tentative placement.

Job placement is practical but sensitive work because it concerns the future development of a person. In order to ensure the openness of the work, the Beijing municipal office is combining Army veteran placement work with the work of promoting ethical integrity. Displaying an information board, it makes public the conditions for working in Beijing, the principle of placement, and the jobs given to Army veterans. People welcome this practice of voluntarily accepting supervision by the public.

**Japan, ROK Suspected of Dumping Products**

*OW2605185691 Taipei Voice of Free China in English  
0200 GMT 26 May 91*

[Text] According to an investigation conducted by the Industrial Development Bureau, many Japanese and South Korean products are said to have been dumped on the ROC [Republic of China] market. The bureau explored a total of more than 930 imported products and found that 62 of them are suspected of dumping. Among these items, more than 30 products are made in Japan and 20 are from South Korea.

An official with the bureau indicated that dumping charges are better brought up by local enterprises. Otherwise nontrade barriers may be created between the ROC and these two northern Asian nations if such charges are brought up by government units.

Currently the bureau and the Chinese National Federation of Industries have received 12 dumping appeals submitted by local enterprises. Most of these appeals are directly related to Japanese and South Korean products, such as South Korea's plastics raw material PBT and Japan's disposable wipers.

**Trade Center To Open in Osaka in October**

*OW3105095291 Taipei CNA in English 0734 GMT  
31 May 91*

[Text] Taipei, May 31 (CNA)—The Taiwan Trade Center planned for in Osaka, Japan will open in October, the Board of Foreign Trade (BOFT) announced today.

The board has budgeted 350 million NT dollars for the new center which is expected to be another Taiwan foothold in the tightly closed Japanese market. The Republic of China also has a similar trade promotion center in Tokyo.

The site for the Osaka trade center has been found and the board will sign a six-year lease with the Japanese landlords before the end of June.

A BOFT official said the Osaka center will be a bridgehead for Taiwan manufacturers trying to penetrate the west Japan market.

As Japan is a mature and highly discriminating market, the official said local businessmen must be prepared to undertake long-term marketing efforts to attract Japanese consumers.

Local manufacturers must continue to improve product quality and design since Japanese buyers are very quality-conscious, the official said. "If we can make successful inroads into the Japanese market," he added, "we'll have a better chance of entering other upscale markets around the world."

Taiwan has suffered huge trade deficits with Japan. The imbalance reached 7.7 billion U.S. dollars in 1990 and may surge to 9 billion U.S. dollars this year.

**Minister Stresses Automation for Labor-Intensive Industries**

*OW2905100891 Taipei CNA in English 0929 GMT  
29 May 91*

[Text] Taipei, May 29 (CNA)—Economic Affairs Minister Vincent Siew yesterday told local manufacturers that automation is the answer to many difficulties faced by the nation's labor-intensive industries, and the introduction of foreign labors will only provide a temporary relief.

Speaking at a seminar joined by some 50 executives of medium- and small-enterprises, Siew said it was only an expedient policy of the government to allow foreign labors in on a case-by-case basis to relieve current labor shortages.

The government is aggressively pushing an industrial automation program to help labor-intensive industries shed their heavy dependence on foreign workers within two years, Siew added.

Chiu Chun-jung, general manager of the Hocheng Group Corporation, which specializes in producing bathroom facilities, said that although his plant is fully automatic, a certain number of workers is still needed. His plant has been forced to seek foreign labors for the night-shift work which local workers are reluctant to do.

Siew suggested Hocheng ask its industry association to ask the Council of Labors for permission to hire foreign workers on a case-by-case basis.

**Editorial Examines Economic, Trade Situation**

*91CE0531A Taipei CHING-CHI JIH-PAO in Chinese  
13 Apr 91 p 2*

[Editorial: "An Examination of the Current Economic and Trade Situation"]

[Text] Although government departments have repeatedly announced since September 1990 that the slump is over and things are beginning to move toward recovery, businessmen have felt differently. They think that we are still in a slump and that there are no signs of recovery. However, this year the end of the war in the Persian Gulf eliminated the uncertainties it had created. This and the rebuilding in the Middle East after the war will expand general demand and help the recovery of the world economy. Domestically, in the first quarter of this year foreign trade has loosened up. With the positive impetus of public investment, indicators are picking up and showing specific signs that domestic prosperity is recovering.

Exports in the first quarter of 1991 equalled \$16.8 billion, an increase of 10.3 percent over the same period last year; imports equalled \$15.2 billion, an increase of 12.9 percent. Since the increase in imports was higher than that of exports, the trade balance declined from \$1.8 billion last year to \$1.6 billion, and there has been

an improvement in the foreign trade imbalance. In particular, the favorable trade balance with the United States dropped from \$1.8 billion in the same period last year to \$1.3 billion, which may alleviate U.S. pressure on us. The double-digit increase in exports has prompted a rise in industrial production, and in the first two months of this year, industrial output increased 6.3 percent over the same period last year. There was an 8.7-percent increase in the heavy and chemical industries and only a 2.8-percent increase in light industry, indicating that the industrial structure continues to improve. In addition, according to figures published by the Industrial Bureau of the Ministry of Economics, the number of new plants built and the amount of paid-in capital in the first two months of this year increased 35 percent and 67 percent respectively over the same period last year. The number of firms that used increased capital for expansions and the number that used it to increase their funds rose by 11 percent and 58 percent respectively, compared with the same period last year. These indicators show that not only has nongovernment investment recovered from last year's negative growth, but that the scale of this investment has also expanded. As for prices, the March wholesale and consumer price indices recovered from their drop and, compared with the same period last year, rose 2.8 percent and 4.2 percent respectively. They have stabilized compared to the previous two months. Although the response signal in the prosperity index for January and February 1991, compiled by the Economic Construction Association, was still yellow-blue, on the substantive side, indicators such as the rate of change in export values and industrial output, the inventory rate, and the employment rate in the non-agricultural sector improved and even recovered a stable growth. Of particular note is that, after making seasonal adjustments, an association survey showed that the sales profit rate in the manufacturing industry recovered and rose in January and February, while the peak growth period for the sales profit rate is usually in May and June. Thus the association thinks that businesses' earnings should improve in the future. Based on past experience, businessmen's willingness to invest revives after business profits rise again. Thus if nothing particularly unfavorable occurs in the next few months, prosperity may continue to revive.

The recovery in the first quarter of this year is not only quantitative, but there are also evident qualitative improvements. In addition to the continued increase in the proportion of heavy and chemical industries in industrial output, the export value of technology-intensive products among export goods—including electronics, information systems, machinery, electrical machinery, means of transportation, and precision instruments—as a share of the total export value rose from 41.6 percent in the first quarter of 1990 to 42.6 percent. Compared with a share of 32.4 percent in 1986, technology-intensive industry's share of the total export value rose 10 percentage points in four years and three months. This structural readjustment means that the adjustments businessmen made under pressure from labor shortages, rising wages, and the rising value of the

new Taiwan dollar have borne fruit. This also indicates that our businessmen no longer turn to the government for help every time there is a slump, as they did in the past. Now they make improvements on their own, improving their ability to respond to emergencies and advance along the correct path of development.

We have also had evident success in diversifying export markets. Exports to the United States as a share of total exports dropped from 33.5 percent in the first quarter of 1990 to 28.2 percent in the first quarter of 1991, a one-year decline of five percentage points, which is a very rapid change. Compared with a share of 48.8 percent in 1984, this is a drop of 20 percentage points. Reliance on the U.S. market has eased considerably. The rapid contraction of the trade balance vis-a-vis the United States, and a new Taiwan dollar - U.S. dollar exchange rate that is determined by market supply and demand means that trade friction with the United States should be mitigated compared to the past.

Nevertheless, in the early period of recovery, we must seriously consider some issues. We think the most important of these is the result of the diversification of export markets—shifting too much exporting to Hong Kong. Exports to Hong Kong accounted for 10.5 percent of total exports in the first quarter of 1990. This figure rose to 14.2 percent this year, exceeding Japan's share and moving into second place, after the United States, as our second largest export target. In addition, the favorable trade balance with Hong Kong in the first quarter of 1991 leaped from less than \$1.2 billion in the 1990's first quarter to \$1.9 billion, a 50-percent increase. The size of the trade balance with Hong Kong exceeds that with the United States, making it the area with our country's largest favorable trade balance. If we exclude Hong Kong's net increase of 5.8 percent from 1991's first quarter trade balance, then the trade balance drops by almost half, and the favorable trade balance of \$1.6 billion turns into an unfavorable balance of \$300 million [as published]. Clearly, increasing our exports and a favorable trade balance relies heavily on Hong Kong. What is of particular importance is that the overwhelming majority of Hong Kong's imports are re-exported to the mainland. According to Hong Kong government statistics, 65 percent of Hong Kong's increased imports from Taiwan over the past three years were re-exported to the mainland. The proportion of imports that Hong Kong re-exports to the mainland rose from 29 percent in 1988 to 44 percent in 1990. Because of such a rapid rate of increase, the proportion of imports that are re-exported may equal nearly 50 percent. In addition, exports to Hong Kong make up 14.2 percent of our total exports, and one-half of this—or 7.1 percent—is re-exported to the mainland. This is just in Hong Kong alone, and does not include re-exports from Singapore and other places. Clearly, our reliance on exporting to the mainland has reached an alarming level, and it is time we examined it conscientiously.

### **Big Enterprises To Launch Ambitious Investment Plans**

*OW0306151591 Taipei CNA in English 0837 GMT  
3 Jun 91*

[Text] Taipei, June 3 (CNA)— With domestic investment climate improving and signs of economic recovery around the corner, major private industrial groups have drawn up forward-looking investment plans, according to a COMMERCIAL TIMES survey.

The survey shows such big business groups as Formosa Plastics, Rebar, Hualon and Hwahsin Lihwa will launch multibillion-dollar investment plans this year to renovate their production facilities, develop new products or expand production capacity.

Wang Yung-tsai, president of Formosa Plastics Group which focuses in petrochemical production, said his group will invest at least 20 billion NT [new Taiwan] dollars in research and development and capacity expansion. If construction on its long-delayed naphtha cracking plant can be started soon, Wang said, the investment amount will far exceed the planned target.

Wang Ling-lin, vice chairman of Rebar Group which covers a variety of business lines from food processing, textile, cement, to hotel and department store, said his company will invest 5 billion NT dollars in setting up a cement plant in eastern Taiwan in the second half of this year in addition to expanding its textile mill in Taoyuan at a cost of 3 billion NT dollars.

Wang, also a legislator, said his group has shelved its earlier plan to invest on the mainland now that the domestic investment climate has gradually improved.

Hwahsin Lihwa Wire and Cable Co. has decided to build a stainless steel plant in anticipation of booming markets at home and abroad. Construction on the 7 billion NT dollar plant already started in April.

Hualon Textile Corp. will invest 7 billion NT dollars this year to expand its production capacity in a bid to become the world's largest man-made fiber producer.

Other up-stream and middle-stream textile companies, including Nan Ya, Far Eastern, Fu Mao, Taiyuan and Hungyuan, will also launch multibillion investment plans to develop higher value-added products and to automate their production lines.

### **Information Technology To Be Largest Industry**

*OW0406123691 Taipei CNA in English 0819 GMT  
4 Jun 91*

[Text] Taipei, June 4 (CNA)— The information industry will become the biggest industry in Taiwan by the turn of the century, and Taiwan will be a high-technology center in Asia Pacific.

These are goals outlined by two trend-setting information industry magnates here.

Hou Ching-hsiung, president of the Taipei Computer Manufacturers Association, told more than 40 professional computer magazine reporters and editors from around the world that Taiwan's information industry started from scratch 10 years ago, and has now become the Republic of China's [ROC] third largest foreign exchange earner.

The industry's production shot up from 100 million U.S. dollars in 1980 to 6.4 billion U.S. dollars in 1990, and the number of makers in the line already exceeds 5,000. The 1990 production was the world's seventh largest, down one notch from 1989.

Hou, also president of Mitac International Corp., said Taiwan's information industry is going "global" in order to cope with the growing trend of regional market integration and ever-stronger competition from South Korea, Singapore and Thailand. The globalization is also expected to help local manufacturers gain access to advanced technology and to new marketing channels, he added.

The forward-looking computer tycoon said Taiwan manufacturers are seeking to establish their own brand names and will develop higher value-added products. "All these efforts aim to make the industry the ROC's top foreign exchange earner," Hou pledged.

Stan Shih, president of the Republic of China Brand Names Development Association, said high-technology will become Taiwan's "star" industry in the 1990s.

"This trend can be seen in recent developments in traditional labor-intensive industries which gradually switched to high value-added, technology-intensive product lines," Shih noted.

The head of the Taiwan's top computer company Acer Inc. added that Taiwan has also gradually turned from a technological know-how importer to a high-tech supplier.

As the ROC Government has offered many incentives to encourage research and development, Shih said he believes Taiwan can surely become a regional high-tech center before the end of this century.

Hou and Shih made their remarks yesterday at the opening of a three-day Taiwan information industry trade fair sponsored by the Taipei Computer Manufacturers Association in connection with the 1991 Taipei international computer show, which starts today at the Taipei World Trade Center.

### **Forex Reserves Rise to \$74 Billion**

*OW0606091591 Taipei CNA in English 0810 GMT  
6 Jun 91*

[Text] Taipei, June 6 (CNA)—The Republic of China's [ROC] foreign reserves have rebounded to more than 74 billion U.S. dollars, the Central Bank of China (CBC) reported.

The ROC's foreign reserves dropped to 73.3 billion U.S. dlrs in March because of fluctuating foreign currency rates.

### Central Bank Reports Balance of Payments Surplus

*OW0606091491 Taipei CNA in English 0814 GMT  
6 Jun 91*

[Text] Taipei, June 6 (CNA)—The Central Bank of China (CBC) reported an international balance of payments surplus of 1.65 billion U.S. dollars in the first quarter of 1991.

CBC said the surplus was contributed by a slowing of capital outflow and an increasing surplus in current accounts.

The current accounts surplus, CBC reported, in the first quarter hit 2.18 billion U.S. dollars. The increase was attributed to a surplus in merchandise trade and declining payments for services and transfer transactions.

CBC said that the capital account deficit was cut to 597 million U.S. dollars in the first quarter, down from 3.58 billion U.S. dollars corresponding period last year.

The Central Bank also noted that a reversal of the movement of speculative hot money. The bank reported that outflow of hot money was stopped and turned instead into a surplus of 75 million U.S. dollar inbound hot money in the first quarter this year.

### Overseas Investments Rise Sharply Jan-May

*OW0806093891 Taipei CNA in English 0816 GMT  
8 Jun 91*

[Text] Taipei, June 8 (CNA)—The Republic of China's [ROC] investments abroad jumped by 106.77 percent in the January-May period, while approved foreign investments gained a slight 1.53 percent when compared with the same period last year, statistics show.

Approved foreign investments during the January-May period numbered 161 cases for a total amount of 836 million U.S. dollars, with major investors coming from the United States, Japan, and Europe.

By comparison, there were 169 applications for investment abroad in the January-May period for a total of 943 million U.S. dollars. The number of application and amount invested abroad outnumbered those of foreign investments here for the first time.

Technical cooperation projects here were given as 76 cases, down by five from last year. The countries that provided the most technologies are Japan, the United States and Europe, in that order.

An investment commission official said that the big jump in investments abroad in the January-May period can be attributed to a 300 million U.S. dollar China Steel

Corp. investment project in Malaysia. The project will also make Malaysia the site of the ROC's biggest overseas investment.

The official noted that although foreign investments in the ROC increased only slightly over last year, foreign investments in electric manufacturing and machine and instrument manufacturing increased 323.97 and 96.42 percent respectively, making them the largest and third largest foreign investment categories in the ROC.

The official pointed out that it is a welcome event for the local industrial structure and will benefit industrial development.

### Five Largest Items Account for 40 Percent of Exports

*OW1006133091 Taipei CNA in English 0740 GMT  
10 Jun 91*

[Text] Taipei, June 10 (CNA)—The Republic of China's five major export items in the first five months of 1991 totaled \$12.1 billion, or 40.1 percent of total exports.

Officials at the Council for Economic Planning and Development (CEPD) said that the five largest export items are electronics, machinery, textiles and fabrics, information and telecommunications products, and footwear in that order.

Electronics exports in the January-May period totaled \$3.24 billion, for an annual growth of 9.3 percent; machinery exports totaled \$2.61 billion, a growth of 15.5 percent; textiles and fabrics exports totaled \$2.57 billion, a 15.3 percent growth; exports of information and telecommunication products totaled \$2.17 billion, a 12 percent growth; footwear exports totaled \$1.51 billion, a 5.9 percent growth.

CEPD officials said that machinery exports grew fastest between 1988 and 1990, with an annual growth of 42.7 percent, and its ranking jumped from the fourth largest export item to the second. Exports of information and telecommunications products remained stagnant, footwear exports dropped 8.1 percent, while textiles and fabrics and electronics grew 39.7 percent and 15.6 percent respectively.

### British MP on Participation in Six-Year Plan

*OW2805104791 Taipei CNA in English 0815 GMT  
28 May 91*

[Text] Taipei, May 28 (CNA)—The Republic of China's [ROC] six-year national development plan provides a good opportunity for promoting closer trade and economic relations between Taipei and London, an influential British Conservative MP [member of parliament] said here.

John Moore, who arrived in Taipei last Wednesday for a weeklong visit, said the British businessmen he had met in Taipei are all interested in participating in the ROC's

300 billion-U.S. dollar development plan. "I'll encourage even more British companies to bid for construction contracts," he said.

Moore denied he was here to discuss the opening of direct Taipei-London air links, but he said he believes relations between the two countries will be upgraded in the future through increased commercial and cultural exchanges.

The Tory lawmaker said Britain is more than willing to share its "privatization" experience with Taiwan. He said the privatization of British state-run enterprises has created more than 900,000 job openings over the past 10 years. Over 60 percent of British state companies have been turned to private hands during the past decade, including utilities, telecommunications, air and other transportation services, and many of them are now profitable, he added.

He suggested the ROC Government use its national resources fully and give private companies proper assistance in privatizing state monopolies.

Moore has met with high-ranking Chinese officials, including Economics Minister Vincent Siew, acting Communications Minister Ma Cheng-fang, Foreign Minister Fredrick Chien [Chien Fu], and visited cultural and economic institutions here over the past few days. He is scheduled to leave for home tomorrow.

#### **Consensus Reached on Lowering Petroleum Prices**

*OW2505102391 Taipei Voice of Free China in English 0200 GMT 24 May 91*

[Text] An Economic Ministry official stated on Thursday that the Economic Ministry, the (?Administration) of National Corporations, and the Chinese Petroleum Corporation [CPC] have reached the consensus on lowering petroleum prices here. The drop will be in the range of 10 to 20 percent. However, the drop in diesel fuel could be even higher.

The ministry official stated that since the price for each barrel of oil purchased by the CPC remains around \$16 and the company this year will have an extra surplus, a special task force responsible for adjusting gas prices here feel that prices should be lowered. In addition, the task force feels that prices should also be lowered to maintain export competitiveness and reflect a logical oil pricing system here.

The official said that he feels that oil prices here could be lowered in the middle of June.

#### **Economic Affairs Ministry Announces Oil Price Cuts**

*OW2505155191 Taipei CNA in English 1511 GMT 25 May 91*

[Text] Taipei, May 25 (CNA)—The Ministry of Economic Affairs (MOEA) announced that oil prices in the Republic of China will be cut 3.8 percent to 5.7 percent effective Sunday.

Premium gasoline prices will be lowered from 18.5 new Taiwan [NT] dollars (0.67 U.S. dollars) to 17.5 NT dollars per liter, a 5.4 percent drop; while first class diesel fuel will drop from 13 NT dollars to 12.5 NT dollars per liter, a cut of 3.8 percent, MOEA said.

Prices for various fuel oils will be cut by between 200 NT dollars and 500 NT dollars per kiloliter, it added.

The electricity rate structure will also be adjusted, while the differential rates for peak and off-peak hours will be widened and electricity rates raised in the summertime starting from June 1.

Vice Economic Affairs Minister Wang Chih-kang said the oil price cuts had taken into account the five to 10 percent cuts in neighboring South Korea.

Wang said future oil price adjustments will be more flexible. Changes will reflect market conditions and be reviewed every six months.

Economics officials said that although international crude oil prices have fallen to around 16 U.S. dollars a barrel, in the long term, they are expected to rise to around 21 U.S. dollars per barrel. The decision to cut oil prices was based on an average crude oil price of 18.5 U.S. dollars per barrel, they added.

The cabinet met Friday to discuss the feasibility on cutting oil prices and the advisability of a more reasonable electricity rate structure.

The Directorate General of Budget, Accounting and Statistics (DGBAS) said that the cuts will help reduce the production costs of industry and will help stabilize domestic prices.

According to DGBAS, the price cuts will serve a dual purpose of stimulating economic growth and stabilizing domestic prices. This will in turn strengthen economic recovery.

#### **Economics Minister Says Economic Recovery 'Top Priority'**

*OW2305111191 Taipei CNA in English 0806 GMT 23 May 91*

[Text] Taipei, May 23 (CNA)—Economic Affairs Minister Vincent Siew said top priority will be given to economic recovery, and he stressed that the government would still like to see the seven percent growth target met.

Siew made the remarks after a meeting with other ranking economic officials yesterday.

During the meeting, the participants received a briefing on per capita income by Directorate General of Budget, Accounting and Statistics (GBAS) which forecast the 1991 economic growth rate would reach 6.06 percent.

Siew said he would try to maintain stable prices even while setting economic recovery as the nation's No. 1 priority.

### May Exports Grow 22.4 Percent

*OW2905091091 Taipei CNA in English 0822 GMT  
29 May 91*

[Text] Taipei, May 29 (CNA)—Booming exports in the first 25 days of May will strengthen the domestic economy, a highly placed Council for Economic Planning and Development (CEPD) official said today.

Republic of China exports hit 5.63 billion US dollars in the first 25 days of May, matching the total for the whole of April, according to customs statistics.

The figure represented an annual growth of 22.4 percent, a rate rarely seen since the domestic economy slid into a recession in March 1990, the official reported.

If the trend continues, the official said, total May exports are very likely to break the single-month record of 6.38 billion US dollars set in July 1989.

Imports surged a healthy 24.6 percent to 4.37 billion US dollars between May 1 and May 25. As a result, the council said, the country registered a trade surplus of 1.26 billion US dollars, up 15.3 percent from a year before. It was the first growth in the trade surplus in more than one year.

Cumulative exports totaled 28.08 billion US dollars from January 1 through May 25 for an annual growth of 9.8 percent; imports rose 13.9 percent to 24.9 billion US dollars; but the trade surplus suffered a 14 percent decline to 3.18 billion US dollars.

The official said brisk May exports reflected the huge orders placed with local manufacturers shortly after the Gulf war ended. If the average 200 million US dollar-a-day record exports continue for the remaining six days, he estimated May exports will exceed 6.5 billion US dollars [words indistinct] industrial production and the money supply, the official said, and the domestic economy may recover to the "green" stage in May after a 14-month slowdown.

CEPD's index of economic performances uses five color categories: red, yellow-red, green, yellow-blue and blue. A red light means the economy is overheated, green means all is going well and blue signals an economic slowdown.

The economy got a score of 18 in CEPD's composite economic index, one point higher than March, but the overall economic performance was still in the "yellow-blue" stage.

The official said the domestic economy has been in the "yellow-blue" stage since March 1990 and even slid into the "blue" category in June and December.

A vigorous rebound in exports may help lead the economy back into the safe "green" stage in the months ahead. This will improve people's morale, help upgrade industry and even smooth work on the six-year national development plan, the official added.

### Scheduled Talks With U.S. on High-Tech Export Controls

*OW2905085091 Taipei CNA in English 0808 GMT  
29 May 91*

[Text] Taipei, May 29 (CNA)—A Sino-American high tech export control consultation will be held in Washington June 17 after both sides recently signed a memorandum to protect trade in strategic commodities and technology information.

The Ministry of Economic Affairs (MOEA) said both sides agreed in the memorandum that the Republic of China [ROC] will gradually establish a system controlling exports of strategic commodities and that both sides will hold annual consultations on the high-tech exports to be controlled.

The United States will provide multilateral export control information to the ROC and to facilitate exports of high technology products to the ROC if it lives up to the control measures.

MOEA said that the United States hopes to sign a bilateral agreement on exports of high technology products in order to prevent the ROC from exporting such products to the countries and areas on an "embargo" list.

The ROC is working to establish a high-tech export control system and to prepare a list of controlled products, the ministry said. The agreement will not be signed with the United States this year because time is needed to accomplish all that needs to be done, it added.

### Economy Improving Steadily, Slowly

*OW2805113191 Taipei CNA in English 0845 GMT  
28 May 91*

[Text] Taipei, May 28 (CNA)— The domestic economy continued to improve in April, but at a slow pace, the cabinet-level Council for Economic Planning and Development (CEPD) reported today.

The April index of coincident indicators, which measures economic performance for the month, inched up a marginal 0.26 percent from March; while the index of

leading indicators, a measure of economic health in the months ahead, showed a barely perceptible 0.03 percent rise.

Of the nine indices CEPD uses to measure the national economy, three turned for the better, two worsened and the remaining four maintained at March's levels.

Improvements were seen in industrial production, non-farm employment and capital flows. Rises in the three figures are indications of reviving business activity.

Both April exports and orders placed with local manufacturers dropped from March, while the money supply, bank loans to private enterprises, the stock price index and manufacturing inventories remained unchanged.

A CEPD survey showed manufacturing sales fell 1.6 percent in April; export orders decreased a painful 4.4 percent; idle capacity increased 0.6 percent; but profit margins picked up 0.11 percent from March.

On prospects for future growth, the number of people who believe they will be better off three months from now was 20 percent higher than those who think they will face a gloomier future.

The cabinet economic planning agency concluded April's economic performances had been slightly better than March's.

The council predicted that the domestic economy will continue to grow steadily in the months ahead.

While the economy will not turn for the worse, CEPD said, it will also not recover as fast as previously expected. The council pointed to two major factors hindering a strong upturn: stagnant private investments at home and slow growth in the world economy. Low investment willingness was attributed to power shortages, infrastructure problems, student movements, social disorder and the like.

### **Central Bank Moves To Make Taipei Regional Financial Center**

*OW2705095791 Taipei CNA in English 0834 GMT 27 May 91*

[Text] Taipei, May 27 (CNA)—The Central Bank of China plans to integrate foreign exchange and foreign currency call-loan markets into the offshore banking unit (OBU) as part of its program to make Taipei, along with Tokyo, Hong Kong, and Singapore, an Asian financial center, a highly placed CBC official said today.

The central bank will propose a series of revisions to current foreign exchange regulations and will ease restrictions on OBU operations to pave the way for the planned integration, the official who preferred anonymity said. The CBC proposals will be high on agenda of the coming national finance meeting scheduled for mid-June.

Hopefully, the integration of OBU and foreign exchange and foreign currency call-loan markets will mark a first step toward the establishment of a Taipei international monetary exchange, patterned after the Singapore International Monetary Exchange.

The central bank is also considering introducing a third-currency exchange service on the local foreign exchange market. At present, the market only handles exchanges between the New Taiwan dollar and the US dollar. The proposed new service will include exchanges between the NT dollar and other major foreign currencies like the Japanese yen, the Deutsche mark, the French franc and the like.

Meanwhile, Chen Mu-tsai, director of the Finance Ministry's Monetary Department, said Taipei has several advantages in its bid to become a regional financial center.

The Republic of China has huge foreign exchange reserves, a high credit rating, a high national savings rate, well-managed banks and very capable finance personnel, Chen explained.

He continued that some obstacles must be removed in line with the government's financial liberalization and internationalization policies. The Finance Ministry is considering removing all restrictions on gold trading and allowing free gold exports. It will ease restrictions on the opening of foreign bank branches in Taiwan and assist local banks to set up overseas footholds.

Chen stressed that the government must be well-prepared before opening the local financial market as premature liberalization might cost the nation dearly. He said Japan spent more than 10 years studying the pluses and minuses of opening its financial market and finally decided to make Tokyo an international monetary center in 1985. "We must learn from the Japanese experience," he urged.

### **Presidential Spokesman on Unification Policy**

*91CM0387A Hong Kong PAI HSING [THE PEOPLE] in Chinese No 239, 1 Apr 91 pp 57-60*

[Special interview at the Presidential Palace on 19 March 1991 with Ch'iu Chin-i (6726 6651 4135), Taiwan Presidential Palace spokesman and executive secretary of the National Unification Committee: "Shaping a Policy for Unification"]

[Excerpts] Question: At the end of last year the Taiwan government set up a National Unification Committee, and a Mainland Committee, in the Executive Yuan. Now a National Unification Program has appeared. Could you explain the background to this program and how the government will implement it?

Answer: After last summer, the government of the Republic of China not only showed concern about unification but also thought of specific ways to accomplish

it. These were the two factors considered. For 40 years the government's policy has been a "China united under the Three People's Principles" to be accomplished by "counterattacking the mainland." For a very long time, the populace has been very confused about the country's future and about what path the Republic of China should take. There are three paths: unification, independence, and maintenance of the status quo. Independence is totally unfeasible, and objective conditions put it out of the question. Some people in Taiwan advocate independence, but they are definitely in the minority. Therefore, there remain only two paths. For more than 40 years, we have maintained the status quo. Three and a half years ago, after people were allowed to visit their relatives, cooperation between the two sides of the strait began. The only path we can take is that of unification. After reaching this understanding, we have to accelerate the rate of unification.

For three and a half years, our policy toward the mainland has, on the whole, been confused. The general public opinion is that policy follows in the footsteps of the people and that laws follow policy. If the people move faster, the government then decides on a policy. Because there is now a policy, a legal basis for it is required, and so such a basis is formulated. In this sequence, a little confusion could be seen. Therefore, the government reshuffled the sequence a little, got it in shape, and determined the country's goals, so that the 20 million people would have a common understanding. Thus, under the president, a high-level National Unification Committee was set up. It is composed of people of all strata and all political parties and groups and discusses the unification issue. The results of its discussions were given to the Executive Yuan, which established the Mainland Committee, tasked with formulating policy, measures, etc. Because the present policy rules out contact between the two sides of the strait and government-to-government intercourse, The Foundation for Interchange Between the Two Sides of the Strait [hereafter referred to as the Foundation], guided by the Mainland Committee, will do the work of making the actual contacts.

In other words, our mainland policy is now consistent with a policy for unification. Speaking of the Chinese communists, we have long observed their practices, which are like a "whip." From the party to the State Council, down to the province and the county, there is a "Taiwan Affairs Office," and so their work concerning Taiwan is consistent. In the past we were not consistent, and so we are now making the policy systematic, and by consistent measures, working to forge links with the mainland.

Question: The government has indicated that the National Unification Program is not a legal document, so what is its position?

Answer: We think that a legal document should be passed by a legal unit or a legislative assembly. The members of the National Unification Committee are

presidential advisers, and their function is completely that of advisor or consultant. The National Unification Program is not a legal document. It is the policy's "chih-tao kang-ling," which translates into English as "guidelines" [printed in English]. The Executive Yuan has now discussed and passed the program, and has given it to the Mainland Committee, which, in line with the program's wording, will form the policy. The execution of the policy will also be left to the Mainland Committee.

Question: Do the functions of the National Unification Committee and the Mainland Committee overlap?

Answer: No. This is because the Mainland Committee will formulate the policy based on the national unification program passed by the Executive Yuan, and there cannot be parts in the policy that do not tally with the program. As for the specific ways of executing the policy and the technical questions involved, these are matters for the Mainland Committee. The National Unification Committee can help the Mainland Committee do some things, for example, four things in the short term. It can make suggestions on how to make the policy concrete. Also, it is a very long process from the short term to the medium term. Under these circumstances, the National Unification Committee can discuss what is really the case, e.g., when conditions are ripe, and will tell the Executive Yuan that the conditions are ripe. That is to say, it can continue to act.

Question: What is the relationship between and the tasks of the Strait Foundation and the Mainland Committee?

Answer: The Strait Foundation is tasked by the Mainland Committee to handle some 90 affairs, such as testing and verifying mainland documents to see whether they have the effect of law and whether they are genuine.

Question: Is the Strait Foundation directly answerable to the Mainland Committee?

Answer: Yes. It is supervised and guided by the Mainland Committee. The Strait Foundation is a foundation. Roughly half its money is government appropriations, and the other half is non-governmental contributions. Each trustee must contribute 30 million Taiwan dollars. There are now approximately 50 trustees, a certain number of whom were recommended by the government.

Question: Must the Legislative Yuan approve the money appropriated by the government for the Strait Foundation?

Answer: Yes. These appropriations fall under items of the Executive Yuan, and the Legislative Yuan must be told why the money was appropriated. I have heard that the Legislative Yuan now makes a demand. It hopes to approve the Strait Foundation's organizational charter. To find out what the situation actually is, ask the Mainland Committee.

Question: It is generally thought that the Strait Foundation is a semi-governmental organization. Would you say that it is?

Answer: You may draw that conclusion. In form, it is a non-governmental foundation, but the government backs its existence, which depends on the money it has.

Question: Because the Mainland Committee cannot have direct contact with the mainland, some people doubt that its supervision of the Strait Foundation can be adequate. Will the foundation turn into an "independent kingdom"?

Answer: This situation will not occur at the present time because when the Strait Foundation was established, the Mainland Committee clearly stipulated the matters within its mandate. It cannot work outside its mandate; if it were to do so, it would be exceeding its mandate. In addition, Mr. Ch'en Ch'ang-wen [7115 7022 2429], the secretary-general of the Strait Foundation, is also an advisor on the Mainland Committee. He reports regularly to the Mainland Committee. However, the government will not, of course, manage the details of the Foundation's work.

Question: Should the the Strait Foundation seek to contact the mainland's official units or non-governmental organizations?

Answer: The Strait Foundation and the Mainland Committee hope that the mainland will set up an analogous organization. However, the mainland says it wants official contacts, so, looking at the current situation, we see that the Taiwan Affairs Office of the State Council will solve this problem. [passage omitted]

Question: Will you tolerate disruption in the process of the National Unification Program? If the mainland demands that something be done in advance, something that should be done in the mid-term, what will you do?

Answer: We could not do it. This is a matter of reciprocal actions. We consider the well-being of Taiwan to be the most important thing and prefer to go a little slow and obtain guarantees. That is not to say that the sequence cannot be disrupted. The program does not have one phase and one timetable; it only has one process. If the situation with respect to reciprocal actions taken by the two sides is extremely good, then perhaps tomorrow the process could enter the medium term.

Question: Is that to say that the process could be inverted, going to the medium term before the near term is completed?

Answer: It cannot be inverted. Looking at the mainland's responses, perhaps we could take certain matters out of the medium term and do them in the near term, but not all of them. I have repeatedly stated that the Chinese communists must abandon their old attitude and sincerely look upon Taiwan as a brother. That means that everybody would join forces for the development of the Chinese nation, not for any one regime. I know that they

are now not abandoning their old attitude, and so I have no reason to accomodate myself to them.

Question: Then who is is the elder brother and who the younger brother?

Answer: They can be the elder brother and we can be the younger brother. It doesn't matter. But if they say: we are the center and you are the locality—this would be unacceptable. I have often said: If you sit on a sofa, then I also must sit on a sofa. You cannot sit on a sofa and give me a small wooden bench to sit on. Are you willing to act in this fashion?

Question: Many people wonder: Is the setting forth of the National Unification Program contingent on the Kuomintang's (KMT) abandoning the "three no's policy?" [no contacts, no negotiations, and no compromises]

Answer: That will be settled in the medium term, when official links and channels will be set up. At that time there cannot but be contacts and talks, and if there are talks, there will always be compromises. Also, it is in the medium term that the "three exchanges" [exchange of mail, exchange of air and shipping services, and exchange through trade] will directly begin. At present, the "three no's policy" has not been abandoned. If it had been abandoned, the Mainland Committee could effect direct liaison with the mainland's Taiwan Affairs Office, and so what need would we have for setting up the Strait Foundation? This shows that a political solution between the two governments has not been found. People often say that the Strait Foundation is like a glove, and that when the two sides shake hands, this glove must be worn. That's the way it is.

Question: Do you have a timetable in mind for the "three exchanges"?

Answer: On the unification issue there can be no question of a timetable, and at present it is very important to have the basic concepts of unification. The mainland's current position is completely that of unification for unification's sake. But what is the true purpose of unification? The purpose of the existence of any state or government is the well-being of its people. If unification with another state or government causes some of the people to lose their well-being, why should we unify with it? For unification, which is a major trend in today's world, there must be a meeting of minds on the part of both sides. The Chinese communists are bound to ponder the purpose of unification, and the purpose should not stem from a vain, false sense of pride.

Therefore, we hope that the Chinese communists will repent, because no other country, except North Korea and Cuba, now practice communism. Even Albania, that dogmatic communist country, is changing. In other words, what advantage is there for the 1 billion Chinese people in taking the path of communism? There is no advantage.

Question: Of the "three exchanges," which will be the easiest to undertake?

Answer: Technically, the exchange of mail will be fairly easy, so in the medium term, it will be made the first of the three exchanges.

Question: When do you estimate the exchange of mail will begin?

Answer: It is impossible to set a timetable. For example, now that the National Unification Program has emerged, we hope that the Chinese communists will seriously and earnestly examine the unification issue, and will not set a bottom line by wanting "one country, two systems." However, the Chinese communists have never examined the question of why they want "one country, two systems," or why they will allow Hong Kong to maintain its capitalist system intact for 50 years. If the Chinese communists' system is good, then China's unification, of course, would mean having one system, so how could there be two systems? Forty years of practice have proved that our system is better than theirs.

Question: Looking at the present situation in which Taiwan businessmen in large numbers are going to the mainland to make investments and set up factories, do you see trade relations between the two sides as the more essential?

Answer: In this regard, we must look at the mutual benefits. Of roughly five businessmen who have gone to the mainland, invested there, and returned, four have sustained losses and one has managed, with difficulty, to make a profit. Therefore, when a businessman goes to the mainland, he is not certain of making a profit. The problem is that once the mainland is opened up, all of the businessmen will want to go. Those who go now mainly represent labor-intensive industries—a certain number of "sunset" industries—and labor is comparatively cheap on the mainland. The trade relations aspect must be looked at and appraised. If there is a profit for us, we will do it.

Question: The problem is that the current indirect investment increases the cost of doing business, and creates a situation unfavorable for Taiwan itself.

Answer: In this respect we must look at the degree to which it is unfavorable and what the benefits of direct trade would be. Would it considerably speed up unification? If so, we must then bear the political cost. Naturally, the people doing business need not take into account the political cost, which is something the government must worry about. [passage omitted]

Question: What is the possibility of cooperating with the mainland in the development of advanced science and technology?

Answer: We would have to look at which side it is. For example, the mainland has done a lot of research on rocket launching, but its science and technology generally does not surpass Taiwan's. In the computer field, we

have made much more progress than the mainland, and in development of the biological sciences and technologies, we do not fall short of it. What is important is the benefit to both sides.

Question: The National Unification Program speaks of the common development of the southeastern coastal region. What would be the forms of cooperation?

Answer: An example is agricultural development. We have a "Joint Agrotechnology Center." We have begun to do research in Fujian and are doing research on agricultural development with some people on Hainan, instructing them in aquaculture and shrimp- and fish-rearing.

Question: Is this joint cooperation encouraged by the governments on both sides of the strait?

Answer: Naturally, this will be done in the medium-term stage. For example, the Pudong Development Plan is very extensive and is divided into more than two projects. For example, with regard to the electricity-generating project, we have a lot of experience in electric power generation, and it is possible that a contract will be signed between the Taiwan Power Company and their Shanghai Power Company, after which there will be a total investment of 2 billion, of which we will contribute 1 billion.

Question: Maritime navigation or air traffic is the key precondition for the other two exchanges. What are the difficulties in these areas?

Answer: At present there is an understanding about the Taiwan Strait and the mainland and that is that their aircraft cannot fly across the center line, and neither can ours. If we were to allow air exchanges when they have not renounced the use of armed force against Taiwan, and the airspace was completely opened up, how would we know that they would not one day send MiG-25 and MiG-27 aircraft to attack, or send warships?

Question: If there is a delay, won't the "three exchanges" be very uncertain?

Answer: It won't be very uncertain. Actually, the basic conditions are very simple. As long as they make a specific, well-intentioned response, and publicly renounce the use of armed force against Taiwan, or as long as the two sides sign a mutual nonaggression, non-use-of-force agreement, everyone will have full confidence. The situation now is that I want to make friends with you, and am pursuing you. You have indicated many, many good intentions, but behind your back, you have a knife and on any issue, you may bring it out.

Also, it cannot be denied that we are a political entity, a fact that gives us a little space for international activity. For example, there is GATT, which is a nonpolitical international organization. If we are in it, the Chinese communists are also in it. Perhaps there are many things

in which to cooperate in the GATT, but China says that this cooperation is out of the question, maintaining that we are their region.

Question: The "three exchanges" issue has touched off a lot of grumbling by the Taiwan people, none of whom want to go through Hong Kong, and they feel they cannot afford the money and time.

Answer: The government must be responsible for the political cost, and the people and businessmen must cooperate with the government. In fact, you can calculate that the trade between the two sides—although there is no official figure—last year amounted to about \$3 or \$4 billion, 3 to 4 percent of Taiwan's total foreign trade (which was more than \$120 billion). If this calculation is correct, there has been an increase of several times over what it was before. In other words, what people are really grumbling about is that it is just 3 to 4 percent, and not over 90 percent.

Question: If the "three exchange" issue drags on until 1997, when Hong Kong reverts to the mainland, will Taiwan need to find another third party?

Answer: This, of course, is a hypothetical question. We hope that it will not drag on that long. However, the Chinese communists must make an adjustment and not always treat us as a local government under the principle of "one country, two systems." If you give us a position of equality, the problem will be easily solved. If after 1997 there still cannot be trade relations and open maritime and air traffic, then I'm afraid we must find another place.

Question: Really? Wouldn't that be highly inconvenient and a great pity?

Answer: We would have no alternative, and our products do not necessarily have to transit through Hong Kong. The 3 to 4 percent trade cannot come before the interests of the country as a whole.

Question: For Taiwan, what is the ideal form of unification? Is it one country, two governments?

Answer: We are talking about the unification process and what form it takes now. What do you think it is now?

Question: One nation, two states?

Answer: Yes and no. It is now one Republic of China and one political reality. I visualize the issue very simply: East German and West German were also one "nation" [printed in English] and two "states" [printed in English], but this could not stop them from unifying. East Germany was willing to be unified with West Germany, and by vote everybody was unified. West Germany's system was better than East Germany's, and our 40-year-old system is definitely better than the Chinese communists'.

Question: Will it be a case of a good system unifying a bad system?

Answer: Of course. Ask the common people on the mainland if they want a rich life like that on Taiwan.

Question: After unification what will be the governmental relationship between the sides in administering the mainland and Taiwan?

Answer: There will, of course, be one government. Taiwan is a province. There should be no question about there just being one government of China.

Question: Then what will the relationship be between the parts of the one government?

Answer: We must consider the opinions of the 20 million people. At present the 5.5 million people of Hong Kong do not have the right to vote, which is unfair. You cannot say that you do not want to unify with them, but at the bottom of your heart, do you want to live your entire life with them?

Question: What role do you think Hong Kong can play in the process of unifying the two sides of the strait?

Answer: How the Chinese communists rule Hong Kong after 1997 will tell the people of Taiwan what they should be prepared for. If the pattern of their participation is that they even rule out the building of an airport and elections are totally rigged, then on the day of unification, they will act in the same way.

Question: Some opposition figures in both Communist China and Taiwan criticize the Taiwan government, especially the Li-Hao [2621 6787] system which advocates an independent Taiwan. Do you think this criticism is appropriate?

Answer: The Chinese communists regard unification as a matter of course. They say it is the nation's righteous cause and that not unifying would be treason and heresy. But in practice they are ruthless and do not let Taiwan have a living space. Since this is the case, why would I want to unify with them? The Chinese communists never ask themselves why in Taiwan there is this demand for independence. Under the present circumstances, we have made the maximum effort, against the great opposition of the Democratic Progressive Party, to set up a National Unification Committee, which tells the citizens to move in the direction of unification.

Question: In that case, is the independent Taiwan criticism correct?

Answer: One must look at our actions, and not just at our criticisms. What action by our government do you think is a move toward an independent Taiwan, and what policy for an independent Taiwan can you point to and cite as an example? You can accuse others, but there is always only one truth. In the final analysis, what action have we taken for an independent Taiwan?

Question: Then the actions taken by the Taiwan government show that it is not for an independent Taiwan?

Answer: Setting up the National Unification Committee is the action that shows it best, isn't it?

Question: The Chinese communists think that the National Unification Program is just a program, and that specific courses of action and progress are still inadequate.

Answer: The Mainland Committee has set the ministries and commissions to do research, and at the end of May, they will come up with a plan. For example, we must enhance interchange, and before the end of May, the departments of the government will suggest how interchange is to be carried out. [sentence omitted]

#### Education Minister Urges Students To Respect Law

*OW1105164491 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 10 May 91*

[Text] Education Minister Mao Kao-wen said: Everyone should respect law, and students are no exception. However, if law enforcement involves the school or is conducted on campus, the law enforcement department should respect the school and notify it in advance. From the standpoint of the freedom of study, anything can be discussed on campus, including Taiwan's independence. This is an indication of our respect for study.

With regard to Tsinghua University's action of dispatching a vehicle to send its teachers and students to Taipei to make a petition, Minister Mao said that this was a way by which the Tsinghua University teachers and students expressed their opinion, and the process was peaceful and reasonable. The Ministry of Education respects the position held by Tsinghua University, he added.

Mao Kao-wen explained that the Ministry of Education is concerned about the arrest of students on the campus by the Bureau of Investigation. However, he said that the Ministry of Education is calling for respect for schools, not interfering in judicial work. He expressed the hope that there will be no misunderstanding on the part of outsiders.

Meanwhile, Minister Mao called on university students to enrich their knowledge as their primary task while they are studying in school. He said, "To become prematurely emotional and take part in activities outside school may affect their study. All schools should take up their responsibility in this regard. Besides teaching in class, teachers are requested to help and guide students to develop normally."

#### Finance Ministry Allows More Private Insurance Companies

*OW1805150391 Taipei CNA in English 0819 GMT 18 May 91*

[Text] Taipei, May 18 (CNA)—The Finance Ministry announced yesterday that it will allow the establishment

of more private insurance companies here following the ministry's acceptance of applications to establish new banks.

Finance Minister Wang Chien-shuan said the move is necessary to promote financial liberalization but the door will first be opened to local people and then to foreigners.

To keep a proper balance between quality and quantity, Wang stressed the importance of monetary discipline.

Wang said that his ministry's Department of Monetary Affairs will be upgraded to a bureau of monetary affairs in July this year and the insurance unit will be enlarged, thus allowing a large staff to oversee insurance management.

#### 1991 Economic Growth Adjusted Downward to 6.06 Percent

*OW1805141991 Taipei CNA in English 0825 GMT 18 May 91*

[Text] Taipei, May 18 (CNA)—Burdened by stagnant private investment, the Republic of China has decided to adjust the estimated economic growth rate for 1991 downward to 6.06 percent, a change described by officials as "worrisome."

The new growth forecast announced by the Directorate General of Budget, Accounting and Statistics (DGBAS) was 0.16 percent lower than the 6.22 percent target set in February, in the midst of the Gulf war.

Economics officials said the adjustment was worrisome as most industrialized and developing countries have raised their growth targets in the wake of the Gulf war in anticipation of brighter economic prospects.

"We seem to be the only exception. This may be a warning sign," the officials cautioned.

DGBAS officials said falling oil prices after the seven-month Gulf crisis had been expected to boost the economy, but the effect has been offset by the worse-than-expected performance of private investment.

In February, DGBAS estimated private sector investment would grow 2.64 percent in 1991. Private investment willingness, however, not only failed to improve after the Gulf war ended in late February but even worsened.

In the first quarter alone, private investment declined 6.52 percent from the corresponding period of 1990. As a result, the DGBAS was forced to lower estimated annual growth to a "disappointing" 1.48 percent.

"Shortfalls in private investment will be the biggest threat to the continued development of our economy," although the government has decided to pump 8.2 trillion NT [new Taiwan] dlr [dollars] (300.3 billion U.S.

dlrs) into various public projects under its 1991-1996 Six-Year National Development Plan, DGBAS officials said.

Officials attributed the stagnant domestic private investment to surging overseas investment by domestic small- and medium-sized businesses and the weakening international competitiveness of domestic industries. This, in turn, is delaying the economy's recovery from recession, they asserted.

To prevent the situation from worsening, they claimed, the government must give top priority to stimulating private investment willingness.

According to the figures released by DGBAS, the economy grew 6.43 percent during the first quarter, better than expected. But the targets for the three following quarters were lowered to 5.85, 6.1 and 5.87 percent, from the 5.94, 6.85 and 6.31 percent set in February.

The growth target for the first half of 1992, however, was raised to 6.35 percent.

According to the adjusted figures, the country's gross national product (GNP) was estimated to reach 4,790 billion NT dlrs (175.9 billion U.S. dlrs) in 1991, with a per capita GNP of 8,609 U.S. dlrs.

The merchandise and service trade surpluses were estimated to fall from 9.4 billion U.S. dlrs in 1990 to 7.6 billion U.S. dlrs, with the new Taiwan dollar's parity rate against the greenback averaging 27.27 NT dlrs to one U.S. dollar.

Prices were forecast to remain comparatively stable, with consumer prices estimated to rise 3.76 percent during the year, and wholesale prices to climb 1.12 percent.

### Trade Deficit With Japan Soars

*OW1805115591 Taipei CNA in English 0837 GMT  
18 May 91*

[Text] Taipei, May 18 (CNA)—The Republic of China's [ROC] trade imbalance with Japan has continued to soar since the beginning of the year, with the deficit hitting \$2.08 billion after the first three months. The Board of Foreign Trade (BOFT) said.

BOFT said huge trade deficits with Japan are a problem ROC and Korea share. Korea suffered 2.05 billion US dollar deficit with Japan in the same period.

The Republic of China suffered a deficit of \$7.7 billion and Korea a deficit of \$6 billion in their trade with Japan last year.

BOFT officials see no light at the end of their deficit tunnel as prospects for increased export to Japan are not bright and imports from Japan are sure to rise.

### KYODO Notes Signing of Import Contracts

*OW1905143091 Tokyo KYODO in English 1059 GMT  
19 May 91*

[Text] Hong Kong, May 19 KYODO—A large Japanese trade mission has concluded 113 import contracts during a weeklong visit to Taiwan, according to a report from Taipei reaching Hong Kong Sunday.

In addition, the group agreed in principle on 42 contracts for technological transfers and 16 investment contracts, the report said.

The Japanese mission has been visiting Taiwan since last Sunday to make purchases and talk with Taiwanese business leaders about ways to correct the bilateral trade imbalance now sharply in Japan's favor.

Taiwan's trade deficit with Japan was 7,660 million dollars in 1990. The deficit hit nearly 3 billion dollars in the first four months of this year, alarming Taiwanese business people with fears the deficit may exceed 9 billion dollars this year.

During the Japanese group's visit, the head of a Taiwanese counterpart group was quoted as saying that correcting the trade imbalance depends on Japan's future moves but that it would be very difficult to solve the issue in a short time.

### Tourist Spendings Abroad Eat Away at Trade Surplus

*OW2005124691 Taipei CNA in English 0835 GMT  
20 May 91*

[Text] Taipei, May 20 (CNA)—Taiwan suffered a tourism deficit of 3.15 billion U.S. dollars in 1990, eating away at one-fourth of the year's trade surplus of 14.8 billion U.S. dollars, according to statistics released by the Central Bank of China (CBC).

A CBC official said that the tourism deficit has increased significantly since the government lifted the ban on family visits to the China mainland in 1987. Tourism spending totaled 2.6 billion U.S. dollars in 1987, for a deficit of one billion U.S. dollars; and spending rose to 4 billion U.S. dollars in 1988, sending the deficit up to 1.7 billion U.S. dollars.

Tourism spending soared to 5 billion U.S. dollars and the deficit to 3.15 billion U.S. dollars in 1990 as the number of foreign visitors declined. More than 3.5 billion U.S. dollars were spent by local people visiting the mainland between 1988 to 1990, the CBC official said.

Lin Chung-hsiung, a professor of the National Taiwan University, in a lecture sponsored by the Bank Association, said that Taiwan may have enjoyed large surpluses in its indirect trade with the mainland but that the nonmerchandise trade with mainland suffered a great deficit. Tourism spending has increased at an annual

growth rate of 45 percent since 1987 and he attributed the rapid increase to increased spending on mainland visits.

### Exports to Panama Expected To Increase

OW2505000491 Taipei CNA in English 1508 GMT  
24 May 91

[Text] Panama City, May 23 (CNA)—Businessmen who operate enterprises in Panama's Colon Free Zone have turned to the Republic of China [ROC] on Taiwan again for purchase, Liu Chun-hsiung, ROC's consul general in Colon, said Thursday.

Liu explained that more than [words indistinct] businessmen running enterprises in the Colon Free Zone applied with his office for visas in order to visit the ROC for purchase purpose. The number registered a monthly record in three years, he said.

Some Applicants said they had decided to seek for suppliers in the ROC because of student uprisings in South Korea and uncertainty in delivery and quality control of products made in Mainland China.

The ROC was the second largest supplier of the Colon Free Zone in 1987, selling 37 million U.S. dollars worth of goods to the Latin American trade center.

However, ROC exports to Colon Free Zone reduced to 235 million U.S. dollars in 1988 as a result of the drastical appreciation of the New Taiwan dollar against the U.S. dollar.

According to statistics released by Panama's Comptroller General's Office, the Colon Free Zone imported 180.4 million U.S. dollars worth of products from the ROC in the first nine months of 1990.

This ranked Taiwan at fifth place among the zone's major suppliers, following Hong Kong, Japan, South Korea and the United States.

In 1990, the Colon Free Zone had a trade volume of 5,747 million U.S. dollars, of which 2,638 million were of imports and 3,109 million of reexports.

Another statistics compiled by the China External Trade Development council, the ROC's top trade promotion organization, shows that ROC exports to Panama increased to 291.9 million U.S. dollars in 1990 and almost all the exports went to the Colon Free Zone.

### Asia Becomes Biggest Source of Export Market

OW2205104091 Taipei CNA in English 0825 GMT  
22 May 91

[Text] Taipei, May 22 (CNA)—Asia became the largest source of export orders for Taiwan manufacturers in April, with Japan emerging as the number one buyer, the Ministry of Economic Affairs [MOEA] reported today.

Export orders placed with Taiwan manufacturers during April declined 0.45 percent from March to 6.14 billion US dlrs, but remained 4.87 percent higher than a year before.

Of the orders, 40 percent came from Asia. Japan alone contributed 12.64 percent of total orders, but the value was down 0.31 percent from that registered in April 1990.

Orders from Hongkong, continuing their growth, took a 12.07 percent share of total April orders, up 2.33 percent from a year before.

Purchase contracts from Americas as a whole declined 2.75 percent to 37.61 percent of the total, while Europe's share of export orders rose 0.13 percent to 19.23 percent.

MOEA tallies show that April orders for transportation and telecommunications equipment, information and electronics products chalked up gains over March, while those for plastics, rubber, textiles and electric appliances dropped.

Ministry officials said the April trend was a clear sign that technology-intensive products have gradually replaced labor-intensive goods as Taiwan's main exports.

### Data Bank To Monitor Japanese Economics, Trade

OW1605084891 Taipei CNA in English 0735 GMT  
16 May 91

[Text] Taipei, May 16 (CNA)—The Board of Foreign Trade [BOFT] will set up a data bank to compile latest Japanese economic information and trade consultations between Taipei and Tokyo to facilitate the monitoring of progress in improving the huge trade imbalance now in Japan's favor, Deputy Director Hsu Tsao-ling said.

Hsu said the improvement of trade imbalance with Japan needs long-term efforts. The proposed data bank will provide up-to-date information for the board to take timely measures to help domestic companies expand sales to Japan or obtain Japanese-developed technologies, he added.

Hsu reported that Shoichi Akazawa, leader of the visiting Japanese trade mission organized by Japan's influential Federation of Economic Associations (Keidanren), has agreed to push the Japanese Government to form a task force to address the trade imbalance problem.

The BOFT has set up special panels to promote trade with the United States and Europe and their efforts have all paid off, Hsu said. The board will soon form a similar panel to promote balanced trade ties with Japan and the planned data bank will facilitate such work, he added.

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