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# **JPRS Report**

# **China**

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# China

JPRS-CAR-88-020

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## UNITED STATES

**Ambassador Hopes for Better Relations With U.S.**  
*HK081530 Beijing RENMIN RIBAO in Chinese*  
7 Apr 88 p 6

[Excerpt] Washington, 5 Apr—Han Xu, Chinese Ambassador to the United States, made a speech at the Sidwell Friends School in Washington today at the invitation of the John Zeidman Fund on the occasion of its annual anniversary.

In a speech entitled "Consolidating Ties of Friendship Between the Chinese and American People," the ambassador reviewed the development of Chinese-U.S. relations since former U.S. President Nixon's visit to China, and pointed out that mutual visits by top leaders of the two countries have become a normal practice while people-to-people contacts are even more noteworthy. He cited a number of examples and facts to explain this impressive development. Last year 300,000 Americans traveled to China and a large number of Chinese visited the United States; friendly relations have been established between 23 provinces and states and between 33 cities; cultural and art exchanges keep increasing; and the last 10 years have witnessed the rapid development of exchanges in the educational field. There was not one mainland student studying in the United States in 1978, but now over 20,000 mainland students are studying in some 700 universities in 50 states. Some 8,000 American academics and students visited China last year. These exchanges have enabled both sides to take a deeper interest in studying each other's languages. Han Xu particularly mentioned the achievements made by the Sidwell Friends School in running Chinese language courses for middle school students in Washington.

The ambassador also talked about both countries' achievements in scientific, technological, and economic cooperation. He pointed out that both sides had signed 29 agreements and protocols on science and technology and that bilateral trade volume increased from zero in 1972 to \$7.8 billion last year. The United States has become China's second largest trading partner and its biggest investor.

In reference to Chinese-U.S. relations, Han Xu said that the Taiwan issue still remains the main obstacle to the development of relations between the two countries. He expressed the hope that the U.S. Government can play its role in promoting China's reunification. He pointed out that protectionism and the rigid control over technological transfer to China are harmful to the interests of both countries. He stressed that an important principle for ensuring the smooth development of Chinese-U.S. relations is mutual respect and mutual noninterference in each other's internal affairs. But unfortunately, the U.S. Congress approved a bill last year interfering in China's internal affairs, thereby seriously hurting the feelings of the Chinese people.

Han Xu concluded: I have full confidence in the future of Chinese-U.S. relations. On 1 January 1989 we will celebrate the 10th anniversary of the establishment of Chinese-U.S. diplomatic relations. At a time when we are entering the second decade of Chinese-U.S. relations, the people of the two countries are expecting a better tomorrow for the relations between the two countries.

## NEAR EAST/SOUTH ASIA

**Indian Paper Praises Country's Population Policy**  
*OW091055 Beijing XINHUA in English*  
1233 GMT 7 Apr 88

[Text] New Delhi, April 7 (XINHUA)—The influential "HINDUSTAN TIMES" urged today that something ought to be done so that India is not number one in the world population race.

"India can learn much from the way China has interlinked the family planning goal with other developmental activities such as the quality and quantity of both health care and education," says the newspaper in an editorial.

It said that a massive publicity drive, a system of incentives and disincentives and a flexible policy in regard to minorities and to those living in the rural areas have all added up to a practical approach that has given the family planning drive a self-sustaining momentum in China.

India's population is growing at an annual rate of 2.1 percent, compared with 1.3 percent for China, and this could make a difference over the years, the newspaper said.

According to a United States census bureau report, India could surpass China as the world's most populous country in 2050.

## SUB-SAHARAN AFRICA

**RENMIN RIBAO Applauds Ethiopian-Somali Reconciliation**  
*HK090709 Beijing RENMIN RIBAO in Chinese*  
6 Apr 88 p 6

["Short" commentary: "Reconciliation Is Better Than Confrontation"]

[Text] Ethiopia and Somalia issued a joint declaration on 4 April, announcing that they had concluded an agreement on the resumption of diplomatic ties. The two countries also agreed to withdraw their troops from their common border in the hope of mitigating a military confrontation between them, to stop all "subversive activities," and to exchange prisoners of war. This is an important development in Ethiopian-Somali relations in the transition from antagonism to reconciliation.

Ethiopia and Somalia are two important countries in the Horn of Africa. Owing to the disputes over the ownership of the Ogaden territory, there were three massive border wars between Ethiopia and Somalia in 1964, 1967, and 1977. The two countries severed diplomatic relations in 1977. Although another massive war has not broken out between them, clashes and skirmishes have occurred from time to time. The wars and antagonism have caused tremendous human, material, and financial losses for both sides and have seriously hindered their economic development. Meanwhile, the Horn of Africa has suffered from a long turbulence.

Both the Ethiopian and Somali Governments came to the realization that this protracted hostility was detrimental to their peoples and that only the peaceful

settlement of their disputes conformed with their fundamental interests. So the two countries decided to hold direct talks, free from foreign interference. In January 1986, President Siad and Chairman Mengistu held their first round of talks to discuss the long-standing border issue. Later, the Somali and Ethiopian foreign ministers held several rounds of talks, striving for reconciliation and normalization of relations. On 20 March this year, the Ethiopian and Somali heads of government met again in Djibouti to discuss normalization. The resumption of diplomatic ties between Ethiopia and Somalia, which is the result of both governments' sustained efforts to establish neighborly relations, has created good conditions for the development of peace and stability in the Horn of Africa. It has also shown that as long as the parties concerned can overcome external interference, regional conflicts can definitely be resolved through peaceful channels.

## NATIONAL AFFAIRS, POLICY

**Article on Economic Development Questions**  
*HK130351 Shanghai SHIJIE JINGJI DAobao in Chinese 28 Mar 88 p 3*

[Article by Wang Jian (3769 0256) of the State Planning Commission: "Several Questions Concerning Strategy for Economic Development of the Great International Circle"—First Paragraph Printed in Boldface]

[Text] Since the announcement of the strategy for economic development of the great international circle, I have received many letters from comrades who show concern for this matter. A number of comrades favor and support this strategic conception whereas some comrades cast doubt upon it. Their attention is mainly focused on the necessity and feasibility of the strategy. It is impossible for me to answer all the letters for lack of time. Now I borrow a corner from this newspaper to talk about some issues with which people are concerned.

### **1. This Strategy Is Worked out on the Basis of Analyzing Peculiar Movement of Opposites of Our Country's Production Setup**

In our economic development of the 30 years before the reform, our country's production setup embarked on a path of development completely different from other countries. Industrial economics tells us that in the course of the industrialization of a country's production setup, it should generally undergo stages of development with light industry, heavy industry, and heavy processing and assembly industry respectively playing a leading role in different stages. The development of each different stage corresponds with certain level of per capita income (generally reflected in per capita GNP). With the increase of per capita income level, production setup also advances in a regular way. But the changes of our production setup are very particular. Shortly after the founding of the People's Republic, our per capita GNP was only about \$70 to \$80. Ours is a typical agricultural state. To develop industrialization in such a country, if we follow the law governing the development of production, we should, first of all, enter a stage of development in which light industry plays a leading role. However, we entered in one go a stage in which heavy industry, and heavy processing and assembly industry in particular, played a leading role. During the first 30 years after the founding of the People's Republic, our heavy industry increased 19 fold, and heavy processing and assembly industry increased 24 fold. However, our agriculture and light industry only increased by 200 percent and 700 percent respectively. Therefore, in the historical year of 1978 before we started completely changing our national system and strategy, we compared our production setup with the "major international standard for production setup," and found out that our output value structure, namely the proportion of industry in material production sector, already bore a characteristic of a country

with per capita GNP exceeding \$1,000. However, judging from the structure of our labor force, namely the proportion of agricultural labor force in agriculture, the characteristic of a country with per capita GNP of less than \$1,000 was markedly shown. Such a strong dualistic production setup has no parallel in the history of developing countries.

There were profound historical and objective reasons contributing to such dualistic production setup. In the past, we did not have a systematic understanding of industrialization, and our eyes were set on the structure of production value alone. We wrongly thought that as long as our industrial production output value was as high as 70 percent, that meant we completely succeeded in modernization. In the historical process of a modern industrial country, an important problem which it should solve is that it should basically shift agricultural population to nonagricultural production. However, to do so, we need a large sum of funds. According to the level of 1986, a township and town enterprise should spend 14,000 yuan to employ an additional worker. From 1979 to the present, about 90 million peasants have left their farmland. According to a prediction about a long-term development, by the end of this century 180 million people will be shifted to nonagricultural occupation. It is not difficult to calculate that to ensure a smooth shift, we need to invest a large sum of funds. In the meantime, industrialization should not only be expanded quantitatively, but also be improved qualitatively. It is a striking problem that facilities in our enterprises are old and outmoded, and that our technical level is low. In the process of industrialization, if we fail to renew material basis of our heavy industry, and advance our technical level so that it will be close to the level of developed industrial countries, it will be impossible to turn our country into a modern industrial power.

Without a large sum of funds, it is difficult to solve the problem of shifting rural population to industry, and upgrading our heavy industry. In the current economic movement, the contradiction between these two industrialization targets (shifting rural population to industry, and upgrading heavy industry—FBIS) is also reflected in the contention between rural industry and urban large-scale industry for funds. In addition, excessive outflow of the essential factors of agricultural production will eventually introduce confusion into the operations of the national economy.

If our attention is focused on internal circle alone, it is difficult for us to solve the conflict. It is because the amount of funds brought by rural labor force to industrial sector is limited. They should, first of all, be invested in labor-intensive projects which need smaller amount of funds. Labor-intensive industry is mainly an industry which produces consumer goods. It is impossible for such industry to support the project of upgrading heavy industry. On the contrary, it will take away funds, raw and processed materials, energy, and so on needed by the development of heavy industry. In the long run, if

we fail to develop heavy industry, the process of shifting rural labor force to industry will also be impeded, because there are no facilities, raw and processed materials, and so on to support such transfer of labor force. However, without transferring rural labor force, it is impossible for China to fully complete the task of industrialization.

The situation will be completely different if we consider from a viewpoint of international economy the way to solve contradiction resulting from China's dualistic economy, and to fulfill the two great industrialization targets. Through the export of our products manufactured by labor intensive industry, we will be able to merge the transfer of China's rural labor force into a great international circle. By making use of the transfer mechanisms of international market, we will be able to integrate the two great industrialization targets, so that they will supplement and promote rather than excluding and conflicting with each other. It is because by developing labor-intensive industry and exporting its products, we will earn foreign exchange from international market. Foreign exchange will ensure the supply of all resources. With foreign exchange in hand, we will be able to import funds (as published) and technical-intensive products from international markets, which are needed by the development of heavy industry. With our success in transforming our heavy industry, we will be able to update our technology. In such a way, we will be able to support the development of export-oriented light and textile industries with more and better facilities and raw materials, and increase the competitiveness of our products, and their capability of earning foreign exchange. This will, in turn, more vigorously speed up the process of upgrading our heavy industry. With the mutual promotion of heavy industry and export-oriented light industry and the expansion of their circular relations through the help of the transfer mechanisms of international market, we will be able to continuously absorb labor force coming from rural area. By relying on international division of labor and exchanges, we will be able to fulfill the two great targets of industrialization through integrating them into international circular relations. Such mechanism never exists at home.

Some comrades ask: Since the start of the project of double-track changes (shuang chong zhuan gui 7175 6850 6567 6510), we have succeeded in transferring 90 million members of labor force from farmland without the help of great international circle. Does this not show that it is unnecessary for us to follow the path of developing export-oriented economy? I think that these comrades have neglected the following important condition. Since 1978, China's accumulation rate has been dropping continuously. Although it increased a bit during the later period of the Sixth 5-Year Plan, the basic factor which supported such an increase was foreign debts. Judging from the proportion of national income alone, we know that our accumulation rate has dropped to the lowest level in history. We all know that national

income is divided into the two major parts of accumulation and consumption. The drop of accumulation rate means the rise in consumption rate. This has caused a sustained growth of the purchasing power for consumer goods since 1979.

This sustained growth is an important factor which has promoted the expansion of consumer goods industries. Rural labor force, which has brought a limited amount of funds with it, can only be transferred to labor-intensive consumer goods industries. Therefore, the drop in accumulation rate has become an important prerequisite supporting the transfer of rural labor force over the past 9 years. But the problem is that we are not allowed to promote our accumulation by relying on foreign debts for a long time, and to transfer the accumulative part of the national income to the expansion of consumption. It has been predicted that in the next few years to come the amount of the principal plus interest of foreign debt which we should repay will reach a peak. At that time, a net inflow of foreign capital will be changed into a net outflow. Even if our accumulation rate is retained at a very high level in name, the amount of funds, which is used for developing production, will be actually reduced. Measures will be taken to curb the decline of accumulation rate, and the situation might become worse. At that time, it might be difficult for the consumer goods industries to give full play to their existing production capacity. The transfer of rural labor force will inevitably be impeded. Taking our medium and long-term interests into account, failure to participate in the great international circle will do us no good. Only by persistently sticking to the strategy of developing an export-oriented economy can we maintain the transfer of rural labor force during the period of repaying capital and interest of our foreign debts. In such a way, the increase of our production level and our people's living standard will not be adversely affected. This will also be beneficial to maintaining the balance of our international payment during the period of repaying foreign debts.

## **2. Judging From International Experiences, We Know That Embarking on the Path of Developing an Export-Oriented Economy Is an Important Way for Speeding up a Country's Production Setup**

During the 1950's, economic foundation of Japan was poorer than our existing economic foundation. However, through participating in international division of labor, and exporting their excellent light and industrial products, the Japanese got from those industrially developed countries such as the United States, and so on advanced technology and facilities. This laid a foundation for the hyper growth of the economy of Japan. It took only 25 years for Japan to become an industrially developed country. During the 1960's, Japan began changing its production setup, and gave up the policy of exporting a large quantity of labor-intensive products. The policy was taken over by the "four little dragons in Asia." They followed the same path taken by Japan. At present, the

level of their production setup has been close to industrially developed countries. It took more than 100 years for those old-line capitalist countries to attain their present-day level. China is now a comparatively backward developing country. It is intending to narrow the gaps with those industrially developed countries, and wishes to become a first-rate industrial power as early as possible. To do so, China should actively participate in international division of labor, and take the opportunity of international exchanges to export its light and textile products. There is no other way than this.

### 3. Judging Things From a Long Perspective of History, We Know That China Will Sooner or Later Embark on the Path of Developing "Export-Oriented and Processing" Industry

Industrial economics tells us that there is a close and inseparable inner link between a country's pattern of resource supply and its production setup. A country is not able to freely choose its own production setup, because it is restrained by the pattern of its resource supply. This is an objective law independent of man's will. Ours is a country with vast territory, but we have a very large population. Our per capita resources are very limited. Of various production factors, our productive forces resources are the most abundant. Other production factors are comparatively meager. By relying on resources at home alone, it is impossible for us to give full play to the role of our production factors.

Recently, there has been a "great war of raw materials" between the coastal areas and the interior. In the final analysis, the war has broken out because of the meagerness of resources. To manufacture more products and make more profits, each and every region should scramble for more raw materials so that the can live well. Due to the fact that our resources are limited, the prices of raw materials have risen drastically amid competition. This will be harmful to the healthy development of the economy. There is a large quantity of idle labor force. Work, which can be completed by three persons, is now done by five persons. While proposing an idea that China should economically join the great international circle, we should, first of all, "drive the coastal areas to the sea" (ba yan hai gan xia hai 2116 3116 3189 6385 0007 3189). In such a way, we will be able to expand our resources and market. This will be beneficial to mitigating contradiction between coastal areas and the interior. This method will eventually be useful to coordinating the pattern of our resource supply and production setup. Viewing things from international experiences, we know that the pattern of resource supply of Japan, West Germany, and the "four little dragons in Asia" is very similar. The are populous countries with limited resources. They have succeeded in their economic development by making use of resources and markets both at home and abroad. To turn our country, which has one billion population, into a first-rate industrial power, we should also follow their path. Our first purpose in adopting the strategy of the great international circle is to solve the

contradiction between the dualistic production setup and dualistic areas. The second purpose is that after the settlement of the above-mentioned contradiction, we should solve the problem of coordinating our production setup with the pattern of our resource supply. Today, our coastal areas are implementing a strategy of developing an export-oriented economy. This can be regarded as the first step taken by China in the course of embarking on the path of developing "export-oriented and processing" economy.

Another question which people show concern for is the feasibility of this new strategy. It is true that in the course of implementing the strategy of developing an export-oriented economy, we have encountered numerous contradictions and difficulties. They include slow growth of the world economy, stricter protective measures taken by developed countries, our incompetent system at home, acute contradiction between our domestic sales and export sales due to inflation of total demand, low quality of our enterprises and products, our failure to manufacture proper-grade products to meet international market demand, and so on. We should face these contradictions squarely, and should on no account be blindly optimistic. However, we must not be in a state of inertia because of these difficulties and contradictions. We should realize that if we fail to go abroad, or if we are content with our domestic circle, we will encounter more contradictions and difficulties in the future. At that time, there will be no hope for us to turn our country into a strong industrial power. To go abroad, we should be bold in surmounting all obstacles occurring on the road of advance. Over a long period of time in the past, we were accustomed to domestic circle. Now, what is more important for us to do is that we should focus our attention on conditions which are beneficial to our going abroad. For example, although world trade is now developing at a low speed, the changes of production setup in various countries is different. The industrially developed countries are promoting their production setup to a higher level, and are competing keenly with each other in the field of high technology. There is a trend of shifting labor-intensive production to the backward countries. As far as the conditions of our country are concerned, although in recent years international market is in a depression, production output of our light and textile products has maintained a good momentum of an increase of 20 to 30 percent. We have increased not only their production output, but also their prices. Of course, price increase is partly due to the devaluation of the U.S. dollar. However, the fact that only our production output of light and textile products can increase by such a big margin cannot but be attributed to a good opportunity provided by international trade.

Many comrades have a one-track mind. They always want to know the number of markets and opportunities other countries will give us. It is necessary to make some calculations. However, I do not favor the way they handle matters. It is because no country will "offer their markets" to us. It can hardly be imagined that at an

international meeting, a decision will be made on defining markets for the Chinese. Market situation is sometimes tense, and sometimes slack. However, an acute contest is needed if any country intends to enter, or open up, a market. It can get a market share only by driving its competitors out of the market. In the 1950's and 1960's, the market share of the United States in world trade was about 20 percent. Later, Japan and West Germany caught up with it. By relying on their technology and their competitive product quality and prices, they drove a large quantity of U.S. products out of the world market. In the 1950's, Japan's export volume only accounted for 1 percent of the world export volume. But its export volume has now increased to 1/10 of the total world export volume. Market share of the United States has dropped from 20 percent to 10 percent. Its market share is now the same as that of Japan. If we consider matters in this way, we can make the following reckoning. China's population has accounted for 1/5 of the world population. However, our international trade volume is only 1 percent of the total trade volume of the world. Should we not take over the share which originally belongs to the Chinese? We will get pessimistic if we place our hope on begging other countries to "offer" their markets to us. It is because to do so, we will feel that we are inferior to others in all aspects. If we fail to change this attitude, we will not be able to occupy markets even if there is an opportunity. If we do not occupy those markets, Thailand, Malaysia, Indonesia, and other countries will occupy them. If we truly realize that the hope of developing China's economy and of invigorating the Chinese nation lies in going abroad, we should pluck up the courage of the sons and daughters of the Chinese nation, so that they can drive our competitors out of the international market. Today we, the Chinese, can do what the Japanese did in the past. We should do better than them. The Chinese on the mainland can do as effectively as those Chinese in Taiwan and Hong Kong. We can do better than them. As far as objective conditions are concerned, the basic facilities, equipment, quality of workers, and scientific and technical force of the coastal areas in our country are better than those of the South Asian countries. Some of conditions are even better than those of the "four little dragons in Asia." We are facing enormous difficulties in the course of embarking on the path of developing export-oriented production. I think that the difficulties do not lie in external objective conditions, but in the fact that our present economic management system is irrational. In many aspects, the system is binding our hands and feet. Today, we have determined a clear and definite direction for working out our strategy of development. Our present top priority task is to speed up economic structural reform, and to completely destroy those trammels which impede the development of China's export-oriented economy. As long as we have a good system, our existing latent strong points will be turned into practical strong points. In such a way, there will be an economic take-off in China in the course of embarking on the economic path of the great international circle.

**JINGJI CANKAO on Legal Status of Private Economy**

*HK021113 Beijing JINGJI CANKAO in Chinese  
16 Mar 88 p 1*

[Commentator's article: "Establish the Legal Status of Private Economy"]

[Text] In view of the existence and development of the private economy in our economy in past years, it is now time to codify the policy for the private economy into law in light of practice.

The party Central Committee's Document No. 5 in 1987 for the first time laid down a clear policy stipulation on the private economy: "It should be allowed to exist under effective management so that its advantages can be brought into play and its disadvantages can be brought under control, and it should be gradually guided."

On 28 February 1988, the party central leadership proposed that an additional passage be added to Article 11 of the Constitution: "The state allows the existence and development of the private economy within the limits prescribed by law. The private economy complements the socialist public economy. The state protects the legitimate rights and interests of the private economy, and guides and supervises the private economy by exercising administrative control."

When the NPC Standing Committee discussed this proposal and decided to submit it to the First Session of the Seventh NPC for deliberation, the Standing Committee members generally agreed that it is necessary and opportune to add this stipulation concerning the private economy to the Constitution, and that this amendment is of great importance for developing our country's social productive forces and building socialism with Chinese characteristics.

There are differences between the private economy and the individual economy in our country, but the two things are also related. The economic reform practice in past years showed that the individual economy will naturally give rise to the private economy, and that the latter is a natural result of the former. There is no unbridgeable chasm between the two things. After correcting the erroneous "leftist" guideline which existed for a long time, we first recognized the legal prolonged existence of the individual laborer economy and adopted a correct policy of protecting the legitimate rights and interests of individual economic entities, and this ensured the vigorous development of the individual economy in cities and in the countryside. Meanwhile, this policy has also been widely accepted and affirmed throughout society. With the increase in the size of the individual economy, some qualitative changes then occurred. In 1981, a number of individual economic entities which had been operating on a considerable scale and which had accumulated considerable capital began

to hire more workers than the limit for apprentices and helpers allowed by the policy, and they gradually developed into private enterprises which hired labor. At the same time, the owners of these private enterprises also began to earn nonlabor income through hiring labor. These private enterprises sometimes still hoisted "collective enterprise" signboards to conceal their essential private ownership nature.

For a period, there were naturally differing opinions within the party and in society on the emergence of the hiring of labor by private enterprises. In 1982, in light of Comrade Deng Xiaoping's opinion of "observing things for some time," the central authorities decided that such private enterprises would not be banned, and also that no publicity would be given to them. Thanks to this correct approach, the scale of operation of the individual economy could continue to grow; the individual economy could continue to develop; and the private economy could emerge.

Comrade Zhao Ziyang's report to the 13th party congress brilliantly expounded the theory concerning the initial stage of socialism in our country and clearly pointed out the necessity of continuing to develop the economies of different ownership forms under the premise of guaranteeing the dominant position of the public economy, and this included steps to encourage the development of the private economy. The report also stressed: "It is necessary to formulate laws and policies concerning the private economy as soon as possible so as to protect the legitimate rights and interests of private enterprises and to strengthen the relevant guidance, supervision, and management."

In light of the requirement of enacting relevant laws "as soon as possible," only a few months after the 13th party congress, the party central leadership put forth the proposal to add to Article 11 of the Constitution on the urban and rural laborers' individual economy one more passage regarding the private economy which included the factor of hiring labor. This is an inspiring development. With a constitutional foundation, other concrete laws and regulations concerning the private economy will be more easily enacted and perfected. Then the private enterprises in our country will soon be able to gain the position of legal entities.

The legalization of the development of the private economy is a major component part of our country's economic structural reform and democratic political construction. After the private economy achieves a legal position, on the one hand, the legitimate rights and interests of the private economic entities will be protected by law; and on the other hand, the state authorities can also more effectively guide, supervise, and manage the private economy according to law. The policy of the party and the government and the laws of the state do not allow any institution, organization, or individual to infringe upon the legitimate rights and interests, including the property ownership rights, of

private enterprises as legal entities; and at the same time, the policy and the laws also do not allow any private enterprise to infringe upon public interests and the legitimate rights and interests of other people. Any violations of this policy and these laws will be corrected, checked, and punished.

## PROVINCIAL

**Sichuan Leader on Deepening Enterprise Reform**  
*HK041301 Chengdu SICHUAN RIBAO in Chinese*  
12 Mar 88 pp 1, 2

["Excerpts of a Speech by Comrade Yang Rudai at the Provincial Work Conference on Deepening Reform of the Enterprise Leadership Setup and on Contracted Management Responsibility System: 'Further Emancipate the Mind, Deepen Enterprise Reform'"—date not given]

[Text] Now, I would like to give some views on four issues, namely, further emancipating the mind and the productive forces, having a correct understanding of the situation, deepening reform of the enterprise leadership setup, and improving work style.

### **1. On Conscientiously Studying the Documents of the 13th Party Congress, Implementing the Spirit of the 13th Party Congress, Further Emancipating the Mind, and Further Liberating the Productive Forces**

The documents of the 13th Party Congress have a large stock of information and contain very rich and profound contents. In our studies, it is necessary to grasp the main points and to purposefully solve some specific problems that need to be solved. Only in this way can we constantly advance our studies and guide the work more satisfactorily. In his recent meeting with foreign guests, Comrade Xiaoping pointed out that the 13th Party Congress has further emancipated the minds of the party and the people and will further liberate the productive forces. Here Comrade Xiaoping talked about the questions of further emancipating the mind and liberating the productive forces. These are precisely the main points we should grasp in studying the documents of the 13th Party Congress and in implementing the spirit of the congress.

Why is it that since the Third Plenary Session our party has been able to gradually and systematically put forward a series of theories, principles, and policies on reform and opening up? This has much to do with the fact that, at the suggestion and with the support of Comrade Xiaoping before and after the Third Plenary Session, a discussion on practice being the sole criterion of truth was held nationwide and this has emancipated people's minds. The discussion on the criterion of truth was a Marxist education movement and a great ideological emancipation movement of great significance. It enabled people to break away from the fetters of the "two whatevers," to be free from the shackles of the

"leftist" guiding ideology, and with economic construction as a key link, to launch the work of setting things to rights. Without the great ideological emancipation of the whole party and the people of the whole country, it would have been impossible for the Third Plenary Session to establish correct lines of cognition and ideology and to restore the authorities of the Marxist line of seeking truth from facts. It would also have been impossible to have the two basic points of the line since the Third Plenary Session and the constant development of reform, opening up, and commodity economy. Naturally, it would also have been impossible to achieve a leap in understanding the theory of the initial stage of socialism at the 13th Party Congress and to attain this excellent situation in our country today. The process of forming and developing the party's line, principles, and policies since the Third Plenary Session is a process in which our party and the people of the whole country, under the guidance of the basic tenets of Marxism, have proceeded from reality, constantly emancipated the mind, and developed the productive forces. This fully shows the great significance of the emancipation of the mind. Now, we are focusing our study of the documents of the 13th Party Congress on further emancipation of the mind. This makes it necessary for us, in line with the requirements of the theory of the initial stage of socialism and the basic line put forward by the 13th Party Congress, to further liquidate those outdated conventions and concepts in our minds, which are not suited to reform and opening up and which obstruct the development of commodity economy, and to remove ideological obstructions on the path of developing the productive forces. Since the Third Plenary Session, our province has done much to emancipate the mind and has scored great successes. But this does not mean that the task of emancipating the mind has been completed and that the rigid ideas have been completely eliminated. It should be said that, due to the special conditions in our province, the task of emancipating the mind is still very arduous. In our studies some time ago, I said that, to quicken the pace of all-round reforms in Sichuan, the first thing to do is to further emancipate our minds, to overcome the "basin consciousness" formed over the years, and to enhance our consciousness of reform and opening up. As everybody knows, Sichuan is an interior province with poor communications. Historically, the degree of development of commodity economy here has been low, and natural economy has predominated. The industrial setup produced by third-line construction is greatly affected by the old structure of product economy. In addition, leftist things have had great influence here. As a result, the influences of natural economy, product economy, and leftism are often fused together to form our characteristic basin consciousness. This to a very great extent binds up people's thinking and hampers the deepening of reform and the development of the productive forces. Viewed from this angle, further emancipating the mind is of special significance in Sichuan. What are the manifestations of the "basin consciousness" affecting reform, opening up, and the development of commodity economy? As I see it, there are three principal aspects:

The first is conservatism. Compared with the coastal areas, we lack the courage to take risks in reform and opening. Fearful of chaos, we always seek stability. We lack the spirit of daring to explore, to open up, and to do pioneering work. Being addicted to the so-called "stability" under the product economy setup, our enterprises lack strong competitive consciousness. In economic management, they are not too good at learning advanced things from the other countries and other provinces. They do not have a strong desire to pursue technological advances and have not genuinely relied on technological advances for economic growth. In developing commodity economy, they are liable to be satisfied with the existing state of affairs. In the rural areas, many places are satisfied with having enough to eat and wear and, after initially solving the problem of food and clothing, do not want to seek new and higher objectives.

The second is the closed door. Many problems of self-sufficiency, of having a system of one's own, and of self-circulation, which have developed over the years, exist in the rural areas. Neither have they been completely changed in the cities and the industrial fields. They are also fairly widespread in the minds of our leading cadres at all levels. On the question of opening up to the outside world, they lack the concept of international division of labor and are not aware of the domestic and international markets. They set their eyes only on the small, closed fields before them. For this reason, they are slow in developing lateral economic associations with fraternal provinces and cities. In particular, they have not yet satisfactorily embarked on international economic and technological cooperation.

The third is narrow-mindedness. On some major issues of economic development, we do not have enough strategic foresight or a strong ability to look into the future. In lateral economic association, we are too particular about temporary gains or losses; we are afraid of suffering losses. Instead of calculating the benefit we stand to gain, we are afraid that the other party may make large profits. These manifestations of "basin consciousness" essentially reflect rigid ideas or failure to emancipate the mind. Naturally, this does not mean that these rigid ideas exist only in Sichuan and not in other places. Due to various historical, natural, and social factors, these rigid ideas have been more conspicuous and concentrated in Sichuan than in some other places. Although they were overcome to some extent in the ideological emancipation a few years ago, they still have considerable influence today because we have failed to systematically single them out in the past and solve them. If it is acknowledged that there are various constraining factors on the development of commodity economy in Sichuan, then we could say that the "basin consciousness" that exists in varying degrees among that cadres at all levels is the major one of these constraining factors.

The aim of emancipating the mind is to liberate the productive forces. In studying and implementing the spirit of the 13th Party Congress, we should apply the

theory and basic line on the initial stage of socialism as the guide in spontaneously eliminating conservative, closed-door, and narrow-vinded "basin consciousness" and enhancing our concepts of reform, opening up, competition, and innovation. This process is bound to be another majoremancipation of the mind for the cadres and masses throughout the province, and we will be able to enhance awareness and resolve in implementing the line of the 13th Party Congress, further deepening the reforms and opening up, and further developing commodity economy. This has had a good beginning in recent discussions on the coastal economic development strategy. After Comrade Ziyang put forward at the end of last year the development strategy of putting both ends abroad, importing more raw materials and exporting more products, and taking an active part in the great world economic circle, we shall bungle the opportunity and find ourselves in a passive position in the new situation of national economic construction if we, as we did before, still lack the consciousness of reform and opening up, fail to emancipate or broaden our minds, and hold that it is merely a question relating to the coastal areas. What is gratifying is that, after initially studying the documents of the 13th Party Congress, many cadres and people throughout the province have demonstrated their proper sensitivity and enthusiasm on this issue. From numerous angles they have analyzed the influence which the export-oriented development strategy may have on our province. They have conscientiously studied how our province can participate more in international economic activities by various means and how to more effectively develop lateral economic association with the coastal areas. This shows that "basin consciousness" is not something that cannot be broken or overcome. The key lies in whether or not we can concentrate on the development of the productive forces, genuinely emancipate our minds, and use our brains. The political report of the 13th Party Congress again stressed that the fundamental task of socialist society is to develop the productive forces. It stressed that whether or not the development of the productive forces is benefited should be regarded as the starting point in considering all problems and the fundamental criterion for examining all work. We should use the two "fundamentals" to analyze and understand the new conditions and problems that have emerged in the course of practice. If they hamper the development of the productive forces, they run counter to scientific socialism and are impermissible under socialism. Then, we should dare to reform them or discard them. If they are conducive to the development of the productive forces, they are demanded and allowed by socialism. Then, we should dare to put them into practice and resolutely support them. Thus, in the course of promoting the reform, opening up, and the development of commodity economy in Sichuan, we shall be able to constantly overcome the influence of "basin consciousness" and foster new concepts and ideas suited to reform and opening up. Therefore, the important thing is to center on the development of the productive forces and to be bolder in conducting reform and opening up. Recently, Comrade

Xiaoping expressed his full support for the coastal areas' economic development strategy. He particularly stressed the need to quicken the pace, to act boldly, and not to bungle the opportunity. The spirit of this important instruction of Comrade Xiaoping is likewise suited to other reforms and work. It has extremely important guiding significance to emancipating the mind and liberating the productive forces in Sichuan. We must energetically implement it and open up a new situation of all-round reform in our province.

## 2. On Correctly Understanding the Situation

At present, the nation's situation in reform and opening up is excellent. The economic situation as a whole is also fairly good. A situation characterized by the mutual promotion of micro-flexibility and macroeconomic control has emerged. Judging from the situation in our province, considerable headway was made in economic restructuring, particularly in enterprise reform, last year. The results were quite remarkable. The economic development was also better than expected. The province's industrial and agricultural production developed steadily and soundly. Total industrial and agricultural output value increased by 1 percent over the previous year. In agriculture, despite severe natural disasters, the total grain output approached the previous year's level. The number of live and slaughtered hogs, as well as the output of cotton, oil-yielding crops and mulberry silkworm increased in varying degrees. In industry, given the energy and capital shortage, the output of major products still increased considerably and the product quality steadily improved. The scope of loss-making enterprises and the amount of losses they suffered dropped and their economic results tended to improve. The situation in domestic and foreign trade was very good. The total volume of retail sales increased by 18 percent and the foreign exchange earned through export by 49.6 percent. The living standards of the urban and rural residents continued to improve and the balance of savings deposits rose by 31.8 percent. Revenue maintained its stable growth, rising by 11.8 percent. In the same period, financial expenditure only rose by 0.7 percent. The net cash issued by the banks dropped by 19.8 percent. The investment pattern also improved to some extent and the construction of energy, raw materials, and other key projects also picked up speed. We can thus see that, judging from the province's production, construction, circulation, living standards, macroeconomic control, structural reform, and so on last year, the entire economic situation was very good.

However, given such a good situation, we have also heard various comments from some cadres and people. The greatest number of comments were about excessive price rises. How to approach the price problem involves the question of how to assess the situation and understand the reform. This is an important ideological question we should solve in deepening the reform.

On the question of price rises last year, it is necessary to make a concrete analysis. It should be admitted that prices indeed rose too high last year. A 7.2-percent rise in the country as a whole and a 7.1-percent rise in our province have become a hot topic of discussion by both cadres and people. In the course of economic restructuring, these social and psychological reactions on the part of the masses merits our full attention and on no account should we treat them lightly. Meanwhile, we should also note that in the price rises last year, the rising prices of non-staple food played a decisive role. Of the province's general retail price index, which was 7.1 percent last year, food accounted for about 80 percent. Of this, the prices of pork and vegetables had the greatest influence. The rising prices of pork and other non-staple food were caused, on the one hand, by costs and, on the other hand, by demand, the result of interaction between two factors. After the grain prices rose, the cost of raising pigs also rose considerably. If the peasants had not adjusted the price of live pigs accordingly, it would have been unprofitable to raise pigs and they would even suffer losses. Therefore, whether or not people were aware of this issue, the peasants spontaneously raised the price of live pigs after making some calculations. This was the inevitable outcome of the role of the law of value. That the peasants know how to apply the law of value and to calculate input and output is a gratifying progress and a very good thing. If we disregarded this reality and continuously held down the price of pork, it could dampen the peasants' enthusiasm and the number of pig-raising peasant households, particularly the major specialized households, would drop. As a result, production would shrink and pork would be in shorter supply, eventually bringing about higher pork prices. As was the case in vegetable prices. Following the rising prices of chemical fertilizer and plastic sheeting over the past few years, the costs of growing vegetables have also constantly risen. Moreover, the peasants know the price relations between grain, pork, and vegetables. After the prices of grain and pork rose, the price of vegetables certainly had to rise accordingly. Otherwise, they would no longer grow vegetables. We can thus see that the rising prices of pork, vegetables, and other non-staple food have been the inevitable outcome of the constantly rising costs of agricultural production over the past few years. It shows that the law of value is beginning to play its role in agricultural production and circulation. It should be said that this is quite normal. Moreover, the urban residents' demands for non-staple food have risen very rapidly over the past few years, far exceeding the growth rate of agricultural and sideline products guaranteed by agricultural input. With demands far exceeding supply, the relationship between supply and demand was rather tense. This also caused the rising prices of non-staple food. Being a major pig producing area, Sichuan's pork supply was greater than demand. However, with the pork supply falling short of demand and the rising pork price in other parts of the country, many provinces and cities came to our province to purchase pork. This could not but affect the price level of pork in our province. The current tense relationship between supply and demand in

agricultural and sideline products is not because there are problems in the development of agricultural production and because these problems have led to an insufficient supply of farm produce. It is because the use of previous administrative methods in managing and guiding agriculture has come into contradiction with the gradually developing rural commodity economy, thus leading to fluctuations in the production of some farm produce. In our province, there have been such cases in grain, cotton, silkworm, and live pig production, though to different extents. Through the reform over the past 9 years, the rural areas have shifted to the track of commodity economy and the peasants have started making arrangements for production and developing diversified undertakings according to market information. In our work, however, we are not good at applying the law of value to guide agricultural production. We do not know how to have genuine dealings with the peasants according to the law of value. We did not pay attention to providing the peasants with accurate information on market demands. The result was that the peasants frequently arranged production according to momentary price fluctuations on the market. The price fluctuations often lead to great fluctuations in production. Tgis is the experience and enlightenment we should learn from the current rising food prices.

Ours is a developing country. In the course of economic restructuring and economic development, price rises are an unavoidable issue. It is also a cost we must pay in developing commodity economy. At present, our country is in the process of substituting the new system for the old. The change of economic mechanisms and the formation of the market system will take quite some time. It is inevitable that there should be a vacuum or loss of control. Therefore, on the question of macroeconomic control and market management, we should take further measures and conscientiously carry out the principle of stabilizing the economy, particularly stabilizing prices. On the question of how to solve the rising prices of food, Central Document No. 1 has put forward some fundamental measures. Our province has adopted measures in light of the central spirit and all the localities should conscientiously implement them.

### **3. On Deepening the Reform of the Enterprise Leadership Setup**

The 13th Party Congress has put the reform of the political structure on the important agenda of the whole party. For some time to come, the main contents of the political restructuring will be to explore and establish a leadership setup which can help raise efficiency, increase vitality, and arouse the initiative of all quarters. The first crucial thing to do is to separate party and government work. In line with the central unified plan and in light of the reality in Sichuan, the provincial party committee has defined that the focus of reform of the political structure this year is to grasp well the reform of the leadership setup in enterprises under ownership by the whole people. The reform of the enterprise leadership

setup started with experiments in the plant director responsibility system in 1984. After several years of constant exploration and development, about 90 percent of the budgeted state-owned industrial enterprises have instituted the plant director responsibility system. In the enterprises, failure to separate party and government work and the substitution of the party for the government have changed considerably. The enterprise leadership setup is developing toward an ultimate pattern under which plant directors will assume overall responsibility, party committees will play the role of ensuring and supervising the implementation of party policies, and workers and staff members will conduct democratic management. However, in reforming the enterprise leadership setup and instituting the plant director responsibility system over the past few years, we have not made explicit, concrete provisions on the status and role of party organizations in enterprises from the plane of separating party and government work. The aim of deepening the reform of the enterprise leadership setup is to meet the demands of the 13th Party Congress by separating party and government work, harmonizing relations between party and government in the enterprises, invigorating the enterprises, and stimulating the development of the productive forces. Such a reform involves adjustments of party and government functions and powers. It is absolutely necessary for party organizations at all levels, especially the enterprise party organizations, to broaden their vision, to proceed from the overall situation of economic and political restructuring and the interests of the whole party and the people of the whole country, to change their concepts, and to vigorously, consciously, and gladly plunge into, and make a success of, the reform. As far as the enterprise party organizations are concerned, a change from the previous unified leadership to the role of ensuring and supervising the implementation of party policies is a big change. It is understandable that some comrades should have various problems of understanding and ideology. Some comrades hold it feasible for enterprises to slow down the change from the present "double track system" to overall responsibility by plant directors and to "make a smooth transition." The principle of "making a smooth transition" is correct in itself. However, since the reform objective has been defined and since we have the necessary conditions to conduct reform, it will not conform to the reform requirements if we still go slow. Therefore, with regard to this change, instead of procrastinating and waiting, we must energetically push it forward. At present, we should concentrate on studying how enterprise party organizations can adapt themselves to the new situation and demands and play the role of ensuring and supervising the implementation of the state and party principles and policies in their units. This is a new subject in which we lack experience and which should be constantly explored and summed up in the course of practice. Judging from the conditions of enterprises which are operated satisfactorily, the most important things for enterprise party organizations to do to play the role of ensuring and supervising the implementation of party policies are: First, to bring into play the role of

party organizations, especially party branches at the grass-roots levels, as fighting bastions; second, to bring into play the exemplary and vanguard role of party members; and third, to make a success of ideological work among workers and staff members through party organizations. To put it in a nutshell, enterprise party organizations should conscientiously administer the party well. Through the role of party branches, which serve as fighting bastions, the exemplary role of party members, and party mass work, they should lead all the staff and ensure the implementation of the party's principles and policies and the state decrees and plans, as well as the fulfillment of all enterprise tasks. Concentrating their energy on strengthening party building following the separation of party and government work in enterprises is a long-term and arduous task of enterprise party organizations. It also serves as a basis for giving play to the role of ensuring and supervising implementation of party policies. Enterprise party organizations should conscientiously study the new features and issues of party building under the new situation of reform and opening up, implement the principle of strictly administering the party, strengthen party building ideologically, organizationally, and in work style, and increase the vitality and raise the combat effectiveness of party organizations. Conscientious efforts should be made to grasp the management and education of party members, to improve the ideological quality of all party members, to unify their ideological understanding, and to ensure the implementation of the party's basic line, as well as its principles and policies, in enterprises. It is necessary to energetically and prudently recruit new party members, to unite large numbers of activists around party organizations, and to increase the cohesive force of party organizations. Enterprise party organizations should also give scope to the vanguard and exemplary role of all party members among workers and staff members and regard it as an important job to do. According to a survey conducted by the organization department of the provincial party committee in 533 large and medium-size state enterprises in our province, 17.9 percent of the whole staff are party members. If they give full play to their exemplary and leading role in enterprises and, in addition to their own jobs, properly carry out ideological work among workers and staff members, they will be able to have a very great influence and impetus on the masses. Moreover, party members account for about 80 percent of middle-level cadres in many enterprises and for 100 percent in some others. If party organizations succeed in unifying their ideas, giving play to their leading role, there will be a reliable guarantee for the implementation of the party's principles and policies and the government decrees and the achievement of enterprise objectives in production and management. In short, by vigorously launching party activities, publicizing the party's line, principles, and policies, enhancing the ideological consciousness of workers and staff members, and encouraging party members to give full play to their vanguard and exemplary role, to influence and

bring along the masses, and to make a success of ideological work among the masses, enterprise party organizations will certainly be able to give effective play to their supervisory and guaranteeing role. It is hoped that all people will make vigorous explorations in practice and create new experience.

Another question drawing the attention and concern of many comrades is whether ideological and political work in enterprises will be weakened after the plant directors are responsible for the building of two civilizations and after enterprise party organizations no longer lead the work of ideological and political work. Enterprises are economic organizations. Their central work and principal task is to make a success of production and operations. Many problems of ideology and understanding among workers and staff members occur in the course of production and operations. For this reason, economic and political work in enterprises are closely integrated and are inseparable. After assuming overall responsibility for the building of two civilizations and leading responsibility for ideological and political work, plant directors can, in light of production and operations, make unified planning and overall arrangements for ideological and political work in enterprises so that the vast numbers of administrative cadres can conduct ideological and political work in conjunction with economic work and purposefully infuse it in the course of production and operations. This has changed the previous practice of administrative cadres managing production and management and a small number of political work cadres directly under party organizations conducting ideological education, thus artificially cutting apart something inseparable and divorcing ideological and political work from enterprise production and operations. It has solved once and for all the long-standing problem of "two skins" and enhanced the purposefulness and effectiveness of ideological and political work. Meanwhile, we should also soberly understand that enterprise ideological and political work is the common task of enterprise operators and party organizations. With the shift of the enterprise ideological and political work from the unified leadership of party committees to the overall responsibility of plant directors, this does not mean that the responsibility of party organizations to conduct ideological and political work among workers and staff members can be weakened, still less can the energetic and effective ideological and political work carried out by party organizations be replaced. In keeping with the unified plans and arrangements for building spiritual civilization and conducting ideological and political work in enterprises and centering on the practice, production, and operations of enterprises, enterprise party organizations should vigorously publicize the party's principles and policies and enhance the ideological consciousness of the vast numbers of workers and staff members to ensure the smooth progress of reform and opening up; they should make a success of ideological and political work among party members, particularly leading cadres who are party members, to ensure the implementation of the party and state principles and

policies; and they should bring into play the role of party members in maintaining close links with the masses and encourage them to properly carry out ideological and political work among workers and staff members in conjunction with the administrative department so as to promote the realization of the enterprise objectives in production and operations. As a result, there will certainly be more people conducting ideological and political work in enterprises to greater and more obvious effect. In short, with regard to modern enterprisemanagement, conducting ideological and political work among workers and staff members is not something that can be dispensed with. It has very important contents and is an essential requirement of socialist enterprises. The enterprise administrative departments, party organizations, and mass organizations should, in light of their respective tasks and features, define clear-cut job responsibilities and conduct ideological and political work with special emphasis. In particular, plant directors should dare to shoulder the heavy burdens of building two civilizations, step up ideological and political work in the course of reform, and strive to grasp its inherent law. They should also reform ideological and political work in terms of contents and methods and bring it into line with scientific enterprise management so that enterprise ideological and political work can be raised to a new level in the course of deepening reform in the future.

With the assumption of overall leadership responsibility over enterprises, plant directors will have greater powers and responsibilities and their burdens will also be heavier. For this reason, they should pay more attention to strengthening democratic management, bringing into full play the spirit of workers and staff members as masters of enterprises, and arousing their enthusiasm for socialism. Not only is this the inherent demand of socialist enterprises, it also serves as a solid foundation for plant directors to take overall responsibility. The 13th Party Congress has explicitly pointed out, no matter which management responsibility system an enterprise institutes, it should bring into play the initiative and creativity of workers and staff members. At present, the focus of building a democratic system at the grass-roots level should be placed on improving the system of congresses of workers and staff members and the work of trade unions in enterprises to ensure that the workers can fully exercise their democratic rights and give full play to their role as masters of enterprises. This is a principle for running socialist enterprises well and a common task of plant directors, congresses of workers and staff members, and trade unions. Under China's socialist conditions, democratic management of enterprises is a political right of all enterprise workers and staff members as masters of their own affairs. With the institution of the plant director responsibility system, plant directors are in a key position and play a key role. But this does not in the least change the status of all workers and staff members as the masters of enterprises, nor change the duty of plant directors to serve all workers and staff members. If plant directors set the powers entrusted by the state and the people against the democratic rights of workers and

staff members and fail to respect their democratic rights to participate in enterprise management, their actions will probably be in contradiction with the interests of the vast numbers of workers and staff members and will not get their support. In such a case, the key position of plant directors will be out of the question and the overall responsibility, like water without a source or a tree without roots, cannot possibly be achieved. For this reason, plant directors must consciously enhance their democratic consciousness, and give full play to the role of the congress of workers and staff members in deliberating major enterprise decisions, supervising administrative leading cadres, and safeguarding the legitimate rights and interests of workers and staff members. They should vigorously support the participation of workers and staff members in enterprise democratic management, consciously accept their views and suggestions, place reliance on workers and staff members as the basis for overall responsibility, and persist in democratizing their policymaking process and giving their decisions a more scientific basis. In this way, enterprises will be full of vigor and vitality. On the other hand, as a political right of workers and staff members who are the masters of enterprises, democratic management is chiefly reflected through the system of enterprise congresses of workers and staff members. This means that not all workers and staff members are managers and that not all things, whether big or small, should be discussed and approved by the congresses of workers and staff members. A plant director responsibility system under the leadership of the congress of workers and staff members can only adversely affect the overall responsibility by plant directors. In production and operational activities, as the chief of a plant, a plant director is the highest commander in the enterprise. All workers and staff members should obey the plant director's unified will and authority by strict adherence to orders and prohibitions. Otherwise, modern mass production will be thrown into chaos. Therefore, the congress of workers and staff members and the trade union should not only give play to their role in strengthening democratic management by workers and staff members and safeguarding their interests and work boldly, it should also energetically support the plant director in assuming overall responsibility and ensure that his administrative orders are smoothly implemented in the enterprise. They should organically unify the strengthening of democratic management and the mobilization of the workers' initiative with the safeguarding of the plant director's authorities so that the plant director responsibility system can be brought into fuller effect. The defense industry enterprises should also carry out the spirit of this conference and explore some experiences and methods in practice.

#### **4. On Improving Work Style and Vigorously Firming Up Enterprise Reforms**

At last year's Zigong meeting, I made a point of discussing the question of conducting reform in a down-to-earth manner. To this end, the Structural Reform Office has broken down this year's reform tasks into a dozen or so

items, assigned them to the relevant departments at the provincial level, and made clear which persons are responsible for the items. Over 2 months have passed since then. It is therefore necessary to examine these items. Those who have firmly grasped the work and carried it out satisfactorily should be commended and those who have failed to firmly grasp the work or have not acted upon it should be criticized. This should be regarded as an important condition for assessing cadres and evaluating their achievements.

The success or failure of the responsibility system has much to do with our work style. Over the past few years, the practice of conducting investigation and study has gradually been promoted. Cadres in many localities and departments have been able to frequently go down to the grassroots units to understand the practical conditions, to integrate the guidelines of the central and higher authorities with the reality in their own localities and departments, and to implement them in a creative manner. This is quite gratifying. Meanwhile, however, the problem of failing to integrate with reality and of exclusively relaying the meeting spirit from one level to another has also existed in varying degrees in some localities and departments. On the question of how, in line with the spirit of the higher authorities, to conduct thoroughgoing investigation and study, put forward suggestions for implementation, and to define the major problems to be solved, as well as the methods and measures to be taken, there is still much to be desired. In future, it is necessary to make a provision, namely, if you have only guidelines from the higher authorities but have no specific views for their implementation, there is no need to hold meetings. If there is an urgent need to relay the guidelines of the higher authorities, it will be enough to issue the documents to the lower levels.

**Sichuan 1987 Economic, Social Statistics**  
*HK160507 Chengdu Sichuan Ribao in Chinese*  
24 Mar 88 p 2

["Communique on 1987 Economic and Social Development Statistics Issued by the Sichuan Provincial Statistical Bureau"]

[Text] In 1987, under the leadership of the Sichuan Provincial CPC Committee and Sichuan Provincial People's Government and motivated by reform, the people of all nationalities in our province continued to implement the policy of opening up to the outside world and enlivening the economy and extensively carried out the "double increase, double economy" movement. As a result, our national economy was increased steadily and new achievements were made in our social development. Total product of society (footnote 1) (total product of society is the sum of the total output value of agriculture, industry, the building industry, communications and transportation, and commerce, including the supply and marketing of materials and equipment and the catering trade) came to 133.5 billion yuan and national income was 59 billion yuan when calculated according to the

prices in 1987, which were respectively an increase of 11.5 and 8.6 percent over 1986. Gross output value of industry and agriculture (note: Calculated according to the constant prices in 1987, and the same below) reached 91.719 billion yuan, up 11.4 percent. This is also 6 percent higher than the scheduled growth rate. On the basis of the development of production and construction, the markets were brisk, foreign trade was increased by a big margin, the people's life was continuously improved both in the cities and the countryside, and new achievements were made in science and technology, culture and education, public health, physical culture, and other undertakings. According to initial statistics, the GNP of the whole year (footnote 2) (the GNP refers to the increased value of both the productive and non-productive sectors) reached 71.3 billion yuan, an increase of 8.6 percent over the previous year.

The main problems in the development of the national economy were: The planned targets for grain production were not attained. There were comparatively great fluctuations in the outputs of some industrial crops. Energy supply was insufficient and the contradiction between power supply and demand was especially sharp. The problem of low economic returns in industrial production was not fundamentally improved. The general social demand was still greater than general supply and there was a considerably great increase in commodity prices.

### 1. Agriculture

As a result of strengthening leadership and increasing input in agricultural production and actively popularizing advanced science and technologies, a comparatively good harvest was reaped by various areas of our province last year despite natural disasters. The gross agricultural output value (not including the output value of village-run industries) in 1987 reached 28.997 billion yuan, an increase of 3.2 percent over the previous year.

Of the outputs of major agricultural products, total grain output was 39.213 million tons, which was close to the previous year's figure; there was an increase in varying degrees in the outputs of cotton, oil-bearing crops, tea leaves, silkworm cocoon, and fruit; but a decrease in the outputs of sugarcane, cured tobacco, and jute and ambary hemp.

The output of major agricultural products was as follows:

	1987 (tons)	changes from 1986 (percent)
grain	39,213,000	-0.1
of which: rice	19,797,000	-1.2
wheat	6,584,000	1.3
cotton	102,000	4.1
oil-bearing crops	1,615,000	1.6
of which: peanut	271,000	0.4
rapeseed	1,335,000	1.9
sugarcane	2,404,000	-3.4
jute, ambary hemp	132,000	-28.6

	1987 (tons)	changes from 1986 (percent)
cured tobacco	53,000	-7.0
tea	54,000	3.8
silkworm cocoon	113,000	9.7
fruit	1,047,000	18.4

A total of 5.659 million mu of land was afforested in our province last year, which was an increase of 3.8 percent over 1986. Of the forestry products, the outputs of walnut and Chinese chestnut respectively increased by 18.3 and 26.0 percent, but those of tung oil and raw lacquer dropped. There was a steady development in animal husbandry and a continuous growth in the outputs of port, beef, milk, and eggs. The number of pigs slaughtered reached more than 5,000, and the number of large animals and pigs in stock continued to grow. The number of sheep in stock also increased, changing the situation of dropping in the previous years.

The output of major animal by-products and heads of livestock were as follows:

	1987	increase over 1986 (percent)
total output of meat	3,360,000 tons	6.5
of which: pork	3,278,000 tons	6.4
beef	52,000 tons	15.6
mutton	30,000 tons	0.0
sheep wool	2,554 tons	6.2
milk	248,000 tons	0.8
pigs slaughtered	51,113,000 head	5.3
pigs at year end	62,027,000 head	2.3
sheep at year end	8,848,000 head	3.1
large animals at year end	[illegible] head	1.6
of which: cattle	9,728,000 head	1.3

A relatively rapid development was maintained in fishery. The output of aquatic products was 172,000 tons, an increase of 8.9 percent over 1986.

Farm machinery and electricity consumption in the rural areas both increased. At the end of 1986, the aggregate power capacity of the province's farm machinery reached 10.88 billion watts, which was an increase of 7.4 percent over 1986. Of this, the power capacity of irrigation and drainage machinery was 2.68 billion watts, up 3.1 percent; the number of small and walking tractors was 168,000, up 10.5 percent; and that of large and medium-sized tractors was 21,000, down 3.2 percent. The total consumption of electricity in rural areas was 3.28 billion kwh, an increase of 16.0 percent over the previous year. However, due to the short supply, application of chemical fertilizer was reduced. A total of 1.48 million tons of chemical fertilizers (pure) were applied during the year, down 5.8 percent.

In 1987, township and town enterprises continued to develop rapidly on the basis of the rapid growth in the previous years. The gross output value of township and town enterprises in our province reached 25.8 billion

yuan last year, which was an increase of 29.5 percent over 1986. The township and town enterprises played an important role in the development of the rural economy.

The agricultural production structure was further readjusted. Calculated according to the prices in 1987, the total rural product of society (footnote 3) (total rural product of society includes the gross output value of agriculture and the gross output value registered by agriculture and the gross output value registered by the building industry, transportation service, and commerce) reached 62 billion yuan, an increase of 10.0 percent over the previous year. Of this total, agricultural output value made up 62.7 percent, rural industries made up 22.7 percent, the building industry made up 6.0 percent, transportation made up 3.5 percent, and commerce made up 5.1 percent. The proportion of the output values of the secondary and tertiary industries rose from 34.4 to 37.3 percent.

## 2. Industry

Last year, the industrial enterprises in our province made continuous efforts to deepen reforms and implemented a variety of management responsibility systems, mainly the contracted management responsibility system. They worked hard to overcome difficulties caused by the short supply of electric power and some raw materials and the shortage of funds. As a result, a stable and harmonious growth was achieved in industrial production and economic returns were increased to a certain extent. The gross industrial output value in 1987 (including the output values of industries at and under the village level) was 62.722 billion yuan, an increase of 15.6 percent over the previous year. Of this total, the state-owned sector's output value increased by 12.3 percent, the collectively owned industry increased by 16.5 percent, and the individually owned industry and industry of other kinds of ownership rose by 62.2 percent. The gross industrial output values of all the 20 cities, prefectures, and autonomous prefectures of our province were increased in varying degrees. Both light and heavy industries continued to develop. In 1987, the total output value of light industry was 30.137 billion yuan, an increase of 14.5 percent over 1986; and that of heavy industry rose 16.6 percent and reached 32.585 billion yuan. In light industry, the industries using non-agricultural products as raw materials increased by 22.1 percent, which was higher than the growth rate of those using agricultural products as raw materials, which was 7.4 percent. There was a considerably great increase in the production of marketable products such as color television sets, household refrigerators, knitting wool, brand-name wines, beer, and silk knit goods. At the same time, the production of some unmarketable goods, such as wrist watches, cassette recorders, electric fans, and motorcycles, dropped to a certain extent. In heavy industry, the raw material industry and manufacturing industry developed more quickly, but the mining industry was just at about the same level of the previous year.

Achievements were made by military industrial enterprises in producing articles for civil use. The output value of such products produced by military industrial enterprises was 2.872 billion yuan, an increase of 25 percent over 1986.

The output of major industrial products was as follows:

	1987	increase over 1986 (percent)
cotton yarn	170,900 tons	11.6
cloth	826 million meters	0.9
silk knit goods	89,999,500 meters	21.5
woolen piece goods	3,030,000 meters	-0.6
paper, paper board	702,500 tons	5.1
sugar	161,100 tons	-17.1
crude salt	1,846,400 tons	7.9
cigarettes	1,530,500 cartons	12.6
wines	1,063,400 tons	21.7
bicycles	1,134,700	28.4
TV sets	1,070,100	31.8
of which: color TV sets	531,700	60.2
recorders	314,600	-6.6
household washing machines	507,900	16.4
household refrigerators	310,200	132.4
pig iron	3,773,100 tons	3.3
steel	4,298,100 tons	1.1
rolled steel	3,111,000 tons	11.0
raw coal	61,324,900 tons	7.8
natural gas	5.988 billion cubic meters	1.6
electricity	26.287 billion kwh	10.9
of which: hydro-electricity	11.602 billion kwh	3.6
timber	4,315,600 cubic meters	1.4
cement	12,421,700 tons	14.0
sulphuric acid	877,100 tons	20.8
soda ash	184,900 tons	20.7
caustic soda	5.3	
176,000 tons synthetic ammonia		
1,629,700 tons	1.6	
chemical fertilizer (converted to 100 percent effectiveness)	1,527,600 tons	7.4
chemical insecticides (same as above)	4,126 tons	13.8
motor vehicles	15,853	54.0

Greater economic returns were achieved in industrial production. In 1987, the per capita labor productivity of industrial enterprises owned by the whole people and under independent accounting was 13,043 yuan, which was an increase of 9.5 percent over 1986. Sales income of the locally budgeted state-owned industrial enterprises rose 19.1 percent, and their profit and tax rose 11.5 percent. The quality improvement rate of industrial

products rose 7.7 percent over the previous year, while the rate of consumption of raw materials and fuel dropped by 6.1 percent. According to statistics of major industrial enterprises, energy consumption for each 10,000 yuan of output value was 14.1 tons of standard coal, down 1.4 percent. But the turnover period for working funds were 139 days, 2 days more than the previous year. New headway was made in the structural reforms of industrial enterprises. At the end of 1987, more than 80 percent of large and medium state-owned industrial enterprises and about 50 percent of collectively owned enterprises and small enterprises on lease had adopted various forms of contracted management responsibility system. In lateral economic ties, some enterprise groups such as the "Dongfang Heavy-Duty Machinery Group" and "West China Electronic Machinery and Equipment Group" were established last year.

### 3. Investment in Fixed Assets and Construction

In the investment in fixed assets, initial achievements were made in implementing the policy of "three guarantees and three reductions" and further readjusting structures. In 1987, the province's investment in fixed assets of the units owned by the whole people totalled 12.84 billion yuan, which was an increase of 22.4 percent over 1986. Of this total, the investment in capital construction was 6.51 billion yuan, up 18.7 percent; the investment in improving and transforming old equipment was 4.98 billion yuan, up 26.8 percent; and the investment in other fixed assets was 1.35 billion yuan, up 25.3 percent.

The number of capital construction projects was reduced. The plans for development of large and medium key projects were fulfilled quite successfully. In 1987, there were a total of 7,182 capital construction projects under construction, 298 less than in the previous year. Of them, there were 4,143 new projects, 78 less than the 1986 figure. A total of 1.992 billion yuan, or 99.8 percent of the planned total, was invested in 55 large and medium construction projects which were under construction according to plan. The Chongqing Power Plant, the Yuzixi Hydro-Power Station, and other projects were put into production as scheduled. New production capacities through capital construction include: 1 million tons of iron ore sintering capacity, 760,000 tons of coal mining capacity, 384 million cubic meters of natural gas annually, 364,000 kw of power generating capacity, 341 km of over 110,000-volt power transmission lines, 40,000 tons of soda ash, 950 railway freight cars, 323,000 tons of cement, 566 km of rebuilt highways, 220,000 mu of effectively irrigated land, 380,000 seats for students in all kinds of schools, and 4,057 sick beds in hospitals.

Further improvement was made in the investment structure and some weak links were enhanced. Of the total investment in capital construction, 3.865 billion yuan were put into productive construction projects, an increase of 30.0 percent over 1986, bringing up its

proportion of this investment from 54.2 percent in 1986 to 59.4 percent in 1987. The proportion of the investment in non-productive projects was reduced. On the other hand, the investment in the power industry and agriculture, the most urgent projects in the current economic development of our province, was increased. The investment in the former was 891 million yuan, up 18.0 percent; and investment in the latter was 371 million yuan, up 66.5 percent.

Considerably great achievements were made in transforming and renewing the existing enterprises. More than 50 percent of the 6,835 enterprises under transformation were put into production. Of the investment in transforming enterprises, 34.6 percent were used for increasing output, 49.9 percent were used for saving energy, 54.4 percent were used for disposing of three wastes. All this played an important role in promoting technological progress.

Reform of the management structure of the building industry was further deepened. Of the construction and installation enterprises owned by the whole people, 75.0 percent had adopted the system of contracted wage payment based on per-hundred yuan of output value. Of the 8,605 single-item projects, 84.9 percent introduced various forms of contracted management responsibility system, including the forms of bidding and estimates. In 1987, the total output value of the building industry was 4.02 billion yuan, an increase 21.3 percent over 1986; and per-capita productivity based on the total output value reached 9,245 yuan, up 15.7 percent.

### 4. Transport and Post and Telecommunications

By strengthening management, promoting technological transformation, tapping potentialities, and introducing the mechanism of competition, the transportation industry was also developed last year. In 1987, the transportation departments of our province handled 45.242 billion ton-kilometers of goods, up 18.1 percent from 1986. Of this, the railways handles 33.619 ton-kilometers, up 16.5 percent; trucks handled 2.666 billion ton-kilometers, up 3.8 percent; ships and boats handled 8.907 billion ton-kilometers, up 30.0 percent; planes handled 50 million ton-kilometers, up 21.9 percent. The total volume of passenger transportation was 34.557 billion person-kilometers, up 13.6 percent. Of this, the railways carried 12.887 billion person-kilometers, up 12.0 percent; the volume of road passenger transportation was 16.932 billion person-kilometers, up 13.9 percent; the volume of waterway passenger transportation was 2.756 billion person-kilometers, up 22.6 percent; and the volume of air passenger transportation was 1.982 billion person-kilometers, up 9.9 percent.

Waterway transportation developed quickly in our province. In 1987, the volume of cargo handled through waterway transportation by local transportation departments reached 21.27 billion tons and the rotation volume of cargo transport was 3.228 billion ton-kilometers, up 35.5 and 36.4 percent respectively.

In post and telecommunications, the construction of basic facilities was strengthened and business transactions were continuously increased. In 1987, the total post and telecommunications business transactions of our province reached 200 million yuan, which was an increase of 19.5 percent over the previous year. Of this, the number of letters handles went up 11.7 percent; newspapers and magazines distributed rose 13.6 percent; long-distance telephont calls grew 15.7 percent; and the number of telegrams rose 22.4 percent. The year-end number of telephone subscribers in urban areas increased by 14.9 percent.

### 5. Commerce, Commodity Prices, and Supply and Marketing of Materials

Both the urban and rural markets of our province continued to be brisk. In 1987, the value of retail sales totalled 37.2 billion yuan, an increase of 18.0 percent over the previous year. When price rise was factored in, the actual increase was 9.8 percent. Of the total retail sales, the retail sales volume of consumer goods was 32.5 billion yuan, up 17.6 percent. The retail sales volume of food rose 17.7 percent, that of clothes was up 9.8 percent, and that of other necessities rose 16.3 percent. There was a comparatively great increase in the sales of farm production materials. The retail sales volume of such materials grew 21.1 percent and reached 4.70 billion yuan last year. The business volume of the brisk urban and rural markets (including transactions outside the markets) was 9.63 billion yuan, an increase of 24.6 percent over th previous year.

With the further expansion of circulation through diverse channels, the retail sales volumts of the commercial units in various economic sectors increased in an all-round way. Of the total value of retail sales of social commodities, the retail sales volume of the state-owned commercial units was 12.64 billion yuan, an increase of 18.1 percent over 1986; that of the collective sector was 14.34 billion yuan, up 11.2 percent; that of the individual sector was 7.14 billion yuan, up 32.4 percent; and that of the commodities sold by the peasants to non-agricultural residents was 3.06 billion yuan, up 21.4 percent. As to their proportions in the total retail sales volume of social commodities, the proportion of the state-owned economy was maintained at the previous year's level; the proportion of the collective sector dropped from 40.9 to 38.6 percent; the proportion of the individual sector went up from 17.1 to 19.2 percent; and the proportion of retail sales volume of the commodities sold by the peasants to non-agricultural residents rose from 8 to 8.2 percent.

Commercial economic returns were increased. The sales volume of the state-owned commerce and supply and marketing cooperatives increased by 20.2 percent in 1987 while expenses dropped 0.63 percent. Labor productivity increased by 19.8 percent, and the profits and tax payment respectively rose 22.9 and 10.6 percent. The turnover period for working funds was shortened form 191 to 173 days.

New steps were made in the reforms in the sphere of circulation. At the end of 1987, 73.4 percent of large and medium state-owned commercial enterprises had adopted the contracted management responsibility system and 64.2 percent of small state-owned commercial enterprises had "shifted to other productions, changed ownership, or adopted the leasing system." Some 77.4 percent of th supply and marketingcooperatives introduced various forms of internal contracted management responsibility system. The number of urban and rural trading points increased from 6,740 to 6,920. Economic associations in the commerce, catering trade, and service trade continued to develop, reaching 369 at the end of 1987, 125 more than the previous year.

There was a comparatively great increase in the general level of commodity prices. In 1987, the general retail price index increased by 7.5 percent over the previous year. The retail price index rose 10.6 percent in cities and towns and by 5.7 percent in rural areas. The prices of foodstuffs went up by 12.4 percent, of which the prices of meat, poultry, and eggs rose 18.2 percent, vegetables, 34.3 percent, fruit, 16.4 percent, and aquatic products, 10.4 percent; the cost of clothes rose by 2.8 percent; articles of everyday use went up by 3.4 percent; medicines and medical instrument rose by 2.7 percent; fuel, up 1.4 percent; and farm production materials and equipment, up 6.3 percent. The general cost of living index for workers and staff increased by 10.1 percent, of which the cost of consumer goods rose 10.6 percent and the cost of services rose 5.3 percent. The general index of agricultural and sideline products procurement prices increased by 10.2 percent.

The materials market thrived in 1987. There was an increase in the sales of main production materials, of which steel products rose 12.9 percent, coal went up 21.7 percent, timber up 16.1 percent, and cement, up 9.4 percent.

### 6. Foreign Trade, Economic Cooperation, and Tourism

Under the guidance of the policy of opening up to the outside world, foreign trade and both export and import of our province increased by a big margin in 1987. The total import and export value last year amounted to \$976 million, which was an increase of 47.7 percent over the previous year. Of this, direct export increased by 49.6 percent and reached \$730 million. Of the 15 specialized export companies, 14 had fulfilled the annual plan ahead of schedule. Direct purchase for export amounted to 2.567 billion yuan, an increase of 37.9 percent over 1986.

There was a constant development in the fields of using foreign funds and external economic and technological cooperation. Last year, a total of \$181 million of foreign funds was used by our province, and 40 contracts for overseas projects and labor service were signed, altogether worth \$118 million.

Economic cooperation with foreign countries was strengthened. Last year, some 4,000 contracts on economic and technological cooperation with foreign countries were signed, involving 460 million yuan of funds and 4.35 billion yuan's worth of materials. Economic cooperation and exchange played a positive role in our economic development.

The tourist industry developed quickly. In 1987 our province received 179,400 foreign tourists and visitors, which was an increase of 16.9 percent over 1986. The number of visitors from home to major tourists spots also increased by 12.5 percent.

### 7. Science, Technology, Education, and Culture

Natural science research personnel in our province made their scientific research geared to the needs of economic construction. In 1987, they made 1,176 important achievements in scientific and technological researches and won 10 national awards and 271 provincial awards for scientific and technological progress, of which 58 reached the international advanced level and 190 reached the national advanced level.

Positive efforts were made to open up technological markets. In 1987, some 15,00 technological contracts were signed, involving 490 million yuan, leaping to second place in the nation. Remarkable achievements were made in the development of 178 projects on the "spark plan." Since implementing the "Patent Law," an accumulated total of 457 patent rights had been granted in our province, 320 of which were granted in 1987. Social science research personnel also made new contributions to reform of the economic structure and the economic development in Sichuan.

A new development was achieved in education. In 1987, there were 7,226 postgraduates in study, 855 more than in the previous year. Institutions of higher learning enrolled a total of 40,800 students. The number of graduates was 33,100, and that of students in universities and colleges was 133,800, which was 7,000 more than in 1986. All kinds of adult schools of higher learning enrolled a total of 23,500 students last year. The number of students studying in these schools was 87,200, and the number of graduates was 22,800. Some 164,700 people participated in the self-study examinations for adults, and 3,681 of them were granted graduation certificates. Secondary vocational and technical schools enrolled 51,900 students. They had 42,400 graduates and 136,000 students studying in school, 8,900 more than in the previous year. Senior middle schools had 533,000 students, junior middle schools had 3,500,300 students, secondary technical schools had 92,600 students, and vocational schools had 150,800 students, all were higher than the 1986 figures. The number of primary school students was 12,431,100, which was lower than the 1986 figure. The attendance rate of

school-age children reached 95.7 percent, which was higher than the previous year. There were 1,359,700 preschool children in kindergartens.

New achievements were made in various undertakings including culture, art, journalism, publication, broadcast, films and television. In 1987, our province received 25 foreign cultural and art delegations (or groups) and sent 15 cultural and art delegations (or groups) to give performance or hold exhibitions abroad. In the first Chinese art festival, our artists successfully gave 13 performances, including Sichuan opera, quyi, puppet shows, and acrobatics. Nine radio plays and TV dramas, including "Jia Jia and Panda" and "Pipa Love," won national awards. Some important cultural relics were discovered. At Longgupo of Wushan, some teeth and lower jaws of ancient human beings were unearthed, which provided new proofs for the study of the origin of man in Asia.

In 1987, our province produced 10 feature films and released 185 full-length films. Some 23 radio plays divided into 32 parts and 44 TV dramas divided into 109 parts were recorded. We had 7 broadcasting stations offering 12 programs and 9 TV stations offering 10 programs. The rate of population covered by TV stations increased from 58.7 percent in 1986 to 62.7 percent. We had 14,800 film projection teams, 177 art troupes, 211 cultural clubs, 127 public libraries, 34 museums, and 254 archives. Some 1.46 billion copies of local papers, 75.422 million copies of magazines, and 2,891 books were published last year, which was respectively an increase of 20.1, 20.8, and 18.6 percent over the previous year.

### 8. Public Health and Sports

Medicine and public health services continued to improve. The number of hospital beds in our province was 199,400 at the end of 1987, 7,900 more than the previous year. Professional health workers numbered 294,100, which was 5,900 more than in 1986. Of them there were 129,300 doctors and 48,000 nurses. On an average, there were 12.4 doctors for each 10,000 people.

Notable achievements were made in sports. In 1987, athletes of our province won 13 gold medals, 6 silver medal, and 10 copper medals in world competitions. In national games, they won 54 gold medals, 43 silver medals, and 40 copper medals. They won 8 championships in world tournaments and broke 2 Asian records and 10 national records. At the Sixth National Games, the good scores they made ranked our province sixth in the nation.

In 1987, a total of 5,290 sports meets were held above the county level, 1,097 more than in the previous year. Some 1,203,200 people participated in the sports meets, 273,200 more. Some 3,729,500 people were up to the "national sports standards," 639,500 more than in the previous year.

## 9. The People's Living Standards

Living standard in both the cities and the countryside further improved. A sample survey of 2,150 urban families in 20 cities and counties showed an average annual per-capita net income of 869.23 yuan for living expenses in 1987, a 10.6 percent increase over 1986. If price rises are taken into account, real per-capita income rose 0.5 percent. Living expenses of city and town residents and people earning income through the same channels rose 13.3 percent. Of these living expenses, the expenses on food made up 52.9 percent, on clothes, 12.8 percent, on articles for daily use, 23.4 percent, and on fuel and others, respectively 1 and 9.9 percent. A sample survey of 5,500 rural families in 55 counties showed an average annual per-capita net income of 369.46 yuan, an increase of 31.52 yuan, or 9.3 percent, over the previous year. If price rises are factored in, real income rose 5.7 percent. There was a comparatively faster growth in the incomes from the secondary and tertiary industries. The peasants' per-capita living expenses rose 12.0 percent.

The incomes of urban residents were uneven. In cities and towns, the life of about 20 percent of low-income residents was greatly affected by the price rises. The per-capita net income of 9.7 percent of peasants was below 200 yuan, and they were leading a hard life.

At the end of 1987, each 100 city and town families had an average of 65.6 bicycles, 54.5 sewing machines, 293.5 wrist watches, 94.9 television sets, including 39.2 color television sets, 53.8 radio recorders, 70.2 washing machines, 114.7 electric fans, 21.3 refrigerators, and 16.4 cameras. Each 100 peasant families had an average of 35.5 bicycles, 16.0 sewing machines, 148.7 wrist watches, 8.7 electric fans, 17.5 television sets, 6.2 radio recorders, and 1.2 washing machines.

Achievements were made in reform of the labor system. In 1987, 264,000 people found jobs in cities and towns. The province had a total of 8,812,000 employees by the end of last year, which was an increase of 227,000 over the previous year's figure. Of this total, contract workers in state-owned units numbered 337,000, an increase of 94,000. The province's wage-bill in 1987 totalled 11.518 billion yuan, up 11.0 percent. Self-employed workers in the cities and towns totalled 392,000, which were 49,000 more than the 1986 year-end figure.

Housing for both urban and rural dwellers improved. In urban areas 12.76 million square meters of housing floor space were built in 1987, and 46.75 million in the countryside.

Social welfare services continued to improve. In 1987, some 2,712 homes for the aged were built in our province, providing for 29,200 old people. Urban and rural collective provided for 248,000 elderly, disabled, or

orphans. Some 75 social welfare establishments were set up by the civil administration departments, providing for 7,001 people. New headway was made in supporting the poor.

The number of people participating in life insurance reached 16.554 million, up 20.7 percent from the previous year, and the number of families participating in property insurance was 12.655 million, up 29.3 percent.

## 10. Economy and Culture in Nationality Areas

In 1987, the nationality areas of our province further implemented the law on regional nationality autonomy and conscientiously carried out the party and government's economic policies. Taking economic construction as the central task and further deepening their reforms, they further promoted their economic and social development. The gross industrial and agricultural output value of the three autonomous prefectures and 7 autonomous counties reached 3.719 billion yuan, which was an increase of 7.1 percent over the previous year.

Both agricultural production and animal husbandry developed. The gross output value of agriculture was 2.129 billion yuan, up 2.1 percent. Despite of natural calamities, total grain output reached 2,450,400 tons and that of sugarcane was 365,000 tons, both close to the previous year's level. The outputs of oil-bearing crops and tea leaves were respectively 39,400 tons and 2,683 tons, lower than the 1986 figures. Animal husbandry was better developed. Total output of pork, beef, and mutton was 196,400 tons, an increase of 5.4 percent over 1986; the number of large animals at year end was 5,823,100 head, up 2.1 percent; the number of sheep at year end was 6,545,100 head, up 0.9 percent; but the outputs of wool and milk dropped, which were respectively 2,546 tons and 162,700 tons.

Greater progress was made in industrial production. In 1987, the total industrial output value was 1.59 billion yuan, an increase of 14.8 percent over the previous year. Of this, the output value of light industry was 659 million yuan, up 14.2 percent; and that of heavy industry was 931 million yuan, up 15.2 percent. The development of production brought about prosperous markets and the increase in the people's income. The wages of workers in the state-owned units and in the collective units in cities and towns totalled 733 million yuan, an increase of 6.1 percent over 1986. The average wage of workers was 1,419 yuan, an increase of 4.9 percent. Urban and rural savings deposits increased by 25.1 percent and reached 892 million yuan. An investigation in the three autonomous prefectures showed an increase of 4.6 percent in the per-capita net income of peasants and herdsmen. The retail sales volume totalled 2.067 billion yuan, up 15.9 percent. Of this, the retail sales volume of consumer goods was 1.83 billion yuan, up 23.9 percent.

The number of health workers in nationality areas reached 23,400 in 1987, and the number of hospital beds was 17,000, which were 500 more than the previous year. There were 3,926 students in universities and colleges, 12,146 students in secondary technical schools, and 215,500 students in ordinary middle schools. They were all higher than the 1986 figures. The number of primary school students was 835,000, less than in 1986.

### 11. Population

In 1987, notable achievements were made in implementing the "Sichuan Provincial Regulations on Family Planning." According to a sample survey based on 1 percent of the population and a survey on the change of population in 21 counties (and cities), the province's birth rate was 17.86 per thousand last year, while the mortality rate was 6.99 per thousand and the natural growth rate was 10.87 per thousand, down 2.78 per thousand. By the end of the year, the province had a total of 104.58 million people. Although the trend of rapid increase in population has been curbed to a certain extent, the task of population control is still very arduous for us in the future. (Explanation: The rates of growth in the GNP, the national income, and all the gross output values given in this communique are calculated according to comparable prices.)

### Nei Monggol Seen as Playing Important Supporting Role in Country's Economy

40060182 Shanghai SHIJIE JINGJI DAOBAO in Chinese 21 Mar 88 p 4

[Article by Wang Qun [3769 5028] and Bu He [1580 6378]: "Nei Monggol Plays Role of 'Setter' in Two Major Economic Cycles"]

[Text] The growth of the commodity economy has unified world markets, and new changes in the world economic situation are providing China with an opportunity to get into the great international cycle. What sort of role should Nei Monggol play in this overall situation? We believe that Nei Monggol's economic development should actively participate in the great domestic and international cycles like the "setter" in a volleyball game and seek its own best growth in those cycles.

By serving as "setter" we mean taking full advantage of the region's advantageous resources and exploiting its relatively abundant energy, raw materials, and comparatively inexpensive semifinished products and primary goods, taking in capital and technology from the more developed coastal and interior regions, speeding up the development of Nei Monggol's resources so as to gradually reinforce the region's capacity for self-development, and getting the developed coastal and interior regions to better serve as the "ace spiker" of the export-oriented economy.

Nei Monggol's role as "setter" in the two great economic cycles is determined by international and domestic economic conditions and by the region's position in the national economy.

In the world economy at present, developed countries and regions are continually readjusting their industrial structure to adapt to changes in labor costs, with labor-intensive industries being shifted to areas where labor costs are lower. This readjustment of the industrial structure has provided a favorable opportunity for China to develop an export-oriented economy. In order to seize this opportunity, Comrade Zhao Ziyang has suggested that the coastal areas should import raw materials and export finished products and fully utilize their own advantageous conditions to vigorously develop labor-intensive industry and move step by step into the international market with leadership and planning, increasingly participating in international trade and competition, thereby promoting the development of the central and western regions. The coastal areas undoubtedly play an important role in taking the lead as the "ace spiker" in China's opening up to the outside. As this opening continues, the developed areas of the interior will gradually join the ranks of the "ace spiker."

In these two great cycles, can we in Nei Monggol work on an export-oriented economy like the coastal areas and begin and end the trade process abroad? Overall, this is not possible, at least for the short term. The coastal areas have more capital, a developed processing industry, more skilled personnel, and a strong conception of commodities and competition. They also have good transport facilities and up-to-date information. In all these areas, we in Nei Monggol cannot compete. This means that we cannot beat the coastal areas in developing export-oriented industry. So what position does Nei Monggol hold in the overall national picture? Taking the broad view, we see that after 9 years of reform we have created a situation in which this opening is gradually moving from east to west. In this picture, the eastern coastal areas have a developed processing capacity but depleted resources, while the central and western regions have abundant resources waiting to be developed. This has led to the necessity and possibility of a coordinated division of labor within the domestic cycle, along with an internal demand for commodity exchange. Nei Monggol has resource advantages over the coastal areas, but we suffer from an acute shortage of capital, technology, and skilled personnel for developing those resources. This means that we must play the role of "setter," providing appropriate raw materials, semifinished goods and primary products for the developed interior areas and the coast, which will get into the international market after undergoing multiple processing; at the same time, we will take in their capital, technology, and skilled personnel to accelerate the development of Nei Monggol. By serving as "setter," we better enable the coastal areas to get into the world market, thereby giving up part of the domestic market and promoting stable growth in the domestic economy, particularly in undeveloped areas. It

is quite clear that this would be very beneficial, both for the country's four modernizations as a whole and for stimulating Nei Monggol's economy.

Economic development is never completely even in a country or region. Therefore, when we serve as "setter," we must take into account and deal with many different relationships. One is the relationship between "setter" and "ace spiker." Acting in general as "setter" certainly does not preclude our taking the initiative as "ace spiker" when conditions are right. We have an 8,000-li border with Mongolia and the Soviet Union. We have two inland ports, Erenhot and Manzhouli; we have a number of industries and products that are quite competitive on the international market, and we also have several industries and products that can be developed. We will make full use of these conditions to positively develop production of export products and foreign trade, enthusiastically striving to be the "ace spiker." In acting now as "setter," we are building up our strength and paving the way to be the "ace spiker" in the future. Naturally, the economic results from raw materials, semifinished goods and primary products are not as high as those from multiple processing or finishing, but this is a stage that an area rich in resources but poor in capital and technology cannot get beyond. Given the country's current circumstances, it is not possible to rely exclusively on state allocations. Only through an opening on all fronts and by adopting varied means to bring in capital and technology from the coast and developed inland areas to develop our local resources can we continue to expand our own economic strength, increase our capacity for self-development, and gradually shift from "setter" to "ace spiker." A second relationship is that between the strategy of transforming Nei Monggol's natural resources and the strategy of importing and exporting of the coastal areas. We understand that achieving "importing raw materials and exporting finished products" involves a process. For some time to come, it will be impossible for the coastal areas and inland developed areas to completely sever their economic ties with the western regions; these western regions will have to serve as their stable raw materials and energy bases. This is the only way to respond to the vicissitudes of the international market. In this sense, our strategy of transforming natural resources not only does not conflict with the coastal areas' strategy to import raw materials and export finished products, it actually is perfectly suited to their demand for raw materials and energy and is beneficial in readjusting the country's distribution of capital and its industrial structure. The third relationship is that between "gaining" and "losing." A commodity economy is an open economy. A closed policy adopted out of fear of an outflow of resources would fail to bring in capital and technology, making it impossible to exploit our abundant resources and achieve our own development. Commodity exchange involves the principles of exchange at equal value and mutual interest and benefit. Only when resources are put into circulation and money is exchanged can we realize our own worth. This kind of

exchange on the basis of equal benefit is good for both sides. In some regards, especially taking an immediate or partial view, this would seem to involve a "loss," but overall, and in the long term, there is a "great gain" that benefits the economic development of Nei Monggol and of the entire country. Therefore, we in Nei Monggol must open wide the gates and implement complete openness.

Not only do we occupy the "setter" position, we also have the conditions, strength, and foundation to be a good "setter."

Nei Monggol is a vast place with extraordinarily abundant natural resources. This area holds a tremendous potential for economic development, with "forests in the east and iron in the west, grain in the south and livestock in the north, and coal everywhere." The entire area is very rich in coal reserves of excellent quality that are easily extractable. Reserves of more than 70 different types of coal have already been discovered, and Nei Monggol is first in the country in reserves of 7 types, second in 10 types, and between third and tenth in 25 types. The famous Xitu deposits are several times greater than the total of currently known deposits in the other countries of the world. Surface resources are also very abundant. The grasslands here account for one-third of the national total, and this is an important livestock production base for the country. There are more than 40 million head of livestock now; annual wool production exceeds 100 million jin, with several tens of millions of hides of all types. Forest resources are considerable; two-thirds of the widely known Greater Xing'an Range is within Nei Monggol, and its forest reserves account for one-tenth of the country's total.

Nei Monggol is an ethnic-minority autonomous region. According to the constitution and the law on the autonomy of minority regions, policies and laws may be modified or formulated at any time in keeping with the actual conditions and developmental requirements of autonomous regions. At the same time, the state gives us preferential treatment in several areas.

In the 40 years since the creation of Nei Monggol, many foundations have been laid, creating certain strengths, particularly in basic industry and infrastructure. A foundation exists in such areas as communications and transport, technology, and education. The state has now designated the central region as an energy and raw materials base, and the center of basic industry and infrastructure is gradually shifting westward, providing a highly favorable objective climate for accelerated resource development.

Since the 3d Plenum of the 11th CPC Central Committee, the region's various ethnic groups have all been raising high the banner of unity and adhering to the general policies of reform and the opening to the outside, causing the autonomous region's economy to develop quickly and creating an overall political stability and

unity. Recently, cadres at all levels and of all ethnic groups, summarizing their experience in keeping with the spirit of the Thirteenth National People's Congress, have again recognized that Nei Monggol has fallen behind, which has heightened their sense of crisis, urgency, and responsibility; the enthusiasm, self-awareness, and creativity of the masses of all nationalities have been fully mobilized. This is the basic proof that we are able to serve as "setter."

If Nei Monggol is to serve as "setter" in the two great cycles, we must be able to apply well, flexibly, and adequately the rights and benefits bestowed upon us by the constitution and by the law on autonomy of ethnic-minority regions and the preferential policies conferred by the Central Committee and the State Council. We must create an excellent investment climate throughout the region and bring in domestic and foreign capital and technology so as to accelerate development of the autonomous region's resources.

First, we should reduce taxes and allow profits to be kept, providing raw materials, semifinished goods and primary products to outside investors and partners at preferential prices, so that they will be able to earn more profits, thereby attracting foreign and domestic clients to Nei Monggol to open mines and factories and develop resources. Recently we studied and drafted regulations regarding the promotion of lateral economic ties and preferential treatment for foreign investment. Among these, all wholly foreign-owned enterprises, joint ventures, and contractual joint ventures are exempted from land-use taxes. In such areas as reductions and exemptions of enterprise income taxes and local income taxes, some regulations follow the approach taken in the SEZs and open coastal areas, and some are even more latitudinarian. Compensation trade is being used to attract capital and for new construction or expansion projects. During the compensation period, the newly added products are not included in the mandatory production or allocation plans; rather, the enterprises are allowed to use them as supplements.

Second, we must provide all types of services so as to give the green light to outside investors and partners to develop Nei Monggol's resources and make it convenient for them to do so. Those who come to Nei Monggol to open wholly foreign or joint-venture mines and factories or to construct energy, raw-materials, or transport projects may be exempted from capital construction quotas, and the scale of investment may be determined by the autonomous region. We will also adopt measures in such areas as supply of materials, credit support, special allowances for abroad personnel, ensuring enterprise autonomy and easing enterprise burdens, giving preferential treatment to abroad investors and partners. In order to ensure the legal interests of investors, we will certainly adhere to the principle of mutual benefit, cherish our reputation, and respect contracts. At the same time, we must also further improve our economic

legislation to establish a complete legal system as quickly as possible, using legal means to ensure that investors' legal interests are not prejudiced.

Third, we must encourage those units and individuals helping to attract capital and technology into Nei Monggol. Depending on individual circumstances, we must provide compensation and incentives to all those who provide mutual support, technical consulting and services to Nei Monggol, help to develop new products, raise product quality and technical and management levels, all those who act as go-betweens and attract capital and technology into Nei Monggol, and all those who provide important economic and technical information so that enterprises can reap outstanding economic benefits.

The key to Nei Monggol's serving as "setter" in the two great economic cycles also lies in strengthening our own reform and growth. The entire region must better implement the spirit of the Thirteenth National People's Congress and accelerate and carry enterprise reform further; by changing operating mechanisms, enterprise vigor can be fully stimulated. In keeping with the requirements for a good "setter," we must readjust and improve industrial structure, accelerate technical progress in enterprises, raise their technical and management levels and product quality, and produce more and better marketable products.

We firmly believe that if the 20 million people of all nationalities in Nei Monggol come together and work assiduously for progress we will certainly be able to become an outstanding "setter" in the two great economic cycles.

We warmly endorse the various Central Committee resolutions regarding local financial contracts, local foreign trade and exchange contracts, and bank credit contracts. On this basis, Nei Monggol is better able to adapt to local conditions and exploit local enthusiasm to implement local contracts, which will make it possible to better and more completely exploit our role as "setter."

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## MINERAL RESOURCES

### Geology, Mineral Departments To Increase Foreign Liaison

OW042325 Beijing XINHUA in English  
1154 GMT 5 Apr 88

[Text] Beijing, April 2 (XINHUA)—China's geology and mineral resource departments are hoping to expand economic and technological cooperation with foreign countries, a Geology and Mineral Resources Ministry official announced today.

At today's ministry meeting, Vice Minister Xia Guozhi said, "China has to make breakthroughs in locating mineral resources by using advanced theories and technology from abroad."

He said that geology and mineral resource departments have to carry out the economic development strategies outlined for China's coastal areas by becoming involved in more Sino-foreign scientific and technological cooperative projects which are geared to promoting an export-oriented economy.

"These departments should explore China's mineral resources in cooperation with foreign institutions by setting up joint-ventures and cooperative enterprises in these fields," Xia said, "and launching joint ventures or cooperative projects in other export-oriented trades like tourism and the service industry is also necessary."

Recent statistics show China's geology and mineral resource departments are currently involved in exchange with more than 70 countries and regions and belong to 23 international nongovernmental organizations.

According to Xia, over 1 billion yuan (270 million U.S. dollars) has been spent in the last few years on advanced instruments, equipment, and more Sino-foreign scientific and technological projects dealing with geology and mineral resources.

Last year, China signed two agreements with Australian firms to work on projects in Australia, one being a gold exploration project, and the other a jointly-run iron mine.

## FOREIGN TRADE, INVESTMENT

### Cooperation With Taiwan

OW140123 Beijing XINHUA in English  
0939 GMT 13 Apr 88

[Text] Beijing, April 13 (XINHUA)—Today's economic news briefs: Fujian-Taiwan Cooperation

The Fuhai Aquatic Products Co., Ltd, the first Taiwan-funded enterprise in Fujian Province, has exported more than 5 tons of eel to Japan recently.

The company, which was set up last August, utilizes advanced eel breeding techniques introduced from Taiwan.

### Signed Agreement To Build Ship for Japan To Use in Bohai Oilfields

OW141043 Beijing XINHUA in English  
1322 GMT 11 Apr 88

[Text] Beijing, April 11 (XINHUA)—The China Offshore Platform Engineering Corporation and the Hudong Shipyard in Shanghai have recently signed an agreement to build a 52,000-dwt floating oil production and storage tank for the Japan-China Oil Development Corporation of Japan.

This is the second such ship China has undertaken to build for Japan since March last year. After completion next year, it will register with the ABS Ship Society of the United States and be put to use in China's Bohai Sea Oilfields.

### Development of Xian Aircraft Corporation Reported

HK150541 Beijing RENMIN RIBAO in Chinese  
7 Apr 88 p 1

[Dispatch by reporter Meng Xian (1322 6007 1344): "Xian Aircraft Engineering Corporation Develops International Cooperation, Produces New Plane Models"]

[Text] With the policy of opening up China and the policy of enlivening the Chinese economy implemented by the state, and with the experience obtained in contracting the production of spare-parts for foreign aircrafts and that in the joint development of planes of new models with foreign countries, the Xian Aircraft Corporation has embarked on a new path for China to catch up with the advanced level of the aircraft industry in the world.

The Xian Aircraft Corporation, established in 1958, is the base for developing large and medium-sized aircrafts. The corporation began, on a contractual basis, processing spare-parts for foreign aircrafts in 1980. This work was launched in two phases. In the first phase, China opened to foreign countries, and spare-part processing with materials and specific requirements supplied by foreign buyers was launched. In the second phase, this type of processing industry entered the international market, and processing with specific requirements supplied by foreign buyers and materials bought by them in China was launched. Since 1984, the corporation has signed contracts with the Boeing Airplane Company for producing 200 vertical-fins for the 737-300 class of plane with requirements supplied by this company and materials bought by it in China. Under the guidance of the U.S. experts, the workers and technical personnel of the corporation managed to overcome difficulties and accomplished on time and in excellent quality the task of producing its first vertical-fin for a Boeing plane. At the delivery ceremony held on 11 March, the vice-president of the Boeing Airplane Company highly praised the quality of the vertical fins produced for Boeing planes and said that the quality is better than the company's requirements. He also said that the Boeing Airplane Company is willing to cooperate with China on entering the international market.

According to statistics, the Xian Aircraft Engineering Corporation completed five contracts signed with foreign aircraft production enterprises, and earned an accumulated amount of \$10,130,000 worth's foreign exchange. At the same time, the new technologies imported from foreign countries had already been effectively applied in renovating and in producing on a trial bases new China-made aircrafts. The China-made "Yun-7" airliner will be substantially renovated in accordance

with the new technologies of the Boeing Airplane Company, so that this type of plane can reach a world-level compatible to that of the early 1980's.

The Xian Aircraft Corporation is now proceeding toward a higher target—to participate in international tender-bidding for aircraft production and to cooperate with foreign partners in producing aircrafts of new models in a comprehensive manner. The corporation will participate in the tender-bidding for the production of horizontal stabilizers for the MacDonnell Douglas Airlines Company of the United States. The feasibility study report of the MPC-75 airliner, which reaches an advanced world-level of the 1990's and is jointly developed by the Xian Aircraft Corporation and the West German MBB Aircraft Corporation, is completed. It is estimated that the planes of this new model can fly into the sky in 1994.

**Raw Material Demand Exceeds Supply**  
*OW122351 Beijing XINHUA in English*  
1258 GMT 8 Apr 88

[Text] Beijing, April 8 (XINHUA)—More contracts are being signed for raw material supplies, even though there have been big increases in raw materials production.

According to the State Statistics Bureau, this year's first quarter output of rolled steel, nonferrous metals, and plastics was up 10.8 percent, 10.9 percent and 12.4 percent respectively over the same 1987 period.

In the wake of more rapid industrial development, supplies of sheet metal, silicon sheet metal, strips of rolled steel, copper and aluminium are still not meeting the demand, the bureau said.

Experts have attributed raw materials shortages to the rapid development of industrial processing over the past few years. In 1987, when the nation's processing industry showed increases of 17.3 percent, the raw materials industry saw increases of only 13.1 percent.

Another reason for shortages is because these industries lack foreign currency and are not able to import materials, the experts said, adding at the end of 1987, storage of most key production materials was down, and the production of some processing firms, whose products rely on imports, suffered.

One expert said, "More needed materials should be imported because, if not, the situation could become even more serious later this year."

The weather and strains on transportation lines have made the production of industrial salt unsteady over the past few years, with output in the first quarter of the year down by 24.9 percent.

Large quantities of phosphate ore have been piling up owing to transportation snags, which is forcing phosphate fertilizer producers to use stored phosphate ore. Related departments have warned production will be affected if no steps are taken immediately.

## ECONOMIC ZONES

**Noted Economists on Implementing Coastal Area Strategy**

*40060183 Shanghai SHIJIE JINGJI DAobao in Chinese 7 Mar 88 p 2*

[Article by Zhu Bing [4281 0393]: "Implementing the Coastal Area Development Strategy," first paragraph is source-supplied introduction]

[Text] Yu Guangyuan [0060 0342 6678], Ji Chongwei [1323 1504 1218], Wang Jian [3769 1696], Chen Fengping [7115 7364 1627], and Zhang Yi [1728 3015] met to discuss implementation of the coastal area development strategy. Exclusive reliance on local resources to develop an export-oriented economy is inadequate. If Hainan is to be developed, the whole country's resources must be relied upon, and cooperation with the interior is necessary for developing exports.

How should General Secretary Zhao Ziyang's strategy for the economic development of the coastal areas be implemented? Economists in the capital recently organized a series of symposia to discuss major issues relating to the economic development strategy for the nation's coastal areas, such as theory, policy, and specific steps.

At the symposium sponsored jointly by the magazines "China's Light Industrial Economy" and "International Trade" just after the Chinese New Year, noted economist Yu Guangyuan said that, with China's vast area and uneven economic development, if the coastal areas are to serve as hubs of domestic and foreign trade such areas as Shanghai and Guangzhou should exploit their roles as the country's central cities. Developing the coastal economy is not the same as merely developing the economy of coastal areas; that development can also be extended to the interior. Hainan Island has abundant resources, but if it is to take off economically, it cannot rely solely on its own local resources. It must rely on the strengths of the entire country. Development of exports should rely first on cooperation with the interior. Coastal areas must therefore not be separated from the interior; internal forces must be mustered in order to reinforce the export-oriented economy.

Yu stated, "China should adopt a multifaceted, diversified strategy to develop export products and mobilize the enthusiasm of all sectors and industries. The emphasis now should be on developing labor-intensive products, but if we have high-technology products ready for export, we should vigorously encourage and support them. What does 'labor-intensive' mean? Does it mean

unscientific? I believe that labor-intensive industry should equip itself with modern science and apply modern scientific and technological methods to achieve the greatest output for the least investment. Labor must be integrated with technical know-how. Science should not serve just rich countries but poor countries as well. China's least costly resource is mental labor; we should better integrate intellectual labor with physical labor so as to raise the value of export commodities."

Ji Chongwei, of the State Council's Economic, Technological and Social Development Research Center, stated: "The economic development strategy for the coastal areas is part and parcel of the national strategy set by the Thirteenth Party Congress and calls for continued opening, involvement in world economics, and selecting the right import-export strategy and foreign-capital strategy. I believe we should adopt a strategy that combines guided exports with import substitution that will increase our international competitiveness so that the structure of import-export commodities can be adjusted according to a dynamic comparison of interests. The open coastal areas and light industry and textiles should adopt a strategy based on guided exports and supplemented by import substitution. The central and western regions and such industries as metallurgy, machinery, electronics, and chemicals should adopt a policy based on import substitution and meeting domestic demand, supplemented by guided exports. Import substitution and guided exports are interrelated, however, and interchangeable. We should adopt a dynamic development strategy that shifts today's import-substitution products to tomorrow's export products. To this end, we should not overemphasize the role of exports in generating foreign exchange while slighting or denigrating the importance of import substitution. In the area of new products, materials, and equipment for import substitution, the state should provide the same encouragement, support, and preferential treatment that it does for exports."

Ji Chongwei said, "In implementing the coastal development strategy, we must conscientiously implement the policy of 'guided, planned, and staged entry into the international market,' and we should strive to import and export in great volume and begin and end the trade process abroad, but we should move gradually according to objective and subjective conditions rather than demanding excessive speed or intensity. Neither should we weaken the economic relationships between the interior and the coast or sever existing cooperative relationships in such areas as supply of raw materials. We can participate in the great international cycle only on the basis of mutual support between the interior and the coast, close coordination, and open channels within the domestic economy. In keeping with international trends in economic development and with China's actual situation, we now urgently need to determine the strategic industries and key products for expanding exports, and to ensure that the relevant departments and local governments formulate medium- and long-term plans by

industry and product, including production, supply, and marketing, use of foreign capital, and the introduction of technology, so as to guide enterprises and regions in planned, coordinated development. We must avoid the same old disastrous approach of taking impetuous mass action and allowing unchecked growth and duplicative construction."

Wang Jian, of the Economic Research Institute of the State Planning Commission, analyzed the necessity and possibility of implementing a new development strategy. He stated, "In the past China overdeveloped its heavy industry, while the rural economy remained extremely backward, so that a dual structure was formed. Industry should now move toward modernization, and the hundreds of millions in the surplus rural labor force should be shifted out, both of which will require large amounts of money. Thus, the problem of shortages of funds in this dual structure can be solved only by making the Chinese economy participate in the great international cycle, shifting the labor force onto the international market through commodity production, trading off foreign exchange and accumulation. The first step in this strategy is focusing on the coastal areas, since they have a better foundation and are better able to implement it."

Wang said, "The world economy is now entering a new stage of readjustment, and we should seize this opportunity. There is some risk we will be affected by fluctuations in the world economy, but there are also benefits. China's export products now account for 10 percent of industrial and agricultural output value, and this may reach 20 to 30 percent in future. Since our trade volume is not that great, the international market will be able to absorb it. Exports by township enterprises are particularly flexible, and these enterprises are responsible for their own profits and losses. Even if they collapse, they can go back to agriculture without much risk. Our first concern should not be the problem of risk, but rather how to get into the international market and expand exports."

Wang Jian believes we should have a sense of urgency regarding the development of an export-oriented economy. Now that the opportunity has arisen for us to shift tertiary industry, we have a way to get into the world economy. If we miss this chance, we will lose our labor-intensive advantage, and China's economy will be unable to skip from this primary stage to an advanced-technology stage.

Chen Fengping of the International Trade Institute said, "We should take full advantage of the opportunity before us, and we should pay close attention to future development. Reform of the foreign trade system should get into the domain of production rather than remaining stuck in the realm of circulation."

Zhang Yi, of the Township Enterprise Bureau of the Ministry of Agriculture, Animal Husbandry, and Forestry, said that by 1990 one-half of China's rural labor force

of 500 million will be surplus. As of the end of last year, China had 15 million township enterprises employing 85 million people. In the year 2000, another 120 million will have to be shifted away from agriculture. The growth of township enterprises, however, has produced competition for resources and markets with state-run enterprises. Getting coastal township enterprises into the international market and utilizing foreign resources and markets will provide a way out for the rural labor force and alleviate competition between the cities and the interior for resources and markets. It will also promote greatly improved quality in the township enterprises. It is both advantageous and difficult for township enterprises to expand their exports. The difficulties are the low quality of enterprise and employee management, a lack of understanding of international market information, and unreliable supply channels for raw materials. It is to be hoped that the relevant departments will give more green lights and provide more support to help solve these difficulties.

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## POPULATION

### 1987 Population Statistics

40060169 Beijing RENKOU YANJIU [POPULATION RESEARCH] in Chinese No 1, 29 Jan 88 pp 5-11

[Article by Li Rongshi [2621 2837 2514], State Statistical Bureau: "An Analysis of China's Demographic Conditions in 1987"]

[Text] It has been 5 years since the third national census, which has attracted worldwide attention. With the advance of economic restructuring, China's demographic conditions have undergone tremendous change during this period. To get a better understanding of this change, to lay the groundwork for economic development and to provide a basis for policy making, the State Council decided to conduct a sample survey of one percent of the total national population as of 1 July 1987. The State Statistical Bureau recently announced the major results of this survey, and large quantities of data are still being processed by computer. This article will employ important hand-processed data and attempt a preliminary analysis of China's demographic conditions in 1987.

#### I

The report issued by the Statistical Bureau stated that "based on the results of this survey and on data collected over the past several years, the population of the 29 mainland provinces, autonomous regions and centrally administered municipalities and of the armed forces at midnight 1 July 1987 has been computed to total 1,072,330,000." This statement clearly indicates that the figure for the national population was not derived directly from the sample survey of 1987 but rather was computed from the results of that survey and from "data

collected over the past several years." As this writer understands it, these latter data come primarily from statistics on natural population growth derived from sample surveys of population change regularly conducted by the Statistical Bureau over the past several years. The following table lists the natural population growth rates published in the "Statistical Yearbook of China 1987" for each year since 1982.

Table 1: Natural Population Growth Rates, 1982-87 (Footnote 1) ("Statistical Yearbook of China 1987," p 90. The figure for 1987 is derived from hand processed data from the 1987 survey. All unfootnoted figures cited below come from this data.)

Year	Natural Growth Rate
1982	14.49
1983	11.54
1984	10.81
1985	11.23
1986	14.08
1987	14.80

With these figures (those for the second half of 1982 and the first half of 1987 were extracted from empirical data), the total population figure of 1,008,180,000 on 1 July 1982, and the formula  $P_t = P_0 + e^t$ , we can compute the total population for 1 July 1987.

The above results are 15.12 million greater than the figure of 1,057,210,000 reported by departments in charge of household registration at the end of 1986 (Footnote 2) (Ibid., p 91) and remain 8 million greater than that figure even after subtracting 7.1 million to adjust for natural growth during the first half of 1987. Analysis suggests that the discrepancy represents the total unregistered population since 1982. To verify the accuracy of the 1987 computation, the Population Office of the Statistical Bureau crosschecked the survival and death rates obtained for the population aged 0-4 years from the age composition data in the 1987 survey and derived a result that was somewhat higher than the late-1986 figure, suggesting that the 1,072,330,000 figure is more accurate and reliable. And before issuing its report, the bureau convened a symposium of experts from the Chinese People's University, Beijing University, the Chinese Academy of Social Sciences and other units to discuss the results of the 1987 survey, who agreed that the results were in line with actual conditions in the country.

Comparing the 1987 results with the 1982 figure of 1,008,180,000, we observe that the total population of the mainland increased by 64.15 million, or 6.36 percent, during these 5 years, averaging a gain of 12.83 million, or 1.24 percent, each year. The following table lists population growth since the first national census of 1953.

Table 2: Population Growth Between Major Population Enumerations

Period	No. Years	Net Population Growth (Millions)	Average Annual Growth (Millions)	Average Annual Growth Rate (%)
End 1949-Mid 1953	4.5	38.93	8.65	1.55
Mid 1953-Mid 1964	11	113.98	10.36	1.64
Mid 1964-Mid 1982	18	313.60	17.42	2.10
Mid 1982-Mid 1987	5	64.15	12.83	1.24

The above figures demonstrate that the growth rate of China's population has slowed markedly and is now lower than the world average (which was 1.7 percent between 1981 and 1984) and the rates for Australia (1.4 percent) and South Korea (1.6 percent); is close to those of Japan (1.2 percent), Canada (1.1 percent) and the United States (1.0 percent) (Footnote 3) ("1986 China Statistical Yearbook," p 821); and is lower than our rates during the 1950s and since the early 1960s. Excluding the 3 years of hardship from 1959 to 1961, recent growth rates are the slowest since the founding of the People's Republic.

Even though China's population growth has slowed markedly, we must not lower our guard. First, we have a huge population base, and the absolute annual growth in population remains at about 13 million, equivalent to the populations of Czechoslovakia, the GDR or Hungary. The pressures created by such a huge population on consumption, education, employment and the like must not be underestimated. Second, changes in the growth rate over the entire 5-year period resemble the shape of a "u" when charted on a graph, as in the following figure: The rate began to decline 1982, reached its lowest level in 1984, gradually rose again during the last 2 years, and returned to the 1981 level in 1987.

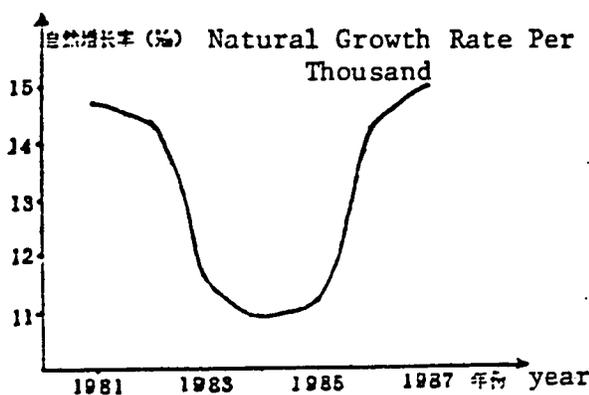


Figure 1: Natural Population Growth Rates, 1981-1987  
图1: 1981—1987年人口自然增长率

According to the Statistical Bureau report, the national birth rate was 21.2 per thousand and the total number of births nationally was approximately 22.7 million in 1987, 750,000 more than in 1986 and more than 1 million above 1983, 1984 or 1985. Moreover, the age

composition data from the 1987 survey show that the number of females aged 14-24 was markedly higher than that of other female age groups. The population that was born during the last baby boom is steadily advancing into marriageable and child-bearing age, and it is predicted that a new, derivative peak in population growth will occur and that there will be a steady, high number of births during the next 15 years due to the rise in the number of child-bearing aged women. According to preliminary estimates, at the current growth rate, the national population will reach 1.14 billion by 1990, the population in 1989 will exceed the target of 1.13 billion set forth in the Seventh 5-Year Plan for the end of 1990, and by the year 2000 national population will approach 1.3 billion, which will hinder achievement of the strategic objectives of China's modernization program. If we are to keep the mainland's population in the year 2000 below 1.25 billion, we will have to hold annual growth to under 13 million and the annual growth rate to less than 1.23 percent, a level that is even lower than the average rate for the past several years. In all respects, controlling population growth and achieving our strategic population objectives will prove to be very formidable tasks.

II

The results of the sample survey show that males accounted for 51.1 percent and females, 48.9 percent of the total population, for a sex ratio of 104.5, on 1 July 1987, which ratio is lower than that of the first national census, 105.9, the second national census, 105.5, the third national census, 106.3, and the annual figures reported by household registration departments.

In the 1987 survey, most provinces, municipalities and autonomous regions showed sex ratio declines from the third national census. In the latter enumeration, 16 regions had sex ratios of more than 105, whereas in the 1987 survey 10 of these regions showed declines below 105, with the other 6 regions remaining above that figure. The 11 regions that had sex ratios between 100 and 105 in the census showed further declines in the survey but remained above 100. Shanghai and Tibet have had the lowest sex ratios in the nation, the former reporting 99.3 and the latter, 97.8 in 1982, the only two regions under 100 that year. The survey reported that these two regions were still the only ones under 100 in 1987, but each showed a further decline from the 1982 figures.

Declines in sex ratios are in line with the general laws of demographic development. Medical research has shown that mortality in males is higher than in females, especially in the old-aged population. Thus as the proportion of old people climbs, the sex ratio of the total population is bound to decline.

Nevertheless, careful analysis of the age composition data from the 1987 survey shows that population aging was not a major contributor to the decline in the sex ratio of the total population. The old-aged population accounted for 5.46 percent of the total population in 1987, a rise of only 0.6 percent over the figure of 4.89 percent in 1982. In absolute terms, this population grew by approximately 9.25 million (1,072,330,000 x 5.64% - 1,008,180,000 x 4.89%). According to the same data, the sex ratio of the population aged 65 and above was about 80, so of the 9.25 million additional members of this population, 4.12 million were males and 5.13 million were females, a net increase of 1 million females over males. Against a denominator of 500-plus million females, this factor can account for a sex-ratio decline of only 0.2 percent or so. Therefore, assuming that other factors did not contribute to the decline, the sex ratio of the total population in 1987 should have been around 106. Thus I believe that the sex ratio data obtained in the 1987 survey may be a little lower than the actual level. This discrepancy may be related to the facts that the share of collective households in the sample was unrepresentatively small and that the survey may not have been strict enough in its definition of itinerant population. Some itinerants leave their permanent residences for more than a half a year at a time and travel widely, staying less than a half a year at each stop and thus were not included in the survey. Most of these people, of course, are males. The survey may have produced statistical error by ignoring this population. Nevertheless, in a survey of as many as 10 million people, such a factor is of limited importance. The gradual decline in the sex ratio of China's total population is an objective fact, but we may have to wait until the fourth national census in 1990 before we can draw any conclusions as to how far the ratio has actually fallen.

According to the results of the survey, on 1 July 1987 the ratio of the population aged 14 and below to the total population was 28.68 percent, the share of the population aged 15 to 64 was 65.86 percent, the proportion of the population aged 65 and above was 5.46 percent, and the median age was 24.2 years.

Table 3 compares these results to data from the three national censuses.

Table 3: Changes in Age Composition

Date	Age Group Share in Total Population			Median Age
	0-14	15-64	65 and Above	
1 July 1953	36.3	59.3	4.4	22.7
1 July 1964	40.7	55.7	3.6	20.2
1 July 1982	33.6	61.5	4.9	22.9
1 July 1987	28.7	65.9	5.5	24.2

This table shows that the proportion of young people in the total population has reached its lowest level and that the shares of working- and old-aged population has reached their highest levels since the founding of the People's Republic. The young population ratio fell by only 7 percent in the 18 years between 1964 and 1982, for an average annual decline of 1.1 percent, and by nearly 5 percent during the 5 years between 1982 and 1987, for an average annual decline of 3.2 percent, or nearly three times the previous rate. But due to the upturn in the number of births, the decline in the young population ratio is unlikely to accelerate further.

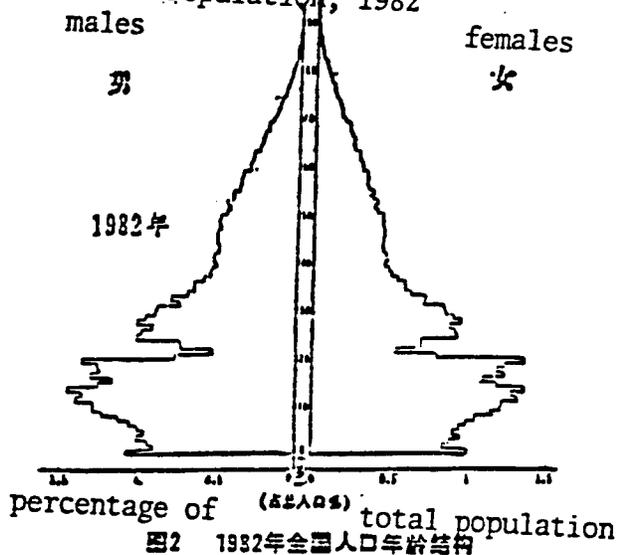
See figures 2 and 3 for the age-sex pyramids derived from relevant data.

A comparison of the figures shows that there was essentially no change in the top of the age-sex pyramid, the indentation moved upward, the base contracted, and age-group differences smoothed and stabilized. There was a also slight indentation for 3 year-olds, especially females, which development was the result of the lower birth rates around 1984 and of the overall age structure of the female population.

There has been widespread concern about the aging of China's population. The age composition data from the 1987 survey suggest, however, that this is by no means a serious problem at the national level. The proportion of the population aged 65 and above increased by only 0.6 percent during the 5 years from 1982 to 1987, or by only 0.12 percent annually. At this rate, it will take the national population 25 years to become as old as Shanghai's current population (old people comprised about 8.5 percent of the municipality's population in 1987) and approximately 38 years to reach the current agedness of Japan's population (people aged 65 and above comprised 10.2 percent of that nation's population in 1985). (Footnote 4) ("Handbook of [Japanese] Welfare Statistics," 1986 edition, p 23) In other words, at the present rate, the national population will be about as aged as Shanghai's current population around the year 2012 and about as old as Japan's current population around the year 2025. Clearly, we have sufficient time to study and devise measures to deal with the problem of population aging.

This conclusion, however, pertains only to the national population; the situation is much different in the large cities of Beijing, Tianjin and Shanghai. Comparing the data from the 1987 survey and the third national census, we find that the proportion of old people in these three cities rose at an average annual rate of 0.3 percent and that Shanghai's increase was twice as fast as the national average. In 7-8 years, that is, by 1995 or so, Shanghai's aged population ratio will reach Japan's current level. And this is not all. The continued fall in the proportion of young people intensifies the trend. Shanghai's young population ratio declined to 18.2 percent in 1982, and though it rose a bit in 1987, it did not reach 18.5 percent and remains lower than those of Japan (21.5 percent in

Figure 2: Age and Composition of the National Population, 1982



1985) and most European countries (all of which were above 20 percent in 1982). (Footnote 5) (Wu Cangping [6762 3318 5493], compiler, "World Population," Chinese People's University Publishing House, 1983, p 314) Thus Shanghai's population is becoming increasingly aged, and the time has come to study measures to deal with the issue.

IV

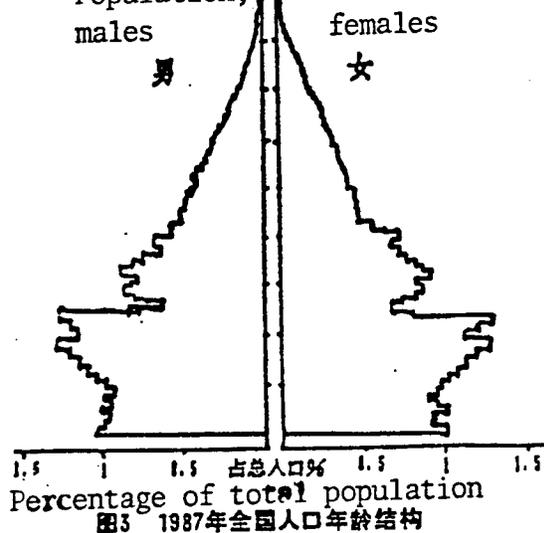
The Statistical Bureau report provided data on the educational profile of China's population. Compared to the figures from the 1982 census, the 1987 data showed increases in the number of people attaining all levels of education. The number of people with college educations increased from 617 per 100,000 population to 884, the number of people having senior middle school educations increased from 6,784 to 6,996 per 100,000, the number of people having junior middle school educations increased from 17,884 to 21,322 per 100,000, and the number of people finishing primary school rose from 35,256 to 36,114 per 100,000. The proportion of illiterate and semilliterate people, on the other hand, declined, from 23.6 percent in 1982 to 20.6 percent in 1987. These data indicate that China's population is definitely becoming better educated.

Using the above data, we can compute the rate of increase in the ratio of population attaining various levels of education, as shown in the following table.

Table 4: Increases in the Proportion of People Attaining Various Levels of Education

Level of Education	Total Increase, 1982-1987 (%)	Average Annual Increase, 1982-1987 (%)	Average Annual Increase, 1964-1982 (%)
College	43.27	7.46	2.0
Senior Middle School	3.13	0.62	9.37
Junior Middle School	19.22	3.58	7.69
Primary School	2.43	0.48	1.24

Figure 3: Age Structure of China's Population, 1987



A number of facts emerge from this table. First, the rate of increase in the proportion of people receiving college educations increased rapidly, reaching a level equal to 4 times the rate of the period from 1964 to 1982. This is an indication of the remarkable success of the party and the government in accelerating development of higher education since the 3d Plenum of the 11th CPC Central Committee. Nevertheless, China still lags far behind developed countries in this area. During the early 1970s, 10 percent, or 10,000 out of every 100,000, of the

populations of developed countries in Europe and the Americas had higher educations, and the Soviet Union, Japan and other countries achieved levels of 5 percent, or 5,000 out of every 100,000 people. (Footnote 6) (State Council Census Office and Population Statistics Office, State Statistical Bureau, compilers, "A Census of One Billion People," p 386. This is a transcript of an international symposium convened in Beijing to discuss the Chinese census of 1982.) But as of now, in the late 1980s, China still has a ratio of less than 1 percent, that is, only 800-some out of every 100,000 people, a level that is much more than 10 times less than those of developed countries. The backward state of the educational training of our population is bound adversely to affect our modernization program.

Second, the rate of improvement in the educational attainment of our population during the 1980s is lower than the pace of the 1960s and 1970s. This is especially true for higher education, whose ratio increased very slowly between 1982 and 1987. The proportion of people finishing junior middle school increased in line with the new policy of requiring children to attend school for at least 9 years, but the increase was not very rapid.

Third, there was almost no change in the percentage of people having primary school educations. This situation is related to the fact that China has already achieved a certain amount of progress in this area, with almost all children now enrolled in school. Yet there is an important problem here, in that many of the respondents who claim primary school education did not necessarily complete that schooling. Many pupils enrolled in the lower grades of primary school answer that they have primary school educations, so some adults measure themselves against these students and, believing they read their names and bank notes better than first- and second-graders, claim primary school educations, too, whereas they in fact cannot read books and newspapers, do not know how to write simple notes to people and thus ought to be made the targets of a new campaign to eliminate illiteracy. This problem plagued the third national census and remained unresolved in the 1987 survey.

The most serious educational problem is the high ratios of illiterates and semiliterates. The 1982 census recorded 283.68 million illiterates and semiliterates, equal to 28.13 percent of the national population, and 237.72 million illiterates and semiliterates aged 12 and above, equal to 23.6 percent of the population of all age groups and to 31.9 percent of the total population aged 12 and above. The 1987 survey showed a decline of 3 percent in the ratio of illiterates and semiliterates, which development is a reflection of the increased educational attainment of China's population.

It should be noted, however, that this decline was due in part to the increase in the national population and that the number of illiterates and semiliterates aged 12 and above remains as high as 220.90 million, a decline from the 1982 figure to be sure, but still very alarming—

approximately equal to the entire population of the United States. If we use these data to measure progress in the campaign to stamp out illiteracy, we find that the number of adult illiterates was reduced by 16.82 million (237.72 million - 220.90 million), an average of 3.6 million per year, which figure does not include reductions in the number of new illiterates. At this rate, though, it will take another 60 years to teach the remaining 220.90 illiterates to read, which poses an onerous task for the education front. Even more noteworthy is the fact that the 1987 survey discovered that more than one-fourth of all children aged 6 to 11 were illiterate and that one-tenth of even the children aged 7 to 11 were illiterate. Since in the 1987 survey 7-11 year-olds comprised 9 percent of the total population, it can be deduced that about 10 million children of these ages are illiterate. We should note that these are new illiterates produced in the 1980s. To have such a large number of new illiterates now that we have 9 years of compulsory education is a serious problem that cannot be neglected and should be remedied at once.

## V

According to the Statistical Bureau report, the Han nationality comprised 92 percent and minority nationalities, 8 percent of the total population on 1 July 1987. Comparing these figures with the data from the second and third censuses, we observe that during the 18 years between 1964 and 1982 the ratio of minority nationalities relative to the total population rose from 5.8 to 6.7 percent, or by less than one percentage point, and that the populations of these nationalities increased at an average annual rate of 2.94 percent. From 1982 to 1987, the ratio of minority nationalities increased by 1.3 percent, so we deduce that the minority population rose by 18.55 million during this period, an average annual rate of 5 percent, nearly twice as fast as the growth rate prior to 1982.

In the 1982 census, 15 minority nationalities registered populations of more than 1 million. The 1987 survey reported the same number. And these 15 nationalities accounted for 90 percent of the total minority population in both enumerations.

There are a number of reasons why the minority population has grown so rapidly. First, family planning requirements are more lenient for minorities, the women of whom are permitted to bear two, three and even more children, and thus fertility rates are much higher in these nationalities than in the Han. Second, medical care and sanitation have been improved for minorities, whose health has improved and whose mortality has declined as a result, thus accelerating the natural growth of their populations. Third are social factors. In the last several years, national minorities have received preferential treatment in such areas as school enrollment, employment and family planning programs, and thus many people who, though having minority blood, previously registered as Han have restored their minority status or

changed their registration to show minority nationality. For example, the Manchus recorded a total population of 4.30 million in the 1982 census, which ranked them as the sixth largest minority nationality at the time. Since then, the Manchu population has increased very rapidly, and on 1 July 1987 the Manchus ranked as the second largest minority in the country, behind only the Zhuang. From the data on the Manchus' share of the total population, we deduce that they now number over 9 million, meaning that their population more than doubled in 5 years, a growth rate that is rare in world demographic history. Thus natural growth cannot explain the explosive rise in the Manchu population since 1982.

## VI

The ratio of urban to total population is an important indicator of socioeconomic development. When new China was founded in 1949, her urban population accounted for about 10 percent of the national total. During the 1950s, the State Council issued standards for the organization of city and town administrations and clarified approval authority for the creation of these units. In the first national census of 1953, cities and towns accounted for 13.3 percent of the total population. In the second census of 1964, by which time standards for establishing town administrations had changed, cities and towns comprised 18.4 percent of the total population, an increase of 5.1 percent in 11 years, or approximately 1 percent every 2 years, a relatively slow growth rate. In the 1982 census, which did not distinguish between agricultural and nonagricultural populations and instead registered people by their place of residence, China's 236 cities had a total population of 144.68 million, her 2,664 towns had a population of 61.90 million, and city and town populations accounted for 20.6 percent of the national total, which ratio was lower than both the world average (37 percent) and the average for all developing countries (26 percent).

In the 1987 survey, the share of city and town populations in the national population rose to 37.1 percent, of which the city ratio rose from 14.4 percent in 1982 to 19 percent, and the town ratio increased from 6.2 percent to 18.1 percent, nearly tripling. The Statistical Bureau report stressed that, due to administrative redistricting, some of the people registered as city or town residents were actually agricultural workers, which problem resulted primarily from the establishment of city-administered counties and town administered townships. Experts therefore believe that the urban population data from the 1987 survey were higher than actual levels.

To determine China's actual level of urbanization, we can employ data from sample surveys conducted in 1985 and 1986. According to these data, cities and towns accounted for 29.4 percent of the total population in 1985, of which the city ratio was 19.2 percent and the town ratio was 10.2 percent, and for 30.8 percent in 1986, of which the city ratio was 20.03 percent and the

town ratio, 10.8 percent. (Footnote 7) (Population Statistics Office, State Statistical Bureau, compiler, "1984-1986 Survey Data on Demographic Change," 1985, pp 24-25, 51) Synthesizing these results, we find that recent surveys fairly consistently show 20 percent for the city share of the total national population, and the figure of about 10 percent seems reasonable for the town share. Thus the total city and town share would be about 30 percent.

At present, cities comprise 70-80 percent and rural areas, 20-30 percent of the populations of developed countries in the world. Compared to these levels, China's urbanization rate is low. Preliminary estimates are that, with the advancement of economic restructuring, the rise of medium and small cities, and the shift of labor out of agriculture, the ratio of city and town populations relative to China's total population will continue to rise, possibly reaching 40 percent by 1990 and exceeding 50 percent by 1995.

## VII

In the crude analysis attempted above, we have drawn the following major conclusions concerning China's demographic conditions in 1987.

1. National population continues to grow, and the low birth rates in recent years resulted in part from the change in the age structure of the population. Data from the 1987 survey indicate that a new boom in growth is imminent, so the task of holding national population to around 1.2 billion prior to the year 2000 will prove very formidable. Therefore, we must conscientiously implement the directive on controlling population growth issued by General Secretary Zhao Ziyang in his political report to the 13th Congress of the CPC and earnestly stress family planning work.

2. The sex composition of the population is beginning to balance out. With abundant labor resources, we face the heavy task of providing employment for our population. The proportion of aged people continues to rise, and the young population ratio has stabilized. Shanghai, Beijing and other large cities must as soon as possible study the problem of the aging of their populations.

3. The low educational attainment of our population is a serious demographic problem. The ratio of people with higher education is low, there are many illiterates and semiliterates, and these problems pose major obstacles to our program of socialist modernization. Science and technology represent productive forces, and once the economic system is restructured and economic relations are properly reordered, the shortfall in educational attainment will directly hamper China's economic and social development. While controlling the size of our population, we must also devote all our effort to increasing the education of that population. This is an indispensable and important link in our effort to achieve national development and economic takeoff.

## TRANSPORTATION

### **Transport Volume Records First Quarter Increase** *OW130651 Beijing XINHUA in English* 0800 GMT 9 Apr 88

[Text] Beijing, April 9 (XINHUA)—The transport volume of China's railways, major coastal ports and civil airlines was up during the first three months of this year compared with the same 1987 period.

According to China's State Statistics Bureau, in the first quarter of 1988, the country's railways delivered 351 million tons of goods and carried 289 million passengers, an increase of 8.6 and 1.8 percent respectively over the same period last year.

With the country opening even wider to the outside world, China's key coastal ports have handled more import-export cargoes, with about 100 million tons of cargo moved in the first three months of this year, or 9 percent more than during the same period last year.

China's civil airlines carried 2.63 million passengers and completed 432 million ton kilometers, which include passengers and cargo, in this year's first quarter, or 16.8 percent over the same 1987 period.

### **Ningbo Port Handles More Cargo Than Same Quarter of Previous Year**

*OW070918 Beijing XINHUA in English*  
1256 GMT 6 Apr 88

[Text] Ningbo, April 6 (XINHUA)—Ningbo, one of China's biggest ports, handled 4.6 million tons of cargo in the first quarter of this year, up 11.6 percent over the same 1987 period.

Port officials attribute the increase to better management, shorter times for loading and unloading and improved transport links. The port now has better railway connections with the major cities in China.

About 40 berths with a combined handling capacity of 33.5 million tons have been built in the past few years. Eleven of these can accommodate 10,000 dwt ships.

During the first quarter, a total of 346 ships called at the port, the highest figure so far.

## AGRICULTURE

### **JINGJI YANJIU Discusses Surplus Rural Labor Force**

*HK190115 Beijing JINGJI YANJIU in Chinese*  
No 2, 20 Feb 88 pp 66-70

[Article by Hou Xiaohong (0186 2556 5725), Liu Yun (04917189) and Wang Jinlin (3769 1696 2651) of the Research Center on Economic, Technological and Social Development, Henan Province and Liu Yongyi (0491 3057 5030) of the Labor Wages Research Institute of the Henan Provincial Labor and Personnel Department: "Characteristics of the Current Behavior of the Surplus Rural Labor Force"—passages in boldface as published]

[Text] Following the deepening of the rural reform, a large-scale shift in occupation, never before seen, of surplus rural labor force has occurred in China. Correctly grasping the characteristics of the behavior of the surplus rural labor force in the course of their shift in occupation is the precondition for correctly understanding this movement and transfer and the causes leading to its deepening development. For this reason we have conducted a sample survey of seven different types of counties in Henan Province. Through this survey we have formed a strong impression of the desire of surplus rural labor force to seek a balanced income and their easy-going character of being readily satisfied. This article attempts to find out the underlying causes of this phenomenon.

### I

#### **Dual Status of Surplus Labor Force in the Course of Shift in Occupation**

**1. Causes leading to shift in occupation.** A relevant analysis on the number of transfer and shifts made in the counties surveyed in the years 1978 to 1986 shows that the principal cause of shifting of surplus rural labor force to non-agricultural pursuits does not seem to be a rise in the agricultural labor productivity rate but is the low per capita holding of cultivated land and the low per capita net income, this being so at least in economically undeveloped regions. From the related analysis we have learned the following:

1) The volume of shifts and per capita grain production show a weak mutual relationship. This shows that the peasants' shift to nonagricultural pursuits was carried out in initially obtaining the most basic material conditions, that is, on the foundation of an increase in the per capita holding of grain. Hence, it may be believed that upon agricultural development having reached a definite state labor force will be subjected to a sort of rational repulsion, and this seemingly reveals the general law governing the shift in rural labor force. But seen from the relevant degree, this factor played only a limited role because at the very outset of the appearance of a large-scale movement of labor force the per capita grain

holding had been less than 400 kilograms. Yet after 1985 the per capita grain holding suffered little change and the volume of shifts increased, not decreased. It can thus be seen that the increase in the per capita holding of grain was not the only cause of the shifts in surplus rural labor force.

2) The volume of shifts and the per capita holding of cultivated land show a noticeable mutual relationship. This shows that the large surge of surplus rural labor force in Henan Province was due to the rather important factor of too many people and too little land. As a result of a newly increased population and the absolute reduction in the area of cultivated land, the per capita holding of cultivated land in rural villages in Henan dropped from 2.8 mu in 1949 to 1.7 mu in 1978, resulting in land resources no longer suitable for reproduction and the early forming of a large volume of potential surplus rural labor force. Moreover, the rural reform since 1979 has structurally released agriculture's productive forces and thereby caused the large-scale open appearance of surplus labor force which had remained hidden under the old structure due to the incoordination between agricultural reproduction and the agricultural population's reproduction.

3) The volume of shifts and the per capita net income show a weak mutual relationship. This shows that among the causes leading to the current shift in surplus rural labor force the factor of "seeking a living" cannot be dismissed. For a prolonged period, the low purchase prices of agricultural products and the large-scale increase in rural population have made it difficult to improve the peasants' standard of living. Although in recent years agriculture's rapid development has enabled them to basically meet their living needs, yet due to serious deficits in the standard of living, and the demands for renovation of the normal household means of subsistence and for a continuous improvement in the standard of living, there is basically no way to seek satisfaction from the limited area of available land. Hence, under the conditions of the movements being permitted and feasible, these factors have realistically become the main attractive causes leading to the peasants' shift to the high-income nonagricultural pursuits.

**2. Goals of behavior.** Among the 600 replies to a questionnaire from peasants who had shifted to other pursuits (either in township or town enterprises or away from the countryside), regarding the problem of choice of goals only 9 percent relied that their objective has been to obtain a larger monetary income, while 36 percent replied that they had been seeking something to do during the slack farming season and 55 percent replied that they had wanted to earn some money to subsidize family expenses (house building, weddings, chases of chemical fertilizer, and so forth). They had no higher objectives and the goals of their behavior generally showed a clear tendency to the short-term. In Reality,

they have not completely departed from the land, that is, they were not wholly farmers and were different from being wholly industrial workers, in other words, having a dual status.

**3. enterprising spirit.** In the 600 questionnaires issued to peasants who had changed occupation was the following question: "if due to your not being sufficiently skilled in technique or to other subjective reasons you should lose your job, what would you do?" Four percent of the respondents said that they would try hard to avoid such occurrences, while 7 percent replied that they would "find other outlets." This implies that only 11 percent of the people surveyed valued the employment opportunity in nonagricultural pursuits and had a more powerful enterprising spirit, while the remaining 89 percent replied that they would "return home to take up farming again," and seemed to put little value on the current employment opportunity. These peasants possessing a dual employment status could only have two preconditions before they proceeded to become industrial workers, namely, a guarantee of employment—doing farming again in the event of inability to become industrial workers, given there should be no impediment at all to interchanging between these two kinds of jobs; and, second, guarantee of basic livelihood. Short-term employment targets aside from farming were to realize a possible increase in their income for a basic livelihood but the portion of income protecting a basic standard of living still depended on land or farming.

Under the present system of each person holding a piece of land for which he is responsible with the household as the unit, surplus rural labor force floats outward under such conditions as they themselves holding a piece of farming land, the constituent members of their families living the work and employment, and they themselves holding a concurrent job. According to the above-mentioned survey through the issuance of 600 questionnaires to peasants who had changed occupation, it was found that 99.6 per cent of the replies stated that their own responsibility field had been turned over to their family members to do the farming work or that during the busy farming season they themselves would return home to do the farming while only 0.4 percent of the people had transferred their responsibility field to other people. Retention of the responsibility field provided a reliable retreat and also since they themselves were holding concurrent jobs and their family members were farming the field for them, there would be no impediment for them to return to their old profession. Moreover, in the course of this shift of occupations, the risks incurred would be a slight reduction in income for a time. Everyone who replied to the above-mentioned questionnaire forms said that in the vent of their losing their present jobs, their families' basic living would not suffer any effects.

Since this shift of agricultural labor force to nonagricultural pursuits is not a thoroughgoing shift caused by an increase in labor productivity rate but is an incomplete

shift built on the basis of utilizing land to provide one's own "double protection," this kind of labor force has obtained a dual status. Moreover, since the "double protection" is provided on the basis of the family being taken as the unit, with the family members taking up the home work and the peasant himself holding concurrent jobs, this is absolutely safe insurance protection and can be unconditionally enjoyed. Hence, the enterprising spirit of the peasants concerned is not sufficiently strong and they still have to rely heavily on land. At the current stage is it possible to change this situation?

II.

**Factors Impeding the Thoroughgoing Shift of Surplus Rural Labor Forces**

**First, seen from the agricultural labor productivity rate.** We can hardly hope that following the deepening of division of work internally in the family and improvement of labor productivity rate we can block the retreat available to those who have shifted their occupation and make their shift permanent. According to the sample survey, at present in the seven counties the age distribution among the peasants is: age 45 to 60, 91 percent; and

age 20 to 45, only 9 percent. Among all the agricultural workers, 58 percent are illiterate, only 35 percent have attended primary school while only 97 percent have attained the middle school cultural level. Here we cannot find any factors of improvement in the agricultural labor productivity rate among the labor force. The same survey reveals that 90 percent of the peasant house holds own simply farm tools and cattle and hence we are also unable to find any factors of improving the labor productivity rate in the labor tools.

**Second, seen from the possibility of centralized operations on land.** Is it possible to effect the thoroughgoing transfer of the surplus rural labor force through a change in the land operation policy, centralizing land and entrusting farming to the farming experts?

From the questionnaires addressed to 600 peasants who had already changed occupation, we can understand the attitude of this portion of peasants on this problem (see table below): The table shows that 86 percent of them hoped to maintain the status quo. They did not wish to give up their land and lose their own double protection.

**Table 1—are you satisfied with the situation of farming land and concurrently working in the plant? What is your subsequent plan?**

	percent
Not satisfied; provided I am allowed to transfer my land and be separated entirely from agriculture	11
Not satisfied; I plan to earn a little money and subsequently return home to be a specialized household in the planting trade	3
Satisfied; hope to maintain the present status	86

From the replies to the 300 questionnaire forms addressed to peasants who had not yet shifted their occupation (those willing shift, 80 percent; and those unwilling to shift, 20 percent), we have found the attitude of another portion of peasants to holding land. All of those unwilling to make any shift were unwilling to have the land centralized, nor did they want any increase or decrease in land. Since in comparison with nonagricultural pursuits income from farming is relatively low, they did not wish to handle more land. On the other hand, land carried the burden of providing "double protection" to those family members working outside and hence they could not afford to give it up. In addition, of the 80 percent of peasants willing to make a shift, 91 percent were unwilling to part with their land. This portion of the peasants appeared to be unwilling, before realization of their wishes to change their occupation, to give premature consideration to dealing with the land which they depend on now for subsistence and which eventually would give them protection in living and in employment.

**Third, seen from the peasants' shift to the urban areas.** Theoretically speaking, a shift in surplus rural labor force means that the peasants, for the sake of seeking a higher income, are organized by an intermediate mechanism, to move toward nonagricultural pursuits and that

geographically this is manifested in movements to cities and towns where nonagricultural pursuits are congregated. As a result urban economy becomes the main carrier of the shifted labor force. However, at a time when reform of the rural economy in our country was turning out a large volume of surplus labor force, our cities and towns were still unable to take care of themselves. Moreover, since the founding of the PRC, our cities and towns have been enforcing a system of planned control laborforce of which makes a three-in-one combination of employment, welfare and, social protection. Under such a system, urban people awaiting employment have in fact obtained a form of job protection. A rigid salary and wage level and a preferential policy of supply of mouth grain at a low price have been considered by the urban people to be benefits they should reasonably enjoy. From a survey of labor management personnel in cities and towns it has been discovered that urban people are extremely sensitive to peasants entering cities and towns. Despite no great changes having presently been made in the various policies of cities and towns and although peasants so far have infiltrated into industries and trades which unemployed urban youths did not wish to join and therefore, having caused no direct effects on the employment situation, it is found from the replies to some 100 survey forms that 86 percent of the people

believed that the current difficult situation in employment in the cities was primarily caused by the peasants' entry into cities and towns and only secondarily attributable to the urban people awaiting employment themselves. They believed that the peasants' entry into cities and towns could produce the following: 1) Aggravating labor competition for jobs, a rise in the commodity price level, and dissatisfaction of the urban residents; 2) dissatisfaction of the original people awaiting employment; 3) excessive burden on urban basic facilities. In one word, the great majority of people are of the opinion that the peasants' entry into the cities has infringed on the benefits already enjoyed by city people. Hence, it is extremely clear what kind of attitude they have adopted toward the shift in the surplus rural labor force: 99.5 percent of the replies to the survey form urged the formation of more township and town enterprises so that the peasants may make on-the-spot transfer. According to a questionnaire addressed to some 300 peasants who had not changed occupation, of those willing to shift 45 percent did not wish to move to work in the city, for the following reasons: 1) no protection; 2) not being city people, hence not convenient; 3) the plot of responsibility land at home must be looked after; and 4) arrangements must be made for the family members at home. Thirty-five percent of the peasants were willing to go to the cities but of them 15 percent dared not go.

We also carried out a survey of 300 peasants who had gone to the city to work and had noted the treatment accorded to city people. Seventy-six percent of them answered the question "do you have any difficulty going to city to work?" in the negative, saying that they had no difficulty. The answers that we had hoped for such as "difficulty in having food grain", or "difficulty in housing" were all not checked or left blank. As for the question: "What demands do you have?", 80 percent replied that they had none. From this we can see that, although the consciousness of a small peasant was still functioning, more importantly because the peasants who had shifted still held the plot of land at the same time and enjoyed "double protection," they had built by themselves their own protection system and were satisfied with their current status. In their view, this all constituted their own "interests already earned." What they asked for was that they would not be infringed upon and they themselves had no reaction to any differential treatment accorded to them on the employment problem between the cities and the countryside.

Now we can form the following conclusion that, as a result of the urban residents' strong insistence and the peasants' acquiescence, the irrational structure in urban policy will continue to exist. Therefore, we are unable from the urban employment protection structure in the urban economic system to secure any force of support to weaken the peasants' dependence on land.

**Fourth, seen from the special environments surrounding the survival and development of township and town enterprises.** In view of the enormous volume of surplus rural

labor force in our country and the comparatively narrow state of the urban economic structure acting as container, township and town enterprises are not only initially. But also permanently capable of serving as the main container or recipient body in the shifts of the surplus rural labor force.

However, township and town enterprises had developed taking advantage of such opportunities as market environment offering a relatively large degree of freedom and markets being wider in scope at a time when urban reform had not made any actual development. Following progress made in reform of the urban economic structure, market environment will change in the direction of a potential threat to the township and town enterprises.

At the same time, even during their upsurge period, the township and town enterprises did not have exactly stable channels for the supply of the main materials for production. Due to the lack of a city-countryside unified market for principal materials, their various kinds of principal materials for production were collected mainly through irregular and unstable channels.

Contrary to the above-mentioned unstable character of the township and town enterprises, their supply of labor force has been stable and cheap. Although this provides a large degree of compensation to the township and town enterprises, their main-body unstable character has rendered their absorption of the stable supply of labor force highly unstable. From the replies to the 200 survey forms addressed to heads of township and town enterprises, 97 percent felt that their units had frequently suffered from such pressures as insufficient supply of raw materials, capital turnover difficulties, and so forth. And their answers to the question "what would you do to your workers if you feel the compression of business difficulties?" were "pay less wages," "stop paying wages," "declare holidays to await production resumption," "sending off the whole staff and stop production," "Make staff readjustment and help the workers to shift their occupation," and so forth. Quite clearly, the answers were fully in line with our views. At the same time, the ability of labor force to maintain a lasting supply in spite of such an unstable condition of absorption is precisely due to the fact that such a labor force possesses a dual status, that is, their reliance on land gives them a supportive force for their safe and stable existence. Therefore, it may also be said: The labor force on which the development of township and town enterprises depends can only be the kind of labor force "with double protection" that can be found on land exterior to them. In this context, the existence and development of township and town enterprises are likewise subordinate to land.

**Finally, seen from the chances of peasants shifting to nonagricultural pursuits.** At present, the shift of surplus rural labor force is basically spontaneous, there being no formal intermediate organizational structure, such as an employment agency and so forth. Hence there is no fixed

channel or shift procedure for them to follow. Of the 600 peasants who had already shifted surveyed, 99 percent said that their transfer had been arranged through the connections of acquaintances. Of the 300 peasants who had not so far shifted 80 percent were willing to make the shift but in their replies indicated that first, because they lacked connections with people and only then because of lack of technology, they had not been able to make the shift.

Obviously, at present basically speaking the "human relationship mechanism" is regulating and organizing this historical change and through the role of this mechanism thousands upon thousands of peasants have moved into new employment. However, at the least "human relationship mechanism" has the following irreparable defects: 1) It provides each and every peasant waiting for shifting an unequal opportunity. According to a comparative analysis made on 240 peasants awaiting the shift and 600 peasants who had already shifted, it was discovered that under the conditions of similarities in age group, educational background, and technological level, because of the workings of "human relationship mechanism," they were confronted with unequal opportunities of being employed in jobs of an identical nature. 2) As a sort of a regulating organ, it does not have any definite agents and is not subjected to any statute restrictions. These two basic defects have rendered it difficult for peasants awaiting shifts to gain therefrom any "job protection." Seen from this context, the "human relationship mechanism" just adds another barrier to the peasants trying to shift away from land.

### III

#### Considerations on Pushing the Realization of Full Shifting to new Occupations of Surplus Rural Labor Power

Surplus rural labor force possessing the worker-peasant "double status" and appearing in the labor market has obviously shown a strong trend of their jobs and concurrent jobs of long standing being readily shifted to departments requiring low technique but a strong consumption of physical power. Compared with the situation under the old structure when the peasants had no freedom in the choice of employment and lacked the capacity to freely circulate which they should have, the current shift in the surplus rural labor force is a sort of progress. Nevertheless, the behavior characteristics and the incomplete shifts made in the surplus rural labor force at the present stage are breeding a conflict with economic development.

First, this shift cannot bring about the kind of increase in the rural labor productivity rate which it should and may even to a certain degree impede the 49:3. The shifters who possess a double status strongly feel, on the one hand, the possibility of "deficits" in working on land as against the high-income from non-agricultural pursuits while, on the other hand, they could not bear to forsake land

because they must build a structure to protect their job and living. This renders them, concurrently with depending on land, unable to treat land as capital to increase their wealth and thus to lose their enthusiasm for land. In turn, this affects the increase in the rural labor productivity rate. At the same time, rural labor force has no hope of being wholly emancipated in this process. The result of this kind of transfer can also turn around and strengthen the cause, form a reverse cycle of cause and effect, and in the end cause the shift of surplus rural labor force to stop short at the original level, thus making it difficult to propel modernisation of agriculture.

Second, this sort of shift cannot generate any powerful promotional force on the entire national economy. Because the peasants who shift under the self-made job and living protection system lack the enterprising spirit, the shift of surplus rural labor force to nonagricultural pursuits is carried out in kindly weather and a peaceful atmosphere. In the labor market, the peasants display a "high profile" of "shifting if at all possible but staying the same if not possible." They patiently wait for an opportunity to shift and do not vigorously fight for the employment opportunity. Consequently it is difficult to generate that continuous improvement in the quality of the labor force which can be had through competition and it is not possible to make the whole national economy strongly feel the promotional effect brought about by the surging forth of the innate vitality of the labor force. On the contrary, the strong force of pressure on account of its immense size is doubly felt. Speaking of the surplus rural labor force at present, the dual status is not necessarily in transition to a unitary status. The present insufficiency in enterprising spirit does not indicate that it will be naturally improved or strengthened following the passing of time and a large scale shift does not imply the generation of corresponding shift effects.

Consideration of deepening the shifting of the surplus rural labor force at present should not stop at finding from outside areas (cities and towns, small townships, rural villages) positions and places for the absorption and accommodation of this enormous contingent and planning various kinds of policies in that direction. More importantly we should be engaged in more intensified thinking on how to grasp at the same time the shifting principal body of surplus rural labor force to proceed in the direction of opening up their innate vitality and increasing their emancipated capacity to realize a thoroughgoing shift to other occupations. This will require a study on the economic pattern providing the ways and means of extricating rural labor force from the distressed situation which their self-protective behavior has built and also of realizing the mutual promotion between shifting and development. The necessary research on the selection of a policy which is beneficial to the transformation at present of the peasants' self-defensive type of protectional structure for their employment and living not only will be related to reform of the urban structure, development of township and town enterprises, and the

establishment and improvement of a market mechanism but will also place on the daily agenda the further reform of the existing land operation system. At the same time, on the moral and ideological side, we must also consider how to transform the petit-farmer concept firmly rooted in the minds of our peasants and strengthen their ideas of

commodity economy. Thus, in our country transformation at the present stage of the worker-peasant dual status of peasants who have shifted to other occupations, promotion of the development of a socialist rural commodity economy and realization of rural industrialization will be tasks that will be enduring and extremely difficult.

### FB-1 Space Launch Vehicle

40050089 Beijing DANGDAI ZHONGGUO DE HANGTIAN SHIYE [CONTEMPORARY CHINESE SPACEFLIGHT] in Chinese Jun 86 pp 195-208

[Article: "Chapter 6. The "Feng Bao-1" Space Launch Vehicle"]

[Text] The FB-1 space launch vehicle was developed using a long range rocket as a model.

In the Fall of 1969, the government issued its directives. A number of talented technical people were gathered together in Shanghai to prepare to develop launch vehicles and satellites (collectively known as "Project 701") and to build a base for the development effort.

The Shanghai area had no previous experience in the development of launch vehicles. A great deal of adjustments were made initially in technical expertise, production capability and experimental equipment to develop a large rocket such as the FB-1 for launching heavy satellites. Nevertheless, based on the results already obtained by the Space Launch Vehicle Research Academy, they took full advantage of the resources available in Shanghai and in October 1970 developed a prototype rocket for testing in only 10 months. In August 1972, the experimental rocket was launched for the first time and it was essentially a success. Since 1975, China launched six satellites with the FB-1 (including three satellites launched by one rocket). The FB-1 was successfully used in two separate events to test new flight techniques in 1977 and 1978. It has made significant contributions to the astronautics industry in China.

#### Section I. Experimental Rocket Development

In the Fall of 1969, a number of experienced technical people, primarily from the Shanghai Second Bureau of Electrical and Mechanical Machine Building, were pulled away from tactical missile development to work on the FB-1. Various teams responsible for the development of the rocket, rocket engine, control system, trajectory measurement system and ground measurement system were rapidly formed. They took full advantage of the excellent industrial base, strong technical strength and wide variety of specialty industries in Shanghai. Under the leadership of the Shanghai Defense Industry Office, they organized 332 entities to get involved in the development and manufacture of components, new materials, new techniques, accessories, engines and other equipment. In October 1969, Shanghai sent a team to study at the Space Launch Vehicle Research Academy. The design work began in December. In January 1970, the Academy provided some drawings regarding the design of a long range rocket and sent some experts to Shanghai to offer their assistance.

The rocket design department in Shanghai, in conjunction with other units responsible for the development of various systems, reviewed the rocket plan provided by

Beijing SLV Research Academy based on the availability of raw materials, components, technology and technical accomplishments in Shanghai to design these systems.

As for the rocket, a large satellite cowl was designed. Some riveted compartments were changed to chemically milled compartments. Certain compartments were consolidated. A reliable clock control mechanism developed for tactical missiles was adopted for the safety system. As for the rocket engine, they no longer used a gas-pressurized transport system in the second stage engine, but employed a pump system developed by the Shanghai Institute of Rocket Propulsion which created conditions to increase the payload of the launch vehicle. The main valve of the engine was re-designed. The Huadong Institute of Computer Technology designed and tested an onboard computer for the control system. The inertia system was also a result obtained for tactical missiles.

In order to speed up the development of the FB-1, a cooperative network was created based on expertise. For instance, the Shanghai Xinyao Instrument Factory was primarily responsible for the development of the servo mechanisms. Many components were dispersed among other plants and institutes. Electrical parts were manufactured at the Shanghai Wired Communications Plant, the servo valve was made at the Shanghai Instrument Factory and the oil pump was produced at the Shanghai Hydraulic Pump Plant. Xinxin Machine Building Factory was primarily responsible for the engine. The turbine pump was made at the Shanghai Turbine Factory and various valves were produced by the Shanghai Anting Valve Plant and Lianggong Valve Plant. Other collaborating organizations include the Daming Iron Works, Shanghai Second Textile Machinery Plant, Shanghai Silicates Research Institute, Shanghai Institute of Textile Science, Shanghai Institute of Rubber Products, and numerous plants producing components and raw materials. Beijing Institute of Launch Vehicles was also involved in the effort. Due to this high degree of cooperation among all participating organizations of expertise, technical strength, experience and existing equipment were fully utilized. Thus, it was very cost effective. In a few months many components were made available. In 10 months since the design work began, the first prototype test rocket was ready for firing.

Product development was dependent upon large scale cooperation, as was the overcoming difficulties in processing techniques. A complicated and highly automated welder was supposed to be used to weld the propellant storage tank which is made of a high strength copper-aluminum alloy. However, it was not available in Shanghai. In order to grasp the technique to weld this material, the Shanghai Xinjiang Machinery Plant, the organization responsible for the production of this tank, gathered all the technical professionals and workers with experience in the welding of nonferrous metals to work on the problem. However, it did not go smoothly. Later, Shanghai Defense Industry Office sent the famous welding expert Tang Yingbin [0781 2019 2430] and several

experienced workers from the Jiangnan Shipyard to participate in the project. They absorbed some experience gathered in Shanghai and Beijing to combine with their experience with the welding of ferrous metals in their research. Within a reasonable period of time, a procedure was developed to weld the copper-aluminum alloy. Under the joint effort in Shanghai and Beijing, problems such as flaws, distortion and re-welding were solved. The technique to weld the storage tank was perfected.

Although a number of components that could be parceled out for production were given to various plants, the remainder included tough problems that required large equipment, large test fixtures or even new facilities, such as the main assembly building, static test chamber, engine fluid flow test platform, and turbine pump test platform. If all these facilities were built from scratch, it would cost too much money and take too long to meet the schedule. Therefore, to the extent possible, existing facilities and equipment were modified and expanded to meet the needs. For instance, the ceiling of a plant was not high enough when the brazing furnace was installed. The technicians and workers were able to intelligently coordinate several jacks to raise the roof of the building by 1.7 meters in a few days to accommodate the furnace. They not only saved money for their country but also created the appropriate working environment for themselves. The engine turbine pump hydraulic test platform was built by modifying an old high speed electrical machine laboratory at Shanghai Minhang Electrical Machinery Plant. It only took 8 months to complete. As compared to building a new test fixture, it at least saved one year of time and several million yuans in investment. The Shanghai Xinjiang Machinery Plant dedicated 320 square meters of space from its production line to riveting assembly. Seven 3.35m diameter compartment segments and eight short housings were assembled there. Conventional techniques would have required at least seven large racks. The seven large racks would have taken the entire 320 square meters, leaving no room for production. The industrial equipment designer designed an adjustable rack, the high and low point of which could move up and down so that a rack could be used to rivet structures of different lengths. By doing so, only three racks were required to do the job and the space was sufficient.

Some experienced workers such as Zhang Handong [1728 3352 2639] of the New China Machinery Plant and Yang Chunsheng [2799 2504 3932] of the Xinxin Machinery Plant were very effective in processing and assembly. Many problems encountered in processing and assembly were solved by these experienced hands.

Relying on the wisdom and hard working spirit of the people, a series of buildings and test facilities such as the main assembly building, static test chamber, 5-ton vibration platform, pump hydraulics laboratory, engine fluid

test fixture, simulation laboratory and engine test rack and several pieces of major equipment such as the brazing furnace, curing furnace and assembly racks were finished in less than 1 year.

Thus, in a short time span, a base for the design, manufacture and testing of heavy duty launch vehicles was built in Shanghai.

After 10 months of design, preparation and pilot production, a series of large scale tests including the swivel test of the four engines, structural static testing, and testing of the transport system was completed to prepare for the first test firing of the rocket. In November 1970 the first experimental rocket assembly was shipped to the launch site in Jiuquan to test the first and second stage combination and to carry out a hot test run of the joined first and second stages, and of the second stage.

In March and April 1971, respectively, the second stage and the joined stages were successfully tested. This was a test of the overall function of the total rocket prior to the test launch. It was also a preliminary verification of the work done in 1 year. In order to accelerate the progress and to save expenses, the work was done at the newly completed Launch Site 138 at the launch site in Jiuquan.

Because this test involved all systems on the rocket and was carried on the launch pad according to the flight procedure, it was a thorough review of the reliability of various systems on board. In addition, the newly completed Launch Site 138 was also rigorously tested by the 280-ton long range high propulsion ground test. The consistent coordination of various systems was directly challenged.

This test of the overall rocket also unveiled some design and production related problems. First, the reliability of the onboard computer was questionable. The Huadong Institute of Computer Technology was responsible for this system. It has a great deal of experience in the development of computers for ground applications. However, they did not have any experience in dealing with space products. Furthermore, the effort moved along too quickly. There was no time to test the onboard computer for vibration, noise and impact and in high and low temperature environment. Numerous problems were found prior to the test firing. In addition, the continuous wave phase-locked transponder in the external trajectory measurement system failed in the noisy environment. The main valve of the first stage engine could not be shut tight due to an inappropriate procedure. Some of these problems were due to lack of experience and deficiencies in product structures or techniques. Some were due to the fact that certain components were not made at fixed sites and were not rigorously screened so that their quality could not be assured.

After the test, in preparation for the test flight, quality management was especially stressed. All elements that failed before and during the test were dissected and analyzed to pin down causes. Measures were taken to formulate a set of component screening conditions which were called the "701" conditions back then. Rigorous environmental testing conditions were specified and products were fully tested on the ground. After this series of improvements, product quality was significantly raised. All systems passed various specified tests.

In April 1972, the first test launch rocket left the plant and was tested for over 3 months at the launch site. On 6 August representatives of the State Defense Commission and the test team gave Premier Zhou Enlai a detailed report. Premier Zhou repeatedly emphasized that quality had to be rigorously controlled in detail to make sure there were no mistakes. Finally, he approved the launch. The first test rocket was launched on 10 October. Based on the analysis of telemetric data, the design was proven to be correct and all systems worked in coordination. The first flight was essentially a success which served as an important technology reserve for the launch of heavy payload satellites in China.

The FB-1 was developed when results from research on a long range rocket were transformed into a preliminary design. It inherited achievements in the development of long range rockets in China and was comprised of the wisdom and sweat of the development team in Shanghai. In the development of the FB-1, significant results were achieved in designs, techniques and new materials to enrich the rocket technology in China.

## Section 2. Heavy Satellites Launched

After the experimental rocket was successfully launched, the next target was to test launch a satellite.

To accurately launch a heavy satellite over 1 ton in weight into orbit still required certain technical measures. First, a series of steps was taken in the design aspect under the direction of Deng Chongxia [6772 1504 2538] in the system design department.

### 1. Improving Payload Capability

In the development stage, the weight of the hardware was not controlled and significantly exceeded the target value. It was difficult to meet the requirements for launching a heavy satellite. Therefore, it was necessary to take certain measures to ensure the payload capability of the rocket.

First, structural weight was reduced. The storage tank was re-designed because of excess tolerance in strength. The thickness was decreased and the thickness variations in the chemically-milled structure were reduced. Systems were simplified and unnecessary spare parts were eliminated. Cables were run in rational directions to reduce

length. Lighter cable and structural materials were chosen. Certain equipment was miniaturized. These measures drastically lowered the structural weight of the first and second stage of the rocket.

Second, the accuracy of rocket engine adjustment was improved, particularly the second stage engine which was equipped with a cavitation tube to accurately control variations in flow. All parts for every first stage engine were also carefully selected to minimize any deviation in the fuel to oxidant ratio. Consequently, it decreased the amount of unused propellant.

Third, the propellant in the first stage rocket was totally exhausted for effective utilization of the propellant.

Fourth, a low-thrust final stage glide was adopted in the flight plan, i.e., the low-thrust vernier rocket continued to work for a while after the main second stage engine was shut off in order to more effectively utilize the propellant and minimize energy loss. The vernier engine has a pump delivery system which provides conditions for the "glide plan." Experimental studies on new problems associated with the "glide plan," such as stabilizing sloshing liquid in the pressurized delivery system under low-load conditions, were performed by the New China Machinery Plant and other contractors. Appropriate measures were taken to resolve these issues.

Fifth, the guidance system uses two shutdown equations to better adjust to various interfering parameters to increase the payload.

These measures increased the payload of the rocket by 50 percent.

## II. Improvement of the Guidance Plan

Because of the high accuracy required to place a satellite into orbit, the launch vehicle must simultaneously control small errors in orbital periodicity and perigee altitude. Therefore, we could not simply copy the same guidance scheme for a long range rocket. This was not encountered in the launch of the "Dongfanghong-1" and "Shijian-1" satellites. After choosing from hundreds of trajectories, the designers of the guidance system used a combination of velocity guidance and altitude guidance to solve this problem.

## III. Coordination, Development and Production of the Measurement and Control System

It is extremely important to ensure the reliability of the measurements in the orbit entry stage. In order to fully utilize the tracking stations already in place for launching other satellites and to evaluate the newly finished second phase measurement and control system, the control equipment and antenna layout onboard the rocket, the satellite orbit's angle of inclination, and the flight path must be compatible. Because the satellite orbit was relatively low, in order to ascertain that the

tracking station in the south could measure the initial orbit of the satellite accurately, the orbit entry point could not be too far away. The condition of the ground control station limited the rocket engine shutdown range to within 2,000km. On this basis, the rocket was equipped with the appropriate equipment and antenna. The Xinhua Radio Plant was responsible for the development of all the instruments for the external measurement and safety system. (Later, this team formed the Xinya Radio Plant.) In the "251" transponder, microwave integrated circuitry, voltage width regulated power supply and frequency re-combination were used. In addition, an open waveguide circular polarization antenna was used to improve the stability and reliability of the equipment.

In addition to actively taking the above measures, we also enhanced quality control work, specifically in reference to the problems exposed in the test firing of the rocket. We worked day and night to launch the first heavy satellite into the sky. The quality of the products for the control system, telemetry system, external measurement system and rocket structure was significantly improved. Nevertheless, the work was also severely interfered with by the "Gang of Four." Especially in the rocket engine development aspect, they were seeking progress through the violation of proper procedures. Problems surfaced in the ground test were not thoroughly analyzed. The correct opinion of the technical staff was ignored. The remaining technical problems with the engine were summarized as "sabotage from the class enemy." The engine thrust decline in the 1971 test flight was not properly addressed. These hidden problems led to the failure of the first satellite launch.

The failure profoundly educated the development team. The Shanghai base strengthened its overall control over product reliability. The original engine design contained certain unreliable factors. Strong vibration might occur due to unstable combustion under certain conditions. Specific measures were taken by the Xinxin Machinery Plant, which was responsible for engine development, to primarily rectify the vibration problem. For example, high frequency brazing, instead of manual argon arc welding, was used for some high pressure pipes to insure consistency. These steps significantly increased the probability of a successful engine test. In terms of vibration reduction, a "liquid phase separation" method proposed by rocket engine expert Sun Jingliang [1327 2417 5328] was adopted to improve the injector structure at the head of the combustion chamber to suppress any unstable combustion. Engine vibration was drastically reduced and its reliability was consequently much improved. The improved rocket engine was successful in both ground and flight tests.

The assembly technique and the materials used for the vernier engine were also improved, and its ground test conditions perfected.

The servo mechanism originally developed showed gas and oil leaks. Ensuring good sealing properties was a long standing issue. To this end, a number of steps were taken. The dimensions and surface finish of the sealing area were rigorously specified. Processing technique and the surface treatment step were improved. The Shanghai Institute of Rubber Products improved the formulation of the o-rings to enhance their abrasion resistance and low temperature sealing properties. The modified servo mechanism was tested at -40 Celsius for 15 days. It worked reliably and there was no gas or oil leak. Some servo mechanisms remained leak-free after one year in storage. The seal problem was finally resolved. Other parts and components of the onboard control system, particularly the onboard computer, were very reliable due to our stress on quality management.

After a great deal of hard work, in summer 1975, an "FB-1" rocket and a test satellite developed in Shanghai were shipped to the launch site. National Defense Science and Technology Commission Vice Chairman Qian Xuesen [6929 1331 2773] was there to supervise the launch. The product was carefully tested and found to be in good shape. With the approval of the central government, it was successfully launched in the evening of 26 July 1975. The "FB-1" rocket for the first time put a satellite over 1 ton into a pre-determined orbit. The Central Committee of the Chinese Communist Party, the State Council and the Central Military Commission issued a communique to congratulate the successful satellite launch.

On 16 December 1975 and 30 August 1976, China successfully launched two technical experimental satellites with "FB-1" rockets.

### Section 3. Successful Launch of Three Satellites with One Rocket

After the continuous successful launch of satellite with the "FB-1" launch vehicle, based on the assignments issued by the government, two test flights were made in 1977 and 1978 to test new rocket technology.

In 1978, the task of using a "FB-1" launch vehicle to send three experimental satellites, including the "Shijian-2," was included in the national plan. With the cooperation of various system design units, Chief Designer Shi Jinmiao [2457 6855 5379] in Shanghai organized the rocket modification work in order to launch three satellites simultaneously.

To launch three satellites with one rocket, there were new problems to solve.

1. Structural Mechanical Problems Caused by Multiple Satellites. Differences in structural rigidity and continuous rigidity mass distribution associated with multiple satellite result in a variety of elastic vibration frequencies. If this frequency scatter is large, it would be

extremely difficult to design a stabilizing system. Therefore, the satellites must be built according to certain design requirements and the three satellites must be placed rationally. To this end, the satellite and rocket development teams joined forces to organize an overall vibration test with the first and second stage rockets to accurately grasp the structural dynamic properties of the rocket. The Shanghai Instrument Plant, responsible for the development of the stabilizing system, applied the active network results developed by Sun Xiantong [1327 7359 2717] to the stabilizing system to improve the flexibility and safety margin of the system in order to meet the requirements of multiple satellites where elastic vibration frequency scatter is large.

## 2. Problems Associated with the Separation of Satellites

Studies on satellites and rockets are needed in order to put three satellites of different applications and different shapes into their own orbits without collision and contamination. In the rocket aspect, satellite separation procedures were precisely laid out. The number of retrorockets was increased to ensure the required separation velocity. The positions of the retrorockets were adjusted to avoid interference and contamination of the satellites. The position and separation direction of the "Shijian-2B" satellite were ingeniously arranged.

3. In order to improve orbit entry accuracy, the control system further controls the error caused by the inertial device to further improve the guidance method.

In addition, in order to raise the altitude of the satellite orbit to lengthen the useful life of the satellite, the potential of the rocket was tapped further to enhance its lift capacity.

These technical problems were solved without any major design changes to guarantee the accurate and safe launch of three satellites with one launch vehicle. However, because the confusion created by the cultural revolution was not completely straightened out, the emphasis on quality was not stressed in either design or management. The tendency to focus on progress and to ignore quality still existed. The launch of an "FB-1" in July 1979 failed due to the malfunction of the second stage vernier rocket. After this failure, the quality issue was thoroughly straightened out under the leadership of Zhang Yu [1728 3558], chief of the Shanghai Second Bureau of Electrical Machinery. In September, Vice Chairman Ma Jie [7456 2212] of the National Defense Science and Technology Commission and Vice Minister Ren Xinmin [0117 2450 3046] of the Seventh Machine Building Ministry went to Shanghai to co-chair the rocket failure analysis meeting. As a result of the discussion, the second stage vernier rocket was to be thoroughly modified. It was determined that a highly reliable engine should be developed. To this end, the Xinwin Machinery Plant summarized experiences and absorbed lessons to proceed with the modification. The designers overcame the deficiencies caused by low tolerances in the turbine

pump and eliminated all unreliable factors. The vernier engine was proven feasible after three turbine pump tests and three engine tests. In June 1981, a combination of five second stage engines were tested. After the thrust of the main engine was shut off, the vernier engines continued to work and set a record of 3,600 seconds of continuous operation. These 3,600 seconds did not come easy. They included lessons from failure, a long understanding process, rigorous management and strict requirements from the leadership, and diligence of the development staff. A beneficial lesson was learned. In the development of a new product, we must analyze the accomplishments we inherit. When a weak link is discovered, we must make an early decision to correct it thoroughly and cannot be satisfied with minor modifications. Sufficient ground tests must be done under rigorous conditions prior to conducting any flight test. In the entire development process, reliability must be given top priority. Remember the intrinsic reliability of the product is determined by the design.

As a result of this overhaul, a series of regulations was formulated to ensure product quality by rigorous process and quality management. A comprehensive design quality check unveiled that the inertial platform showed a pulse leakage effect in previous flight tests. This effect will cause some deviation in satellite orbit entry. Through analysis and subsequent experimental verification in low pressure, it was found that the pressure regulating device was not reliable. When the ambient pressure dropped to a certain level, the air-suspended accelerometer began to resonate at low pressure. It could not function normally, leading to pulse leakage. Measures were taken to eliminate unreliable factors at low pressure to ensure the stability of the platform and improve guidance accuracy.

In addition, a review of the attitude control system revealed that attitude instability might occur due to variations in the technical condition of the engine during the second phase of flight. It was necessary to modify the circuitry and adjust the parameters, which would have taken a few months. However, in order to meet the schedule, the Shanghai Instrument Plant, which was responsible for the design of the attitude control system and the production of the attitude control instruments, used only 20 days to complete the work, from making the decision to modify the circuitry to performing stability calculation, producing the new parts list, conducting vibration and high and low temperature testing and delivery of products. The rocket development "train" was not delayed there. This fully demonstrated the fighting spirit of the workers involved in the project.

After finishing this detailed and delicate work, another "FB-1" launch vehicle was shipped to the launch site in Jiuquan to be assembled with the three "Shijian-2" satellites. This rocket smoothly passed all the tests at the launch site. On the morning of 20 September, the rocket was ignited to accurately send three physical survey satellites into similar orbits. This was the first time in the

astronautical history of China that three satellites were simultaneously launched by one rocket. China became one of a few nations in the world with the technology to launch several satellites with one rocket.

12553/08309

**National Defense Shift From Consumption to Production**

40050171c Beijing JIEFANGJUN BAO in Chinese  
9 Jan 88 p 1

[Article by Liu Zhengyi [0491 2973 5030] and Shen Jingwang [3947 2417 2489]: "The Subdepartment Directly Under the PLA General Logistics Department Supports Scientific Research With Scientific Research; Shift From the Consumption Model to the Incremental Model"]

[Text] Beijing, 6 January—Under the circumstances of military expenditure cuts and price inflation, how are financial resources to be concentrated on national defense modernization? Today the practice of the subdepartment directly under the PLA General Logistics Department, which was established 2 years ago, is: shift national defense scientific research from the consumption model to the incremental model, and initially form a benign cycle in which scientific research promotes scientific research.

This subdepartment was established on 6 January 1986. To handle properly the contradiction between funds shortage and modernization, the subdepartment, drawing on the experiences of some scientific and technological units in the localities, which apply the results and scientific research to get funds for doing more scientific research, started from the two links of "selection" and "promotion" to create conditions for national defense modernization.

"Selection" means choosing carefully scientific research projects. The subdepartment attached importance to scientific research projects on all types of storage, transport, container, and other techniques; on the scope of their application; and on widespread investigation of the results of investment. On the basis of scientific demonstrations, the subdepartment decides on projects and concentrates on tackling key technical problems. In this way, when it successfully researched a project, it was able to apply the project quickly and create value. For 2 years it has selected several dozen projects that have a strong military-civilian compatibility and lead to considerable economic results, thereby creating fairly high values. For example, after it set up a "warehouse group micromputer partial network system," which was highly modernized, and a "closed television monitoring and control system," and put them into operation, local units in succession sent people to ask the subdepartment to design software for them and to help them in the training of management talents in the storage of materiel. In only 10 days' time, more than 5,000 yuan in economic results were created.

"Promotion" means making use of the technical talents trained and tempered in the process of scientific research, and making use of the economic results created after scientific and technological results are applied, results which in turn promote the subdepartment's modernization. Over the past 2 years, the subdepartment, making use of its scientific research, has helped more than 1,000 of its cadres to take part in computer training and other specialized training, and has helped more than 1,900 of its fighters to take part in communications, repair, warehouse management, and other specialized studies. A total of 73 cadres have obtained college diplomas, a total of 72 fighters have been enrolled in the armed forces' colleges and schools, and more than 390 persons have obtained various types of specialized skills certificates. The subdepartment has opened up its scientific research to the localities. For the localities it has stored up funds and then put them into new scientific research and into the improvement of equipment and the innovation of the means of management. It has built 4 permanent-type modernized storehouses. Of them, one medicinal materials warehouse is completely managed by computers. The situation in the storage area is automatically monitored and controlled. The humidity in the storehouse is automatically measured, checked, and recorded. Thus the history of lighting stoves and hanging up door curtains every winter has ended. This storehouse in "most urgent" situations has handed out more than 700 medicinal drugs without delays or mistakes.

09727

**Naval Logistics Structure Streamlined**

40050171b Beijing JIEFANGJUN BAO in Chinese  
25 Feb 88 p 1

[Article by Jiang Rubiao [3068 3067 2871]: "Reform of Naval Logistics System Initially Displays Its Superiorities"]

[Text] Beijing, 24 February—Today the staff officers on duty at the headquarters of a certain fleet of the Navy, in a long-distance telephone call, told this writer that the fleet, which is now engaged in formation long-cruise training in a sea area in the East China Sea, had passed the following information to him: the logistics support work on this long cruise is cause for satisfaction. This was another realistic test of the method, which has been put into practice since January 1986, of the Navy's dismantling the fleet's first-level logistics organizations and effecting supply through bases. Navy—fleet—base—unit: for more than 30 years the logistics support for naval units at the division level and above has been effected in accordance with this traditional organic, subordinate relationship. There were many administrative levels in supply, work efficiency was low, and support results were poor. This system was highly unsuitable for the characteristic of naval units—high maneuverability. This major reform, which has been in effect for 2 years now, has already brought many benefits to the units.

It has improved work efficacy and results. Because of the reduction in administrative levels, the current annual project plans have been issued 1 month earlier than in the past, medicines and medical appliances have been provided 2 months' faster, and rolling stock equipment has been supplied to the bases half a year ahead of time. After putting into practice the method of having the Navy supply its units through bases and the bases then parceling out supplies nearby, not only has it been convenient for the units, but also it has put an end to the phenomena, which existed for a long time, of there being many turnovers of materiel and a backward flow of materiel, and it has cut down turnover funds. In the transport departments alone, the annual turnover fund for rolling stock equipment has been cut by more than 10 million yuan.

It has brought many material benefits to the units. "One more level of organization means one more withholding of goods that ought to be delivered." After the new system was put into effect, the turnover reserves at the fleet level were reduced and the bases' reserve funds and professional funds were greatly increased, thereby improving the supply to basic-level units. According to an investigation of a three-ship formation of the North Sea Fleet, last year their charges for water and electricity increased by 11.7 percent, their traveling and courier expenses increased by 9 percent, and their management expenses for military ports, rolling stock, and POL increased by 3 percent. Last year the index-controlled funds of a certain base of the East Sea Fleet increased by 46 percent compared to the figure in 1985, and there was also a fairly large increase in the base's maintenance equipment and materials.

It has improved the bases' capability for providing comprehensive support. In the past a fleet and its base each had a set of support forces and facilities, which were small but complete, and often "incomplete," a situation that adversely affected the capability for providing comprehensive support. Now the fleet's logistic support forces and facilities have been turned over to the base, thereby markedly improving the base's capability for providing one-line comprehensive support and shortening the support distance and time limit to the main operational units at sea. Over the past 2 years, the Navy has organized about a dozen fairly large-scale mobile formation deep-sea training sessions, combat readiness exercises, and escort patrols. Each time the logistics support work was completed in outstanding fashion. The new system has withstood the test of comprehensive practice.

After the new system was put into practice, the senior officers and organizations of the fleets have been freed from a large amount of diverse matters related to logistics technical support, so that they concentrate their main efforts on building the sea operational forces. In the past several years, the level of combat readiness training has been significantly raised. For the Navy's logistic system the reform centering on the reduction of

logistics supply levels and the parceling out of supplies nearby has been a reform in the opposite direction, but it also has revealed some new problems, such as how the parallel relations between the command system and the support system should be handled. As the reform deepens, it will tend toward further perfection.

9727

### **Nanjing Combined Arms Tactical Training Center Described**

*40050171a Beijing JIEFANGJUN BAO in Chinese  
24 Nov 87 p 2*

[Article by Tang Fen [3282 1164] and Wang Chuanrong [3769 0278 2837]: "A Modernized Training Center Now Taking Shape; Tour of the Nanjing Military Region's Combined Arms Tactical Training Center"]

[Text] Construction has begun on the PLA's first modernized combined arms tactical training center, the model of which scientific researchers had in hand a year and a half ago, and the center is beginning to take shape. It is an important result in the reform of the PLA's training.

### **A Product of the Change in Strategy**

The terrain in the region in which the combined arms tactical training center is located is complex. There are mountainous areas with steep slopes and deep valleys, and also hills with dense jungle. It is convenient for practicing maneuver, attack, defense, and many other training topics. It is a combined arms tactical drillground that is hard to come by.

To adapt to the strategic change in the guiding ideology for building the PLA, to meet the need for reforming the establishment system, and to accelerate the modernization of the PLA's training, after getting the permission of the Central Military Commission and the General Staff Department, the Nanjing Military Region is trial-building here the PLA's first large-scale, multifunctional combined arms tactical training center. The center is charged with the mission of examining and assessing the units' combined arms tactical training organized and commanded by the senior officers and organizations of divisions and regiments; conducting scientific research; and testing new establishments, new equipment, and new tactics.

In the lecture and broadcast hall, Li Peiji [2621 1014 1015], director of the training center, briefed us writers. He said: In the process of building this center, we are drawing on the experiences of foreign military training centers, absorbing and applying new technologies in China and abroad, and concentrating the excellent results obtained over the past few years in the reform of the PLA's training, so that the center will have the PLA's own distinguishing features. After a year and a half of hard work by all the officers and men, engineers and

technicians, the following have been built: 1 computer-simulated tactical two-sided training exercise room; 1 live two-sided training exercise ground; 1 exercise direction and control center; and 5 large systems, including those for computer-simulated tactics, laser and electronic warfare, and information transmission.

One by one we writers toured all the grounds and rooms of the training center. In the computer-simulated tactical two-sided training exercise room, scenarios were set by directing on microcomputers. Through the two-sided exercise of the simulated tactical system and the computer-developed artificial intelligence, the units being training, in several small rooms, waged fierce battles with powerful forces. The military expert system timely entered into computers the situation in the fighting and the losses in men and equipment, and the situation on the battlefield and the battle results were displayed on the computer screens. The situation in which for many years the examination of the senior officers' and organizations' tactical and strategic levels and organization and command levels depended on experience for adjudication and evaluation has been fundamentally changed here, and scientific adjudication and evaluation have been achieved.

On the live two-sided training exercise ground, a certain motorized infantry regiment was engaged in a live two-sided training exercise of a test nature in the laser and electronic fighting zone. Various kinds of light and heavy laser simulation equipment were in wide use here to simulate in a comprehensive fashion the battlefield environment of modern warfare. The units being trained practiced command, strategy, and combined arms tactics, standing up to tests approximating actual combat.

Continuing his briefing, Director Li Peiji said that the second stage of the project will begin at year end, with the aim of building the combined arms tactical training center into a multifunctional combined arms training base that has modernized means of training, on-the-spot battlefield-type facilities, and automatic target displays.

#### Open-Style Construction

At this combined arms training center, we saw many persons who were not wearing military uniforms working intensely to install and debug various types of equipment and materials. Among them were professors, engineers, and electronics and laser experts who had come from all over China.

Fu Jiesan [0265 2638 0005], director of the center's Training Department, said with deep gratitude: "The construction of this training center has drawn the interest of society and the support of many scientific research units inside and outside the PLA. As they did in the years when they supported the armed forces in war, the masses of the people support modernization."

Construction of this combined arms tactical training center formally began in April of last year. The leaders of the center, who had just been appointed, thought: This is a construction project in which the investment is large, the beneficial results are high, the academic disciplines involved are many, and the area of expertise is broad; if we depend only on our own forces, it will be difficult to complete the project. To insure the progress of the project and the advanced nature of the equipment, they made a strategic decision: enhance the lateral connections inside and outside the PLA to effect open-style construction. They established cooperative relationships with more than 40 scientific research units, colleges and schools, and factories. They gave full play to the human talents and technical superiorities of these units, thereby providing high-intelligence, high-tech support to the construction of the training center.

—During the designing of the overall plan, the leaders of the Changchun Optics Research Institute led scientific researchers as far as the three regions south of the lower reaches of the Changjiang River. They gave the training center a large amount of technical data, helped in the design, and proofed the overall plan and the construction plan.

—During the process of developing the computer-positioning system, the technical forces were found to be inadequate, so the Automation Department of the East China Engineering College transferred 12 of its computer personnel to take part in the development and to tackle key technical problems.

—Sixty research units under the General Staff Department, which had been charged with the mission of providing technical support, readjusted some of their own scientific projects that they had already started, and put more than 50 scientific researchers into the construction of the training center. They developed for the training center the second series of laser battle simulation equipment.

—The Nanjing Army Command College provided living quarters, machinery rooms, and equipment to help the training center to initiate technical troop training and to train specialized backbone elements. In the final stage in the development of the development of the comprehensive tactical simulation system, the instructors of the Tactical Simulation Teaching and Research Section gave up their summer vacations and off-days to come to the training center and work round the clock on key technical problems, thereby insuring that the developmental work was completed on time.

The training center's leaders enhanced their lateral connections with scientific research units inside and outside the PLA, put into effect open-style construction, accelerated the pace of the training center's construction, and insured the quality of the project's construction. At the same time, they trained and tempered their own technical contingent.

### The Cause Attracts Talents

Training experts who had come to view and emulate observed with zest a demonstration of the training center's electronic and laser simulation equipment. On the training ground first- and second-generation light and heavy weapon simulation equipment, model aircraft target drones of different types, targets, and simulated nuclear weapons were arrayed in proper order. Quan Qiming [2938 0796 2494], director of the Target Drone and Target Section, operating a model aircraft by radio remote control, had the model aircraft perform stunt flying, demonstrating highly difficult movements such as steep somersaults, spiral descents, inverted flying, and minimum altitude flying.

Quan Qiming used to be a section chief of a certain unit's antiaircraft artillery regiment. He graduated from the Target Drone and Target Department in the Zhengzhou Antiaircraft Artillery College, and he is one of the PLA's outstanding model aircraft flyers. He has made more than 2,000 takeoffs and landings with model aircraft, and has made 27 innovations on model aircraft target drones. He ardently loves model aircrafts. When in the his former unit, in order to solve professional problems, the leadership arranged for him to be a management section chief. This would mean that he would have to give up model aircraft flying. He politely declines, saying he would rather continue in his present post than give up model aircraft flying. After he learned of the preparations to build the training center, through hard work in many fields he finally had his wish fulfilled. At the training center he has displayed his abilities to the full, closely integrating model aircraft flying skills with combined arms tactics. Groups of target drones equipped with laser and electronic simulators have performed formation flying, simulating various types of combat actions by fighter planes, attack planes, bombers, as well as armed helicopters in support of infantry operations. He has made painstaking efforts and shed sweat for the construction of the training center.

Since construction of the training center began more than a year ago, close to 100 talented persons with specialized skill have on their own initiative requested that they be transferred here to work. Among them are engineers, lecturers and assistants of college faculties, just graduated college undergraduate students and graduate students, as well as some married couples who have come here to settle. The training center is located far from cities and is in the construction stage. Why does it attract so many talents?

At the Automation Work Station, Chief Engineer Zhang Yongjiang [1728 3057 3068] answered this question posed by us writers: "It is the cause that attracts talents. Although living conditions here are comparatively arduous, the cause is in its beginning and there is ample scope for one's abilities."

In these builders we saw the ray of hope for the PLA's modernization.

### A "Whetstone"

On the live two-sided training exercise ground, a certain regiment was engaged in a fierce confrontation with the "Blue force" simulation unit of the training center. The two sides used the laser battle system, and each side's resistance was hard to break.

This is the PLA's first regular "Blue force" simulation unit. In January of this year, was formed from an armored infantry regiment. Training a "Blue force" simulation unit strengthens the focused nature of training, and it is also one of the missions in the building of this combined arms tactical training center.

Zhu Siyi [2612 1835 0001], deputy commander of the simulation regiment, looked back on this year's training. In January the unit completed the mission of reorganizing itself in line with the establishment and equipment of the object of simulation. To do the simulation training well, all the officers and men of the regiment began to study foreign armies. They gathered, compiled and printed more than 400 pieces of data and gained a comprehensive understanding of the life, training, battle traditions, and operational experiences of the object of simulation, and they organized and practiced training in strict accordance with the characteristics of the latter.

On 5 October this "Blue force" simulation units had its first chance to display its abilities when it for the first time confronted a certain regiment. After the two-sided training exercise was over, we met with Zhang Zhixuan [1728 1807 6513], commander of the regiment that was being trained. He said with a good deal of feeling: "The 'Blue force' simulation unit is like a mirror that reflects the units' problems in peacetime training, like a ruler that measures the gap between the units' training and modern warfare, and like a 'whetstone' that tempers the units by giving them training approximating actual combat."

### **Power Struggle in Taiwan Ushers in Democratic Politics**

40050168 Hong Kong *CHIUSHIH NIENTAI [THE NINETIES]* in Chinese No 218, Mar 88 pp 28-30

[Article by Nan Fangshuo [0589 2455 2592]: "Dynastic Rule Ends In Taiwan"]

[Text] Chiang Ching-kuo passed away on 13 January. On 27 January, the standing committee of the KMT Central Committee named Li Teng-hui [2621 4098 6540] to be the party's acting chairman, firmly resisting Sung Meiling's interference. In the two intervening weeks, Taiwan politics was calm on the surface; underneath, however, there was much muscle-flexing. This was a scramble for power. If we follow the signs carefully, though, we can readily see that its thrust was directed at the gradual elimination of historical remnants. Democracy promises to strengthen further. The 27 January meeting of the standing committee was just the beginning. Henceforth until the KMT convenes its 13th national congress, the power infighting will certainly continue. The KMT's political mythology will gradually fade away. This is democratic politics.

### **Collecting Signatures To Draft Li Teng-hui; Yu Kuo-hua Taking The Lead**

The power scramble got under way as soon as Chiang Ching-kuo passed away. On 13 January, Li Teng-hui succeeded Chiang Ching-kuo. As the former lacked both power and prestige in the KMT, he was unavoidably seen as "not strong enough." Addressing the provisional meeting of the standing committee of the KMT Central Committee convened after Chiang Ching-kuo's death, he also said, "Please give me a good deal of help in the future." While he was newly installed as head of state, he did not really exude the aura of that office. This was why there was no consensus within the KMT on whether or not to let him succeed as party leader.

Li Teng-hui might not look like a head of state, but since party and government have become one, he was in an invincible position from the start in the race for the acting chairmanship. There was reportedly a basic understanding among some key figures within the KMT such as Li Huan [2621 3562], Sung Chu-yu [1345 2806 3842], and Shen Chang-huan [3088 2490 3562] to support Li Teng-hui for acting chairman. But since Li Teng-hui fell short on both image and stature, any hasty move to make him acting chairman might not command overwhelming support on either the standing committee or Central Committee. In fact, the Central Committee might not even approve it. With an eye toward his own good, therefore, the KMT decided not to call a provisional plenum of the Central Committee or to name an acting chairman for the time being. Meanwhile, guided by some important people, Li Teng-hui began to make a series of moves, such as visiting Chiang Ching-kuo's mourning hall daily, calling on party elders like Chang Chun [1728 6528] and Chen Li-fu [7115 0500 1133], and

receiving the heads of the five yuans, top military leaders, and foreign ambassadors in groups. These activities on Li Teng-hui's part were carefully planned. Gradually he took on the air of a head of state. All these arrangements can be said to be a kind of grooming for Li Teng-hui, purportedly to build up his stature so that he would be elected chairman at the 13th National Party Congress to be held in July this year.

It was during this uncertain period that another group of people cooked up a collective leadership scheme that called for the election of a number of party veterans from the standing committee to form a group to assume collective responsibility. This plan's strongest advocate was Chin Hsiao-yi [4440 1321 0308] of the "old official group." Having been Chinese secretary to Chiang Kai-shek and wielded considerable power for decades, he was not content to be left in the cold now. His scheme, it was said, had the pro-Li Teng-hui faction very nervous. The latter, therefore, took a preemptive move by unveiling the draft-Li Teng-hui plan ahead of time. So far Taipei's major newspapers such as LIENHE PAO and CHUNG-KUO SHIHPAO had not dared to take any position because the situation was very murky and even instructed their reporters not to make any speculation.

Phase One of the scramble for power came to the fore as Chin Hsiao-yi and others intensified their activities and the pro-Li Teng-hui faction launched a counterattack. The latter group was more attuned to realities and knew how to use the foreign media to generate momentum. On 16 January, United Press International was the first agency to send out a dispatch saying that an overwhelming majority of standing committee members surveyed supported Li Teng-hui. (The story was later found to be untrue.) Subsequently, as his image slowly crystallized, murmurs of support began to be heard inside the party. By this time, 18-19 January, there was a wave of support for Li Teng-hui both among members of the public and in the media, forcing the KMT to postpone the standing committee meeting scheduled for 20 January and made arrangements to draft Li Teng-hui behind the scenes.

From 20 January onward, KMT General Secretary Li Huan and Deputy General Secretary Sung Chu-yu began sounding out the senior statesmen of the party and standing committee members. The preliminary conclusion, reports say, was that the pro-Li Teng-hui faction had a majority but certainly not an overwhelming majority. Taking advantage of this opportune moment, Li Huan and Sung Chu-yu went about selling their idea within the party and collecting signatures from all standing committee members in support of a motion naming Li Teng-hui acting chairman. They had wanted to ask Yen Chia-kan [0917 1367 3227] to lead the motion, but Yu Kuo-hua [0205 0948 5478] insisted on playing that role himself in order to dispel rumors that he was interested in the chairmanship. As a result, the motion was led by Yu Kuo-hua. His leadership and the knowledge that he did not want to be chairman persuaded many opportunists to fall in line and sign the motion.

Two groups of people were said to have shown relatively little support in the almost week-long lobbying. One consisted of the oldest standing committee members; too far advanced in years to have any power of judgement, they naturally were reluctant to put their signature on the motion casually. The other comprised Taiwan-born politicians. They are not inferior to Li Teng-hui in seniority or prestige, but just less lucky. Needless to say, they also balked at the idea of signing lightly. To line up signatures, so reports say, Li Huan and Sung Chu-yu called on many members at home more than two times. The signature collection drive came to an end on 20 January after every standing committee member had signed the motion. Once it was rubber-stamped by the standing committee on 21 January, the draft of Li Teng-hui for the acting chairmanship would be over.

#### **Madame Chiang Kai-shek Calls For A Halt; Sung Chu-yu Rises In Revolt**

It was at this last critical juncture that Sung Mei-ling's decree arrived.

A little after 5 pm on 26 January, so the story goes, Chiang Hsiao-yung [5592 1321 0516] (Chiang Ching-kuo's third son) personally delivered to Li Huan a letter signed by Sung Mei-ling, the gist of which was that it seemed inappropriate to discuss the acting chairmanship during national mourning and that she hoped it would be shelved until the 13th party congress scheduled for 7 July. Sung Mei-ling was Chiang Ching-kuo's stepmother, so her request could hardly be considered excessive. The problem was that if that was her feeling, she should have made it known earlier, instead of waiting until 26 January when all arrangements had been made. By then it was too late. Had Li Huan and others complied with her request, it would have touched off all manner of speculation and put the KMT under tremendous pressure, which would have been highly damaging to the party. Li Huan reportedly discussed the matter with a handful of key party figures in the afternoon of 26 January and decided to go ahead as planned. However, apart from writing to Li Huan that day, Sung Mei-ling allegedly also sent Chin Hsiao-yi to call on his old friend Yu Kuo-hua in person in the hope that the latter, who had put himself at the head of the drive to draft Li Teng-hui, would put the motion on hold. Yu Kuo-hua, who rose to power as an official, was caught in the middle and did not quite know what to do. What is more, a little after midnight that same evening, Chiang Hsiao-yi again telephoned Li Huan asking that he convey Sung Mei-ling's wishes to standing committee members. Reportedly Li Huan did not get to sleep the whole night because of this call: he had to telephone each and every standing committee member to give him the message.

In the morning on 27 January, Li Huan, Yu Kuo-hua, and Yu Chi-chung [0151 4764 1813], whose turn it was to chair the standing committee meeting that day, met in advance with a small group and decided to honor Sung

Mei-ling's wishes by shelving the motion. Yu Kuo-hua intended to take up the matter again with her. The decision to postpone the motion on the acting chairmanship caused a good deal of commotion among standing committee members waiting in the conference room for the meeting to begin. Their general feeling was that they had been duped. Midway through the meeting, Deputy General Secretary Sung Chu-yu, who normally did not have the right to speak, was allowed to take the floor and immediately fired a salvo by expressing dissatisfaction with Yu Kuo-hua's decision to delay the motion, declaring that such a move would "disappoint Chiang Ching-kuo's spirit in heaven." Conference chairman Yu Chi-chung then tabled the motion and Li Teng-hui became acting KMT chairman despite the earlier crisis.

#### **The Exploding of the Myth of Dynastic Politics**

The next day, the newly elected acting party chairman immediately drove to the official residence in Taipei to "call on" Sung Mei-ling and offer an explanation, but actually to ask for forgiveness.

It is clear from this round of power scramble that the "Sung dynasty" no longer has much of an impact on real politics. In all fairness, Sung Mei-ling's stand was not all wrong. As Chiang Ching-kuo's stepmother, she definitely had the right to make herself heard. Besides, to call for the appointment of a new leader even before the funeral arrangements for the head of state have been completed is certainly going too far under Chinese political customs. Thus the unseemly haste with which Li Huan and others moved to install Li Teng-hui can be described as a kind of political immaturity. The point is that if Sung Mei-ling thought that something was wrong with what they were doing, she should have spoken up earlier. It was imperious of her to expect others to change gears suddenly when all arrangements had been made just because she as "mother of the nation" said the word. Her husband or son might have put up with her in the past. But times have changed; never again will anyone pay her any attention. She was actually a very weak player in this power game, but assumed otherwise. That was a total miscalculation.

This round of power scramble also shows that in the wake of this period of political development, Taiwan will not continue to tolerate the Sung family's intervention through all sorts of political tactics. The age of the "guandipai" [palace coterie] is over. Both the "Sung Dynasty" and "Chiang Dynasty" are on the wane politically. A small number of people may still have dreams of reviving past glory and egg their families on to meddle in politics in a hundred ways. But it is certain that they no longer command any respect. They are the vestiges of a bygone era that will soon be eliminated totally.

Reports suggest that in the course of this power scramble, members of the "Sung family," including Kung Ling-kan [1313 0109 0170] and Kung Ling-yi [1313 0109 0308], made a special trip back to Taiwan to take

part in the consultations and planning. In the "Chiang family," Chiang Hsiao-yung and others too acted as intermediaries, which shows that the "first family" had not completely lost its lust for power. Their future actions may not have much impact, but will continue to be a source of trouble at least.

Still, this round of political infighting is now over and "family politics" is on the way out. People who run the KMT nowadays are being watched closely by the people. If they remain under the control of the family, then the KMT's decline would only quicken. They resisted Sung Mei-ling's interference not because they were courageous but because a burgeoning people's power in Taiwan forced the party to choose the road of progress.

### Substantive Change in Political Ethics

This is how democratic politics develops. Under strong-man rule, the will of the strong man pervades the entire political party resulting in its loss of autonomy. Because they are at the beck and call of the strong man and even owe their positions to him, party leaders certainly cannot assume independent responsibility based on the system's autonomy needs or assert their own authority derived from their competence. Under strong-man politics, authority belongs to just one individual and nobody else. Be that as it may, the system itself has its coercive power. When the strong man passes away and no new strong man appears, the system's autonomy, formerly suppressed, is bound to spring up. The system will make autonomous decisions in light of the circumstances and its needs. Any attempt to interfere with this autonomy is destined to fail. Even more important, in the past the KMT resembled a "wholly owned company." After the strong man died, it became a "partnership." Apart from the system's own autonomy, individuals, even factions, face the test of having to prove themselves before they can be admitted to the "board of directors" (standing committee) or accepted as "shareholders" (Central Committee). Naturally then what follows is a race for power.

The discussion framework above exactly describes the thrust of the power scramble after Chiang Ching-kuo passed away. The KMT is in a state of "turmoil," but this kind of "turmoil" is a transition from "authoritarianism" to "democracy," a process from "dissolution" to "reconstitution." The "one-man rule" of the past will soon become "multiple authority." In the past, everybody took orders from one man. Now that will be replaced by "collective consultation" and "division of responsibility." This is "positive" turmoil: "without a spell of bone-chilling cold, how can we get sweet-smelling plum blossom?" Intra-KMT democracy, democracy in Taiwan politics, even the building of an entire democratic culture, must go through such turmoil. It is hoped that in this confused state, the contenders for power would not resort to extreme methods of competition (military force or troops) or introduce external forces (using U.S. power) and that the Chinese Communists would not manufacture some incidents. Since adequate

autonomous mechanisms have developed in Taiwan society, what props up Taiwan society is no longer politics alone. A multi-polar autonomous society will be able to support a multi-polar autonomous democracy. It is certain that democracy will emerge from this scramble for power.

The 2 weeks between the death of Chiang Ching-kuo and 27 January saw the first round of the power scramble; beneath superficial calm there was a strong current of unrest. At issue was who would succeed him as party chairman. Strictly speaking, this round of power scramble cannot be described as a power struggle. This is because a power struggle necessarily involves a scramble for jobs. In this case, the side headed by Chiang Sung Mei-ling had neither the intent to vie for the acting chairmanship nor an available candidate. Thus it was a contest between intervention and counter-intervention. Apart from the direct scramble for power, it is highly noteworthy that in the course of this struggle, there has been a change in nature in the higher-echelon personnel in the KMT. The party's "official ethics" of the past has begun to crumble. The new morality is "survival of the fittest."

### The 13th Party Congress: The Clamor for Power Seizure Comes From Bottom

This round of power scramble is over. The myth of "family politics" that has dominated Taiwan for decades has been exploded. The next round of power infighting is about to unfold and will revolve around the selection of delegates to the 13th party congress and seats on the Central Committee. Reportedly jockeying for position over these issues has already begun in the KMT.

In accordance with its constitution, the KMT convenes a national congress every 6 years. The 13th party congress has been much-delayed and cannot be postponed any longer. Finally a decision has been made to convene the congress on 7 July.

Previous KMT national congresses met in secret; neither the number nor the election of party delegates was made public. As a result, the bulk of party delegates were hand-picked. Party leaders could name whom they pleased to be Central Committee or even standing committee members. Since those were the days of strong-man rule, KMT members dared not voice any objections.

This year, however, the up-and-coming figures in the party will no longer tolerate this situation. They demand that the 13th party congress be opened up, that everything from the allocation of seats to the election of party delegates be made public. The desire for openness is strongest among central popularly elected representatives. As elected delegates, they enjoy the support of

voters. Within the party, however, they must subordinate themselves to non-elected delegates. Now they have begun to fight for power. If the KMT's national delegates are really made elective, their careers may rise meteorically.

Because of the clamor for power from the bottom, the KMT clearly faces an extremely grave challenge at the moment. It will be a new round of power struggle, perhaps a highly contentious one. In the past, party delegates did what the higher authority wanted them to do. There was nothing worth watching at all about the national party congress. A vote-matching method was used to elect Central Committee members. Who would and would not be elected was predetermined. This state of affairs will definitely change this year, with the factions matching one another's votes, or even buying

votes. Election disputes may occur. The KMT will be secularized. The past sacred mirage manufactured by controlling party congresses will gradually disappear.

As a matter of fact, democratic politics is essentially secular politics. Only mythological politics is undemocratic politics. As strong man rule came to an end with the death of Chiang Ching-kuo, the various myths spun by the strong man will inevitably be exploded. Power infighting will become the norm in Taiwan politics. Politics is the quest to balance public interests through secular means. The KMT will develop along this line, as will Taiwan politics. In the transition, some people must lose their power. The Sung family has lost its power, and so will many influential officials.

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