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# ***JPRS Report***

# **China**

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## TIANJIN RIBAO Commentary Series on Reform

### Editorial Launches Series

92CM0208A Tianjin TIANJIN RIBAO in Chinese  
10 Feb 92 p 1

[Editorial: "Emancipate Thinking, Boldly Practice"]

[Text] This is the second year of implementing the Eighth Five-Year Plan and the 10-Year Program. It is also a critical year for a further intensification of the reform, for the expansion of opening to the outside world, for the promotion of a continued upswing in the national economy, and also the year in which the 14th CPC National Congress will convene, a year in which the whole nation will continue its vigorous advance toward a state that will have all its people living comfortably well. If all of us will bestir ourselves, and if this movement will be supported by the will of the people, it will become an irresistible trend.

Emancipation of one's thinking, boldness in practice, acceleration of reform, bringing all advantages into play, and promoting the steady and harmonious development of the economy and of society are the principles accepted by the municipal party committee as its fundamental policy; they will be the backbone of this year's work. The Central Committee has already laid down its strategic decision, and the major task for the entire municipality has also been clearly stated, so that if we will now only reach a common understanding and spiritually rise up to the task, the prospects for Tianjin will be great indeed.

Emancipation of the mind and boldness in actual practice will require first of all, a common understanding on the theory and political line of socialism with Chinese characteristics. In our exploratory efforts to consolidate and develop the socialist system, we have experienced successes and failures, victories and defeats, but in the end we have found the correct way that suits the national conditions of China, namely elaborating the theory and political line of socialism with Chinese characteristics, as advocated by Comrade Deng Xiaoping since the Third Plenary Session of the 11th CPC Central Committee. This is a theory and political line of substantial purport. Principal theoretical concepts, such as "Chinese characteristics," "initial stage," and "fundamental tasks," constitute major breakthroughs of far-reaching significance. By having pursued this theory and this political line during the 1980s, we have been able to accomplish achievements that have attracted worldwide attention. If we will only continue to pursue and develop the said theory and political line during the 1990s and into the next century, we can be certain of accomplishing all the various arduous tasks that we are faced with, and of making further contributions to the civilization and progress of mankind.

Emancipation of the mind and boldness in practice require that we most resolutely accept economic construction as our core task. Comrade Deng Xiaoping has pointed out: "Our political line is acknowledging the

four modernization projects as our key concern, persisting in the development of our productive forces, and firmly and relentlessly ensuring at all times that these endeavors will constitute the fundamental links." The need to adopt economic construction as the key concern and to act in keeping with the highest interests and common aspirations of the broad masses is decisively determined by the major contradictions of the socialist era, and also by the fundamental political line of the party, as well as by the needs of the strategic objective of a "three-stage advance" in the accomplishment of our modernization projects. All other work must be arranged around the central task of economic construction; it must be performed secondarily to and in service of the central task. This is a point on which there has to be absolute clarity and which has to be absolutely affirmed. Whatever international turmoil and fluctuations the future may bring, and whatever conditions we may confront in our road ahead, we shall unswervingly implement the fundamental political line of the party of "having one central task of economic activity and adhering to two basic points" [the two basic points are: 1) the four cardinal principles of socialism and 2) the policy of reform and opening to the outside world]. We shall concentrate all our energy with single-hearted devotion on the effective management of our domestic affairs and on the further promotion of our economic construction.

Emancipation of the mind and boldness in practice requires that we enlarge the magnitude of the reform. The scope of the reform must be expanded, its dynamic power must be enhanced, and the pace of its progress must be accelerated. Since the initiation of reform and opening to the outside world, a great change has occurred in the thoughts and concepts among the large number of our cadres and among the masses of Tianjin Municipality. However, we have to realize also that emancipation of minds has not yet been achieved to a sufficiently large extent and that its present extent will not yet meet the needs of the situation as it has by now developed. There are still the important problems of how to better manage our state-run large and medium-sized enterprises, how to promote the comprehensive development of agriculture and work on the problems of our rural areas, how to bring our strategic policy of stimulating the development of the municipality through science and technology to full fruition. These are all problems which cannot be separated from the need to intensify the reform. Shifting from a product economy to a socialist commodity economy is an arduous and tortuous process. Many of our comrades who have performed with ease under the conditions of a product economy now have difficulties to keep in step under the conditions of commodity economy. The crux of the problem is the need to change one's concepts. We must not regard competition in the market and commodity economy as a "monopoly" of capitalism, but must rather embrace the concepts of the socialist commodity economy, get to know new things and study new problems. Whether there has been an emancipation of minds and a shift in

concepts among our leading cadres in the central decision-making positions at all levels has a direct bearing on the overall situation and a direct promotional or retarding effect on the progress of our reform. It is therefore necessary that leading cadres at all levels assume the lead roles in the emancipation of minds and in the bold conduct of practice.

Emancipation of mind and boldness in practice must start out from seeking truth from facts, and it is essential that it be founded on reality. We have to admit that we are presently still faced with many difficulties and contradictions, and that conditions differ between the various units and sectors. It is therefore necessary to accurately grasp the problem and that remedial measures be effective. There must be no attempt to attend to each and every aspect of the issue, remedial effort must rather be directed to the very symptom of the malaise. We must base ourselves on the realities of the situation, must have emancipation of mind become a real act, must transform the managerial mechanism of the enterprises and effect a change in the control functions of the government. We must improve specific policies and measures in our macroeconomic regulation and control, and be effective in every step of our actual work. We must start out from the fundamental interests of the party and the people, discard selfish ideas and personal considerations, overcome the inclination to abide by the old ways, and, in the spirit of daring to take risks and of vigorously forging ahead, we must seek the answer to all our difficulties in actual practice, and it is also in actual practice that we shall accomplish innovations and achieve breakthroughs.

Emancipation of the mind and boldness in practice means to abstain from indulging in idle talk; it rather means to do more actual work. Going after substance, doing substantial work, and bringing about substantial results have been principles which our party has all along advocated, and this is also one fundamental method to achieve an economic upswing in Tianjin. We may well say that there are quite a number of government agencies and cadres that have had to suffer from the ills of formalism. Even today, some still find it difficult to conquer the mountains of paperwork, to extricate themselves from the ocean-size mass of meetings, and to cast off the yoke of routine activities. "While talking from day into night, the Bodhisattva still remains in the temple," as the saying goes. At present there is a profusion of major tasks, of new things, and of difficult things, and all require a large measure of time and energy. If the leadership is tied up all day with cutting ribbons, awarding rewards, and similar routine affairs, if this will in the course of time become their customary activity, joyfully and untiringly performed, then could there still be any talk of actual efforts to bring about an upswing in the country's economy? Emancipating the mind and boldness in practice does indeed necessitate "untying" oneself, involving oneself wholeheartedly and thoroughly in the realities of the situation, involving oneself closely with the masses, an accurate selection of the key issue, and striving for substantial results.

Recently, comrades of the central leadership have issued thoroughgoing and systematic statements on such important issues as the comprehensive implementation of the fundamental political line of the party, on upholding the principles of reform and opening to the outside world, and on achieving a common understanding in matters of theory and political line regarding the development of a socialism with Chinese characteristics. We must learn while working, acquire an understanding while continuing to explore, further enhance emancipation of our minds and our boldness in actual practice, in order to make new contributions along the grand outline for an economic upswing in Tianjin, and we shall thus with brilliant achievements greet the convocation of the 14th CPC National Congress.

### Smashing 'One Big, Two Irons' Urged

92CM0208B Tianjin TIANJIN RIBAO in Chinese  
11 Feb 92 p 1

[Commentary by TIANJIN RIBAO commentator: "We Must Smash the 'One Big, Two Irons'"; first commentary in series "Emancipate Thinking, Boldly Practice"]

[Text] By playing the smart chess move of "removing from posts and rendering unemployed," production at the aluminum alloy plant, which had faced a hopeless situation, was revived over the entire "chessboard," and power and prestige were regained in every respect in the extremely fierce struggle over aluminum products throughout the country.

The big pot, the iron rice bowl, and the iron armchair, commonly called the "one big, two irons," have been three stumbling blocks on the road to greater reform. Introducing the mechanism of competition and cracking down on the "one big, two irons" is certainly not an easy matter.

Competition in the assignment of positions, letting the superior win and the inferior be eliminated, should actually be easy to achieve quite smoothly. Why would actual implementation of this principle prove so extremely difficult?

1) The outmoded concepts of equalitarianism and allowing everybody to eat from the big pot have infected the minds of the people like a chronic disease. Some cadres, some staff, and some workers are sitting in armchairs that are unassailable as if of iron, are holding rice bowls that are unassailable as if of iron, and are all eating from the big pot. This makes them feel safe and secure, and some even call this the superior advantage of socialism. If it now becomes necessary to transfer some people away from their key positions and reduce their incomes, they fail to understand this and inquire angrily: What is happening to the superior advantages of socialism? Who does not know that this not only does not constitute the superior nature of socialism, but is precisely and conversely a drawback which adversely affects the enthusiasm of large numbers of our cadres,

staff, and workers. Without cracking down on the "one big, two irons," it will be impossible to revitalize the enterprises.

2) Too much interference from "mother-in-law" has enterprises tied down hand and foot. What we see now is that in some of our enterprises there are those "accusation specialists" who will cause trouble without any justification. Whenever they are hit with a penalty for reasons clearly due to their own behavior, they will accuse everybody around them and cause endless entanglements. There are also some "mothers-in-law" who, irrespective of right or wrong, will pick on the plant director, and as a consequence the enterprise will have no way of asserting its autonomy.

3) Some of our plant directors and managers have not yet freed themselves of old ideas, lack a sufficient measure of courage, show weakness of spine, and only slowly and haltingly walk the road of intensified enterprise reform.

Reform itself is a readjustment of staff and workers interests, and in its implementation it cannot be avoided that some recriminations and resistances are encountered. Instituting such reform measures as "removing from posts and rendering unemployed" had earlier also been a serious concern of the leadership group at the aluminum alloy plant: Would it not adversely affect stability and unity? They then transmitted their reform plan to the masses for discussion and then actually received unanimous support. The staff and workers said the most important factor that would create instability would be if factory products could not be sold, if the factory had no work, and if, as a consequence, staff and workers were to lose all income. Fair competition, remuneration according to work performance, boosting the morale of the diligent workers and persuading the lazy ones to do better would be the fountainhead for enterprise vitality. Intensified reform on the one hand and solidarity and stability on the other supplement and complement each other. The purpose of our reform is development of the productive forces, quite basically it is an effort to achieve more benefits for the broad masses of the people and to attain the long-term stability and development of society. Reform is also a readjustment of interests, and it is therefore unavoidable that it will affect the interests of certain people. It would therefore be quite normal that for a certain time, some anxieties will arise in the minds of some people. If we will only take ideological-political work firmly in hand and not allow relaxation in all the various links, we shall certainly be able to ensure stability in our enterprises as well as in our society.

Cracking down on the "one big, two irons" is a crucial step in the intensification of reform. Furthermore, if we want the intended transformation of the managerial mechanism to become a reality, there is no avoiding the emancipation of the mind and boldness in actual practice. We must clearly state that because everyone, from the central authorities down to the municipality of Tianjin, is following the policy of reform and delegation

of powers, emancipating the mind and being bold in practice is providing the enterprises with the necessary means to prove themselves. Some enterprises have made good use of the opportunities and have thus actually done solid work and thereby very quickly achieved good results. However, there have also been some enterprises that have harbored no end of misgivings, that have been hesitant to implement or have badly implemented existing policies, and have thereby missed a good opportunity. Even when good policies have been instituted and a competitive mechanism introduced, the enterprise may still have ended up in failure midway if there were no forceful enforcement measures and if the workstyle was not one that ensured firm, substantial, and well-aimed control. Emancipation of the mind and boldness in actual practice require effective devices for finding and eliminating the "one big, two irons," and also require nurturing courage and insight, nurturing competence, and a quest for substantial results.

#### New Product Development Seen Crucial

92CM0208C Tianjin TIANJIN RIBAO in Chinese  
12 Feb 92 p 1

[Commentary by TIANJIN RIBAO commentator: "Work Day and Night To Come Up With New Products"; second commentary in series "Emancipate Thinking, Boldly Practice"]

[Text] In equal confrontation in the fierce competition in the marketplace, why is it that the "Golden Bow" prestressed steel wire product line is able to defeat all its domestic and foreign competitors and become a hotly sought after commodity, with demand exceeding supply? Why is it that economic returns at the "Golden Bow" prestressed steel wire plant are going up and up? All kinds of conditions could be attributed to account for this experience, but the most important condition was: The relentless and energetic development of new products, giving priority to the adjustment of the product mix, and ensuring a market by means of manufacturing new products, and then having the market be the cause for a benign cycle of new products. Their idea and method identifies completely with the municipal government's demand for "working day and night to come up with new products."

It has now become ever more clear that the energetic development of new products and continuous adjustment of the product mix are matters of vital importance for our enterprises. Competition in the marketplace is fierce, and can only become fiercer still. This is the general trend, so that placing one's hope on a future day when a "seller's market" will recur is an illusion and wishful thinking. These considerations apply especially to Tianjin, this old industrial manufacturing city, that has both its sources of raw materials and also its markets abroad and is therefore highly dependent, "suffering from innate shortages," and which will furthermore experience an almost daily deterioration in its problems due to the rapid development of town and township

enterprises and the economies of the more remote border regions where latecomers are apt to surpass the old-timers. This grim situation calls for a clear-headed appraisal of the situation. A prompt and energetic development of new products according to the needs of the market and a continuous readjustment of the product mix are essential as the only way out from the mentioned predicament. The phrase "work day and night to come up with new products" is an accurate and vivid statement of the urgency of the objective demand. Any enlightened enterprise leadership will consciously give serious thought to action in accordance with the demand of "working day and night to come up with new products" and will lay out all work in its enterprise accordingly.

What are the new products that should be developed? It must never be a subjective and arbitrary decision. In the wake of modern scientific and technological developments, demand in the marketplace is undergoing extremely rapid changes. This requires the assignment of specialists to use a variety of methods to promptly collect, study, and analyze relevant information from domestic and foreign markets, to allow the determination of the developmental direction to be performed on the basis of the realities of one's own condition. If the direction is correct, prospects will be bright. Conversely, an enterprise will encounter increasing difficulties and may ultimately falter completely.

When a correct plan for the development of new products has been arrived at, it is of primary importance to effectively organize its realization. Judging by the present developmental trend, the lines that are most urgently in need of development are new products that show high added value, high technological qualities, low energy consumption, and low material consumption. To produce this kind of new products requires renovation of technologies and equipment, while it is precisely the outdated state of technologies and equipment that is the fatal weakness in some of our old enterprises. It is therefore an important link in our ability to realize the "day-and-night effort to come up with new products" that we take action, under the present conditions and in reliance on own efforts, to arouse the enthusiasm of our technological personnel and of the broad masses of our staff and workers, guide them in applying their intelligence and skills to the most crucial technological problems, and that we accelerate the renovation of our technologies and of our equipment.

Success or failure in the development of new products depends on the leadership. An enlightened leadership must have courage and insight, must show emancipation of mind and courage in actual practice, must dare to take risks, and must not be complacent. It must have an excellent, earnest and serious style of work, genuinely apply itself to its tasks and do actual work, while it must oppose any kind of formalism in the various sectors of its undertakings. The reason why some enterprises are slow in coming up with new products is that in some cases they stick to conservative ideas, in some cases their style

of work is unsound, or they withdraw because of difficulties encountered in research and development, or they are content with the success of their small or medium-scale trials and find themselves unable to overcome difficulties in putting the product into actual production. In short, it is still that people are addicted to formalistic things, their work is not sound, not meticulous, and not effective, and that makes it impossible for them to be truly successful.

If enterprises want to survive, they must develop. Their survival must be sought in development; survival is impossible without development. As far as the enterprises are concerned, bringing out new products is survival and is also development. Development of new products is the "nose of the ox." Firmly leading this "ox" by the reins through its nose means not only survival but also development. The important thing is to make those "day-and-night efforts," and to apply ourselves firmly to the task, again and again!

#### Importance of Breaking Out of Old Thinking

92CM0208D Tianjin TIANJIN RIBAO in Chinese  
13 Feb 92 p 1

[Commentary by TIANJIN RIBAO commentator: "Shift Tracks, Change One's Pattern, Break Into Markets"; third commentary in series "Emancipate Thinking, Boldly Practice"]

[Text] Fiercely pounded by the huge wave of the commodity economy, the Tianjin Paint Factory also ran into a quandary: The factory itself had not opened up markets for its products, while the government's planned purchases accounted for less than 20 percent of its output. In this state of extreme difficulty, the factory did not passively wait, watch, or blame heaven or anyone else, but through emancipation of their minds and showing boldness in actual practice, they courageously propelled themselves into the market, came to understand it, gained knowledge of it, seized a share in the market, opened up sales opportunities, took the initiative, and thus realized a "splendid leap" into a better condition.

The Tianjin Paint Factory has provided us in its practice with a valuable experience. To gain enterprise autonomy under the conditions of a planned commodity economy and in the present day fierce competition in the marketplace, it is necessary to give serious attention to the market, adapt to its needs, open up markets, shift tracks, change one's pattern, and break into the market.

Today, there are still some enterprises that fail to realize the importance of the market. Some are still observing things from the side lines, accustomed to going the old ways of the product commodity, always hoping that the government will favor them with more planned purchases as "specially slanted benefits." Some, though well aware of the pressure of the market, are on the one hand afraid to "get into the water," but on the other hand, are also afraid of drowning or being swept away. They lack

the boldness and courage to force entry into the market, and by their hesitation and delay, miss a good opportunity .

Developing a planned commodity economy is an important organic component of the development of socialism with Chinese characteristics. It is also the direction of intensified reform as well as the major trend of economic development. We must become familiar with this great environment, adapt to this great trend, and promote this great transformation. Quite a number of our enterprises have not yet felt out the temperament of the market, and have also not yet encountered the difficult problems of marketing on their own and managing on their own. If there will be some reactions, some disabling panic or confusion and perplexity for a short period of time, this would be quite understandable. Development is a kind of progression. When the enterprises shift from the pattern of mere production to a pattern of production management, it is most important to also shift the ideological concepts of the persons involved. This is a precondition and also a crucial factor.

It is necessary to break with the ideologies created under the conditions of the product economy and to shift to a market orientation. We must realize that in the course of the continuous intensification of the reform, all mandatory planning by the state will gradually diminish, and guidance planning and market regulation will gradually expand. Enterprises will be transformed from production units subordinated to government agencies to economic entities that are autonomous in their business operations, responsible for their own profits and losses, and oriented toward the market. There will also be a simultaneous and continuously ongoing development and perfection of the markets in our socialist commodity economy.

Market orientation is the only alternative left to us. Emancipation of thinking, boldness in actual practice, and the problem of breaking into markets requires courageous and wholehearted devotion and exploratory efforts in the performance of duties. It is a matter of either "jumping in" on one's own accord or being "pushed in," or, otherwise, being swept away by the huge wave of the commodity economy. The earlier the entry is effected, the more initiative will there be in one's hands; a later entry will result in passivity. The market is the scene of much competition, there are indeed risks in the market, and it is necessary to more fully consider all its difficulties. However, standing in fear of risks, and not daring to penetrate the market, offers no future at all. Without an adequate measure of courage and without a little heroic spirit, nothing can be accomplished, and it would become impossible to revitalize the enterprises.

The intrusion into the market of which we speak here does not refer to an act of blindly rushing in. On the basis of accurate knowledge of the commodity economy and the objective laws governing market development, integrating all this also with the specific characteristics of the enterprise in question, bringing one's own superiorities

into play, and acquiring the capability of selecting the best "entry into the sea," one should go from a shallow beach, to coastal waters, and then into the deep sea. In the course of adapting to the circumstances, one should seek to ensure a continued existence and plan further development. In the course of actual practice, one should study the new situation and decide on the solution of new problems: In the course of actual practice, one should study and learn all about the new discipline of the market and learn to master the techniques of the market. In short, it is in a struggle between sinking and floating, that one must learn to swim and that one must brave wind and waves in forging ahead.

### Importance of Proceeding From Reality

92CM0208E Tianjin TIANJIN RIBAO in Chinese  
14 Feb 92 p 1

[Commentary by TIANJIN RIBAO commentator: "Everything Proceeds From Reality"; fourth commentary in series "Emancipate Thinking, Boldly Practice"]

[Text] The Scientific Glassware Manufacturing Plant of Tianjin Municipality has always had a high ratio of good quality production and a good reputation abroad. However, they did not merely rest on their laurels but rather resolutely developed new products according to changes in the market, products that have a high technological component, high added value, and that are readily marketable. This was cause for new developments in the enterprise. The important experience of the said plant was that it had been necessary for them to be practical and realistic and that one must proceed in all affairs from the realities of the situation. This experience is of greatest significance not only for the efficient management of enterprises but also for effective reform in all the various trades and industries.

To be practical and realistic and to proceed in all affairs from the realities of the situation are principles that have all along been the ideological line advocated by our party; they have been the fundamental assurance for the effective accomplishment of all our undertakings.

The fundamental political line in the development of socialism with Chinese characteristics is the product of the political line of seeking truth from facts and proceeding in all affairs from the realities of the situation. This political line proceeds from the reality that China is now in the initial stage of socialism, and it ensures fulfillment of our fundamental task of developing China's productive forces. It is a crystallization of the experiences and of the wisdom of our party and of our people, as it is also the correct political line which conforms with China's national conditions and with the common aspirations of the people. The proposition to proceed in all affairs from the realities is helpful in deepening our understanding of the said fundamental political line, and strengthens our consciousness in the implementation of this line. At the same time, it enables

us to better distinguish between right and wrong. Anything that runs counter to the said political line we shall resolutely resist; anything that conforms to the said political line we shall courageously put into practice, actively explore, develop, and advance.

For many years, we have propounded the need to firmly persist in proceeding in all affairs from the realities, but doing so truly and effectively is not easy. Around us we see many instances where good application of the principle of proceeding from the realities has achieved substantial results and has set good examples. However, there are still many places where conditions are not as one would wish them to be. For instance, there are such cases as being satisfied with merely functioning as an office for incoming and outgoing mail, or being satisfied with merely copying and transmitting documents, being satisfied with just doing a passable job, doing one's assignment perfunctorily, remaining completely ignorant of the real conditions, having only a blurred picture of the situation, being indolent in matters of ideology, and lacking an orderly methodology. Deng Xiaoping pointed out: "The responsibility of our leading cadres is to integrate the directives of the central authorities and those of one's superior authority with the actual conditions of one's own unit and to analyze and resolve problems. One must not merely be an office for incoming and outgoing mail or simply copy and transmit documents." Advocating the method of proceeding in all affairs from the realities means that each comrade must emancipate his mind, show boldness in actual practice, and earnestly correct theoretical views, resolutely carry out the spirit of the directives received from his superior, actively emulate all the good experiences of others, comprehensively analyze them and closely link them to his own actual conditions, and perform all his work in a creative manner.

Things in the objective world are of great variety and of specific nature. There are differences between conditions in the various units and sectors, and these may furthermore change according to the changes in times, location, and conditions. It is therefore necessary for us to firmly uphold the ideological line of proceeding in all affairs from the realities of the situation, necessary to firmly adhere to the living spirit of Marxism of focusing concentrated attention on a specific problem and subjecting it to specific analysis, necessary to clarify the particular conditions, observe the specific transformations, study the particular method of its initiation, and strive to achieve substantive results.

Proceeding from the realities means that we must effect an emancipation of our minds; we must not be tied down by outdated conventions. Proceeding from the realities means that we must show boldness in actual practice and must continue our exploratory efforts. At the present time, the reform is being gradually intensified, and opening to the outside world is continuously broadened, new situations and new tasks are continuously arising, new experiences of the masses and new creations of the masses are pouring forth in great abundance. This

requires of us that we involve ourselves even more deeply in the realities, to investigate and research, to make timely discoveries, and to continuously review past experiences, open up new vistas, and continue to forge ahead.

### Commentary Urges Less Talk, More Action

92CM0208F Tianjin TIANJIN RIBAO in Chinese  
15 Feb 92 p 1

[Commentary by TIANJIN RIBAO commentator: "Realistic Attitude, Realistic Action, and Aiming at Realistic Results"; fifth commentary in series "Emancipate Thinking, Boldly Practice"]

[Text] It was most inspiring to read "The Rising Fame of the Tasty Food Arcade" and "The Speed of Greater Tianjin." Again we were to experience that Tianjin spirit and at the same time become aware of the simple and profound truth that empty talk is no good, and that solid work alone will show speedy results. Emancipation of thinking and boldness in actual practice must entail a quest for realistic attitudes, realistic actions, and realistic results.

The 40-plus years of laboring at construction have given us a profusion of lessons and experiences that affirm that empty talk will harm the country and that solid work will make the country strong. It is only through the many arduous and tortuous years of our history that we have gained this truth at the cost of a grievous price. Over several decades we have been taught the lessons of successes but also of defeats, and the practice of these years has made us deeply aware of the fact that empty talk harms the country, dogmatism harms the country, and formalism harms the country. In the ten years of reform, the country has gone the road of resurgence, and the people have become comfortably well off. Finally, with the realistic mental attitude of seeking truth from facts and in the spirit of doing solid work with a quest for realistic results, we have gained substantial benefits and see cause for genuine hope! The tortuous road of the past has told us that the principle of "less empty talk, more solid work," emphasized by Comrade Deng Xiaoping concerns not only the style of work, but also the problem of attitude and revolutionary will. It concerns the sense of responsibility in the revolutionary cause, and in its final analysis, it is a matter of world view. We must attach greatest importance to the said principle and vigorously implement it, because otherwise nothing can be accomplished.

"Less empty talk, more solid work." We understand well that empty talk is not necessarily false, but it is formalistic, superfluous, and talk of no consequence; it harms the country, the people, and each one of us personally. Actual facts are not like purely decorative flower stands; there is substance, there are norms. A realistic attitude means actually doing what you said you would do, truly taking things in hand and doing solid work. If one were not to uphold reform and opening to the outside world,



if one were to close oneself off and pigeonhole everything, how would one be able to muster the needed greater measure of courage? If one were to sit around to discuss doctrine and produce pages and pages of empty verbiage, how could one count on accelerating the pace of developments? Mountains of documents, meetings as voluminous as the oceans, deliberations without action, diffidence and complacency, superficial showiness and shrill noisiness, how could all this also entail genuine emancipation of minds and boldness in practice? As in the past, formalism is still one of the big enemies of a comprehensive implementation of the party's fundamental political line. If this malaise is not cured, and if this chronic disease is not eradicated, reform and opening to the outside world would amount to nothing more than an illusion, and our core task of economic construction would become empty talk.

We cannot deny that there are still some comrades, even today, who keep themselves aloof, who dawdle their time away with empty talk, formalistic talk, false talk, and grandiose talk. They will not involve themselves deeply in the realities, and are also incapable of solving problems. There is a saying in the *Shang Shu* [Book of Documents, an ancient classic]: "Every three years the performance of officials is checked; this triennial examination is held for the purpose of demoting the inefficient and promoting the intelligent." The idea was to evaluate officials, i.e. to dispense honor or disgrace, merely on the basis of their administrative performance. It would not be amiss to adopt the ancient precept for modern use, and to institute as part of our reform triennial, biannual, or annual examination of the performances of leading cadres at all levels. In short, don't pay attention to empty talk, only look at actual achievements. Only if there are achievements will the country flourish, will the people be prosperous, and will our great cause will be assured of success!

Comrade Mao Zedong once said: "A good thing is only that which is of true benefit to the masses." Solid work is the good thing that people are hoping for. Work must be performed in the spirit of the reform, and we must pursue the reform with a mind for solid work. With firm and resolute action, we must change the soft into the hard, we must transform the sham into the substantial, and must give specific attention to every item of substance. As we take a matter firmly in hand, we must give it all our attention and see it through to its ultimate realization. If we will only firmly and steadfastly pursue the central task of economic construction, involve ourselves in hard work, and work cautiously and conscientiously, we will certainly be able to create a Tianjin-style of doing things which will do honor to the historical record and the future of the city!

**Importance of Science, Technology Development**  
92CM0208G Tianjin TIANJIN RIBAO in Chinese  
17 Feb 92 p 1

[Commentary by TIANJIN RIBAO commentator: "Seize the 'Commanding Height' of Science and Technology"; sixth commentary in series "Emancipate Thinking, Boldly Practice"]

[Text] The successful decision that ensured control of the market for the Amino Acid Manufacturing Company would in military terms be called "seizing the commanding height."

The commanding height would be the strategically important position that the military man would feel compelled to seize. If there are two armies contending for a spot, the one that seizes it first will be assured of the initiative and be in the advantageous position of controlling the entire situation. Competition in the marketplace also has this kind of a "commanding height" which "decisively determines safety or danger," namely science and technology as a "first productive force."

The successful experience of the Amino Acid Manufacturing Company tells us that emancipation of thinking and boldness in practice will induce one to courageously seize the "commanding height" of science and technology. Comrade Deng Xiaoping has set forth the thesis that science and technology is the first productive force. This was an important development of the Marxist viewpoint on the productive forces, and is of a far-reaching strategic significance and important practical significance in connection with China's socialist modernization projects. The strategic policy of the municipal party committee to "develop Tianjin through science and technology" is of extremely important significance for the strengthening of the economy of the old industrial base that Tianjin is, and for the vigorous development of Tianjin in general. In an overview of the present economic scene in China and abroad, we see that the merger of science and technology with economic development is occurring at an accelerated pace, that a large number of highly technical and new scientific and technological products vie with one another to be the fastest to appear. They also form clusters and constitute a powerful impetus for the adjustment of the industrial structure and product mix, for the rapid development of social productive forces, and for the renewal and updating of products. This new developmental trend has caused the focus of economic competition to shift to the development of high-tech products, has accelerated the spread and application of high-tech achievements to the field of production, so as to enhance economic returns. Faced with this new situation, also intent on a vigorous development of the Chinese economy and on having it take its place on the world's economic stage, it has become necessary to adopt a strategy of developing high technology, and actively participate in the competition for the seizure of the high-tech "commanding height". The rule that applies to the competition in the marketplace, namely that the superior will be victorious and the inferior will be eliminated, has always been coldly cruel and merciless. If we remain satisfied with the status quo in this life-and-death competition and do not seek to keep forging ahead, this "status quo" of China's economy will hardly remain one of "stability."

Acceleration of the development of the high-tech industry is closely linked up with the enhancement of our national strength, consolidating China's socialist system,

and developing socialism with Chinese characteristics. It is therefore even more important for us to forge ahead against all odds with a strong sense of historical responsibility, and to launch a tenacious attack to seize the high-tech "commanding height."

There is no need to conceal the fact that many of our enterprises have problems with antiquated equipment, backward techniques, and outdated products. Developing a high-tech industry on this kind of a foundation is undoubtedly as difficult as "storming a well-fortified position." However, countless incidents in China and abroad indicate that a latecomer also has many advantages that favor his efforts to master the advanced science and technology of the world. For instance, he need not go as many tortuous ways, is encumbered with a lighter burden, etc. It is therefore possible for the latecomer to get into a high position, and is completely possible for him to leap into the ranks of the advanced manufacturers, or even gain a leading position in the world. The important preconditions for this transformation to happen is an excellent mental attitude, an appropriate measure of courage, and the zeal to forge ahead. This attitude has in the past been the tremendous creative power displayed in our undertakings, and is also the inner motive force that has maintained our excellent morale.

The economic and market competition is, in the last analysis, a scientific and technological contest. This demands that we integrate our revolutionary courage with a practical and realistic scientific attitude. When determining the strategy, program, plan of action, and specific measures for the development of a high-tech industry, it is absolutely necessary to adopt the principle of proceeding from the actual conditions, and to conduct a conscientious investigation, scientific verification, and appraisal of one's own conditions, advantages, and of market conditions. It must not be a "frantic act" put on out of a "sudden inspiration." It is rather necessary to give respectful consideration to knowledge and to the opinions of qualified personnel. Action must be taken strictly in accordance with the law of transforming science and technology into productive force; there is here no place for subjective liberties. In all matters one should proceed from the consideration of raising the economic returns of the enterprise and increasing the social benefits. One must not merely strive for an undeserved reputation or render insincere lip service but must do realistic work to accelerate the transformation of science and technology into productive force, to create a sound and solid environment, and must build one's foundation on a firm piling. In this way, our high-tech industry will be able to look forward to a steady development in a healthy and orderly manner.

#### **Efforts of Comprehensive Department Urged**

92CM0220A Tianjin TIANJIN RIBAO in Chinese  
18 Feb 92 p 1

[Commentary by TIANJIN RIBAO Commentator: "Do the Utmost for Enterprises"; seventh commentary in series "Emancipate Thinking, Boldly Practice"]

[Text] Comrade Deng Xiaoping has said incisively, "Leadership is service." Today, as far as departments in charge of enterprises and comprehensive departments [zong he bumen 4844 0678 6752 7024] are concerned, service means serving enterprises with all their hearts and all their might. It means orienting themselves toward enterprises, showing an interest in them, supporting them, thinking what they think, having the same priorities that enterprises have, helping them solve problems, and making economic work in the municipality a success. This is what it takes to adhere to the party's basic line. This is what it takes to realize the strategic goal of three-step modernization. It is also where the people's fundamental interests lie and constitutes a concrete expression of wholehearted service for the people.

To serve the enterprise with all our hearts and all our might, we must first help the enterprise change their ideas and thinking so that they can enter the competition without delay. Every single step in the reform deepening process entails the adjustment of the interests of every party and will lead to changes in all sorts of thinking. Only when the necessity and urgency of reform is realized by everybody from top to bottom can reform become something that people undertake on their own initiative. As part of their service for enterprises, therefore, leading departments must tackle the key links aggressively, support the thought of reform and its measures enthusiastically, and do a good job in ideological work for enterprise workers in earnest. They should encourage the enterprise to liberate their thought and practice boldly, at the same time remind them to avoid mistakes and errors.

To serve the enterprise with all our hearts and all our might, we must plunge into the forefront, consult with the cadres, and learn from the masses and uncover problems and solve them. One cannot plunge into the forefront without solving practical problems. What problems should the leaders solve when they plunge into the forefront? Major problems. Key problems. Problems that enterprises cannot solve on their own and thus need the help of higher authorities or all parties. Right now, enterprises are in a somewhat difficult situation, yet not every enterprise has the same problems. Leading departments must be adept at monitoring and understanding the will of the people and understanding the enterprise. If the problem is amenable to a solution, the leading department must help solve it enthusiastically. If the problem cannot be solved any time soon, the department must still try to tackle it properly. The process of problem-solving is the process of individual guidance. Through individual guidance, we should be able to spur all enterprises and turn the party's core work into reality.

An enterprise cannot carry out its daily activities without the assistance and help of all comprehensive departments. Comprehensive departments also should think in terms of serving enterprises with all their hearts and all their might and give them as much assistance as possible instead of complicating the problems. They should support enterprise reform enthusiastically and sort out the

relations between the various parties properly. They should make a genuine effort to help enterprises solve practical problems, make use of a department's access to information to help the enterprise stay well informed, and come up with good ideas. Departments should take advantage of their knowledge of policy to help enterprises put a policy to good and full use and stop the enterprise from acting haphazardly and make it behave more conscientiously. In order to serve an enterprise, the comprehensive department itself must liberate its thinking, deepen reform, and improve its work efficiency. It must advocate pragmatism and oppose procrastination, petty argument, and irresponsibility. When an enterprise puts forward a demand or wants something done, it should be allowed to go ahead immediately as long as it complies with the policy in question. When its proposed course of action is impractical or improper, the leading department should explain the reason promptly and offer other solutions.

To serve the enterprise with all our hearts and all our might, we must seek practical results and do our best to avoid perfunctoriness. Why are some people so given to perfunctoriness? Because it takes little effort and has popular appeal. Yet perfunctoriness can do nothing to solve problems and may hurt people and cause trouble. It must be firmly opposed. To combat perfunctoriness and advocate doing solid work has historically been the party's fine tradition. Today this tradition takes on practical significance. The propaganda system, procuratorate, finance department, industry and commerce administration, light industry bureau, and other units offer services on their own initiative, issuing targets and measuring performance against such targets. This is a realistic way to get things done and is worthy of emulation by other pertinent departments.

#### Attention to Product Quality Urged

92CM0220B Tianjin TIANJIN RIBAO in Chinese  
20 Feb 92 p 1

[Commentary by TIANJIN RIBAO Commentator: "Exert Great Effort To Ensure Product Quality"; eighth commentary in series "Emancipate Thinking, Boldly Practice"]

[Text] Thanks to its superior quality, the "Great Wall" brand color television has captured a large share of the market. The No 3. Metal Plant adheres to high standards in product quality and was able to earn enough profits to build 13 similar plants in 8 years. Their success stories reaffirm that quality is the lifeblood of an enterprise. Instilling a firm quality consciousness, taking over a market with high-quality products, and increasing our returns are something we must do urgently as we liberate our thought and practice boldly.

Inter-enterprise competition essentially means competition among the quality of different products. In the wake of the development of the socialist planned commodity economy, such competition will intensify. The tide of the

commodity economy propels both enterprises and products toward the market where they are to be tested and screened. If your products are superior in quality, original in design and style, and are what the market wants, they will do well on the market and emerge victorious from cut-throat competition. On the other hand, if an enterprise turns out shoddy goods that are old-fashioned, they will be left behind by a merciless market. The "Great Wall" brand of color television sells well throughout the nation, while the No. 3 Metal Plant's zinc-plated wires have beaten strong competition to make its way into the Daya Bay nuclear power plant. They have won over the market with high-quality products. The market, in return, has rewarded them for their strict adherence to high standards.

There is an essential difference between the market concept in a socialist commodity economy and the market concept under capitalism. Our basic goal in developing a planned commodity economy is to satisfy the needs of the masses in accordance with their interests, hence the emphasis on social benefits as well as profits. Product quality has a direct effect on the immediate interests of myriad households. It has an impact on the confidence of every consumer. There is no room for the slightest dishonesty or confused thinking. We should be held accountable by the people and by the consumer for every single product we make. If we overlook product quality and turn out bogus or shoddy products, we will not be able to fool the market or the consumer. Moreover, neither the party nor the government will approve of such actions. He who cheats the masses with poor quality products will ultimately be severely punished.

Tianjin is a traditional processing industrial city that looks outward for both raw materials and markets, so product quality assumes extra significance for the city. Not only does product quality have a major impact on the development of an enterprise's output and its balance sheet, it also helps determine the city's economic status as a whole and whether or not its enterprises will survive. Whether or not an enterprise or an industry is competitive on the market, its economic prowess, and its development momentum all depend on product quality. If an enterprise does not work extremely hard to improve product quality and instead uses its hard-won raw materials to make shoddy or run-of-the-mill goods, then bankruptcy is its only prospect. And all the talk about increasing the city's economic strength and raising its economic stature in the nation will be just empty talk.

Besides raw materials, technology, equipment, and other material conditions, the key to improving product quality lies in the quality consciousness of the producer or manager and the level of management in the enterprise. Hence we must pay attention to the human factor. Leading cadres must have the courage to take responsibility and manage boldly. They also must nurture a sense of responsibility among rank-and-file workers for the quality of their products, a desire to make products better and better, and put such a desire to good use. Everybody in the enterprise from top to bottom must

develop a sound quality consciousness. We must make the workers understand that the enterprise, brand name, and rice bowl are all interrelated. We should start by improving grass-roots management, tackle quality control every step of the way, improve the quality of the corps of workers, be sure that quality standards and operational specifications are really enforced where they matter, and treat product quality in the same manner as does the No. 3 Metal Plant. Whoever damages the enterprise's brand will have his rice bowl smashed by the enterprise.

### Attention To Masses' Role Emphasized

92CM0220C Tianjin TIANJIN RIBAO in Chinese  
21 Feb 92 p 1

[Commentary by TIANJIN RIBAO commentator: "The Masses Have Tremendous Power"; ninth commentary in series "Emancipate Thinking, Boldly Practice"]

[Text] Why did the city's No 4 Dyeing Plant, which was tottering on the brink of closure at one point, manage to turn the corner within just 1 year while similar enterprises are still bogged down in dire straits? One major reason is that instead of blaming everyone and everything but themselves, the leading group at No 4 Dyeing Plant firmly planted their feet among the rank-and-file workers and continuously derive from them courage and insight necessary for overcoming difficulties. By pooling everyone's wisdom and efforts and with everyone from top to bottom joining in the struggle, they finally found a way out of their plight. Practice proves that the solution lies within the broad ranks of workers themselves. Their intelligence and talents are the source of ideological liberation. Their new experience holds the key to solving the crisis. Their endless creativity is the driving force of bold experimentation and exploration.

The masses are the motive force in the making of history. This is the basic tenet of Marxist historical materialism. During the war years, our party relied on the masses and the people to conquer the enemy. Today, in our drive for socialism with Chinese characteristics, the masses likewise are the source of strength and the foundation of victory. In the last few years, Tianjin has formed a basic work philosophy of "doing everything for the people and relying on the people in everything," fully unleashed the initiative of the masses, and put it to good use. As a result, we have overcome difficulty after difficulty and given the city a brand-new look. The economy has grown considerably, the people are content and united, and society is stable and unified. This is our political strength. If we are to accelerate reform and achieve economic take-off at a time when the tasks are arduous and difficulties abound, we must continue to make the most of our political strength, abide by the basic work philosophy of "doing everything for the people and relying on the people in everything," and concentrate on fully mobilizing the initiative of the masses. Every reform we carry out is for the people and we must rely on

the people in every reform. It is to further the fundamental and long-term interests of the masses that we emphasize breaking the "iron rice bowl" and advocate adopting the labor contract system for all personnel. Such an emphasis is consistent with relying on the proletariat wholeheartedly and will in the end obtain the understanding and support of the workers. In the process of reform deepening, partial interests will be adjusted and the short-term interests of some people will be hurt. This is unavoidable. In the final analysis, however, this is the only way to steer enterprises onto the path of continuous growth. And only when enterprises prosper and become more profitable can the workers' lives gradually improve and the interests of the masses be realized.

Leaders have the masses in mind. The masses work hard for the leaders. If our mass work is to be a success, we must follow two key principles: Economically, be fully solicitous about the masses' material interests and, politically, safeguard their democratic rights. The masses are the principal players in reform. The reform plan and reform measures must be submitted to the masses for their discussion first. Heed the opinions of all quarters. Secure their understanding and support. Create the conditions so that even more people can participate in politics. In operations and management, respect the workers' status as the master. Make practical use of the workers' representative assembly. Rely on the rank-and-file workers to make the enterprise a success. The leaders should have the masses on their minds all the time and be concerned about their weal and woe. Listen attentively to what they say and take the initiative to help them solve real-life problems. When the leaders and the masses want the same thing and exert themselves to achieve the same thing, they form a powerful force that can carry all before it.

As the master of the nation and the enterprise, the rank-and-file worker also must seek to improve himself constantly in the new age of reform and openness. He should never stop enhancing his sense of being the master and his ability to discuss and participate in politics. He should improve his ideological, moral, scientific, and cultural qualities as well as his level of technology continuously. In the process of reform deepening, in particular, he must fulfill his responsibility as the master, do what he has to do as the master, liberate his thinking, update his ideas endlessly, support reform enthusiastically, and throw himself into reform. Through our joint effort, we should be able to put the enterprise on a solid footing, revitalize the Tianjin economy, and make even greater contributions to the nation.

### Leading Group's Leadership Role Stressed

92CM0220D Tianjin TIANJIN RIBAO in Chinese  
23 Feb 92 p 1

[Commentary by TIANJIN RIBAO commentator: "Leadership is Most Important"; tenth article in series "Emancipate Thinking, Boldly Practice"]

[Text] The leading group is most important to the liberation of thought and bold practice. Tianjin's printing and canning company succeeded in deepening reform primarily because it has a good leading group that is courageous and thoughtful, makes the right policies, and is brave enough to lead the masses in liberating thought and practicing boldly.

If a leading group is to properly lead the masses in liberating thought and practicing boldly, it must first have a firm grasp of what goes on above. In other words, it must have a thorough understanding of the line, policies, and principles adopted since the Third Plenum of the 11th CPC Central Committee to build socialism with Chinese characteristics, and appreciate the spirit and substance of the plans of the CPC Central Committee, the municipal CPC committee, and the municipal government. Only thus can the leading group form its own judgment, understand the party's basic line, come to grips with the central task of economic construction, enhance its consciousness and urgency about reform and openness, accelerate the pace of reform, strengthen the people's confidence in socialism, and intensify the party's ability as a coalescing force among the masses.

To liberate thought and practice boldly, the leading group must have a firm grasp of what goes on below. That is, it must know its own unit, its own sector, its own locality, and its own trade as well as it knows the back of its hand. It must know what the masses are thinking about, where its own strengths and weaknesses lie, how the problems of the old system accumulated over the years are manifested in its own unit, and what to tackle first in order to improve the overall situation. Only then can the leading group truly proceed from reality, highlight its strengths and downplay its weaknesses, and secure a solid foothold on the market. Only when the leading group has a definite objective in mind will it avoid frittering away the masses' fervor and make them more enthusiastic the more they work, and more courageous and insightful the more they practice.

To successfully lead the masses in liberating thought and practicing boldly, the leading group must be in a positive mental state. In the last few years, some enterprises have been able to position themselves at the forefront of reform and openness mainly because of an enterprising spirit, a spirit of self-reliance and arduous struggle. Once our leading cadres are in a sound mental state, they will be able to implement all the policies of the CPC Central Committee, the municipal CPC Committee, and the municipal government properly and flexibly, with practical results. Once they are in a good mental state, they will be able to liberate thought and lead the masses in coming up with new tasks to make the enterprise a success and achieve new breakthroughs. Once they are in a good mental state, they will become the mainstay of the masses and unite everybody closely to wage an all-out struggle and conquer victory.

To lead the masses in liberating thought and practicing boldly, the leading group must deal with concrete matters relating to work, proceeding from reality in everything, eschewing undeserved reputation, and refusing to put on airs. Only thus can it get practical things done for the masses, further their interests, and earn their support and trust with actual results. Only when a leader stresses scientific pragmatism will he enjoy high prestige and power.

"Once the correct line is set, it is then up to the cadre." Both the CPC Central Committee and the municipal CPC committee have now made plans to concentrate on economic work in order to deepen reform and further open China to the outside world. Provided leading groups at all levels exercise their leadership effectively and get right on with their jobs, new breakthroughs will certainly be achieved in economic and other work in the city.

#### **Supervision Ministry Measures on Discipline Cases**

*HK2703142892 Beijing FAZHI RIBAO in Chinese  
5 Jan 92 p 2*

["Ministry of Supervision Promulgates Measures Governing the Investigation and Handling of Administrative Discipline Cases by Organs of Supervision, 22 November 1991"]

#### **[Text] Chapter One—General Principles**

Article 1. To ensure standardized work by supervision organs investigating and dealing with cases involving administrative discipline, correctness in abiding by the law, and prompt investigation and handling of such cases, these measures are formulated in accordance with the "PRC Regulations on Administrative Supervision."

Article 2. These measures apply to supervision organs investigating and dealing with cases of violating administrative discipline by state administrative organs and their personnel and other people appointed by state administrative organs.

Article 3. Supervision organs investigate and deal with cases involving administrative discipline in accordance with state laws, decrees, and policies, and other administrative organs, social organizations, or individuals shall not intervene in their work.

Article 4. When investigating and handling cases involving administrative discipline, all work must be grounded in facts, taking laws, decrees, and policies as the criteria, and equality for every one in applying laws and administrative discipline.

Article 5. When investigating and handling cases involving administrative discipline, it is imperative to uphold the principle of linking the administrative to mass supervision, linking supervision to work improvement, and linking penalty to education.

Article 6. When investigating and handling cases involving administrative discipline, it is imperative to acquire a clear picture of the facts, proven evidence, and accuracy in determining the nature, appropriate handling, and legitimate procedures.

Article 7. When investigating and handling cases involving administrative discipline, it is imperative to strictly abide by the state's security regulations.

#### Chapter Two—Placing a Case on File

Article 8. The stipulation in Chapter 3 of the "PRC Regulations on Administrative Supervision" is the basis for the jurisdiction of supervision organs. They shall deal separately with such clues and materials from state administrative organs and their personnel, and other people appointed by state administrative organs, concerning behavior violating the law and discipline, which:

- 1) They have been informed of or have been charged by any citizen, legal person, or other organization;
- 2) Are given them by higher organs;
- 3) Have been transferred to them by related organs;
- 4) Is a confession by the perpetrator himself; and
- 5) Have been discovered by supervision organs.

Organs of supervision must keep a written record of oral statements made by the perpetrator, as well as by the informer or accuser. These must be signed or sealed by the person who makes the statement after its accuracy is checked; oral statements can be tape-recorded when necessary.

Article 9. In accepting and hearing the clues and materials of a case involving violation of the law and discipline, it is necessary to fill in a form to accept the case; and initial interrogation begins only with the approval of the supervision organ's responsible person.

Article 10. A report on the initial interrogation must be written afterward; with the approval of the supervision organ's responsible person, different cases will be handled as follows:

1. A case is closed when it is concluded that facts supporting violation of the law and discipline have not been found, or that there are facts supporting violation of law and discipline but the case is obviously insignificant and does not involve administrative sanction.
2. A case is to be transferred to a related responsible organ when it is concluded that there are facts supporting violation of the law and discipline but no administrative sanction is involved; however, the case involves administrative handling by other responsible administrative organ according to the law.
3. A case is to be transferred to judicial organs when it has been concluded that there is a need to mete out criminal sanction.

4. A case is to be placed on file when it has been concluded that there are facts of violating the law and discipline and administrative sanction must be meted out.

Article 11. Regarding major and complicated cases, supervision organs and other related government departments may jointly place them on file.

Article 12. When it has been decided to place a case on file, the unit under investigation and its higher authorities, or the person under investigation and his work unit, must be notified. However, there are exceptions when investigation has been impeded or when there is no way to notify those concerned.

Article 13. When placing a major case on file, an organ of supervision should report it to the people's government at the same level and its next higher supervision organ for registration.

When no different opinions have come from the organ accepting the registration after 15 days, the silence may be considered as consent. When a people's government accepting the registration has different opinions from a supervision organ registering the case, the next higher supervision organ has the rule of the matter.

Article 14. Cases involving administrative discipline should be closed within six months of the day they are placed on file. Should the allotted time for handling the case be extended for some particular reason, it must be approved by the responsible person of the organ in charge of the case, while reporting to the next higher organ for the record. However, the time allotted should not exceed one year. When a case left in a supervision organ's charge by the next higher organ fails to be closed according to schedule, the organ in charge should state the causes to the next higher organ concerned.

Article 15. Supervision organ workers should avoid handling cases on their own. The person under investigation, informed or accused against as well as citizens, legal persons, or other organizations whose interests are involved in the case, have the right to apply for them not to handle the case when they are involved in any of the following situations:

1. Being a close relative of the person under investigation or the informer or accuser in the case.
2. He, or his close relative, has interest relations with the case.
3. Having other types of relations with the person under investigation in the case, or the informer or accuser, with the situation possibly affecting the fair handling of the case.

When the responsible person of a supervision organ needs to avoid handling a case, the matter will be decided by the responsible person of the people's government in charge of supervision work or of the next higher supervision organ; the nonhandling of cases by

other personnel will be decided by the responsible person of the relevant supervision organ.

Before a decision on the nonhandling of a case, the investigation should not be suspended.

Regarding a decision to reject the nonhandling of a case by a particular worker, the person under investigation, the informer, the accuser and related citizens, legal person, or other organizations may apply for further consideration.

### Chapter 3—Investigation

Article 16. After a case involving administrative discipline has been placed on file, an investigation plan must be formulated. This chiefly includes the composition of the investigation personnel; problems and clues that must be clarified; and such contents as the steps, approaches, and measures of the investigation.

Article 17. All facts capable of proving a case's true conditions are evidence. Evidence is classified as follows:

1. Evidence by deposition.
2. Physical evidence.
3. Testimony by witnesses.
4. Confession and explanations by person under investigation.
5. Video and audio materials.
6. Conclusion of assessment.
7. Written records of corroboration.

This evidences must be checked and proven before it is credible for a case's conclusion.

Article 18. Organs of supervision should collect evidence in a comprehensive and objective way according to the law. All evidence that can prove whether or not the behavior of a person under investigation has violated the law and discipline, as well as circumstances of the case in violating the law and discipline, must be collected.

The collection of evidence by resorting to threat, inducement, deception, and other illegitimate means is strictly forbidden.

Article 19. Organs of supervision have the right to collect and acquire evidence from related units or individuals. In investigating and obtaining evidence, investigators should produce relevant certificates. The presence of two investigators is imperative when investigating and obtaining evidence.

Article 20. It is necessary to have a clear answer about the status of a witness, the relationship between him and the person under investigation, and the witness must be told to provide evidence based on facts as well as the

legal responsibility he must answer to should he intentionally provide false evidence or conceal evidence in investigating and obtaining evidence.

Article 21. The interviewing of witnesses should be conducted individually; audio or video recordings may be made with the witness' consent when necessary.

Investigators should make a record of the interview immediately and the witness can also produce a written statement, in ink with a pen or writing brush. If a witness cannot write, he may ask someone to write a statement for him, which the witness should initial or seal after it has been checked. Should a witness require a partial or entire revision of original testimony, he may make another testimony under the condition that a clear indication of the reason for the revision is given, but the original testimony shall not be returned.

Article 22. In collecting evidence, the original evidence by object and deposition must be acquired. If the original evidence is not being taken away, it can be photographed, xeroxed, or duplicated, whereas a note must be made regarding the unit keeping the original physical evidence or evidence by deposition, or their origin, and the unit or the individual providing the original physical evidence or evidence by deposition should initial or seal the copy.

Article 23. A written record or report of questioning and examination must be worked out regarding the conditions of on-the-spot questioning and examination, initialed or sealed by participating personnel as well as the witnesses; photographs may be taken and also video tape recordings when necessary.

Article 24. Regarding evidence of a specialized technological nature, personnel with specialized technological knowledge may participate in its acquisition; when such evidence involves assessment, a written conclusion should be made by the person conducting the assessment, which must be initialed or sealed.

Article 25. Supervision organs should ask a person under investigation for his statement and apology.

Article 26. Organs of supervision should examine and verify evidence provided and transferred by related organs.

Article 27. When investigating, organs of supervision may adopt measures based on the stipulations in Articles 21 and 33 of the "PRC Rules and Regulations for Administrative Supervision."

Article 28. When documents, objects, and illegitimate income are evidence for behavior violating the law and discipline and must be temporarily detained and sealed up for safekeeping, investigators must produce a note of supervision, while drawing up a list of the articles these articles.

Article 29. In accordance with stipulated procedures, when investigating the savings deposits in a bank or

other monetary organs of a person under investigation, and persons who are directly related to the same case, investigators should produce a note of audit, providing the name of the depositor involved and other related details; in cases involving suspension of payment by the bank or other monetary organs to the person under investigation, and other persons directly connected with the case, they should produce a suspension of payment note, while providing a related certified copy.

If, through investigation, there is no need to continue the suspension of bank deposit payments, a note lifting the payment suspension should be produced.

Article 30. When a person under investigation and persons involved in the same case are ordered to make explanations about related problems at a stipulated time and place based on needs, a note of supervision should be produced to notify the person under investigation and persons involved in the same case to accept inquiries at the stipulated time and place with the note.

Article 31. When a person under investigation is ordered to stop behavior which is injurious to, or is likely to injure, the state's interest and citizens' legitimate rights and interests, a note of supervision should be produced and delivered to the person under investigation and the unit at which he works; the higher organ in charge of the unit may be notified simultaneously when necessary.

Article 32. When a case involves a suggestion to a responsible organ to temporarily suspend a suspect involved in a serious case of violating the law and discipline from his public office or post, a supervision proposal should be formulated and delivered to the responsible organ.

Article 33. Organs of supervision are authorized to inquire and investigate matter involvings units and individuals beyond its jurisdiction. Units and individuals involved in the case should assist the supervision organ.

Regarding those units and individuals who should and can assist the supervision organ but refuse to do so, organs of supervision may suggest its responsible organ correspondingly handles their cases.

Article 34. If organs of supervision need to seek public security organs's assistance in investigation, this should be handled according to the stipulations in the "Ministry of Supervision and Ministry of Public Security Circular on Public Security Departments Assisting and Cooperating with Supervision Departments in Investigating and Handling Cases."

Article 35. Organs of supervision should compile written material on ascertained facts violating the law and discipline, which can be shown to the person under investigation, while allowing him to try to clear himself. A second, or complementary, investigation may be conducted when necessary. Evidence verified as true in the second investigation should be adopted.

The person under investigation should write his own opinions on the written material shown him, with his signature and seal attached. He may also attach his own written opinions to the material. Should the person under investigation refuse to write his own opinions or sign and seal the materials shown him, the investigators should note this on the relevant material, while the responsible person of the unit in which the person in question works should write his opinions on this material.

Article 36. An investigation report of a case should be made out when the investigation terminates. The contents of a case investigation report include: Grounds for placing a case on file; facts and their nature of violating the law and discipline; responsibilities of the person under investigation and persons involved in the same case; the attitude of the person under investigation and his opinion of the material shown him; opinion of the unit at which the person under investigation works; suggestion on disposition with investigators' signatures and seals; and the date the report was written.

Article 37. When investigation of a case is terminated, the inquisition department [shen li 1399 3810], which is an ad hoc organ in charge of hearing cases under an organ of supervision, is in charge of hearing the following cases violating administrative discipline:

- 1) Cases believed involving administrative sanction; and
- 2) Other cases which the responsible person of a supervision organ believes need further investigation.

Article 38. In hearing cases, the inquisition department may notify the investigation department to conduct complementary investigation or complete procedures when it believes them to be indispensable; the inquisition department may conduct investigation or complete the procedures on its own with the approval of the responsible person of a supervision organ.

Article 39. The inquisition department should conduct comprehensive screening of a case to find out whether or not the facts of the case are clear, the evidence is beyond reasonable doubt, the definition of the case's nature is accurate, the opinion on handling the case is appropriate, and the procedures are legitimate. Having heard the case, it should then submit a report.

Article 40. After conducting the hearing, the inquisition department should submit the following cases in violation of administrative discipline to the inquisition committee for its deliberation:

1. Major complicated cases;
2. Cases in which the inquisition department and investigation fail to reach unanimity in their opinions;
3. Cases which the inquisition department believes it needs to submit to the inquisition committee for its inquisition.



Article 41. After conducting the hearing, the inquisition committee can offer any of the following suggestions:

1. Agree to the inquisition department's opinion on hearing;
2. Alter the inquisition department's opinion on hearing; and
3. Require a second hearing.

Article 42. The opinions of the inquisition department should be observed after they have been examined and approved of by the supervision organs. Important decisions and suggestions from the investigation should be reported by and have the approval of the local level government and higher level supervisory organs.

Cases that do not require the deliberation of inquisition departments should be handled in accordance with the decisions made by relevant supervisory organ officials.

Article 43. With termination of the investigation and inquisition of a case involving violation of administrative discipline, they should be handled, based on different circumstances, in the following ways:

1. A decision to mete out administrative sanctions on a case with proven facts of violating the law and discipline, up to removal from office;
2. A decision to exempt administrative sanction after criticism and education of an offender with proven facts of violating the law and discipline but where no need is seen to mete out administrative sanction because the case falls into the category of minor offenses or the offender's circumstances are such as to give him a mitigate his actions.
3. An internal circular or public report made on a unit or an individual violating the law and discipline when it is considered necessary to be circulated within a certain realm.
4. Organs of supervision confiscate, recover, or order restitution or compensation payment of illegitimate income gained in violation of state laws and decrees and make a decision on indemnifying measures when the case has already caused injury to the state interest and citizens' legitimate rights and interests.
5. A supervision proposal made based on the stipulations in Articles 23 and 24 of the "PRC Rules and Regulations on Administrative Supervision".
6. Transfer cases to relevant organs for handling when it is believed that those cases ought to be handled by other organs.
7. Dismiss those cases where facts in violation of the law and discipline have not been found or when they do not involve being handling in any of the above ways.

These methods can be applied separately or in combination according to needs.

Article 44. An organ of supervision should formulate a written supervision decision if it rules that administrative sanctions should be meted out or makes other decisions on handling or quashing the case.

In cases in which an organ of supervision rules that the illegitimate income involved be confiscated and recovered, aside from a written supervision decision, it is necessary to employ special vouchers jointly issued by the organs of supervision and financial organs. In cases involving indemnities, unified vouchers issued by supervision organs are used.

Article 45. Organs of supervision can directly deliver written supervision decisions and supervision proposals to relevant departments, units, and individuals by themselves; have a lien on their delivery; and can have them delivered by post or in care of other organs of supervision or responsible departments.

Receipts are required when written supervision decisions and proposals are delivered, with the deliverer's signature and date of delivery on the receipt. Should they be delivered by post, the delivery date should be marked on the registration receipt. Should any of such decisions and proposals be rejected by the addressee, such act will not affect implementation of the decision or proposal but the deliverer should make a note of it on the receipt for delivery.

Article 46. If one is unconvinced by a supervision organ's administrative sanction and other decisions on handling a case, the matter can be handled in accordance with the "Measures for Declaration Against Administrative Sanction Meted Out by a Supervision Organ"; if one holds different opinions regarding the administrative sanction and other decisions on handling a case by a supervision organ, the matter should be handled in accordance with Article 40 of the "PRC Rules and Regulations for Administrative Supervision."

Article 47. If a supervision organ decides to directly mete out administrative sanctions, its personnel department should steer relevant procedures based on related regulations for state personnel administration.

Organs of supervision should send duplicates of relevant material of a person to whom administrative sanctions have been meted out to his work unit's party committee organization department.

Article 48. After handling a case involving administrative discipline, a supervision organ should write a closing case report, which is to be submitted to the organ's responsible person for his approval. This is then handled by establishing a file, placing all documents on file, reporting the case to a higher organ, and registration.

Article 49. When a person under investigation, or other related persons, impede the investigation and handling of a case, organs of supervision may criticize and educate them according to their cases, if they are state administrative organ workers or other personnel appointed by

state administrative organs, and suggest that their responsible organs mete out administrative sanction to them; organs of supervision may also mete out administrative sanctions directly; regarding persons other than the above category, organs of supervision may transfer the factual materials on their impeding the case's investigation to their relevant responsible organs, while suggesting handling their cases.

Should supervision personnel be found to display behavior violating Article 47 of the "CPC Rules and Regulations for Administrative Supervision" in the course of investigating and handling cases, the supervision organs for whom they work may mete out administrative sanctions according to their cases.

### Chapter Six—Appendix

Article 50. The connotations of the following concepts included in these measures are as follows:

1. "Close relatives" include spouses, parents, sons and daughters, brothers and sisters, paternal and maternal grandparents, and grandchildren.
2. "Major cases" and "major and complicated cases," "major supervision decision and supervision proposal": "Major cases" and "major and complicated cases" refer to cases involving a government department and its leading member as well as government at lower levels and its responsible person where the cases are complicated and serious. Supervision decisions and supervision proposals in the abovementioned cases are in the category of major supervision decisions and supervision proposals.
3. "Allotted time" refers to the time limit that must be observed by organs of supervision in investigating and handling a case. Time calculation does not include the day when the deadline is set nor travelling time; the deadline will naturally be extended if some public holidays fall in between.

Article 51. The Ministry of supervision is responsible for explanations on these measures.

Article 52. These measures are effective on the day of promulgation. The "PRC Provisional Measures for Supervision Organs Investigating and Dealing with Cases Involving Administrative Discipline" promulgated on 11 May 1988 are simultaneously canceled.

### Article Views Mao Zedong's Personality, Thinking

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[Article by Chen Jin (7115 2516): "A Remarkable Inner World—Mao Zedong's Personal Charisma"]

[Text] The question posed here is: What is Mao Zedong's Natural Charisma?

As the symbol of a nation, Mao Zedong is a topic that lends itself to endless discussion. This refers not only to his abundant ideas, but also to the nature of his particular personal charisma.

If we survey the huge amount of reminiscences, biographies, and records of events that have come out and have been published in recent years by Chinese and foreign writers concerning Mao Zedong, it is gratifying to see that his personality, from his mentality to the person himself, have become more and more clearly revealed, and with increasing good will and sympathy. This in turn has made a widespread and intense impression on the reading public, so that there has even been the case of a person wanting to buy a book about Mao Zedong's predilection for beef braised in soy sauce, although the buyer did not know the exact title of the book.

However, this is only one aspect of the issue. Mao Zedong was of course not a supernatural being, but he definitely also was not a common man. His unique greatness is not only manifested in his magnificent contribution to the liberation and progress of the Chinese nation, but also in the magnetism of his personality, so full of a poetic flavor, and perhaps both these qualities were indeed embodied in this one person. His inner world is like a poem, and his undertakings are like a poem. In all the reminiscences, biographies, and records of events written about Mao Zedong, it is not difficult to perceive one thing: Regardless of how well the persons concerned or the writers tried to report on the original progress of events, they all come up with portrayal of a heroic personage with great esthetic effect. Some writers could not stop their pens from direct expression to their own personal feelings and admiration because it is impossible for people to escape the personal magnetism of this heroic personage.

Finally, after having read many of these writings, I came to the following view: If in the future a great writer intends to painstakingly write a biography in the style of pure literature, he will not have to make up a great many details, but would merely have to give time and energy to refining and organizing some of the true historical source material, and he will then perhaps be completely capable of accomplishing in sharp relief a lifelike literary image of the man. (The portrayals of Mao Zedong in the films "The Towering Heights of the Kunlun Mountains" and "The Founding Ceremony of the State" were actually done in this way.) Mao Zedong as a literary figure and Mao Zedong as a historical figure are close and identical. The decisive exponent here is his personal charisma.

What then, is the natural charisma of Mao Zedong? After a period of fad-like "preoccupation with Mao Zedong," the vast number of readers, especially young students, will now "approach" Mao Zedong's inner life with greater clarity and depth, and this will no doubt be an important angle which will enable them to get to know him, understand him, and learn from him. The present

article will do some sorting out and will discuss some viewpoints on the basis of reading material published in recent years.

### The Will To Swim in the Mississippi

On his last New Year's Eve by the Western calendar, Mao Zedong was visited by the daughter and son-in-law of former U.S. President Nixon. What he said to them left them with a deep impression; it was on the subject of "struggle." He said: "Apart from struggle, nothing else is certain," and he emphasized this by pressing his two index fingers against each other. Although this giant of a man had lived through 82 years of arduous struggle, had become feeble with age, and afflicted with a lingering disease, he gave these two visitors from an alien country the impression that "he had a much greater abundance of vitality than the younger generation of Chinese, and was eagerly looking forward to struggle." They came to firmly believe: Throughout his entire life, Mao Zedong had aroused a fervent and constantly growing revolutionary zeal among all poor people of the world. He had unleashed a struggle of global dimensions, and this struggle has produced, and is still producing world-shaking upheavals and changes. Whatever the conclusions of history, Mao Zedong's life will definitely be outstanding evidence of the strength of human will power. (For details see "Good-bye to Chairman Mao" by Julie Nixon-Eisenhower)

Struggle was not only Mao Zedong's conception of history (e.g. class struggle as the driving force for historical progress, turmoil as the road to good governance, having asked: can 800 million people go on without struggle?), it was also his philosophical view (e.g. the theories of "one divided into two" and "On Contradictions," the limitless divisibility of matter), and also his general outlook on life (its boundless happiness). But Mao Zedong was of course not propounding a theory of the exclusive importance of struggle; the particular characteristics of his struggle were:

1. He frankly professed and emphasized that his concept of struggle was to conduct an open and aboveboard struggle; he had consistently opposed and disdained the tricks of unscrupulous schemers and their plots and intrigues.
2. Although he emphasized struggle on a majority of occasions, as a matter of principle he did not consider struggle as such to be the objective. There had to be turmoil in order to arrive at good governance; there had to be criticism in order to achieve solidarity; there has to be opposites in order to arrive at unity, and struggle was necessary in order to arrive at a more perfect, more harmonious social ideal where people treat each other as equals.
3. The methods of struggle and the vision of the lofty social ideal became welded together in his character into one firm will. It was his own personal will, but even more so a will of the collective entity, of the nation, and of the Chinese Communist Party which he had built up. It is

only by being thus constituted that his tenacious determination to keep on struggling had that incomparable strength to inspire and that magnetism. Mao Zedong's leadership was possible only because of his firm determination. Nixon said, when he saw Mao Zedong, he felt "Mao's willpower was more or less an innate quality." If we say that poetry is the most appropriate way for a person to express and pour out his will (as in the ancient saying "poetry expresses will") it is a very interesting fact that most of the poems written by Mao Zedong were composed when he himself, and the collective entity he was leading, were in greatest difficulties, namely when he was setting up the Jingtangshan base, on the Long March, and during the three difficult years from the end of the Fifties to the beginning of the Sixties. If in doubt, you may check the "Selected Poems of Mao Zedong." In all these poems, the description of highly inspiring scenes of struggle, especially in brutal scenes of struggle, his persistent theme was always to foster determination for struggle and to fortify the will power of the reader. It is only because the poems had these qualities that he could inspire his comrades to perform so epic an accomplishment as the Long March, and to have his comrades become an almost invincible army.

Specifically, in the person of Mao Zedong the determination to struggle had become a fearless spirit to always challenge—meet the challenge—attack on one's own initiative, as expressed in the saying "He who does not fear to be cut to pieces will dare to unhorse the emperor."

A precondition for issuing a challenge is fearlessness, i.e. the "I am not afraid" often used by Mao Zedong. In his youth he had once boldly declared: We must not fear heaven, earth, devils and ghosts. After he had started on his revolutionary road and had become the leader of the CPC, he usually taught his cadres and soldiers not to fear difficulties, and to nurture the spirit of the "foolish man who wanted to move a mountain." After the founding of the PRC, when the CPC had become the ruling party, he put forward even stricter demands for cadres that had assumed positions of power. In June of 1957, he had Wu Lengxi [0702 0397 6007], director of the XINHUA News Agency, run RENMIN RIBAO, and presented him with the still now unforgettable five "don't fears," namely don't fear dismissal, don't fear expulsion from the party, don't fear being divorced by your wife, don't fear being jailed, and don't fear being decapitated. Prepared in this way, it seems you will have fearless courage and determination to fight to the end, and finally "have the courage to uphold the truth."

Along the road that Mao Zedong advanced, the challengers that he had sought appeared before him one by one. In the revolutionary years he called on the people and encouraged them to have full confidence in his challenge of imperialism, feudalism, and bureaucrat capitalism, and in his ability to topple these "three huge mountains." In the years of reconstruction, he called on the people to launch a war against the forces of nature, against the forces of the earth, and to challenge the unsatisfactory social system, even whatever had been

established after the success of the revolution, and he even asked to launch an attack against the central authority of the party—because a bourgeois faction had assumed power, and because there was the danger of a turn toward revisionism. Finally, he emphasized from beginning to end the need for a restoration of the spirit of self-confidence, and the need to challenge the depth of one's own soul. In his early years, he had his "today's self" challenge his "yesterday's self," and "tomorrow's self" challenge "today's self." After becoming a Marxist, he always emphasized the wholehearted adoption of the spirit of serving the people as a means of eliminating any trace of nonproletarian thinking in himself, and to fight selfishness and repudiate revisionism as a means of turning himself into a "pure person," "a noble-minded person," and a person without the least selfishness and completely devoted to helping others.

The various challenges frequently brought dangers, even life-threatening risks, but this was precisely the life to which Mao Zedong became accustomed to and which he was happy to live.

In the summer of 1954 at Beidaihe, when Mao Zedong faced the turbid, raging waves of the great ocean, he joyfully said: "The more stormy the waves, the better; they can temper a man's will." Finally, he donned a swimsuit and rushed into the surging surf, and he also on that occasion tossed off the following few famous remarks which had a special ring to themselves: "Don't be afraid of risks. If you never take a risk, you can't accomplish anything, or rather, success is only possible by taking risks." The important thing is, "acting with courage is not blindly taking risks." (See *Bright Red Leaves* by Zhu Zhongli [2612 0112 7787])

As Mao Zedong saw it, a mild challenge cannot be rated a true challenge, and seeking out only a party of limited ability to challenge is also not a true challenge. A genuine revolutionary, a warrior, will only show his heroic quality in a challenge of a strong, stubborn, and most hostile antagonist. It is always only in the huge disparity of "stormy weather" as against "idly strolling in the courtyard" that extraordinary determination and optimistic confidence in victory will be displayed.

Mao Zedong is this kind of a man; his challenges and his meeting of challenges always seem to have that psychological momentum of "precisely going against it," his self-confidence and his tenacity reveal an almost stubborn and willful nature.

From all these facts it is not difficult to discover that in Mao Zedong's political thinking there is a miraculous logic. The way he looked at it, the more reactionary the person or the event, the more interest he evokes.

In March of 1958, when he met visitors from the United States, he took them by surprise by jokingly saying that he hopes to get to swim in the Mississippi. If President Eisenhower would permit, he would perhaps also go to the hospital to visit Mr. Dulles. Why that? Because as secretary of state, Dulles "firmly sticks to his principles.

He opposes communism, he opposes the Soviet Union, he opposes China. To this end he suppresses people, sends troops, and establishes military bases all over the world. All this is very useful to the whole world;" "it was very useful for us." Therefore, Mao Zedong said, he personally "hopes very much for Mr. Dulles' good health." And also: "Dulles and his crowd have done precisely everything for their own destruction. That is also a reason why I appreciate him." (From "Three Talks With Mao Zedong by Anna Louise Strong" [in *CHINA QUARTERLY* No 103 (Sept 1985) pp 491-509])

When he met Snow in January of 1965, Mao Zedong at that time still expressed regrets at Khrushchev's falling out of power. He said, this world needs teachers by negative example ; China warmly remembers him. (From *Snow in China*)

In February of 1972, at the time of Nixon's visit to China, Mao Zedong heartily joked with Nixon, saying, "I voted for you in your election," because "I like right-wingers." Later, he happily added: People say your Republican Party is a right-wing party; British Prime Minister Heath is of a right-wing party, and West Germany's Christian Democratic Party is a right-wing party; "I am quite happy that all these right-wing parties are now in power."

In August of 1975, when he expressed his critical attitude toward the novel *Outlaws of the Marsh*, he did so by saying: "Where this book the *Outlaws of the Marsh* is good, is in surrendering."

The harder the bone, the more eager he was to gnaw on it, and he delighted in it because it was the only way to prove and to bring one's strength and willpower fully into play.

Of course, as it is also time and again told in recent reminiscences and books, Mao Zedong had a rare gentleness and sympathetic heart. He would kindly write love letters for his guard personnel. But this gentleness was always accompanied by a fortitude that would not rest until the objective was achieved, and a spirit of rebellion and challenge that would have him burst out of all entanglements of the world. His boundless devotion to the grand objective and his absolutely firm standpoint had him frequently display a compelling manner of acting without scruples and completely impartial and incorruptible, and with an exacting quest for perfection as to himself and as to others, much like an artist. He seemed to have believed that to accomplish his historical mission it was at times necessary to be hard to the extent of being almost cruel. He would even say he was being a "Marx with the addition of Qin Shihuang [First Emperor of the Qin Dynasty]." (See *Mao Zedong's Art of Leadership*, chief editor Chen Dengcai [7115 4098 2088], p 28, published December 1989 by the Military Science Publishing Company.) Therefore, if gentleness could impede realization of his principles and objectives, he would absolutely and naturally set all gentleness aside, and keep such values as human nature, humanitarianism, and

human life under cover and set them below the value of his objective. In all his life, which was filled with challenges and fights, he had met with just too many "spears thrown at him in the open and arrows shot at him from hiding," even the shedding of blood and sudden death. His adversaries had never shown him mercy, and he too would not be forgiving to any kind of enemy that would not lay down his weapon. More importantly, he most firmly believed that political power can only grow out of the barrel of a gun, and that objectives can only be realized through struggle. Vain talk of kindheartedness, as practiced by Prince Xiang of the State of Song [died B.C.637] in pre-Qin Dynasty times, was for Mao Zedong nothing but a somewhat comical role of patiently awaiting being killed. It is true, Mao Zedong's defiant and unsubmitive character, and his eagerness for attack and challenge, had the result that almost none of his superiors ever became specially close and fond of him. However, his courage to look all difficulties squarely in the face and to overcome them, and his tenacious determination, were, as far as those are concerned who served under his leadership, symbols signifying ultimate victory and the embodiment of their hopes. It was here that the strength of his personality rested, which made his comrades go the road that he laid out for them and to follow him, even when he went the wrong road in his late years.

#### **Imagine, Not Becoming Discouraged After Reaching the Huang He**

In 1959, Mao Zedong was inspecting the Huang He near Jinan and at Luokou [north of Jinan on the Huang He]. This poet, who in the thirties had chanted the lines: The Huang He's swift current is stilled from end to end.

He was again gripped by emotions; he said: "The Huang He is grand indeed; it is the source of our Chinese nation. There is the saying, don't stop until you reach the Huang He; I have come to the Huang He, but I shall also not stop at that."

He truly loved the Huang He, because he loved this nation. It is precisely the cultural heritage of this nation that nurtured this extraordinary willpower, wisdom, emotion, and imagination, and that is why he did not forget the "fountainhead" of China's culture, and also precisely because he is so extraordinary a man, he had sought out the "fountainhead" but would still not stop there. The historical tradition, the spirit of the time, and his natural endowments gave him the imagination which would never let him be satisfied with present conditions, and gave him a sensibility and a foresight that transcended normal confines.

Foreign scholars and politicians have almost with one voice expressed the opinion that Mao Zedong was a nationalist. The example that Khrushchev quoted is that Mao Zedong once told him: "China has been conquered many times, but the Chinese have assimilated all their conquerors." He also pointed out to Khrushchev: "The Chinese language is free from foreign words. All the rest

of the world uses the word 'electricity.' They have borrowed the word from English, but we Chinese have our own word for it, dian [7193]." (From *Khrushchev Remembers*) Evidently, if this is the language of nationalism, then we are even more inclined to explain its meaning as a great pride in one's national history, and confidence in and a hopeful outlook for the future of the nation. Furthermore, the more he concerned himself with the future of the nation, the more he longed to break with tradition and the present, with time and space, and the more interested he became in the world, in humanity, and in all fields that he still lacked knowledge in. It is precisely in this sense that his nationalist sentiments did not restrict his thinking and did not result in conservatism, but that perhaps these sentiments became the major basis for his "boundless impetuosity."

Therefore, after China had been cut off from the outside world for several years, for a variety of reasons, it was he who again personally opened the wide gates of the nation—symbolized by the Nixon visit to China. One must realize that this was when the "Cultural Revolution" was continuing to intensify, and at the particular time of anti-imperialism, and anti-revisionism. His decision came as a complete surprise and was completely unexpected by many people (Chinese and foreigners)! On the occasion of Kissinger's visit in February of 1973, he also said: China still wants to send students abroad to study. The Chinese are very reluctant to change and are very conservative; they should learn foreign languages. Kissinger later came to understand: "It was also at the dinner party when the music of Beethoven was symbolically played that he again said that he wanted to send more Chinese abroad to study. He himself was studying English. He also said it was necessary to simplify the Chinese writing system, to make it easier for Chinese to master foreign things." (From *Years of Upheaval—The Memoirs of Kissinger*) This indicates how Mao Zedong resented stagnation in tradition and that he was dissatisfied with the present conditions. As to his personal interests and knowledge, "he was well informed about the present situation, knew all about what was going on in the Western world, and liked to give forth his opinion on some personalities and issues. He is obviously eager to discuss opinions, and hear the opinions of a stranger from a different society who could provide him with certain incentives." (From *Mao Zedong's Impact Will Remain Forever* by Gough Whitlam, former prime minister of Australia)

Mao Zedong was interested in the affairs in almost every field. His brain was filled with the storms of the contemporary world scene, but his field of vision often extended far beyond immediate time and space. Whenever he talked to foreign visitors, he would therefore often digress from the main topic, and his mind would roam in the world of the yet unknown, reflecting on some topics of the "other shore." Really, that great mind that reached beyond time and space found much too many things that were still unknown. In August of 1964, when he met the

delegates from various countries attending the Beijing Science Symposium, he said very emotionally: The world is infinite in time and space. There are still so many things we don't really know, we have no clear understanding of the sun, and of what is between the sun and the earth, we still argue about the glacier problem, and what existed before the emergence of the first cell. What was the transition from the noncellular stage to the cell stage? ("The Great Banner of Chairman Mao is the Banner of Science—Remembering Two Talks by the Great Leader, Chairman Mao" by Zhou Peiyuan [0719 1014 3293])

His talks on scientific research, on topics of the unknown, could only be rational and formalistic, but when Mao Zedong turned his ideas to the field of life, philosophy, and human imagination, his sentiments, knowledge, and judgements turned the subject into one of unique personal interest and fascination. Once, when he talked to a delegation from an Arab country on the troublesome endless quarrels in the world, he may have evoked unhappy feelings among his guests, but Mao Zedong then lightly branched off to another subject: Who is Allah in the Islamic religion? Who is Buddha in Buddhism? Who is God in Christianity? And he then said: As the Chinese Daoists tell us, there is still above all a king of all deities in the kingdom of heaven called the Jade Emperor. By the looks of it, there seems to be also no tranquility in the kingdom of heaven, and there are different spheres of influence marked out even in the kingdom of heaven! (*A Milestone in My Memory* by Xu Xiong [1776 3574]) In 1958, Mao Zedong also discussed on many occasions privately or in larger gatherings such question as: Are we god-like beings or common people, or, are we foreigners or Chinese. His conclusion was that for people on other stars we may be god-like creatures, and foreigners may look on us as foreigners, we must therefore not belittle ourselves. All this highly imaginative but interesting talk more or less reveals the mentality of a great personality, as Mao Zedong gives thought to a paradise on earth and transcends the mundane ways of thinking.

The above-related political qualities and the political style of Mao Zedong endowed him with an extraordinary charisma as an initiator of a new era, and made him the man whom people would irresistibly trust as a man of great foresight and the planner of things to come.

Foreigners who have had occasion to meet Mao Zedong were almost all captured by his charisma, and he is described in many Western-style romanticized stories. From many quotations in Kenneth Shewmaker's *Americans and Chinese Communists* we can easily infer that those writers quoted had referred to varying degrees to Mao Zedong's imaginative power and foresight.

For Edgar Snow, Mao Zedong was a prophet in the cave. Snow was completely captivated by the great imaginative power and "innate sagacity" of that leader of the communist party. Snow felt a kind of "heavenly mandated strength... a very sound, fundamental vitality."

When Helen Snow emerged from Mao Zedong's dark cave, the impression on her mind was a "lofty image" of an "Apollonian oracle." Apollo in ancient Greek mythology was a male beauty, who stood for the sun and was the god of medicine, music, poetry, and prophesy.

Evans F. Carlson said that among all the people he had met, Mao Zedong was the "most unselfish man," a "social visionary, a genius who was 50 years ahead of his time."

James Botlun [?] said in a similar tone that Mao Zedong was "China's Lenin," and in his opinion "a great brain endowed with tremendous wisdom, methodical and clear, independent in its ways of thinking, and absolutely accurate in its workings."

When Elmer Ralph Hughes [?] saw Mao Zedong he felt that "he had in an instant seen eternity." He found Mao almost mysterious and difficult to understand, and he wrote that this man who is peasant, philosopher, poet, politician, and revolutionary in one person is the "embodiment of the Chinese nation."

Miraculous prophesies are mythology, but scientific predictions are conceptions and plans of blueprints for the future in an appropriate application of the existing laws of reality. In 1971, an American expert on China, John S. Service, wrote in an article about his reminiscences of Mao Zedong: In the Yan'an days, I often inquired from Chinese communist friends what they thought about why Mao Zedong could become the generally acknowledged leader. Their answers were always identical and, in short, that "it is his farsighted vision."

It is true, the Chinese Communists with Mao Zedong as their representative have guided the Chinese revolution to victory according to scientific foresight. For instance, when the great revolution failed, Mao Zedong pointed out and put into practice the path of "encircling the cities from the rural areas" and "seizing state power by armed force." There was also his foresight as to the second Nationalist-Communist cooperation and the prospects in the war against Japan, and as to victory in the people's war of liberation in 3 to 5 years, etc. In 1958, Snow published in a Hong Kong newspaper his reminiscences of discussions with Mao Zedong and admiringly stated: "It is very interesting that Chairman Mao Zedong had predicted 20 years ago in his talks with me most of the events that followed. At that time he proposed to stop the civil war and to establish a united front, including in it all patriotic elements, to fight Japan, and had also said that this would very soon come about. He gave a brilliant expose of his coming direction of the protracted war against Japan. He also described the way the revolution would seize state power. At the same time, he also predicted that Japan would soon attack Europe's colonies in Asia and would start a war with the United States, and he was convinced the Soviet Union would also participate in the war to defeat Japan."

Of course, Mao Zedong is no divine being, and he did not merely rely on his foresight to gain his exceptional

position. His foresight was also not merely a child of his remarkable imaginative power. While he was prophet of the revolution, he was also planner and engineer of the revolution. He said: "If we want to erect this building, the Chinese revolution, we must draw up beforehand a plan for the Chinese revolution, and not only a large outline and main draft plan, but also many small plans and subsidiary plans." (See *Selected Readings From Mao Zedong's Works* vol 2, p 486) All his life he was drawing up all kinds of plans for the Chinese revolution, large ones for the more remote future of communism and small plans for specific tactics of guerrilla warfare. The thing he excelled in was that he always very consciously and effectively drew up these two kinds of plans. Finally he said with profound understanding: "If we do not have an overall appraisal of the changes and developments in our war with Japan, we would mere go in circles and allow the fighting to pressure us, rather than having us control the fighting." (See *Selection of Mao Zedong's Writings on Military Matters* p 136) In methodological respects, this is evidently a warning against routinism. At the same time he scorned those subjectivist bureaucrats whose fantasies were far removed from reality and who are ignorant of the laws of reality. He calls them "blind fellows" who are presumptuous enough to want to be guides of the people, which is really like in the common saying "a blind man on a blind horse, approaching a deep ditch in the middle of the night." (*Selection of Mao Zedong's Works* p 486) All these thoughts of Mao Zedong are part of his unique leadership skill, namely grasping the major issues, grasping the core of the matter, grasping the key point, and grasping the major contradiction. If one has acquired a firm grasp of all these factors, all other incidental problems will be easily resolved. At the same time he again and again foresaw the shifts in contradictions and saw the need to shift in good time the main thrust of the work at hand. All his so-called foresight and courageous resourcefulness is derived from this fact.

If we liken the people's revolutionary war, led by the Chinese Communist Party, to a grand historical drama, unprecedented in history and full of situations of great peril, unfolding on a magnificent scale, then Mao Zedong must without doubt be afforded the position of the genial director, who has a thorough knowledge of the origin and development of the plot and who painstakingly directs the entire show. Precisely as he said in his "On Protracted Warfare:" "The stage of the operations for the commander must be built on what is permitted by the objective conditions. But relying on this kind of a stage, they can direct many impressive and grandiose dramas." The poetic drama that Mao Zedong directed is eternally fascinating, and in the end his character and skill have made it of eternal value.

Being the guiding ideology in China's revolution and construction, Marxism is in the minds of many party comrades seemingly something absolutely sacred and unattainably high. Even where there is doubt about certain conclusions or the feeling that it cannot appropriately explain the current realities, it is always believed

that there had been a mistake in interpretation. Any so-called "studying" would then principally be interpreting and gaining an understanding, and any so-called "application" would then be a mechanical and indiscriminate use of Marxism, and nobody would dare go even one step beyond that. This is actually a doctrinairism which has frequently occurred in the history of the CPC. We know that in the history of the CPC we can well say that Mao Zedong was second to none in his firm stand of emphatically upholding and defending Marxism. Even in his late years when he committed serious mistakes, he also firmly believed that he was dealing with the situation according to Marxist views. However, that is only one aspect, and we even may say that it is not the principal aspect of Mao Zedong's character and contributions. As one who had never studied abroad, and possibly also not one among party comrades who had most widely read the Marxist classics in the original, the reason that Mao Zedong still could become the guide and prophet of victory in the Chinese revolution was precisely that he creatively developed Marxism according to actual practice. Reflected in his mental makeup was his extremely strong feelings about liberation of the mind and freedom from superstitions (including superstitions about the conventional rules of Marxism). As he saw it, there was nothing in the world where transcendency was disallowed, or where one could not "transcend," and this included Marxism, the most sacred institution in the realm of rationality. He once expressed: "To be like Marx does not make one a Marxist; to be equal to Marx also does not make one a Marxist; only transcending Marx makes one a Marxist." ("The Model of Seeking Truth From Facts—Remembering Mao Zedong's 85th Birthday" by Wang Renzhong [3769 0117 6850]) To be in the responsible position of a leader dedicated not just to the explanation of history but to the task of changing it—with the fate of a quarter of the human race at stake—is not easy. It is impossible to accomplish that without the boldness to transcend the "progenitor" of one's own thoughts. The thoroughness of his grasp, perception, feelings, and mastery of the essence of Marxism, and of its imaginative ideology, made him elaborate further: Every particular and special thing has its birth, development, and death. Every human being must die because he has been born. The world and humanity have all been born and all are doomed to die, and after that will have happened, something more advanced will replace them. Marxism too has its birth, development, and death, and after that will have happened, something more advanced will replace it. ("Chairman Mao's Banner is the Banner of Science—Remembering Two Talks by the Great Leader, Chairman Mao" by Zhou Peiyuan)

It is not difficult to realize that Mao Zedong's thoughts and feelings about "transcending" were based on his concept of movement and development. He was all his life, therefore, concerned about the future, viewed the future as important, and believed that the new will be better than the old. As the young are stronger than the

old, he believed that the future will be better than the present, and he was always very keen on promoting "newly emerging things."

How did Mao Zedong himself look upon his own lifelong struggle, including his all-transcending imaginative feelings and perceptions, and where would he rank it in the long flow of history with its endless changes and developments?

In the end, in 1965 his old friend Snow asked him the following question: Mankind creates its own history, but they create it according to their very own environment. You have already fundamentally transformed the Chinese environment. Many people are now in doubt as to what the young generation, having grown up in comparative ease and comfort, will do; what do you think about it?

Snow continued: He said that this is something he himself cannot know. He does not believe that anyone can really be sure to know. Future affairs will be determined by the future generations, and they will determine them, furthermore, according to conditions that we cannot foresee. From a long-range point of view, the future generations will have more knowledge than we have. It will be up to their judgement, and it is not for us to judge, what is to be determined and applied in future. Today's youths and the youths of the future will assess the value of revolutionary work according to their value standards.

Finally: Mao lowered his voice and half-closed his eyes. The human situation on this globe is changing with increasing speed. He said, from now on, in another thousand years, all of us, and that also includes Marx, Engels, and Lenin, may perhaps appear somewhat ludicrous. (*Snow in China* pp 296-297)

This is genuine "transcendence," because he transcended his self-confidence, as he discovered that in the final end there are limits to the will, thoughts, imagination, and creative activities of all great man that cannot be "transcended." Everything in the future is to be answered by practice and by those who conduct that practice. He in the end "transcended" his self.

#### **Temperament and Interests; A Complete and Full Life, Yet an Untrammelled Disposition**

The naturalness and simplicity of the peasant and the profound sensitivity of the intellectual constitute the two aspects of Mao Zedong's behavior, social conduct, and life style. He lived a complete and full life and yet maintained an untrammelled disposition.

Li Yinqiao [2621 6892 2890], who worked 15 years close to Mao Zedong, reported a remarkable impression: Among all the leading personalities of the party, Mao Zedong was the one who cared least to conceal his likes and dislikes and who cared least to conceal his true feelings. "He would never sacrifice truthfulness and sincerity, and would never allow himself to become a

puppet." He aspired to a life style of the "genuine self" and made this the perimeter of his life. Quite naturally, he would most ardently show disdain for and rejection of any rules and customs that would be external restraints on his personality and amount to a concealment of true qualities. Many people who had met him only a few times, or even only once, could not but acknowledge in their reminiscences that in his way of talking, his dress and his bearing he did not show urbane formality but was always completely at ease. If we regard the behavioral details of his life style as "discipline," the American scholar Ross Terrill gives a very ingenious analysis of that when he says: "Mao cannot stand any kind of personal restraint...The exceptional man does not break discipline merely because he finds it difficult to observe discipline. He does so because he feels a sense of mission which obviates all discipline. Discipline is a crutch which a man who has found his own strength can do without, he can disregard all these rules and prohibitions." (*Biography of Mao Zedong* by Ross Terrill, Hebei People's Press, 1989, p 186)

"The fact that Mao Zedong behaved unconstrained by formalities in his contacts with others and in his own life, and his carelessness in his outer appearance, are all attested to in many reminiscences and descriptions. When Snow and Smedley met Mao Zedong in Yan'an they saw that he kept his hair long like a musician, he would also absentmindedly loosen his belt to scratch an itch, and when he smoked he would make those queer noises as you hear when peasants smoke. Furthermore, people who worked near him remarked that he was not very particular about food and would pick only from the serving plates nearest him. When he was in a happy mood, he wanted to eat meat, and would then be served a bowl of beef braised in soya sauce. One summer after the founding of the PRC, when Ho Chi Minh came to see him, he asked his guest to take off his shirt, while he himself wore only a white undershirt and a pair of cotton slippers on his feet. Thereupon Ho Chi Minh also bared the upper part of his body, and the two national leaders sat there in their armchairs and had a free and uninhibited talk." (Xu Xiong in *A Milestone in My Memory*.) When the present U.S. President George Bush, together with Kissinger, visited Mao Zedong in October of 1975, he found that Mao Zedong "in a normal diplomatic discussion would often revert to colloquial expressions of the Chinese countryside. For instance, when the talk turned to a matter of little concrete importance to U.S.-Chinese relations, he would say its importance is merely like 'the fart of a dog'." ("Bush Memoirs")

His distinctive way of behaving unconstrained by formalities is perhaps precisely one facet of his likable, kind, upright, and unassuming character, so that no pressure need be felt by people in the presence of a great man. But this special characteristic is of course regarded by some people (e.g. Smedley) as inappropriate and unconventional, but in the case of most people it adds to his charismatic impression. It makes people feel not only that he is easily approachable, but makes it also difficult



for people to behave hypocritically in front of him, as they will consciously or unconsciously come under the influence of his disposition and behavioral style.

In November of 1965, when Strong with a group of people came to see Mao Zedong, he lit a cigarette almost as soon as everybody was seated and said, he himself was of the cigarette-smoking faction and Strong was of the nonsmoking faction. Some people could not understand why he raised smoking to be a factional affair, whereupon Mao said that the doctors told him he must not smoke, but he himself said he has to. Finally, "being thus encouraged, several other people also lit up cigarettes." The next day, Strong saw a rather weak press report about the meeting and felt the report was "contrary to fact," "because the talk had been full of humor and subtle repartees and rebuttals, and constant surprises." "He seemed to dominate less than anyone. He leaned back, relaxed with his cigarette, and began drawing out people one by one." ("Three Talks with Chairman Mao Zedong by Anna Louise Strong") As long as he lived, he never personally cared much whether the press reports were well-written, true to actual facts, and completely covering the events.

Mao Zedong pursued a distinctive, sincere, and honest style of conducting himself in handling affairs, which is also reflected in his assessment of other people's characteristics. When he ran the New People's Society in his youthful years, he demanded that persons who wanted to join the society must be "honest and not showy" of character. All his life he hated hypocritical and affectacious people but liked to be near people who were frank and easygoing. For instance, Mao Zedong gave careful attention not to develop personal friendships with one or several important leading cadres in party, government, and military beyond the relationship of comrades and comrades in arms. Apart from work relations, he would have in principle no social intercourse with them. However, Chen Yi [7115 3015] was an exception. "The one person in the CPC who could establish a strong personal friendship with Mao Zedong was probably only 'lao zong' [affectionate address for high-ranking PLA commanders] Chen Yi." Why? Because Chen Yi was by nature uninhibited, spoke with a rough, loud voice, had an impulsive and temperamental disposition as would have been typical for a poet. When talking of happy things, he would gesticulate and jump about, and accompany that with rapturous and copious guffaws of laughter, with a particular informality. It was therefore that as soon as Chen Yi came in, "Mao Zedong's place would liven up." (See Li Yinqiao's memoirs in *Deification of Mao Zedong* by Quan Yanchi [2938 1693 6375]). Furthermore, Chen Yi could also freely open up in front of Mao Zedong. Was this ability to open up not precisely the meeting of two similar characters? Apart from that, Mao Zedong had close friendships with several democratic personalities outside the party. People who would toady to him, point to him and praise him as "really great," he would dismiss abruptly with an angry mien and without hiding his resentment. To mention

one instance: Huang Yanpei [7806 3508 1014] once loaned him a book of authentic Wang Xizhi calligraphy, but reminded several times of its return before it was even due to be returned, a behavior which Mao Zedong considered "not friendly but very brave." This little detail of mutual interaction serves well as a reflection on Mao Zedong's character and the way he evaluated other people.

Mao Zedong is after all also an astute and actively interested intellectual, a circumspect and farsighted politician, and particularly also an uninhibited poet with an abundance of ideas, thoughts that span several millennia, and a tremendous field of vision. This disposition and these character traits have endowed him with a reserved, humorous, free and easy manner of behavior, acting in difficult situations as if they were easy of solution. As a result the simplicity of his disposition does not appear rigid, his qualities are not felt as common in substance, he is unrestrained but not vulgar, sincere while also reserved. In savoring his overall conduct we may say it is of profound significance and of deep meaning. This style of handling matters permeated the way in which he discussed and disposed of some important affairs, and shows an uncommon and distinctive profundity and skill.

Once a group of Japanese visitors talked to him about the discrimination against the Japanese practiced by the American occupiers. He listened with serious attention, and when they had finished, he quickly pointed out: "They have great regard for 'colored metal' [the Chinese term for nonferrous metals] but they have little regard for colored people." This succinct and supercilious analogy was something that had the guests laugh hilariously but was also most enlightening to them.

What is resourcefulness? Wisdom in excess of mere requirements, that is resourcefulness. What is humor? Wisdom used for precisely a good purpose. Hitting the mark of the topic in question by implication that is humor. The great wisdom and great humor displayed by Mao Zedong in his conduct and in handling affairs is certainly linked with his special position and role, but it is firmly founded on his knowledge and his replete and deeply imbedded dialectical mode of thinking. His reserved yet also acute and incisive resourcefulness and humor can in an instant tear down an intangible wall between leader and common people, establish a link between the estranged and also embarrassingly constrained sentiments between the two sides of an argument; it can, in particular, deprive the opponent in the argument of a route to escape.

In an argument with someone, Mao Zedong would rarely make a frontal attack against his opponent, but would box a box here and kick a kick there, and try an encirclement from the side, finally ending up with a witticism or point out a fatal logic flaw that will bring down his opponent. Many reminiscences and biographies mention his criticisms of Lin Biao: When I said one sentence it stood for a thousand sentences. About

not establishing a state presidency, I had spoken six times, one time was one sentence, so I had made six sentences, but they would not listen, would not even respond with one word. ... They put up so many statues, in marble, in granite, in stainless steel, they made me stand watch outside in wind, heat, and rain while you slept comfortably at home. How utterly cruel!

In 1972, when the two heads of state, of China and the United States, Mao Zedong and Nixon, for the first time shook hands, Mao Zedong jokingly said: Our good old friend, Director-General Chiang Kai-shek, may not be happy about this. This was a provocative opening remark, and the Americans who were present and were not accustomed to Mao Zedong's style (there were also Kissinger and Winston Lord) were so taken aback that they could not come up with a repartee. When Chiang Kai-shek was mentioned for a second time, Mao Zedong pointed out to Nixon: We have a much longer history of friendship with him than you have. Later Winston Lord, talking of his impression, said: "his style is allusive, elliptical, seemingly casual but actually very subtle and skillful." He also said: "Even if I didn't know who he was, and I walked into a cocktail party at which he was present, he would certainly draw me to him by his power." Ross Terrill, who is an American specialist on Mao Zedong, even said: "He dealt with each topic by means of an aphorism or a remark with an indirect meaning." (*Biography of Mao Zedong* by Ross Terrill, p 419)

In reminiscing on the meeting with Mao Zedong in 1973, Kissinger said: Just like a year ago when he met Nixon, Mao continued with me a Socratic dialog, cheerfully and humorously, using a natural and casual tone to discuss important issues. In his a roundabout way, Mao wrote off with one stroke the entire past, when he said: The two former presidents, Truman and Johnson both died two months ago [26 Dec 1972 and 22 Jan 1973], and with their deaths, the old policies of the United States toward China and toward Vietnam are also buried. He continued in the same manner to emphasize the Chinese way of governance: All of us will never tell lies, and will also not engage in schemes and intrigues. We are not going to steal your documents, you may leave them purposely somewhere to test us. These trivial and subtle remarks were somewhat enlightening for Kissinger: Large objectives require broad and long-term policies and require finesse, while a policy of gaining petty advantages from someone will not do. The problems that were faced by both, China and the United States, were how to pursue common objectives and also uphold one's own principles while differing in ideologies. Actually, it was Mao Zedong who a year ago, after his personal meetings with Nixon and Kissinger, had suggested "divided" Chinese and American communiqués, so that

there was ultimately a "Chinese section" and a "United States section," and Mao Zedong's style had already at that time amazed the Americans, as nobody had thought of expressing their differences of opinions in this straightforward form.

Mao Zedong had written "On Contradictions" and had furthermore in the practice of real life been a great master of genially distinguishing and analyzing and finally resolving contradictions. However, he had not at all held himself aloof from the whirlpools of contradictions. He is an entity full of the "unity of opposites." He admitted himself that he embodies the "tiger element" as well as the "monkey element," but that the "tiger element" predominates. Although this is a figurative analogy, it is replete in dialectics, in the dialectics of the characteristic qualities of an individual. He was a scholar well versed in ancient and modern affairs, but also unassuming and simple as a peasant. He was humorous and witty, reserved and gentle, but also serious and earnest, fierce and threatening. He was candid and extrovert, but also shrewd and bashful. He was modest, courteous, and magnanimous, but also haughty and sensitive. He was meticulous, exact, and perceptive of every minute detail, but also uninhibited, easygoing, and slovenly. He was fond of general discussions of principle, but also fond of definite action. He had the patience to accomplish great tasks, but if at any time required, he would make an immediate decision; he would then definitely not waste a second.

That is the complex world of Mao Zedong's individual character, the inner world of an outstanding political leader.

It is even more important to note that Mao Zedong was not only a political leader but also the spiritual guide of the nation, the embodiment of a nation's will, sentiments, and culture. In whatever sense we look at it, he was a man who would truly fuse his small self into the large self of the nation. Without selfishness he had struggled throughout his life for the fate of the nation, had contributed his own talents, courage, and insight, his brilliant ideas and had also contributed the lives of six of his relatives. He wholeheartedly and most diligently reflected on the Chinese nation's past, present, and future, and spared no effort in his struggle to realize the conclusions he drew from his reflections. With full self-confidence and sincerity, even during his later years when he was confused and acted in error, all his anxiety, doubts, and sorrow signified his self-sacrificing, sincere, and supra-self lofty ideology, an ideology of hardship, and an ideology of struggle.

No matter how you assess this great historical figure, no one can deny that the existence and the character of Mao Zedong will seemingly forever remain impressed on the spirit and life of the nation.

## National Affairs, Policy

### Chen Jinhua Views State Enterprise Reform

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[Article by Chen Jinhua (7115 6930 5478), minister, State Commission for Restructuring the Economy: "Change Enterprise Mechanisms, Revamp Large and Medium-Sized State Enterprises"]

[Text] The practice of economic restructuring proves that running our enterprises well, particularly the large- and medium-sized state enterprises, will always remain the central task of the reform of the economic structure as a whole. By carrying out supporting reforms in the systems of macrocontrol, circulation and social security around this central task, we will be able to gradually establish a dynamic socialist economic system with Chinese characteristics and promote the sustained, stable and coordinated development of the national economy.

#### The Great Political and Economic Significance of Revamping Large- and Medium-Sized State Enterprises

Comrade Jiang Zemin pointed out at the working conference of the Central Committee that "taking further steps to revamp large- and medium-sized state enterprises is more than just an economic issue; it is also a political issue." "Failure to properly tackle this issue will affect the economic situation as a whole as well as the consolidation of the socialist system." Comrade Li Peng also pointed out: "We must understand the significance of revamping large and medium-sized state enterprises from the high plane of guarding against peaceful evolution and consolidating and developing the socialist system."

After more than 40 years of arduous efforts, the Chinese people have established a comprehensive national economic system with state enterprises, particularly large and medium-sized enterprises, as its backbone. There are 400,000-plus state industrial enterprises with independent accounting systems, of which 11,540 are large and medium-sized ones. Although they only account for 2.5 percent of the total number of the country's industrial enterprises, they hold 66.5 percent of total fixed assets, produce 45.6 percent of the gross industrial output value and contribute 65.4 percent of the gross volume of industrial profits and taxes to the state. Major industrial products as well as infrastructure facilities like transport and communications are entirely or mostly produced and furnished by large- and medium-sized state enterprises. Per capita profit and tax generated by large enterprises and medium-sized enterprises is 3.3 times more than that generated by small enterprises. Their net output value is 170 percent and 87 percent higher, while their labor productivity is 71.9 percent and 24.6 percent higher respectively. Large- and medium-sized state enterprises also shoulder many social functions, such as urban construction, job placement and

social services. These basic facts indicate that large and medium-sized state enterprises play a leading role in our economic and social development; they provide a powerful economic foundation for the socialist system, and constitute the strong backbone of the socialist economy. Whether or not our large- and medium-sized state enterprises are well run and have vitality not only will adversely affect the increased supply of essential products, the tackling of financial difficulties and the realization of the second-step strategic objectives of economic and social development, but has a vital bearing on the future and destiny of the state. Thus, this is at once a major economic issue and a major political issue.

The party Central Committee and State Council have all along attached great importance to the proper running of large- and medium-sized state enterprises. In the course of reform and opening the country to the outside world, the party Central Committee and State Council have repeatedly convened meetings, released documents, and formulated and implemented a series of policies and measures aimed at the invigoration of enterprises. The "Law Governing Industrial Enterprises Under Whole-People Ownership" approved and promulgated by the First Plenary Session of the Seventh National People's Congress [NPC] in particular provides the legal protection necessary for the invigoration of state enterprises. The 20 measures for the revamping of large and medium-sized state enterprises proposed by Comrade Li Peng at last September's working conference of the Central Committee are important guiding principles for helping most large and medium-sized enterprises overcome their difficulties and revamp their operations and for bringing the national economy as a whole into the orbit of sustained, stable and coordinated development.

Over the past few years, a number of large and medium-sized state enterprises which have performed well in reform and development have emerged in various localities, departments and state corporations. In spite of their weak foundation, these enterprises have strong technical forces and stamina. They are strictly managed and their products and services have a strong competitive edge in domestic and international markets. These enterprises account for more or less one-third of the total number. Practice in these enterprises shows that large and medium-sized state enterprises can be run well and can, in accordance with the principle of the self-improvement and development of the socialist system and through intensified reforms, establish efficient and cost-effective management mechanisms, enhance their vitality, develop their inherent superiority and continue their growth amid keen competition.

At the same time, we must soberly see that a considerable number of large and medium-sized state enterprises lack vitality, cannot organize production in accordance with market needs and are short of stamina. One-third of our enterprises are still running at a loss. While the difficulties and problems confronting large and medium-sized state enterprises are the cumulative result of mismanagement over the years, the fundamental cause is

that our enterprises have not become economic entities and independent legal entities that enjoy management autonomy and assume full responsibility for their own profits and losses. The situation where employees "eat from the same big pot" of their enterprises, while enterprises "eat from the same big pot" of the state, has remained fundamentally unchanged. The change of enterprise management mechanisms and the establishment of an economic operating mechanism which combines planned economy with market regulation are still in their exploratory stage. There is still a lack of harmony and coordination in many respects.

On the whole, the quality of enterprises is the foundation of the vitality of enterprises. The management mechanisms of enterprises are the inner source of enterprise vitality. State management of enterprises is a factor that restricts enterprise vitality, while a well-developed market is the prerequisite for enterprise vitality. Thus, in order to run large- and medium-sized state enterprises well, it is necessary to carry out comprehensive control and supporting reforms with a view to improving the quality of enterprises, changing the enterprise management mechanisms, and fostering and improving the market system. At present, the most crucial and pressing task is to smash the practices of "everybody eating from the same big pot," "the iron rice bowl" and "the iron armchair," change the enterprise management mechanisms, help large and medium-sized state enterprises move toward the market, and make them better suited to the economic operating mechanism which combines planned economy with market regulation.

#### **The Objective of and Requirement for the Change of Management Mechanisms in Large- and Medium-Sized State Enterprises**

Enterprise management mechanisms refer to the ability of, and operational mode for, enterprises to survive and develop under the socialist planned commodity economy. The objective for the change of management mechanisms in state enterprises is to gradually turn enterprises into socialist commodity producers and managers with autonomy in management and responsibility for their profits and losses under the guidance of the state's macroeconomic policies and plans. They are to become relatively independent economic entities and legal entities with given rights and obligations that have the ability to develop and control themselves. These are also the ultimate objectives of enterprise reform.

The basic principles for the change of enterprise management mechanisms are as follows: First, we must keep to the socialist direction. Our reform is the self-improvement and self-development of the socialist system. The change of enterprise management mechanisms must be conducive to the consolidation and strengthening of the state-owned economy, ensure the leading position of public ownership, and stick to the principle of distribution according to work. Second, we

must uphold the principles of the separation of government and enterprise functions and the appropriate separation of ownership and management. While ensuring that the state can exercise its ownership rights over enterprise property in accordance with law, enterprises must be given autonomy and economic responsibility in the management of property entrusted by the state. Third, we must integrate workers' labor with their material interests and, while augmenting the authority of the enterprise managers, uphold the democratic management system, safeguard the position of workers as their own masters, and fully arouse the enthusiasm of the masses. Fourth, we must see to it that enterprise management meets the requirements of the new system of the planned commodity economy and the operational mechanism which combines planned economy with market regulation.

When we say that state enterprises must change their management mechanisms, what we mean is that enterprises must, under the guidance of state plans, establish independent decision-making mechanisms that go with the socialist planned commodity economy, risk mechanisms for assuming sole responsibility for one's own profits and losses, motivation mechanisms for self-expansion, self-regulatory mechanisms that meet market and macrocontrol needs, as well as self-control mechanisms necessary for ensuring the legality and rationality of enterprise activities. While ensuring that the legal rights of the state as asset owners are protected, enterprises must be given a free hand to organize production and operational activities in keeping with the requirements of market demand, economic benefits and an expanded socialist economy. By helping profitable enterprises to survive and unprofitable enterprises to be weeded out through equal competition in the market, we can promote the readjustment of the product mix and the organizational structure of enterprises, continuously improve their social service functions, and enhance the overall quality and performance of the national economy. In this way, our large- and medium-sized state enterprises will be able to fulfill the objectives laid down by the working conference of the Central Committee in manifesting their vitality through "the competitiveness of their products, the advantage of their technology, the value-adding strength of their fixed assets, their adaptability to market changes, their leading bodies' ability to forge ahead in unity, and the rallying force of the workers and staff."

The realization of the change of enterprise management mechanisms involves a fairly long process. It is also a goal that can only be attained through intensified reforms and the continuous solution of deep-rooted problems. What is most important is that we must smash the practice of "everybody eating from the same big pot," uphold the combination of responsibility, power and interests and, while giving enterprises full management autonomy, gradually establish the necessary mechanisms for assuming sole responsibility for one's own profits and losses and for arousing the enthusiasm of

enterprises and all staff and workers to the largest possible extent. This is the crucial issue in the change of enterprise management mechanisms, the difficult task in the intensification of enterprise reform, as well as the fundamental way of improving the economic performance of enterprises. The establishment and improvement of the mechanisms of independent management and responsibility for one's own profits and losses mark the fundamental establishment of correct relations between the state and enterprises and between enterprises and their staff and workers. In enterprises, the important thing is that we must smash the practice of the "iron rice bowl," where no distinction is made between those who do a good job or a poor one, establish an incentive-based distribution system which allows for the upward and downward readjustment of wages, suitably expand the differences between wage grades, and encourage staff and workers to strive for higher income by rendering industrious and creative labor. We must eliminate the prevalent practice of the "iron armchair" in state enterprises, and establish competitive labor employment and cadre management mechanisms under which people can be transferred to other jobs or go to higher or lower posts as required, so that the workers, technical personnel and managers of enterprises can increase their ability and improve their quality through competition and create more wealth for their enterprises and for society. We must overcome the tendency, in the distribution of the national income, to favor individuals and invest blindly in enterprises, and gradually establish control mechanisms for income distribution and for investment in order to protect the value and value-adding strength of state-owned assets and avoid loss resulting from repetitive construction. Efforts must also be made to improve the motivation and effective supervisory mechanisms for arousing the enthusiasm of staff and workers.

The change of enterprise management mechanisms is closely related to efforts to help enterprises move toward the market. We may even say that the process of effecting changes in enterprise management mechanisms is a process of helping enterprises move toward the market, a process of realizing the organic combination of planned economy with market regulation. In order to develop commodity production, it is necessary to develop the market and learn to apply the law of value in regulating production. Turning enterprises toward the market is an important objective of enterprise reform. Enterprises must firmly establish a commodity economy concept and market concept, strive to arrange production in accordance with market demand, and take concrete steps to implement the guiding principles for the combination of planned economy and market regulation in actual production.

#### **The Ways and Measures for Changing the Enterprise Management Mechanisms**

The 20 policies and measures for the revamping of large- and medium-sized enterprises put forward by the working conference of the Central Committee clearly

pointed out the direction for changing the management mechanisms of enterprises and for helping enterprises move toward the market. Our task is to ensure their implementation. On the one hand, we must see to it that the policies and measures of the Central Committee are implemented as quickly as possible and that the role of the state in macroeconomic regulation and control is brought into play. On the other hand, we must carry out supporting reforms in a down-to-earth manner, change the enterprise management mechanisms while making efforts to intensify the reforms, and gradually develop the "blood-making function" in enterprises so that they will have a source of eternal vitality. At present, we must concentrate on the following tasks:

1. The implementation of the "Enterprise Law" must be taken as the fundamental basis for the change of enterprise management mechanisms.

The "Enterprise Law" is the most important and basic of China's laws and regulations concerning enterprises; it is the crystallization of the successful experience of our enterprise reform. The "Enterprise Law" makes stipulations regarding the relations between enterprises and the state, between enterprises and between different departments of an enterprise. It consolidates the fruits of enterprise reform in legal form, and clearly charts the direction for more intensified reforms. Thus, the "Enterprise Law" is a basic law for protecting the legal rights of enterprises, setting the norms for enterprise activities and for the economic management functions and powers of governments at all levels, and promoting the change of enterprise management mechanisms. It is also a powerful legal weapon for protecting and intensifying the reforms. The process of implementing the "Enterprise Law" is a process of the formation and improvement of new enterprise mechanisms, a process of helping enterprises move toward the market, as well as a process of the birth and development of a new system of socialist planned commodity economy. This year, we must treat the publicity, examination and implementation of the "Enterprise Law" as a paramount task of intensified enterprise reform, and grasp this task firmly and well. Governments at all levels must act in accordance with the "Enterprise Law," consciously protect the legitimate rights of enterprises, and regard the study and publicity of the "Enterprise Law" as an important task of government and as an important aspect of the general education on legal matters. Enterprises must take the "Enterprise Law" as their weapon, protect the legitimate rights vested in them by law, and restrict their actions.

When implementing the "Enterprise Law," we must first of all correctly handle the relations between the owner and the operator. Ownership rights must be protected, and management power must be assured. In particular, the power to decide on production and management plans and fix the price of products must be assured in accordance with the relevant regulations of the State Council. It is also necessary to assure enterprises of the powers they badly need to carry out internal distribution, employ workers, manage cadres, and establish new

organs. Efforts must also be made to straighten out the enterprise leadership system, further bring into play the role of party organizations as political nucleus, uphold and improve the system of factory director responsibility, and wholeheartedly rely on the working class.

In order to better implement the "Enterprise Law," the State Council has instructed the State Commission for Structural Reform to formulate, in association with the Office in Charge of Production and the Legal Affairs Bureau under the State Council, "Provisional Regulations Governing the Change of Management Mechanisms in Industrial Enterprises Under Whole-People Ownership." In these regulations, it is necessary to clearly define, in legal language, the meaning of ownership rights and management powers in order to protect the value and value-adding strength of state assets, and translate into reality the production and management autonomy of enterprises as well as their commitment to assume responsibility for their own profits and losses. They must lay down the norms for the relations between the state, the enterprise and the individual, clearly point out the objectives for the change of enterprise management mechanisms, and concentrate on solving the prominent problems, such as "everybody eating from the same big pot," the "iron rice bowl" and the "iron armchair." On the basis of soliciting the views of all quarters, seeking consensus and having devised supporting measures, these regulations will be implemented with the approval of the State Council.

One way of seeking an effective form of realization for the public-owned economy and promoting the change of enterprise management mechanisms is to continue to experiment with the share-holding system at selected spots and actively promote the corporate holding system based on the principle of guidance according to types; expand in a planned way the system of share-holding by staff and workers of enterprises; improve the system of public stock issuance on the basis of establishing and improving the relevant rules and regulations and strengthening management; and perfect the Shanghai and Shenzhen stock exchanges. Efforts must be made to guard against large-scale speculation and the overconcentration of shares in the hands of a few individuals in order to prevent new instances of unfair distribution. It is also necessary to continue experimentation in large enterprise groups, and encourage enterprises to merge with other enterprises, assume contracted responsibility for other enterprises and run other enterprises on lease in order to promote the readjustment of the economic structure and the rational flow of production factors.

2. The internal reform of enterprises must be deepened and enterprises must take the initiative to cater to market needs.

Enterprises must turn their attention inward, increase their internal strength and, through intensified reforms of the labor employment, cadre management and wage distribution systems within enterprises, arouse the enthusiasm of the vast numbers of staff members,

workers, technical personnel and managerial personnel, and increase the vitality of enterprises. The reform of the labor employment system mainly involves the practice of the labor contract system for all personnel and the optimization of labor organization. Under this system, enterprises will have the power to dismiss their staff and workers and staff and workers will have the power to resign in accordance with contract terms. The reform of the cadre management system mainly involves the selection of managerial personnel in accordance with the principle of selection of the best qualified through open and fair competition. Where distribution is concerned, the main task of the state is to control total wage growth, while enterprises are to improve on the linking of wages with performance, overcome egalitarianism in distribution, expand the differences between wage grades, determine their own forms of distribution, and implement a wage system which has wages based on job skills as the main form. Enterprises should have the power to establish the necessary production and management organs free from the intervention of government departments.

While intensifying the internal reform of enterprises and changing their internal management mechanisms, enterprises must strengthen their awareness of the need to develop commodity economy, foster the market concept, shift their development from the former mode of sole reliance on state plans to one which is suited to regulation by market forces, and actively take part in domestic and international market competition. This is particularly important for large- and medium-sized state enterprises. Without a strong sense of market competition, there will not be any sense of urgency or crisis, and this will make it impossible to organize production and operational activities and improve economic efficiency in accordance with the objective laws.

3. The government must take positive steps to change the functions and forms of economic management in order to create a stable macroeconomic environment and good market conditions for changing the enterprise management mechanisms and helping enterprises move toward the market.

In changing the functions and forms of economic management by the government, the important thing is that the government must shift from direct management of the production and operational activities of enterprises to the fostering and management of the market, and gradually establish an effective system of macroeconomic management with indirect control as the main form. In keeping with an economic operational mechanism that combines planned economy with market regulation, the main functions of the government in managing the economy are as follows: maintain a balance between total demand and total supply, strike a harmony between major economic sectors, and bring inflation and major market fluctuations under control; draw up and promulgate industrial policies, make timely adjustments in accordance with market changes, release information on international and domestic market needs, guide enterprises to consciously readjust their product mix,

and promote the rationalization of economic structures; formulate industrial policies in accordance with the state's macroeconomic and social development plans, fix corresponding financial, banking, and import/export policies, and realize the economic development targets of the state through the comprehensive and coordinated use of prices, tax rates, interest rates, exchange rates and other economic levers; and carry out institutional development, bring about fair and reasonable distribution, set the norms for the behavior of producers, managers and investors, for the market and for circulation, and ensure the sustained, stable and coordinated development of the national economy. In other words, the government must actively promote supporting reforms of the planning, investment, financial, taxation and banking systems around the revamping of large- and medium-sized state enterprises, establish an effective system of macrocontrol which makes comprehensive use of economic levers and which has indirect control as the main form, ensure the stable development of the national economy, prevent major ups and downs, and create a good macroeconomic environment for enterprises. On the other hand, the government must accord priority to the reform of the circulation system, devote major efforts to fostering a market system which includes the consumer market, capital goods market and money market, concentrate on enlivening the circulation of commodities, strengthen the ties between production and marketing, improve market transaction laws and management systems, and create a good market environment for enterprises to change their management mechanisms and take part in market competition. At present, special emphasis should be put on the development of rural markets. These will cover the supply of capital and consumer goods, the tapping of resources, exchange of commodities between town and country, and mutual support between the hinterland and the coastal areas in matters of resources, technologies and funds. The development of various types of markets will have great potential in the vast countryside. All farsighted enterprises should cater to rural needs and go down to the rural areas to tap resources and open up new markets. At the same time, it is also necessary to positively and steadily promote price reform in keeping with the state's policy of controlling the general price level. This is the prerequisite for helping enterprises change their management mechanisms and move toward the market.

4. It is necessary to accelerate the reform of the housing, employment, medical insurance and other social security systems in order to create a favorable social environment for enterprises to change their management mechanisms and move toward the market.

In order to revamp large- and medium-sized state enterprises, it is necessary to reduce their social obligations, and guide and readjust the consumption structure. The irrational system of housing and the acute housing shortage have added to the burdens of enterprises and thus adversely affected the enthusiasm of their staff and workers. Since a system of unemployment insurance has not been introduced in an all-round way, enterprises find it difficult to optimize their labor organization, suspend or stop operation, merge with others, switch to other lines of production or declare

bankruptcy in accordance with law. As enterprises cannot provide jobs for their surplus personnel or personnel made redundant by production suspension or stoppage, mergers, switches and legally declared bankruptcy, and cannot guarantee their basic livelihood, they are bound hand and foot in their efforts to readjust their organizational structure and increase their labor productivity. The present medical system also has many drawbacks and badly needs reform. Thus, the reform of the housing system, the reform of the social security system with focus on unemployment insurance, as well as the reform of the medical system must be put on the agenda. However, in carrying out these reforms, it is necessary to suit measures to local conditions and fully take into consideration the economic conditions of the locality and the tolerance level of the masses. When formulating and implementing the reform programs, it is necessary to adhere to the mass line, pool the wisdom of the masses, and let the masses understand and take part in the reform.

5. Promoting technical upgrading and strengthening the internal management of enterprises are important measures for the revamping of large- and medium-sized state enterprises.

Intensifying enterprise reforms, promoting technical upgrading in enterprises and strengthening enterprise management are essential measures for improving the overall quality of enterprises and increasing their competitiveness. The revamping of large- and medium-sized state enterprises ultimately means the improvement of economic efficiency. In order to improve economic efficiency, it is necessary to abandon the previous practice of mainly relying on speed of growth in favor of reliance on technical upgrading and intensified management. At present, there is a fair number of large- and medium-sized enterprises with outmoded equipment, backward techniques and low technological level in our country. These enterprises lack the necessary funds and ability to carry out transformation on their own. Thus, in addition to measures aimed at improving the ability of enterprises to increase input for technical upgrading, efforts must also be made to establish mechanisms for the promotion of technical upgrading in enterprises, step up the development of new products and new technologies, and accelerate the replacement of older generations of products by new ones. In the distribution of retained profits, as much money as possible should be spent on developing new technologies and techniques, encouraging staff and workers to learn technologies, and unfolding rationalization proposal activities. Efforts should also be made to strengthen the ability of enterprises to develop science and technology, increase the proportion of scientific and technological personnel in the total number of staff and workers of enterprises, strengthen research and development in enterprises, improve the system of reward for research personnel, and link rewards with the development and sale of new products.

The contract responsibility management system now practiced in most enterprises is a mode of management

suited to the present level of productivity. It is a good system that clearly defines the responsibility, power and interests between the state and enterprises. However, in our efforts to improve the contract responsibility management system, we must not substitute the contract system for management, or relegate the strengthening of enterprise management to a secondary position. In the course of helping enterprises change their management mechanisms and move toward the market, it is of paramount importance that we must strengthen enterprise management and continuously improve the management standards. We must grasp this task firmly and well and produce actual results.

### Provincial

#### 1991 Statistical Data for Provinces, Regions

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["Table of Eight Major Economic Indexes of Various Provinces, Regions, and Municipalities in 1991"]

[Text] Table of Eight Major Economic Indexes of Various Provinces, Regions, and Municipalities in 1991

Region	Total Investment in Fixed Assets			
	This Period (100 Million Yuan)	Increase Over Previous Year (%)	Of Which: Regional Items	
			This Period (100 Million Yuan)	Increase Over Previous Year (%)
National Total	3,558.15	21.9	1,853.71	27.6
Beijing	140.09	8.2	82.80	21.2
Tianjin	106.44	52.7	70.81	79.2
Hebei	122.87	14.7	73.51	22.8
Shanxi	102.92	19.9	39.11	15.0
Inner Mongolia	70.95	42.5	35.14	35.8
Liaoning	235.76	20.4	138.67	30.5
Jilin	74.53	23.3	45.72	23.9
Heilongjiang	149.89	16.8	58.23	26.5
Shanghai	199.64	8.5	133.11	26.0
Jiangsu	153.13	29.7	100.97	29.4
Zhejiang	83.13	20.4	60.18	30.2
Anhui	74.42	16.8	44.94	23.2
Fujian	68.84	23.7	55.68	29.6
Jiangxi	52.40	18.3	35.21	19.5
Shandong	215.06	22.6	121.45	36.5
Henan	140.45	34.0	59.06	46.0
Hubei	98.61	11.8	71.75	20.4
Hunan	88.35	33.8	53.43	40.4
Guangdong	289.79	22.4	228.76	29.9
Guangxi	48.82	25.3	36.55	20.6
Hainan	29.10	10.0	23.45	21.8
Sichuan	195.88	25.2	113.21	27.9
Guizhou	39.33	11.6	19.63	15.0
Yunnan	65.59	35.7	43.87	34.1
Tibet	8.71	30.0	6.02	33.8
Shaanxi	70.19	3.5	35.98	3.9
Gansu	50.85	14.9	24.03	15.6
Qinghai	20.45	8.4	8.41	-1.2
Ningxia	18.80	18.9	10.75	16.0
Xinjiang	106.43	44.7	23.27	1.7



Region	Year End Balance and Increase of Bank Loans			
	Balance (100 Million Yuan)	Increase Over Beginning of the Year (100 Million Yuan)	Of Which: Loans for Investment in Fixed Assets	
			Balance (100 Million Yuan)	Increase Over Beginning of the Year (100 Million Yuan)
National Total	18,061.42	2,895.04	3,046.15	800.40
Beijing	632.69	80.49	115.91	21.21
Tianjin	449.95	60.84	73.88	21.97
Hebei	740.64	108.97	102.77	25.77
Shanxi	427.48	70.15	88.97	31.75
Inner Mongolia	326.85	53.94	50.28	17.16
Liaoning	1,123.41	194.36	196.22	62.46
Jilin	629.01	122.00	76.96	21.57
Heilongjiang	799.35	147.66	103.40	31.30
Shanghai	950.35	145.60	172.36	50.93
Jiangsu	981.14	157.98	115.10	29.08
Zhejiang	566.44	84.70	78.08	17.94
Anhui	495.11	94.31	80.73	24.74
Fujian	373.33	53.27	67.89	10.99
Jiangxi	419.30	80.25	71.20	18.56
Shandong	1,116.54	180.24	173.09	42.38
Henan	772.06	136.93	110.08	36.41
Hubei	840.07	116.26	132.44	29.81
Hunan	550.21	92.50	71.58	18.84
Guangdong	1,475.45	200.33	197.71	34.74
Guangxi	328.76	50.55	70.89	14.06
Hainan	145.12	25.22	26.76	5.20
Sichuan	966.46	194.70	180.23	68.18
Guizhou	218.69	45.61	46.73	13.01
Yunnan	295.39	44.25	50.79	13.31
Tibet	16.08	-0.60	0.41	0.02
Shaanxi	462.90	77.19	94.56	22.47
Gansu	250.86	48.72	62.79	19.59
Qinghai	87.54	15.32	30.78	7.96
Ningxia	83.91	14.37	24.26	6.54
Xinjiang	300.42	66.08	56.91	11.52

Region	Staff and Workers' Total Salaries and Wages		Industrial Labor Productivity	
	This Period (100 Million Yuan)	Increase Over Previous Year (%)	This Period (Yuan/Person)	Increase Over Previous Year (%)
National Total	3,350.0	13.5	33,161	6.2
Beijing	133.5	12.2	46,480	5.9
Tianjin	79.1	14.1	44,635	2.7
Hebei	141.8	9.6	28,340	8.6
Shanxi	101.6	13.0	22,515	3.7
Inner Mongolia	74.4	12.3	21,956	1.7

Region	Staff and Workers' Total Salaries and Wages		Industrial Labor Productivity	
	This Period (100 Million Yuan)	Increase Over Previous Year (%)	This Period (Yuan/Person)	Increase Over Previous Year (%)
Liaoning	245.0	12.7	32,071	2.3
Jilin	106.4	11.8	25,315	3.9
Heilongjiang	174.3	13.5	26,041	0.5
Shanghai	166.5	13.5	58,555	8.9
Jiangsu	200.6	8.7	40,868	6.0
Zhejiang	118.0	14.8	43,212	11.1
Anhui	92.1	6.3	30,543	4.4
Fujian	72.8	11.0	32,342	9.9
Jiangxi	72.0	9.6	23,727	7.0
Shandong	178.8	10.4	38,996	5.5
Henan	136.8	12.6	27,869	6.6
Hubei	140.4	8.9	33,105	4.9
Hunan	124.0	12.5	28,045	4.5
Guangdong	266.0	18.6	50,512	15.9
Guangxi	69.0	12.4	32,358	10.4
Hainan	22.6	10.3	28,115	13.4
Sichuan	212.0	14.2	26,590	8.2
Guizhou	48.1	13.0	26,329	3.9
Yunnan	67.5	11.3	37,009	6.0
Tibet				
Shaanxi	84.1	10.6	25,049	11.2
Gansu	60.2	9.8	28,781	2.6
Qinghai	17.8	3.0	27,703	2.1
Ningxia	16.1	7.6	27,340	0.2
Xinjiang	73.2	9.5	30,888	4.8

Region	Rate of Decrease of Costs of Comparable Industrial Products (%)	
	This Period	Previous Period
National Total	-5.2	-7.0
Beijing	-6.9	-6.8
Tianjin	-4.7	-5.3
Hebei	-1.1	-7.6
Shanxi	-3.2	-5.2
Inner Mongolia	-6.7	-7.0
Liaoning	-8.9	-9.6
Jilin	-3.6	-6.1
Heilongjiang	-5.3	-6.2
Shanghai	-6.2	-11.8
Jiangsu	-1.4	-1.9
Zhejiang	0.6	-1.2
Anhui	2.4	-3.7
Fujian	-0.2	-1.6

Jiangxi	-1.0	-3.6
Shandong	2.5	-5.0
Henan	-3.1	-9.8
Hubei	-5.9	-5.5
Hunan	-2.7	-4.2
Guangdong	-2.3	0.3
Guangxi	-3.5	-1.7
Hainan	-0.3	-3.7
Sichuan	-2.2	-6.7
Guizhou	-4.2	-6.2
Yunnan	-4.9	-7.5
Tibet		
Shaanxi	-2.9	-6.1
Gansu	-0.9	-4.4
Qinghai	-4.0	-11.1
Ningxia	-1.7	-5.6
Xinjiang	-7.4	-5.3

**Rate of Profits and Taxes From Sale of Industrial Goods(%)**

This Period	Previous	Period Of Which: Sales Profit [0da]		
Region				Rate
		This Period	Previous Year	
National				
Total	12.65	13.76	2.03	2.78
Beijing	16.82	17.15	8.69	9.29
Tianjin	9.15	10.27	3.84	4.33
Hebei	8.05	8.58	2.12	2.63
Shanxi	12.18	12.74	3.84	4.76
Inner Mongolia	14.10	15.01	3.51	5.02
Liaoning	6.26	6.27		
Jilin	9.17	11.83	1.70	3.61
Heilongjiang	7.90	9.55	0.35	1.73
Shanghai	11.18	12.12	5.23	5.80
Jiangsu	6.26	7.76	1.33	2.79
Zhejiang	8.85	9.52	3.02	3.66
Anhui	8.01	9.85	0.44	2.07
Fujian	12.09	12.22	5.22	5.47
Jiangxi	9.08	8.32	1.88	1.36
Shandong	9.88	9.87	3.08	3.24
Henan	12.56	13.70	3.23	4.51
Hubei	12.73	13.81	4.01	4.78
Hunan	7.88	7.68	1.54	1.84
Guangdong	13.93	12.33	2.76	1.65
Guangxi	12.44	13.27	3.40	4.24
Hainan	7.66	7.95	2.65	3.04
Sichuan	13.06	13.87	2.03	2.83
Guizhou	14.21	15.70	2.62	4.39
Yunnan	15.57	17.10	5.28	6.97
Tibet				
Shaanxi	9.72	12.34	2.45	4.56
Gansu	10.71	13.37	2.95	4.47
Qinghai	5.12	6.86		
Ningxia	10.48	12.07	2.98	4.36
Xinjiang	13.06	13.96	4.45	4.85

**Profit and Tax Rate of Industrial Capital (%)**

Region	This Period	Previous Year
National		
Total	13.28	13.80
Beijing	21.83	20.88
Tianjin	13.56	14.93
Hebei	9.09	9.49
Shanxi	11.74	12.03

## Profit and Tax Rate of Industrial Capital (%) (Continued)

Region	This Period	Previous Year
Inner Mongolia	11.39	11.64
Liaoning	6.31	5.93
Jilin	7.83	9.89
Heilongjiang	6.50	7.82
Shanghai	21.18	23.27
Jiangsu	9.39	11.39
Zhejiang	13.78	13.75
Anhui	9.49	11.34
Fujian	15.62	14.82
Jiangxi	10.21	8.79
Shandong	12.77	12.91
Henan	15.26	16.30
Hubei	14.70	14.83
Hunan	8.81	8.01
Guangdong	17.03	14.35
Guangxi	14.87	15.24
Hainan	7.13	6.68
Sichuan	13.09	13.71
Guizhou	11.23	12.00
Yunnan	15.73	16.87
Tibet		
Shaanxi	8.73	11.20
Gansu	8.20	9.67
Qinghai	2.87	3.76
Ningxia	8.29	9.40
Xinjiang	10.23	9.76

Region	Energy Consumption Per 10,000 Yuan of Total Industrial Output Value (Tonnes of Standard Coal)		
	This Period	Previous Period	Rate of Energy Saved (%)
National			
Total	2.88	3.04	5.26
Beijing	2.24	2.36	5.08
Tianjin	1.91	1.98	3.54
Hebei	4.30	4.59	6.32
Shanxi	5.75	5.94	3.20
Inner Mongolia	5.02	5.14	2.33
Liaoning	3.89	3.99	2.51
Jilin	4.65	4.71	1.27
Heilongjiang	3.62	3.73	2.95
Shanghai	1.36	1.40	2.86
Jiangsu	1.59	1.69	5.92
Zhejiang	1.51	1.65	8.48
Anhui	3.05	3.22	5.28

Region	Energy Consumption Per 10,000 Yuan of Total Industrial Output Value (Tonnes of Standard Coal)		Rate of Energy Saved (%)
	This Period	Previous Period	
Fujian	2.14	2.26	5.31
Jiangxi	3.03	3.22	5.90
Shandong	2.64	2.76	4.35
Henan	3.35	3.68	8.97
Hubei	2.71	2.74	1.09
Hunan	3.09	3.30	6.36
Guangdong	1.76	1.81	2.76
Guangxi	2.81	2.88	2.43
Hainan			
Sichuan	4.71	4.97	5.23
Guizhou	4.86	4.98	2.41
Yunnan	3.25	3.51	7.41
Tibet			
Shaanxi	2.85	3.04	6.25
Gansu	4.92	5.15	4.47
Qinghai	5.04	4.99	-1.00
Ningxia	6.82	6.85	0.44
Xinjiang	4.07	4.12	1.21

Remarks: The above tables give preliminary statistical figures (excluding those of Taiwan Province). The total investment in fixed assets comprises people-owned units' investment in capital construction items, renewal and transformation items and others, and commercial houses, and expenditures for the purchase of vehicles, ships, and airplanes. The growth rates being calculated in terms of the same comparable parameters [tong bi kou jing 0681 3024 0656 1777] of the previous year, the National Total figures also include investments made regardless of regions. The statistical scope and method of calculation do not fully conform with the planned investment scales assigned to various regions by the State Planning Commission. Figures examined according to planned parameters [ji hua kou jing 6060 0439 0656 1777] are to be published separately. The National Total figures for balances and increases of bank loans also include the figures of the headquarters of the People's Bank of China, the Communications Bank of China, and the CITIC Industrial Bank. Staff and workers' total salaries and wages comprise the total salaries, wages, and all sorts of bonuses and allowances of the staff and workers of people-owned units, city and town collective units, and joint venture units of other types. The statistical scope for all-personnel industrial labor productivity embraces people-owned independent accounting industrial enterprises. The statistical scope for the rate of profits and taxes from the sale of industrial goods, the profit and tax rate of industrial capital, and the rate of decrease of the costs of comparable industrial products embraces people-owned budgetary industrial enterprises, and the figures of various regions for these three

indexes are those of regional budgetary industrial enterprises. The "-" sign in the column for the rate of decrease of costs of comparable industrial products means that the costs exceed the prescribed amounts. The statistical scope for the rates of industrial energy saved embraces people-owned and collectively owned industrial enterprises at and above the county level.

**Heilongjiang Communique on 1991 Statistics**  
*SK2003030892 Harbin HEILONGJIANG RIBAO*  
*in Chinese 29 Feb 92 p 2*

[Statistics communique on 1991 national economic and social development released by the Heilongjiang Provincial Statistical Bureau on 27 February]

[Text] In 1991, under the leadership of the provincial party committee and the provincial government, the people across the province conscientiously implemented the principle of improvement, rectification, and deepening of reforms, comprehensively implemented the program of "developing the province with science and technology," actively carried out the "quality, variety, efficiency year" activities, and succeeded in effecting a noticeable turn for the better in the economic situation, basically realizing the major objective of improvement and rectification, and restoring the national economy to normal operation. The total social supply and demands were basically balanced, a bumper agricultural harvest was reaped, industrial production increased evenly,

market sales began to pick up comprehensively, commodity price hikes were effectively brought under control, and new achievements were made in various undertakings, including science, technology, culture, education, public health, and sports. According to initial statistics, the year's GNP totalled 70.109 billion yuan, a 4 percent increase over the previous year; the national income reached 63.047 billion yuan, a 3.1-percent increase over the previous year. The main problems which emerged in the course of economic functioning were: The situation of poor economic efficiency basically did not change, the progress of structural readjustment was slow, and the financial difficulties were aggravated. During this year, the tasks of consolidating and developing the improvement and rectification achievements and intensifying reforms have remained quite arduous.

### 1. Agriculture

In 1991, under the situation of serious floods and water-logging, we still reaped a bumper harvest in agricultural production. The areas sown to grains totalled 111.403 million mu or 7,426,900 hectares, an increase of 103,000 mu or 6,900 hectares over the previous year. The total grain output reached 21.643 million tons, showing a reduction of merely 1.482 million tons from the unprecedented bumper harvest in 1990, the second highest production year in history; the areas sown to economic crops totalled 12.302 million mu or 820,100 hectares, an increase of 951,000 mu or 63,400 hectares over the previous year. The output of major crops was as follows:

	1991	percentage increase over the previous year
Grain Types:	21.643 million tons	-6.4
Paddy	3.162 million tons	0.6
Corn	10.075 million tons	-0.1
Soybean	3.098 million tons	-4.9
Tubers	573,000 tons	-22.7
Oil-bearing crops	152,000 tons	-11.6
Flax	266,000 tons	19.3
Beet	6.205 million tons	-1.9
Cured tobacco	168,000 tons	13.0
Vegetables	4.840 million tons	-14.1

New achievements were made in forestry production and construction. During the year, 3.03 million mu or 202,000 hectares were afforested, up 0.4 percent over the previous year. The quality of afforestation improved unceasingly, and the forest fire prevention work was strengthened.

Animal husbandry steadily developed. The output of major animal by-products and the number of livestock in stock were as follows:

	1991	percentage increase over previous year
Pork, beef, mutton	552,000 tons	20.0
Milk	1.200 million tons	18.0
Wool	10,766.3 tons	12.0
Fresh eggs	394,000 tons	27.5
Livestock Slaughtered	5.50 million	20.8
Large animals in stock	3.781 million	8.6
Milk cows	618,000	14.4
Hogs in stock	7.251 million	10.7
Sheep in stock	3.046 million	7.5

The production of fisheries continued to develop. The total output of aquatic products during the year reached 164,000 tons, up 10.8 percent over the previous year. Of this, the output of aquaculture reached 107,000 tons, a 7 percent increase.

Conditions for Agricultural production continued to improve. At the end of 1991, the aggregate power of the province's farm machinery was 11.81 million kilowatts, an increase of 0.6 percent over the previous year. There were 89,000 large and medium tractors, the same as in the previous year; 377,000 small and hand tractors, up 2.4 percent; 10,200 trucks, down 5.6 percent; irrigation and drainage equipment with a total power capacity of 1.397 million kilowatts, up 3.6 percent; 77,000 machine-driven threshers, up 4.1 percent; and 130,000 water pumps for agricultural use, up 1.6 percent. A total of 838,000 tons of chemical fertilizers (100 percent effective content equivalent) were used, up 9.5 percent. Rural consumption of electricity was 2.03 billion kilowatt-hours, up 15.3 percent. Irrigation and water conservancy facilities in rural areas were further reinforced, resulting in expanded acreage of irrigated farmland.

The rural economy kept expanding. In 1991, the total output of rural society was valued at 40.05 billion yuan, up 4.8 percent over the previous year. In the total output value of rural society, the output value of agriculture was 24.232 billion yuan, down 1.0 percent. Of this, the output value of the cropping declined by 5.1 percent, forestry increased by 3.9 percent, animal husbandry increased by 12.2 percent, sideline production increased by 7.1 percent, and fisheries increased by 10.1 percent. In the total output value of rural society, the output value of rural industry, construction, transportation, commerce, and catering was 15.818 billion yuan, up 13.2 percent over the previous year, with its proportion in the total output value of rural society rising from 36.4 percent in 1990 to 39.5 percent.

### 2. Industry

Industrial production picked up steadily. The gross industrial output value in 1991 was 97.966 billion yuan, up 5.0 percent over the previous year. If industrial enterprises at and below the village level were excluded, the industrial output value would be 92.791 billion yuan, up 4.9 percent. Of the total industrial output value, that

of large- and medium-sized enterprises grew by 4.6 percent, the state-owned industry grew by 4.5 percent, collective enterprises grew by 5.5 percent (of which, township enterprises grew by 7.0 percent), and industries of other economic categories grew by 102 percent. The output value of light industry was 29.968 billion yuan, up 6.4 percent; and that of heavy industry was 67.998 billion yuan, up 4.3 percent.

The output of major industrial products was as follows:

	1991	Percentage Increase over 1990
Chemical fiber	111,200 tons	15.3
Cloth types	247 million meters	0.4
linen	32.854 million meters	7.6
Woolen fibers	5,586,700 meters	-20.6
Sugar	710,400 tons	43.7
Dairy products	142,100 tons	25.9
White spirit	226,100 tons	-13.0
Beer	594,600 tons	11.0
Cigarettes	664,100 cases	-5.0
Machine-made paper and paperboard	496,900 tons	-4.0
Bicycles	264,700	24.1
Wrist watches	370,200	-30.6
TV sets	131,100	5.3
Color sets	82,700	16.4
Tape recorders	69,100	33.5
Cameras	11,600	-18.5
Household washing machines	2,600	-17.4
Household refrigerators	47,800	-20.3
Synthetic detergents	19,600 tons	-13.3
Plastic products	94,200 tons	9.2
Chemical medicines	9,573 tons	128.0
Total nonrenewable Energy production (standard fuel equivalent)	143.5 million tons	1.6
Raw coal	85.094 million tons	3.9
Crude oil	55.623 million tons	0
Natural gas	2.273 billion cubic meters	1.2
Electricity	31.59 billion kilowatt hours	8.2
Pig iron	591,700 tons	-0.6
Steel	978,900 tons	4.9
Rolled steel	863,600 tons	2.7
Aluminum products	52,500 tons	6.9

Sulphuric acid	69,300 tons	-20.6
Soda ash	75,000 tons	-6.2
Synthetic ammonia	550,400 tons	8.5
Ethylene	310,200 tons	10.4
Chemical fertilizers for agricultural use	404,300 tons	6.4
Chemical insecticides	861 tons	59.8
Outer vehicle tires	1,574,600	16.7
Power-generating equipment	266.12 kilowatt	-3.1
Metal cutting machine tools	2141	64.8
Industrial boilers	4725 evaporation rate tons	10.0
Motor vehicles	10,423	70.8
Tractors	304	133.8
Small tractors	21,300	134.1
Timber	12,869,700 cubic meters	-9.2
Cement	5,434,400 tons	12.1
Plate glass	4,066,300 heavy crates	-4.8

The downturn in economic efficiency was checked. Industrial enterprises at the above the county level which instituted the independent accounting system throughout the province created 6.91 billion yuan in profits and taxes, up 7.6 percent from the preceding year; and earned 67.89 billion yuan from sales, up 15.9 percent. However, their per capita productivity showed merely a 0.5-percent increase over the preceding year; the deficits of loss-making enterprises rose by 16.2 percent; the turn-over period for circulating funds was 155 days, up 2 days; the total cost of comparable products grew by 8.3 percent; and the amount of funds tied up in products and manufactured goods totaled 11.637 billion yuan, up 9.3 percent. This showed that the situation of poor economic efficiency had yet to be fundamentally improved.

### 3. Investment in Fixed Assets and Construction

Investment in fixed assets grew more rapidly. In 1991, fixed asset investment of the entire society stood at 18.879 billion yuan, up 18.2 percent from the preceding year, or 9.9 percent when allowing for price rises. Of the total, investment in local projects was 9.668 billion yuan, up 23 percent. Of the total investment, that of state units came to 15.852 billion yuan, up 20.6 percent; that of collective units 620 million yuan, up 13.2 percent; and that of individuals 2.41 billion yuan, up 5.7 percent. State units undertook 4,085 capital construction, equipment renewal, and technical transformation projects, an increase of 677 from the preceding year.

In state units' investment in fixed assets, 7.465 billion yuan went to capital construction projects, up 12.5 percent from the preceding year. Of the total, 5.486 billion yuan was invested in productive projects, up 7.5

percent, and the proportion dropped from 76.9 percent to 73.5 percent; and 1.979 billion yuan was invested in nonproductive projects, up 28.8 percent, and the proportion rose from 23.1 percent to 26.5 percent. Investment in equipment renewal and technical transformation projects totaled 3.716 billion yuan, up 11.0 percent from the preceding year. Among the investment for this purpose, that used in energy conservation, increase of patterns and variety, and improvement of product quality grew by 54.4 percent and its proportion grew from 22.2 percent in the preceding year to 30.8 percent. Investment in oil field maintenance, lumber industry, and development and extension of mines totaled 3.721 billion yuan, up 48.2 percent.

Progress was made in adjusting the investment pattern. In state investment in capital construction, that in agriculture, energy industry, and transportation, post, and telecommunication stood at 337 million yuan, 7.802 billion yuan, and 932 million yuan, respectively, showing an increase of 6.2, 15.2, and 30.8 percent, respectively.

In the province, the third-phase project of the Mudanjiang No. 2 Power Plant, the Anda Longxin Chemical Industrial Limited Company, the Heihe Xigou Hydropower Station, the Mudanjiang Pharmaceutical Plant, and five other large- and medium-sized projects as well as eight single-item projects were completed and commissioned. Newly increased major production capacity included: 4.29 million tons of coal mining, 3.75 million tons of oil extraction, 87,000 cubic meters of timber felling, 730,000 kilowatts of power generation, 5,000 tons of chemical fertilizer, 120,000 tons of cement, 15,000 tons of sugar, and 44,600 lines of local automatic telephone exchanges.

Returns of investment improved. In 1991, state units' fixed assets that accounted for 85.3 percent of their fixed asset investment were put into use, up 3.3 percentage points from the preceding year. The per capita productivity of state construction enterprises was 15,134 yuan, up 20 percent.

#### 4. Transport, Post, and Telecommunications

The pressure on transportation continuously improved. The rotation volume of passenger and goods transport increased over the 1990 figure. The volume of transportation by various means was as follows:

	1991	Percentage Increase Over 1990
Volume of freight	83.58 billion ton-km	0.4
Railway	71.30 billion ton-km	0.9
Highway	5.77 billion ton-km	-3.2
Waterway	1.55 billion ton-km	-5.5
Airway	4.13 billion ton-km	30.7
Pipelines	4.97 billion ton-km	-0.6

Volume of Passengers	19.36 billion person-km	6.2
Railway	13.86 billion person-km	5.3
Highway	5.47 billion person-km	8.6
Waterway	35.51 million person-km	1.4
Airway	3.09 million person-km	12.0

The postal and telecommunications business volume in 1991 totaled 582 million yuan, an increase of 21.8 percent over 1990. Of this, the letter delivery volume was reduced by 6.7 percent, the paper and periodical publication volume increased by 12.6 percent, the telegram delivery volume increased by 2.2 percent, and the long-distance telephone calls increased by 27.7 percent. There were 307,000 urban telephone subscribers by the end of 1991, an increase of 24.8 percent over 1990.

#### 5. Domestic Trade, Supply, and Marketing of Materials

Commercial markets were brisk and developed steadily. In 1991, the domestic purchasing volume of commercial enterprises totaled 37.28 billion yuan, an increase of 15.6 percent over 1990. Of this, the purchasing volume of industrial products totaled 26.91 billion yuan, an increase of 18.9 percent; and that of farm and sideline products totaled 9.53 billion yuan, an increase of 2.7 percent. The volume of retail sales of commodities totaled 38.85 billion yuan, an increase of 13.9 percent if factors for price hikes were deducted. Of the total volume of retail sales of commodities, the volume of retail sales of consumer goods totaled 35.22 billion yuan, showing an increase of 13.6 percent. About 4.11 billion yuan worth of consumer goods were sold at retail prices to the institutions, an increase of 16.8 percent; and the volume of retail sales of farm capital goods was 3.63 billion yuan, an increase of 17.5 percent.

The volume of retail sales of commodities in urban areas increased at a speed faster than that in the rural areas. The volume of retail sales of commodities in urban areas increased by 16.1 percent and the retail sales volume of the units at or below the county level increased by 8.9 percent.

Of the volume of retail sales by various sectors of the economy, that of state-owned units increased by 16.8 percent, that of collective units increased by 10.7 percent, that of individual pedlars increased by 11.2 percent, and the volume of goods sold by peasants to non-agricultural dwellers at retail prices increased by 13.7 percent. There were 1,632 country fair trade centers in the urban and rural areas. The transaction volume of country fair trade totaled 5.74 billion yuan, an increase of 16.4 percent.

The marketing volume of grain increased by 8.1 percent over 1990, edible vegetable oil increased by 21.6 percent, salt increased by 6.7 percent, woolen goods increased by



34.2 percent, television sets increased by 18.5 percent, tape recorders increased by 9.1 percent, washing machines increased by 14.7 percent, and refrigerators increased by 26.3 percent. The sales volume of pork, eggs, sugar, cigarettes, liquor, soaps, washing powder, cotton cloths, knitted underwear, and electrical fans was reduced by varying degrees.

A total of 18.49 billion yuan worth of commercial products were in stock, an increase of 7.2 percent over the previous year.

Economic efficiency in the commercial sector improved. According to statistics released by commercial departments, in 1991, the total sales of commodities were valued at 15.82 billion yuan, an increase of 3.8 percent over the previous year; the profits and taxes created reached 425 million yuan, an increase of 23.6 percent; the profit and tax delivery reached 140 million yuan, an increase of 7.5 percent. However, the rate of commodity circulation cost rose by 0.3 percentage points over the previous year, and the turnover period for working funds was 46 days, 3 days more than the previous year.

In 1991, the material departments across the province sold 6.51 billion yuan worth of capital goods, a 24.7-percent increase over the previous year. The sales of various major goods were: The sales of steel products reached 668,500 tons, up 25.7 percent over the previous year; coal, 14.486 million tons, a decline of 4 percent; timber, 654,600 cubic meters, a decline of 6.5 percent; motor vehicles, 17,400, up 20.5 percent; cement, 1.022 million tons, up 8 percent; machinery and electric equipment, 1.47 billion yuan, up 38.9 percent.

Continued efforts were made to control commodity prices in the markets. Under a situation in which some measures for readjusting the prices were issued one after another, the total social retail sales index rose by 6.5 percent over the previous year, which was higher than the 4.9-percent rise of the previous year. Analyzed according to urban and rural markets, the retail sales in cities rose 7.5 percent, which was higher than the figure of the previous year by 2.7 percentage points; sales in the rural areas rose 5.0 percent, showing a decline of 0.2 percentage point after experiencing an increase.

The changes in prices of commodities and services were as follows:

	1991	percentage-point increase or decline compared with the previous year
Foodstuffs	6.1	1.4
Grains	9.8	8.3
Meat, Poultry, Eggs	-5.3	-9.3
Vegetables	18.6	11.9
Aquatic products	0.9	-1.2
Clothing	6.7	-0.4

Articles for daily use	3.5	-1.7
Medicine and medical goods	7.8	6.2
Fuel	44.3	33.0
Means of agricultural production	5.4	1.1
Services	15.0	2.6

The annual cost of living index of workers and staff members was 108.2 percent; the cost of living index of peasants was 105.3 percent; and the purchasing price index of farm and sideline products was 97.0 percent.

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

Foreign economic exchange was further expanded. In 1991, the total purchasing volume of commodities for foreign export trade stood at 8.1 billion yuan, an increase of 21.6 percent over the previous year. The total import and export volume reached \$1.99 billion, an increase of 33.7 percent over the previous year. Of this, the export volume totalled \$1.38 billion, an increase of 25.3 percent; the import volume totalled \$6.1 million, up 51 percent. At the China economic and trade fair with the Soviet Union and East European countries held in Harbin, our province's total transaction reached \$2.32 billion, accounting for 86.6 percent of the total transactions in the trade fair. The total import and export border trade with the Soviet Union during the year reached \$766 billion, up 86.8 percent over the previous year. Of this, the export volume totalled \$380 million, up 92 percent; the import volume totalled \$388 million, up 82.2 percent.

The scope of utilizing foreign capital was expanded. The whole province successively signed economic and technological contracts with 16 countries and regions, and examined and approved 450 projects which involved a sum of 428 million yuan. Of this, some \$130 million of foreign capital was used, up 71.5 percent over the previous year.

International tourism developed rapidly. In 1991, we received 84,800 foreigners, Overseas Chinese, and compatriots from Hong Kong and Macao, who came to our province for touring and sightseeing and for visiting relatives and friends and various other exchange activities, an increase of 41.8 percent over the previous year. The annual foreign-exchange earnings from tourism totalled 56.89 million yuan, an increase of 40.8 percent over the previous year.

#### 7. Finance and Banking

In 1991 financial departments at all levels in the province continued to carry out projects aimed at promoting economic development and maintaining a balance between revenues and expenditures. The annual total financial revenues were 7.81 billion yuan, an increase of 1.7 percent over the previous year in terms of comparable standards; and the total expenditures were 9.53 billion yuan, an increase of 4.2 percent in terms of

comparable standards (according to the preliminary statistics of the provincial financial department).

Banking departments did positive work in the commodity economic "chorus" and yielded marked results. At the end of 1991, savings deposits of banks and other banking organs totalled 60.69 billion yuan, an increase of 25.8 percent over those in the beginning of the previous year; and the volume of loans totalled 87.36 billion yuan, an increase of 24.1 percent. The annual cash income was 94.473 billion yuan, an increase of 25.1 percent over the previous year; and the cash expenditure was 102.008 billion yuan, an increase of 27.4 percent. In 1991, the net amount of currency issued was 7.535 billion yuan, an increase of 2.967 billion yuan, or 65 percent, over the previous year.

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

New progress was made in science and technology thanks to the campaign of "invigorating the province by applying scientific and technological achievements." At the end of 1991, a total of 973,100 full-time technological personnel of various kinds engaged in scientific and technological work in state units run by the province, an increase of 8.2 percent over the previous year. In 1991, the provincial achieved a total of 547 scientific and technological results of various kinds, of which, seven reached the world advanced level, 212 were first created or took the lead in the country, 151 reached the advanced domestic level, and 177 reached the advanced ministerial and provincial levels. In 1991, the province presented 1,626 patent applications to the state, and 667 patent applications were approved.

In 1991, the province approved 283 feasibility study reports and allocated 14.61 million yuan in funds for the major scientific and technological research projects covered by the Eighth Five-Year Plan and arranged 62 projects and allocated 4.45 million yuan of funds for the torch plan. In addition, 70 new projects were arranged for the spark plan. The province also established one high and new technology development zone and three key laboratories.

In the course of deepening reform, the province continued to bring higher education under control. In 1991 the province's enrollment of new graduate students was 1,230, down 4.3 percent from the previous year, and the total number of graduate students was 3,803, down 5.2 percent. Institutions of higher learning took in 23,900 new undergraduate students, down 0.4 percent, and the total number of undergraduate students was 79,300, down 0.1 percent. A total of 22,700 undergraduate students were graduated from institutions of higher learning, a decline of 1.3 percent. Enrollment of new students in adult higher education schools was 22,200, a drop of 21.8 percent, and the total number of students of such schools was 76,300, a drop of 11.0 percent.

Secondary vocational and technical education steadily developed. There were 67,700 students studying in secondary specialized schools, an increase of 2.3 percent

over the previous year; 142,400 students studying in vocational middle schools, an increase of 5.1 percent; 98,000 students in technical schools, an increase of 2.4 percent; 1,789,900 students in ordinary schools, a drop of 0.6 percent; and 172,900 students attending adult secondary educational courses, an increase of 3.0 percent.

There were 3,871,300 primary school students, a drop of 2.7 percent from 1990. The enrollment rate of school-age children was 98.1 percent. There were 1,991 nursery schools, an increase of 165 over the figure of 1990. These nursery schools enrolled 584,200 children, an increase of 1.2 percent.

Cultural undertakings were vigorously developed. In 1991, two feature films and 35 telefilms were produced. There were 4,707 film projection teams and 383,900 shows were given during the year. There were 94 art troupes and 17,500 performances were given. There were 1,348 mass art centers and cultural centers (stations), 96 public libraries, and 20 museums. There were 64 broadcasting stations and 47 radio transmitters and relay stations. These broadcasting stations produced 37,400 hours of programs. There were 27 television stations and 785 television transmitters and relay stations, including 102 stations with a capacity of over one kilowatt each. These television stations produced 4,065 hours of programs. A total of 609 million copies of papers, 62.61 million copies of magazines of various categories, and 140 million books were published during the year.

### 9. Public Health and Sports

Public health undertakings continued to develop and medical conditions were further improved. By the end of 1991, the province had 8,878 health organizations, including hospitals, sanatoriums, and clinics. There were 178,200 specialized health and technical personnel (including doctors of traditional Chinese and Western medicine), an increase of 1.7 percent; and 5.1 senior nurses and nurses, an increase of 3.9 percent. There were 124,900 hospital sickbeds, an increase of 13.4 percent over 1990.

Sports had great achievements. At the sports events convened both at home and abroad, the athletes of the province took 43.5 golds, 42.5 silvers, and 49 bronzes during the year. The athletes of the province broke two world records, surpassed two Asian records, attained three Asian records, broke seven national records, and attained one national record. A total of 3,630 sports meets at the county level or above were held with 1.24 million participants. Some 3.3 million people attained the "national sports training standards."

### 10. Living Standards

In 1991, the province arranged jobs for 238,000 urban people, an increase of 0.1 percent over 1990. By the end of the year, there were 8,719,000 staff members and workers, an increase of 157,000 people. Of this, 1,013

million were contracted staff members and workers, showing an increase of 108,000 people. The proportion of contracted staff members and workers in the total staff members and workers rose from 10.6 percent in 1990 to 11.6 percent. The wage bills during the year totaled 17.54 billion yuan, an increase of 14.1 percent. The currency wages of the staff members and workers averaged 2,070 yuan, an increase of 11.9 percent. If factors for price hikes were deducted, the real increase was 3.4 percent.

The income of urban dwellers increased. According to the sample survey of urban dwellers, the per capita currency income of the urban dwellers for living expenses was 1,240 yuan, an increase of 13.8 percent. If factors for price hikes were deducted, the real increase was 5.2 percent. The per capita net income of the peasants was reduced under the situation that the agricultural production was reduced due to the natural disasters. A sample survey of the rural households showed that the per capita net income of the peasants was 734.8 yuan, a drop of 3.3 percent from the previous year. If factors for price hikes were deducted, the real decrease was 6.1 percent.

The urban and rural housing conditions further improved. In 1991, the state invested 1.96 billion yuan in housing construction for workers and staff members, an increase of 40 percent over the previous year. Houses with a total floor space of 4.26 million square meters were built, an increase of 26.0 percent over the previous year. The average per capita living space of urban residents reached 7.74 square meters, an increase of 0.48 square meters over the previous year. The rural areas built new houses with a total floor space of 10.474 million square meters, and the average per capita housing area was 27.23 square meters.

The savings deposits of urban and rural residents increased by a large margin. By the end of 1991, the total savings deposits of residents reached 38.884 billion yuan, an increase of 8.006 billion yuan over the year-end figure of the previous year, up 25.9 percent.

Social welfare work continued to develop. There were 43,300 childless, old, and disabled people and orphans supported by social collectives. Of this, 42,500 people were supported by townships and towns. Social collectives ran 1,052 homes for old people and provided for 23,600 people. Of this, 1,037 homes for old people were built in townships and towns, providing for 23,200 people. The Civil Administrative Departments ran 26 social welfare institutions, child welfare institutions, and psychiatric hospitals and provided for 5,793 people.

Fairly great progress was made in environmental protection work. By the end of 1991, the environmental protection departments across the province had 109 environmental monitoring stations and three state-level nature reserves. In 1991, 461 projects on improving environmental pollution within a fixed period of time

were completed with a total investment of 59.033 million yuan. A total of 285 smoke and dust control districts were built in 24 cities, covering an area of 1,283 square kilo meters; 180 districts where the targets for controlling sound pollution were attained were built in 21 cities, covering an area of 178 square kilo meters.

Insurance undertakings were further developed. In 1991, the total insurance policies undertaken by the province were valued at 168.4 billion yuan, an increase of 12.6 percent over the previous year; the total income from insurance business reached 793 million yuan (including 267 million yuan of premium), an increase of 42.9 percent; the total expenditures on insurance business reached 420 million yuan, an increase of 99.4 percent. The insurance companies across the province took 394,000 claims for losses, an increase of 77.4 percent over the previous year, and paid out 283 million yuan, an increase of 86.1 percent. A total of 490,000 workers in 5,439 enterprises, institutions and units participated in the old-age insurance program, and 50.40 million yuan of old-age pension was issued to 87,000 people.

#### 11. Population

Based on a sample survey on the changes of population, in 1991, the birth rate of the whole province reached 15.89 per thousand, the morality rate reached 5.7 per thousand, and the natural population growth rate dropped from 11.76 per thousand in the previous year to 10.19 per thousand. By the end of the year, the total population of the province was 35.75 million people, an increase of 320,000 people over the previous year. (Footnotes: 1. All figures in this communique are preliminary statistics.) 2. Values of gross output quoted in the communique are at current prices, whereas growth rates are at comparable prices.)

#### Hebei Party Secretary on Accelerating Reform

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24 Feb 92 p 1*

[Article: "Great Strides Must Be Made in Reform and Opening to the Outside World; Major Changes Must Be Made in Ideological Style"]

[Text] From 13 through 22 February, provincial CPC Secretary Xing Chongzhi [6717 1504 2535] visited the eastern and northern prefectures of Hebei Province on an investigation and study tour and to direct work there. He looked around, asked questions, and talked with cadres and the masses together about local realities, and he conducted joint discussions about how to emancipate thinking a little more, how to be a little more courageous, how to accelerate the pace a little bit more, and follow the party's basic line in moving ahead more energetically with reform and opening to the outside world in the province's cities and rural areas.

In the course of his investigation, he held informal discussions with the cadres and masses together about the status of current reform and opening to the outside

world in Hebei, drawing on what he had found in the course of investigation and study in Fujian, Guangdong, and Hainan province. Everyone agreed unanimously that a solid foundation for reform and opening to the outside world has been laid in the cities and rural areas of Hebei Province, and that it has evoked unbounded vitality. We must seize the opportunity, and be of one mind from top to bottom in raising the whole national economy of Hebei Province to a new level.

During his investigation and study, Xing Chongzhi visited five prefectures and cities including Hengshui, Cangzhou, Qinhuangdao, and Tangshan, the three county seats of Sanxian, Huanghua, and Fengnan, 17 business concerns (mostly joint ventures), two villages, and one development zone. He received briefings in the cities and places he visited, as well as from persons in positions of responsibility and agencies concerned in five counties and cities including Cangxian, Huanghua, Funing, and Changli. Xing Chongzhi stressed the following views on the general topic of how to make greater strides in reform and opening to the outside world.

**Concentrate Energies on Holding Fast to the Center; Concentrate on Implementation, and Explore Courageously.**

The 1990s are a key decade in development of the province's national economy. The key matter in fulfilling the tasks of the 1990s is to concentrate energies on improving the province's economy under leadership of the CPC Central Committee with Comrade Jiang Zemin at its nucleus, following the road that Comrade Deng Xiaoping has pointed out of building a distinctively Chinese brand of socialism in accordance with the party's basic line of "a single center and two basic points."

The experiences of the past decade and more show that when great strides are taken in reform and opening to the outside world, the speed of economic and social development quickens. This is the case in the economic development of developed areas in south China, and it is also the case in the development of Hebei Province's economy. Nevertheless, comparatively speaking, Hebei Province's economic development is not proceeding fast enough. The basic reasons may be found in our not having taken great strides in reform and opening to the outside world, insufficient emancipation of our thinking, and two few methods. As a result, economic results have not been all that ideal. We must be aware of this today, and we must draw some truths from it, namely that only by making great strides and greater strides in reform and opening to the outside world can the development of our economy move along somewhat faster, and only in this way can we narrow the gap between our own province and advanced provinces and cities, as well as advanced regions. Leading cadres at all levels must particularly realize clearly that the masses demand that we lead

everyone in developing the economy for common prosperity, and unswerving realization of socialist modernization. Lack of this ability is the greatest dereliction of duty.

In doing economic work, more emphasis must be placed on agriculture and rural villages, including township and town enterprises. A good job must be done in both large- and medium-sized state-owned enterprises, and in local government-owned key enterprises. Policies in these two regards are very evident in economic work today. With unstinting implementation of these measures, our economy will certainly develop a little faster. At the same time, active efforts must be made to explore anew and innovate anew in an effort to make new breakthroughs. In agriculture and rural work, as well as in large and medium size state-owned enterprises and local government-owned key enterprises; and in both economic reform and in opening to the outside world, very deep-down contradictions and problems exists. There are many things that we do not yet understand that require courageous exploration in practice. We must be adept at facing these contradictions and problems squarely, and we must dare to commit ourselves to an exploration of these problems that are not understood, studying them in a profound way.

**Increasing, Increasing and Increasing Some More Awareness of Reform and Opening to the Outside World**

The goal of greater emancipation of thinking, greater courage, and a faster pace is to improve the economy through reform and opening to the outside world, and to improve it more rapidly. This is what the people want; it is what the whole nation and the whole situation demands; and it is what the CPC Central Committee requires of us.

Faster economic development requires faster reform and opening to the outside world. The places that seize reform and opening to the outside world most firmly to make the largest strides are the places in which the economy develops fastest. This is the experience gained during the past decade. One might say that we did not understand this point 10 or even five years ago, but after more than a decade of practice, it is obvious. When we compare ourselves with ourselves, we see quite a bit of development, but when we compare ourselves with advanced provinces and municipalities, we see a very great gap. One important part of that gap is the gap in reform and opening to the outside world. The not very large strides made and the insufficient emancipation of thinking are our main gaps. For the province as a whole, its 18 prefectures and cities, and its 140 county seats, it is here that the gap may be found. Narrowing this gap will require greater efforts in reform and opening to the outside world. Today I feel that some comrades understand the sense of urgency about reform and opening to the outside world; some comrades seem to understand, but they are not all that clear about it; and still other comrades do not understand, or they do not completely

understand. If one says economic development is slow, they admit that it is slow. They both admit it and do not admit it. They do not admit that progress is any slower than formerly. When they do admit that progress has been slow, they always find other reasons to explain it, saying that this or that condition was not good; they got no support from above, or something was wrong below; that transportation was not readily available or that funds were in short supply, skilled persons were not available, or that this or that particular was lacking. To blame things and talk a lot is to fail to find the gap in reform and opening to the outside world. Our backwardness is backwardness in the area of reform and opening to the outside world. Some comrades have not grasped this substantive problem; consequently, they have not closely linked reform and opening to the outside world in their minds with faster economic development. How to make them understand this point, how to intensify their sense of urgency, and how to strengthen their conceptual awareness are problems requiring serious study on the part of all.

#### **Emancipation of Thinking Through Seeking Truth in Facts; Uniting as One To Look Ahead**

On the basis of my observations during my recent trip to south China, the emancipation of thinking requires a standard, namely that everything that helps develop productivity must be the point of departure and the point of return. The emancipation of thinking about which we are talking is making larger strides in reform and opening to the outside world. The purpose of faster reform and opening to the outside world is faster development of productivity for faster development of the economy. Our goal is for everyone to become wealthy with all possible speed in full demonstration of the superiority of socialism. We stress the seeking of truth in facts, everything proceeding from realities. This is essentially the same thing as the emancipation of thinking. The emancipation of thinking is not hollow; it cannot be divorced from realities. At the Third Plenary Session of the 11th Party Central Committee, Comrade Deng Xiaoping talked about the seeking of truth in facts, the emancipation of thinking, uniting as one, and adopting a forward-looking attitude. This tells us that the process of emancipating thinking is a gradual process of deepening of our understanding of China's realities, Hebei's realities, the realities of all prefectures, cities and all county seats. This means whether one can propose specific measures for reform and opening to the outside world that are linked to local realities in order to accelerate economic development. Only with steady improvement and steady advances in understanding our realities can we steadily emancipate thinking and quicken the pace of reform and opening to the outside world.

The basic line set by our party of "a single center and two basic points" is an outgrowth of the emancipation of thinking and the seeking of truth in facts. Without the emancipation of the thinking of the whole party, and without the seeking of truth in facts, this basic line could

not have come about. Taking economic construction as the key link is entirely in keeping with China's realities. A socialist system has been founded; now the people want to concentrate forces for the development of productivity to make the most of the superiority of the socialist system. The situation that Chairman Mao addressed in his article titled, *On the Correct Handling of Contradictions Among the People*, was not the same as the situation today. Now that we have seized political power, we have to protect productivity and develop productivity. Development of productivity requires taking economic construction as the key link and adhering to the two basic points. One basic point is to adhere to the four basic principles. Since ours is a socialist country, we cannot practice bourgeois liberalization. The other is reform and opening to the outside world. Since our system still has shortcomings of one kind or another that affect the development of productivity, and affect the development of socialist modernization, we must reform, using reform to perfect the socialist system. We do not want to overthrow the socialist system, but we do want to perfect the socialist system and fully demonstrate the superiority of the socialist system. World economic competition is so intense nowadays that we must open to the outside world in order to develop our economy. We must import advanced foreign experiences and techniques, import foreign capital, and import foreign talent. This is the only way to hasten our development. The party's formation of a basic line and practice both show that "a single center and two basic points" are completely in keeping with the country's realities. This is the greatest seeking of truth in facts and the greatest contribution of the second generation of leaders of which Comrade Deng Xiaoping is a member.

#### **Impossibility of Being "Satisfied With Small Advances," and Impossibility of "Keeping to the Conventional Way of Doing Things"**

The experience and practice of some places in our province suggest that emancipation of thinking requires overcoming a mentality of being "satisfied with small advances," feeling that a tiny bit of progress is not bad, or feeling very satisfied about a little bit of development after making a normal amount of effort. A psychology of "contentment with slight prosperity" exists among the populace that regards having something to eat, something to drink, and something to spend as not bad at all. Some villages consider it not bad if they make a few hundred thousand yuan or thereabouts a year. If they are asked to invest a little more capital or run a few more projects they become filled with apprehension, fearing that they might lose money, and fearing to take risks. Running a commodity economy free from all risk is impossible. Crossing a street holds a risk. What will happen if you fall down? Riding in an automobile is also risky, but you cannot give up riding in automobiles or crossing streets on this account. We must make democratic decisions and scientific decisions as much as possible, thereby reducing risks somewhat. I am not

saying one should not care or be concerned about anything; I am saying that one should not stop doing something out of fear of taking risks.

Overcoming the psychology of "keeping to the conventional way of doing things," and being complacent must also be overcome. Letting matters take their course or develop as they will is not using subjective activity to the full, is not making the most of our creativity, and is not making the most of local advantages. This puts maximum limits on development. Being satisfied with a 1 percent growth this year and a 2 percent growth next year is to be complacent. There are no limits to the emancipation of thinking. This is not like being a college student who will graduate in a few years. This is not the standard. The degree of emancipation of thinking depends on the deepness of ones understanding of realities. Things constantly change. Chairman Mao's theories on practice and theories on understanding make clear that we are constantly practicing and constantly understanding. What we understand this year, we must understand anew next year; there is no end to it. Thus, neither is there an end to the emancipation of thinking. Circumstances are changing constantly, and understanding is increasing constantly, so thinking has to be emancipated constantly. The alternative is to lag behind events.

How does one emancipate thinking? One cannot simply take a course; one has to summarize practical experiences over the past decade and more, deepen understanding of the basic line, deepen understanding of reform and opening to the outside world, deepen understanding of importance of the emancipation of thinking, and heighten awareness of the emancipation of thinking through the summarization of practical experience. In addition, we must refer to experiences elsewhere. In this way we can deepen our understanding of the party's basic line in a constant striving to emancipate our own thinking. The past practice of talking about class struggle year after year, month after month, and day after day was wrong. Today, however, our basic line, reform and opening to the outside world, and the emancipation of thinking must be talked about year after year, month after month, and day after day. This cannot be wrong. On what does China rely to become prosperous and strong? We must rely on this basic line. We have to read this scripture everyday, and we must read it well.

#### **Realize the Six All-Points To Widen the Opening to the Outside World**

Greater strides can be made in reform and opening to the outside world to bring about an all-points and wide opening to the outside world. In cities, counties, and business enterprises, new breakthrough points must be constantly sought. Only by properly selecting these new breakthrough points and breaking through can we make larger strides. First is an all-points opening to the outside world. The Party, government, armed forces, counties, townships, and rural villages, economic agencies, and non-economic agencies all want opening to the outside world; not just zones opened to the outside world and the

opening to the outside world of open zones. Second is all-points attention to particulars. This is an important part of the implementation of reform and opening to the outside world. Every effort must be made to improve quality, raise the level, and increase the scale of both products and markets. Some new projects must be found as well. The level of technology of projects must be higher and newer; we should not work on antiquated things. We must both look inside China and to the outside world at the same time when working on projects. In a certain sense, our looking inward in Hebei Province is fairly important. We look inward in order to promote the importation of things from elsewhere. In working on projects, primary, secondary, and tertiary industries must all be involved, and work on whatever there is to work on. By leading the way, primary and secondary industries are bound to spur along the tertiary industries. Development of tertiary industries will also give impetus to primary and secondary industries. They are mutually advancing. Tertiary industries are a weak link in the province as a whole. For example, their commercial activities are not well developed. Third is the need for the all-points raising of capital. Capital from inside China, from outside China, from the government, from the people, collective capital, share capital, and contributions: every method must be used to raise capital. Fourth is the all-points opening of markets. Domestic markets, foreign markets, markets within the province, markets outside the province, markets in a county and markets outside a county, country fair markets, and scattered markets: there should be an all-points opening of markets. Fifth is an all-points development of human talent. Sixth is an all-points optimization of the investment environment, including both intangibles and tangibles. At the present time, our tangible environment is not tangible, and our intangible environment is not intangible. The tangible environment is truly in need of capital for the building of roads, airports, highways, water conservancy, and electric power, all of which need some investment. This is essential. Without a basic investment climate, people will not invest. The intangible environment is even more important. Things like improving efficiency in handling administrative matters, simplifying procedures, and reducing obstacles somewhat to accommodate people somewhat are very important matters. Our efficiency is too low. Some things in our superstructure are not in keeping with reform and opening to the outside world, and with economic development. The structural set-up and functions are not in keeping with it either. They conflict with each other. Today, the interests of government units are particularly prominent. Sometimes a single red light from a government unit counters several green lights. You cannot go forward. If we really put these six all-points actions into practice, the breadth of our advance will be a little larger for the real creation of a macroclimate for reform and opening to the outside world.

For right now, we must rapidly implement existing reform measures. If we find in practice that measures prescribed are not very suitable, we can actively revise

them in practice and steadily perfect them. In addition, while putting measures into practice, we must try new things, run pilot projects, and get rid of the three sinecures. Some successful experiences that we can apply have been gained in reform of the personnel system, including the county level structure. Where no experiences exist, we will have to actively and courageously explore, first in small scale pilot projects. If trials are successful, we can spread experiences to practice. Pilot projects require certain preferential policies, and policies have to be suited to projects. When a project is good and helps development of the economy, more concessions may be made to help them along a little. Existing regulations can be handled flexibly as matters require.

#### **Cadres Are Decisive; They Must Face the World and Brave the Storms**

Close attention and greater efforts must be placed on the nurture and training of the cadre corps to improve further their ability to carry out reform and opening to the outside world. Chairman Mao said that once a political line has been set, the cadres are decisive. Organizational line problems are problems in how people are used. We often say that "the team is the key." This is a matter of how people are used. Whether reform and opening to the outside world are done well is also a matter of how cadres are used.

Some may say that cadres purposely handle matters so they will fail, but this is very rare. However, if they lack ability, they cannot handle them; they will not be skilled in handling them, and they will not handle them well. Such situations still exist. Cadres' political and professional abilities have to be improved. Every county and every enterprise has some people possessing fairly high ability in carrying out reform and opening to the outside world. The use this group of people is extraordinarily important. Cadres overall abilities have risen very greatly in recent years; nevertheless, there are still some areas that do not meet our needs in reform and opening to the outside world, and central government requirements. Leading cadres at all levels, especially principal leading cadres and cadres responsible for economic work, must first become experts in reform and opening to the outside world. Reform and opening to the outside world is not all that simple; it is not something that one can just do. Henceforth in our selection of cadres, we must determine how well they carry out the party's basic line. This is a very important political quality. Furthermore, there is a basic point in the basic line, and that is reform and opening to the outside world. If cadres are unable to implement reform and opening to the outside world, they can be trained; but anyone opposed to reform and opening to the outside world cannot be used. Of course, the number opposed are extremely small. Still, if their quality is not high, and they do not have much ability; if they are complacent and conservative in their thinking, such cadres cannot be placed in important positions. Every unit at every level has to select a number of cadres of good political quality who also understand the economy, and who particularly understand foreign

economic relations and trade for specialized training in order to form a cadres corps that has fighting strength. This corps must be steadily expanded to become a nucleus for reform and opening to the outside world. They must be set loose courageously and allowed to work. They must be given responsibilities and support. If they make mistakes in their work, experiences should be summarized and education done, but support must continue to be given. So long as they do not violate the laws and organizational discipline we should courageously allow them to work. Chairman Mao said that cadres must face the world and brave the storms. They must swim in a vast ocean; they must become tempered in the vast ocean of the commodity economy. This is the only way to increase their competence. The outstanding cadres that emerge out of practice, including peasant entrepreneurs must be courageously placed in important position of leadership where they can carry on their work.

#### **Pioneer, Innovate, Work on Concrete Matters, and Be Highly Efficient To Enable a Greater Pooling of Efforts**

Carrying forward a work style of pioneering, innovation, work on concrete matters, and high efficiency requires change to a better ideological style. Great strides in reform and opening to the outside world require a change in ideological style. When seizing opportunities, courageously reforming and opening to the outside world, and promoting the more rapid development of our economy, problems in ideological style will be encountered. Recently General Secretary Jiang Zemin has gone to many places where he has talked about a change in work style, taking firm hold of implementation, and being sure to do fine work. The general secretary's reasons for so doing are very pertinent. Here in Hebei Province comrades have also learned that the ideological style is not consistent with our current tasks. Problems in this regard are fairly numerous. How can ideological style be changed faster? Formalistic things, subjective things, and bureaucratic things must be overcome. Our cadres must rally spirits, go about their work courageously, and work in a creative way. At the same time, they must do a solid job, work steadily and make solid progress, and work wholeheartedly. The recent socialist education has inspired us greatly. The cadres that we sent to lower levels become involved with the affairs of the masses, settled many matters for the masses, and solved problems. For this, the masses were extremely thankful. We can see that a change in ideological style is quite important to cementing relations with the masses, to improving party cohesiveness, for reform and opening to the outside world, and for developing the economy. The ordinary people say that a fine work style had returned. If you handle matters for them in a sincere fashion, they will have extraordinarily close feelings toward you. In addition, they will band together in a joint force in every way, wholeheartedly devote themselves to the economy, and work hard on the "single center and two basic points." This joint force has been preliminarily formed. The attention of everyone is centered on this. Everyone is exerting himself in this regard.

This situation must continue, this joint force becoming stronger. In this way, progress in our work can be faster.

CPC committees at all levels must further inculcate the ideology of taking economic construction as the key link, concentrating their energies further on reform and opening to the outside world. This is also related to ideological style. In working on economic construction today, our ideology is not sufficiently concentrated. Too many substantive opportunities have been missed. We hold a meeting here and hold a meeting there; we make some commendations here and make some commendations there; we have some leaders speak here and we have some leaders speak there: our energies are not concentrated. In particular, individual units do not function like parts of a whole. Either one part or another does not work. It is like a machine: either this screw has fallen off or that screw is broken, or will not turn, or has rusted. If everyone is concerned about and thinks of ways that leaders energies may be more concentrated, our reform and opening to the outside world can develop even more.

#### Inner Mongolia Statistics Communique for 1991

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[Statistical communique of the Statistical Bureau of the Inner Mongolia Autonomous Region on economic and social development in 1991, issued 19 February]

[Text] In 1991 under the leadership of the regional party committee and the government, people of all nationalities in the region conscientiously implemented the series of principles and policies adopted by the CPC Central Committee and the State Council, and gradually alleviated all kinds of shallow contradictions hampering the normal development of production and circulation, thanks to the concerted efforts of all departments and localities, thus not only bringing inflation under effective control but also gradually casting off market sluggishness. As a result, the region's economy picked up in a comprehensive way under the condition of keeping a basic balance between the society's total supply and total demand, social undertakings were further developed, people's livelihood continued to improve, the major tasks concerning economic rectification were basically fulfilled, the economy as a whole continued to develop in a positive direction, and a good beginning was made for attaining the Eighth Five-Year Plan. According to initial statistics, the annual gross national product of the region was 32.067 billion yuan, an increase of 7.1 percent over 1990 if calculated in terms of comparable prices; the national income was 25.869 billion yuan, an increase of 5.9 percent; and the total product of society was 60.596 billion yuan, an increase of 7.7 percent. The total demand of the society outstripped the total supply by 3.6 percent, and the total supply was in a state of basic balance. Some deep-rooted problems in economic activity have not yet been solved, however, and there are still many problems in the way of our advance. Major

indicators were: Economic efficiency was still not high, finance remained difficult, and economic structure remained unreasonable.

#### 1. Agriculture

In 1991, the basic position of the region's agriculture and animal husbandry was reinforced further, and a bumper harvest was reaped in both agriculture and animal husbandry, even though the region's central and western areas were hit by droughts. If calculated in terms of the constant prices of 1990, the annual agricultural output value was 16.943 billion yuan, an increase of 2.5 percent over 1990 in which the base figure was relatively high. Of this, the output value of cropping increased by 0.8 percent and that of animal husbandry increased by 6.4 percent. The set tasks of stabilizing grain output were fulfilled. In 1991, the region's gross grain output was 9.585 billion kg, the second highest year in history. Output of oil-bearing seeds and beets reached 718 million kg and 3.069 billion kg, up by 3.45 percent and 29.8 percent over 1990 respectively.

The output of major agricultural products was as follows:

Type	1991	Percentage Increase Over 1990
Grain	9.585 billion kg	-1.49
Wheat	2.802 billion kg	7.07
Corn	4.137 billion kg	5.24
Paddy	352 million kg	13.18
Soybean	451 million kg	-5.33
Tubers	465 million kg	-24.16
Oil-bearing seeds	718 million kg	3.45
Beets	3.069 billion kg	29.82

Forestry production continued to develop. In 1991, the afforested areas totaled 335,000 hectares, an increase of 12.6 percent over the previous year. The quality of afforestation further improved, and marked results were achieved in forest fire prevention. Arbitrary tree felling was brought under effective control, and the ecological environment improved further.

The output of animal products and livestock continued to increase. There were 55.681 million head of livestock (including hogs) by the end of the region's animal husbandry fiscal year, registering an increase of 4.9 percent over the same period of last year and setting a historical record. The year-end number of livestock totaled 42.205 million head due to the increase in the number of livestock slaughtered, a drop of 0.8 percent from the same period of last year. Some 13.798 million head of large animals and sheep were slaughtered during the year, an increase of 23.6 percent. New headway was made in improving breeds. About 53.6 percent of large animals and sheep were from fine and improved breeds, an increase of 5.3 percentage point over the figure in 1990. The output of major livestock products comprehensively increased. In particular, the output of sheep



wool increased to a varying degree under the situation that the number of sheep was reduced.

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

	1991	Percentage Increase Over 1990
Pork, beef, and mutton	567 million kg	13.05
Pork	310 million kg	7.68
Beef	96 million kg	11.92
Mutton	161 million kg	25.89
Milk	386 million kg	4.41
Sheep wool and goat hair	62 million kg	0.59
Sheep wool	60 million kg	0.84
Goat hair	2 million kg	3.37 Large animals in stock
Mid-year figure	7,837,100 head	-0.16
Year-end figure	6,998,500 head	-1.08 Sheep in stock
Mid-year figure	41.6 million head	5.17
Year-end figure	29,608,900 head	-2.09 Hogs in stock
Mid-year figure	6,243,500 head	10.05
Year-end figure	5,597,600 head	7.04

Fisheries continued to develop. The output of aquatic products totaled 32 million kg, an increase of 5.5 percent over 1990.

Agricultural and livestock production conditions were further improved, and overall agricultural production capacity increased by a large margin. By the end of 1991, the aggregate power used by the region's farm machinery reached 7.86 billion watts, an increase of 3.4 percent. There were 298,000 tractors, an increase of 6.1 percent; and 12,000 farm-use trucks, a drop of 1.5 percent. The irrigation and drainage equipment had a total power capacity of 1.41 billion watts, an increase of 5.2 percent. Some 54.9 percent of the farmland was sown by machine, an increase of 5.6 percentage points over 1990. The effectively irrigated areas reached 1,323 million hectares, an increase of 5.7 percent; and 377,000 tons of chemical fertilizers (100 percent effective content equivalent) were applied during the year, an increase of 9.2 percent. Along with the ceaseless improvement of the agricultural and livestock production conditions, the overall agricultural and livestock production capacity increased by a fairly big margin. Grain output surpassed 9.5 billion kg for two consecutive years. The number of livestock continuously maintained a high level for two consecutive years, but the natural disaster combating capacity was still low.

The economy was comprehensively developed in the rural and pastoral areas. The total production of the rural society reached 21.82 billion yuan if calculated in terms of the price of the year, an increase of 1.45 billion

yuan over the previous year. The proportion of the output value of non-agricultural trades, including rural industry, building industry, transportation, commerce, and catering trade, in the total product of the rural society rose from 23.0 percent in 1990 to 24.9 percent.

## 2. Industry

In 1991, Inner Mongolia's industrial production picked up gradually, and the annual target of six to eight percent increase was by and large fulfilled. The industrial output value of the enterprises at and above the township level (calculated in terms of the 1990 constant prices) came to 28.80 billion yuan, up 6.75 percent from the preceding year. Of the total, light industrial output value was 11.524 billion yuan, up 6.30 percent; and heavy industrial output value 17.276 billion yuan, up 7.05 percent. Also of the total, the industrial output value of state enterprises was 23.829 billion yuan, up 6.67 percent; that of collective enterprises 4.723 billion yuan, up 5.78 percent; and that of the enterprises of other ownerships 248 million yuan, up 40.90 percent. The entire industrial output value of the year stood at 30.967 billion yuan, an increase of 7.97 percent over the preceding year, which is 3.87 percentage points higher than the preceding year.

In the output of the major industrial products of which statistics were made and assessed, that of energy resources, raw materials, and other heavy industrial products maintained fairly large growth. Compared with the preceding year, the annual output of raw coal grew by 3.39 percent, that of crude oil 8.17 percent, that of electricity 11.56 percent, that of finished steel products 1.95 percent, and that of ferroalloy 21.05 percent. The output of cigarettes, synthetic detergents, and other light industrial products fell short of the targets and showed a decline from that of the preceding year.

The output of major industrial products were as follows:

	1991	percentage increase over 1990
Yarn	24,100 tons	0.84
Cloth	108.26 million meters	0.37
Woolen fabrics	10.98 million meters	5.37
Chemical fiber	7,540 tons	1.81
Machine-made paper and paperboard	169,300 tons	24.55
Cigarettes	282,000 cases	-2.83
Beverage wine	278,900 tons	8.18
Crude salt	986,000 tons	5.70
Chemicals	1,222 tons	24.56
Synthetic detergents	9,188 tons	-23.02
Bulbs	16,620,600	-1.39
Bicycles	7,732	-59.53
Television sets	286,100	-25.59
Color sets	170,600	8.45

	1991	percentage increase over 1990
Dairy products	26,300 tons	19.55
Leather (in terms of cowhide)	434,800 pieces	-34.48
Knitting wool	3,674 tons	-15.52
Wool blankets	355,600 pieces	-2.95
Carpets	420,600 square meters	-31.37
Raw coal	49,227,200 tons	3.39
Crude oil	1,000,600 tons	8.17
Electricity	18,914 billion kilowatt hours	11.56
Pig iron	2,720,600 tons	-3.06
Steel	2,693,200 tons	-1.28
Finished steel products	1,789,000 tons	1.95
Coke (machine-made coke)	1,997,600 tons	-19.53
Timber	4,704,000 cubic meters	-10.56
Cement	2,696,000 tons	18.26
Plate glass	2,696,000 weight cases	1.89
Sulphuric acid	51,504 tons	6.29
Caustic soda	36,524 tons	19.63
Chemical fertilizer (100% effective content equivalent)	125,400 tons	-6.94
Ferroalloy	43,700 tons	21.05
Aluminum	64,100 tons	8.46
Machine tools	755	68.15

[Text] Along with the implementation of the guidelines of the central economic work conference, judging from the provincial situation, although we witnessed improvements in economic efficiency in the industrial sector during the second half of the year, the slide in economic efficiency remained unchanged. According to statistics from the wall bugetary bulletins of the local state industrial units throughout the region, the profits created during 1991 dropped by 20.26 percent from the previous year, the number of enterprises running in the red reached 27.45 percent, and the deficits rose by 10.60 percent; although the growth of sales income was quicker than the growth rate of output value, the defaults in the payment for goods and the funds tied up by manufactured goods were also on the increase. During the year, a total of 2.365 billion yuan of funds were tied up by manufactured goods, an increase of 8.53 percent over the previous year. The number of commodities delivered and the sum from the sales of goods which had not been collected were valued at 3.253 billion yuan, an increase of 21.2 percent over the previous year. The average per-capita labor productivity of all state industrial enterprises exercising independent accounting reached 21,956

yuan per person, showing an increase of merely 2.37 percent over the previous year.

### 3. Investment in Fixed Assets

In 1991, the whole region maintained a situation of rapid increase in investment in fixed assets. During the year, social investments in fixed assets reached 9.856 billion yuan, an increase of 39.44 percent over the previous year, which was much greater than the growth rate of 2.7 percent in 1990, the greatest growth since reforms and opening up. Of this, the investment in the fixed assets of state enterprises reached 7.983 billion yuan, an increase of 40.62 percent over the previous year; the investment in the fixed assets of urban and rural collective enterprises reached 466 million yuan, an increase of 51.99 percent over the previous year; and the investment in urban and rural individual units reached 1.407 billion yuan, an increase of 29.73 percent over the previous year. Of the investment in the fixed assets of state enterprises, investment in capital construction stood at 5.814 billion yuan, an increase of 46.38 percent over the previous year; investment for updating and upgrading equipment reached 1.796 billion yuan, an increase of 19.39 percent over the previous year. The whole region initiated 1,248 new capital construction projects, and carried out 893 equipment updating and upgrading projects, showing an increase of 329 projects and 246 projects respectively over the previous year.

The investment structure improved, and the major construction projects were further accelerated. A batch of projects were completed and commissioned. Of the region's investment in capital construction, 4.526 billion yuan went to productive projects, an increase of 43.77 percent over the previous year, and the investment proportion rose to 77.8 percent; 1.288 billion yuan went to nonproductive projects, an increase of 56.31 percent over the previous year, and the proportion was 22.2 percent. While greatly increasing the investment in capital construction, investment for updating and upgrading equipment also increased at a fairly rapid rate. A total of 1,035 capital construction projects were completed and commissioned in the whole region, 870 of which were local projects, and 803 were equipment replacement and technical updating projects. Four large and medium-sized projects were completed and commissioned with a total investment of 4.02 billion yuan. The investment made by state enterprises in new fixed assets reached 4.628 billion yuan, up 1.09 percent over the previous year; the additional production capacity resulting from completed capital construction projects consisted mainly of the annual capacity to produce 2.80 million tons of iron, 1.45 million tons of iron ore dressing, 1.5 million tons of iron ore sintering, 3.9 million tons of coal, 23,200 tons of sulphuric acid, 12,600 tons of chemical fertilizers, 12,600 tons of phosphate fertilizer, and 25,000 kw of power output. The building industry ended its stagnant situation in production and was developed fairly rapidly. The annual building industry output value created by state building enterprises throughout the region was 2.01 billion yuan, an increase of 21.1 percent over

the previous year; and the per-capita labor productivity was 13,362 yuan, an increase of 17.5 percent over the previous year.

#### 4. Transport, Post and Telecommunications

In 1991, regional communications and transportation continued to develop. The annual volume of freight transported by rail was 50.51 billion ton-km, a drop of 2.8 percent from the previous year; the volume of freight transported by highway was 660 million ton-km, a drop of 6.6 percent; the volume of passengers transported by rail was 6.06 billion person-km, an increase of 5.3 percent; the volume of passengers by highways was 3.47 billion person-km, an increase of 18.0 percent; and the volume of passengers by airway was 420 million person-km, an increase of 24.9 percent. However, the situation that communications and transportation lagged behind economic development have not yet been solved

Fairly rapid progress was made in post and telecommunications service, with business transactions in 1991 totalling 251.122 million yuan if calculated in terms of the constant prices of 1990, an increase of 20.0 percent over the previous year. Of this, business transactions of newspapers increased by 10.1 percent; magazines, 7.6 percent; telegraf, 0.1 percent, and long-distance telephones, 36.5 percent. By the end of 1991, urban telephone subscribers reached 163,000, 15,000 more than the previous year, or an increase of 10.40 percent.

#### 5. Domestic Trade, Supply and Marketing of Materials

In 1991, the region's retail sales market gradually cast off sluggishness, changing from picking up to steadiness and gradually tending toward normal. The region's total volume of retail sales reached 16.317 billion yuan, an increase of 11.6 percent. Of this, the retail sales of consumer goods were 14.552 billion yuan, up 11.45 percent; and the retail sales of the means of agricultural production was 1.765 billion yuan, up 12.85 percent. The increase margin of the major retail sales targets has reached the level for a normal year.

In terms of the composition of the commodity retail sales volume of different economic categories, the retail sales of state-owned units accounted for 48.67 percent of the total retail sales, continuing to occupy a predominant position; that of collective units accounted for 30.43 percent; that of individual units accounted for 14.05 percent; and that of farmers to nonagricultural residents accounted for 6.85 percent. For the whole year, business transactions in urban and rural markets totaled 2.146 billion yuan, an increase of 8.82 percent over the previous year.

In terms of retail sales of consumer goods, the retail sales of food items, clothing items, and items for household use maintained the trend of steady growth. Sales of food items rose by 10.37 percent over the previous year, clothing items rose by 9.08 percent, and items for household use rose by 13.07 percent. However, the region's commodity markets recovered in an uneven

manner. The total volume of retail sales of consumer goods in urban areas rose by 13.45 percent, while that in rural and pastoral areas at or below the county level rose by 3.01 percent only, remaining sluggish. The total volume of net domestic purchases of commodities by commercial departments in the region was 111.258 billion yuan, and increase of 3.21 percent. Of this, purchases of grain dropped by 7.1 percent, edible oil increased by 13.4 percent, cotton increased by 2.5 percent, and color television sets increased by 24.2 percent. The total volume of net domestic sales by the region's commercial departments amounted to 15.586 billion yuan, an increase of 6.52 percent. By the end of 1991, the total volume of commodities in stock was 9.335 billion yuan, an increase of 0.41 percent.

	1991	percentage increase over 1990
Grain	2,469,900 tons	-2.68
Edible oil	68,500 tons	2.54
Pigs and pork	626,100 head	-26.61
Aquatic products	10,380 tons	38.77
Salt	161,900 tons	2.73
Alcoholic drink	127,200 tons	-14.05
Cotton cloth	41,878,700 meters	-19.45
Fur clothes	12,443,900 pieces	8.74
Soaps	438,600 cases	-24.38
Television sets	248,100	12.21
Color sets	119,100	16.76
Refrigerators	46,400	0.65
Coal	6,502,300 tons	28.63

Good results were achieved continuously in price control. Thanks to stable consumer psychology, bumper production in agriculture and animal husbandry for two years in succession, and ample commodity supplies, the annual general retail price rose by 4.5 percent, which was lower than the control target of 6 percent, despite the execution of some major price adjustment measures in 1991. The annual price index of consumer goods rose by 4.7 percent. Of this, the price index of nonstaple foods rose by 5.5 percent, that of fresh vegetables 12.0 percent, and that of fresh fruits 4.9 percent.

The rises of retail prices of different commodities were as follows:

Percentage Increase 1991 Over 1990			
	Entire Region	Urban Areas	Rural Areas
Consumer goods	4.7	6.1	2.6
Food	5.6	7.4	2.5
Grain	10.0	19.2	-4.9
Nonstaple food	5.5	5.4	6.6
Meat, poultry, eggs	-2.5	-2.7	-0.7

## Percentage Increase 1991 Over 1990 (Continued)

	Entire Region	Urban Areas	Rural Areas
Aquatic products	2.5	1.9	6.5
Clothes	5.9	6.1	5.4
Daily Necessities	2.6	2.9	2.3
Articles for cultural and recreational use	-4.6	-3.8	-5.9
Newspapers and magazines	-0.3	-0.1	-0.7
Medicines and articles for medical use	5.1	4.9	5.4
Building and decorating materials	-0.7	-0.5	-0.7
Fuels	19.8	21.9	15.5
Means of agricultural production	3.5		3.5

The market for the supplies of materials continued to expand. The outlets of material supply departments of the region increased from 1,239 in the preceding year to 1,489, up 20.2 percent. Sales of the means of production continued to grow. The sales volume of material supply departments totaled 3.42 billion yuan in the year, up 21.3 percent from the preceding year; and that of trade centers of means of production totaled 120 million yuan, up 78.5 percent. The proportions of the major materials distributed under state plans in the total supplies of material supply departments were 39.4 percent for steel products, 71.0 percent for cement, and 46.5 percent for timber.

#### 6. Foreign Trade and Tourism

In 1991 the region's foreign trade was brisk, and it set a historical record in import and export volume. The volume of export and import through foreign trade totaled \$600 million, an increase of 23.71 percent over the previous year. Of this, the total export volume reached \$419 million, an increase of 28.92 percent; and the total import volume reached \$181 million, an increase of 13.13 percent. Border trade export volume reached \$116 million, an increase of 63.38 percent.

New headway was made in international tourist trade. The first regional "Nadam" fair assimilated a large number of overseas guests. A total of 38,600 tourists were received during the year, an increase of 20,400 people or 89.22 percent over the previous year. Of this, 10,300 people were Overseas Chinese and compatriots from Hong Kong, Macao, and Taiwan, an increase of 5,700 people or 80.70 percent over the previous year. The foreign exchange earnings from tourism totaled \$2.23 million, an increase of \$1.37 million or 62.77 percent over the previous year.

#### 7. Finance, Banking, and Insurance

Revenues continued to increase. According to preliminary statistics, the local revenues in 1991 reached 3.63

billion yuan (including the special revenues from power construction), an increase of 10.06 percent over the previous year. Of this, the industrial and commercial taxes reached 2.996 billion yuan, showing an increase of 7.59 percent and accounting for 82.5 percent of the revenues. The local expenditures reached 6.498 billion yuan (including the special expenses in power construction), an increase of 6.69 percent. The rate of localities being financially self-sufficient rose from 53.3 percent to 55.9 percent. Of the expenditures, the expenses in capital construction increased by 26.71 percent; the expenses in supporting agricultural production increased by 1.91 percent; the expenses of agriculture, animal husbandry, forestry, water conservancy, and meteorological departments increased by 8.24 percent; and the expenses in science, culture and education, and public health increased by 4.2 percent.

The banking situation was relatively stable. The year-end savings deposits of the banks reached 20.578 billion yuan, 3.612 billion yuan more than the figure at the beginning of the year and 21.29 percent more than the figure at the end of last year. Bank loans reached 32.685 billion yuan, 5.397 billion yuan more than the beginning of the year and 19.78 percent more than the end of last year. A total of 3.38 billion yuan of currency were put into circulation, an increase of 11.78 percent over last year.

The savings deposits of urban and rural people increased rapidly and reached 14.241 billion yuan, 2.959 billion yuan more than the beginning of the year and 26.22 percent more than the end of last year. Of this, the savings deposits of urban people reached 12.1 billion yuan, 2.446 billion yuan more than the beginning of the year. The savings deposits of the dwellers in the agricultural and pastoral areas reached 2.141 billion yuan, an increase of 311 million yuan over the figure at the beginning of the year.

New headway was made in the insurance business. The categories of insurance rose from 96 in 1990 to 120, an increase of 25.0 percent. The insurance business volume reached 65.8 billion yuan, an increase of 19.6 percent over the previous year. The insurance business volume during the year reached 315 million yuan, an increase of 32.9 percent. The insurance trade handled some 30,000 cases of compensation for property and some 100,000 cases of compensation for the safety of the people and paid out 97 million yuan for losses.

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

Science and technology continued to develop. According to initial statistics, the region won 397 scientific and technological achievements, of which 151 were significant ones, an increase of 160 and 45, respectively, over the preceding year. Among the significant achievements, four won state-level awards and 147 regional-level awards. In the year, the region received 431 patent applications, up 24.2 percent from the preceding year, and approved 153, down 10.0 percent. The technology

market continued to flourish. In 1991, 544 technological contracts were signed, down 43 from the preceding year; and the transactions totaled 30.75 million yuan, up 50.1 percent. Of the total, contracts for technological development numbered 198 and their transactions stood at 15.73 million yuan; those for technology transfer numbered 55 and the transactions totaled 2.81 million yuan; those for technical consultation numbered 80 and the transactions totaled 1.48 million yuan; and those for technical services numbered 211 and the transactions totaled 10.74 million yuan.

The contingent of scientific and technical workers was further expanded. By the end of 1991, state units throughout the region had 453,200 scientific and technical personnel of various specialties, an increase of 5,000 over the preceding year. Of the total, 190,400 specialized in natural sciences, and 262,800 specialized in social sciences.

Higher education was consolidated and improved after the region attached importance to its quality. In 1991, graduate schools enrolled 93 graduate students, up 14.8 percent from the preceding year; and the year-end number of their students totaled 243, down 4.0 percent. Regular schools of higher learning enrolled 9,687 students for regular and special courses, down 1.0 percent from the preceding year; and the year-end number of their students was 31,107, down 3.3 percent. Among the students, 8,141 were students of minority nationalities, a drop of 7.9 percent. The year-end number of students at adult schools of higher learning totaled 15,660, down 26.67 percent from the preceding year. The decrease in the students of the schools of higher learning was attributed to the efforts to attach importance to the quality of higher education and intensify secondary education.

Secondary education was intensified continuously. Secondary specialized schools throughout the region enrolled 18,000 students, up 8.7 percent from the preceding year; and their students numbered 52,100, up 4.6 percent, of whom 12,700 were students of minority nationalities, down 47.0 percent. The students of secondary vocational schools numbered 142,300, up 20.1 percent from the preceding year, of whom those of the vocational schools of senior high school level numbered 63,300, up 6.1 percent. The students of ordinary senior high schools numbered 199,300, declining by 0.5 percent, of whom 47,500 were students of minority nationalities, an increase of 6.0 percent. The students of adult secondary specialized schools and technical training schools totaled 1,078,200, up 2.85 times, of whom 1,047,900 were students of technical training schools, up 3.3 times.

Continued efforts were made to popularize nine-year compulsory education. There were 862,000 junior middle school students throughout the region, a drop of 0.5 percent from the previous year, of whom 173,000 were minority people, an increase of 4.2 percent; and

there were 2.341 million primary school students, a drop of 0.1 percent. The school entrance rate of school-age children was 96.9 percent.

Cultural undertakings were soundly developed. The whole region produced four feature films and 28 films with Mongolian dubbing. There were 2,296 film production organs at the end of the year, 2,171 of which were movie projectionist units of various types; 185 art organs, 119 of which were art performing troupes; 11 museums, 21 large archive centers, and 103 cultural centers. By the end of the year, the whole region had 36 radio broadcasting stations, nine more than the previous year; 52 radio transmitters and relay stations, with a radio coverage rate of 75.6 percent; 25 television stations and 844 television transmitters and relay stations, with a television coverage rate of 75 percent; the regional, league, and city newspapers published 184,338 million copies during the year, up 14.5 percent, of which 8.605 million copies were Mongolian edition; 13.302 million copies of magazines of various types were published, 1.728 million of which were Mongolian edition; 82,988,100 copies of textbooks were published, 8,253,300 copies of which were Mongolian edition.

#### 9. Public Health and Sports

Public health work continued to develop, and the medical conditions in the rural and pastoral areas further improved. By the end of the year, there were 5,172 public health organs in the whole region, up 0.2 percent over the previous year. Of this, there were 1,489 hospital beds in the rural areas, an increase of 3.3 percent over the previous year. By the end of the year, public health organs had 62,900 hospital beds, 29,800 beds were in rural public health units, showing an increase of 3.6 percent and 2.8 percent respectively over the previous year. Medical personnel numbered 98,000 by the end of the year, an increase of 1.3 percent, including 85,900 middle-and high-ranking medical personnel, an increase of 1.9 percent.

By the end of the year, 1,497,700 people were recruited throughout the region in line with the "state sports training standards," an increase of 15.0 percent over the previous year; 892 athletes of various levels were recruited, an increase of 273 people, 56 of whom were minority people, an increase of eight people. At international and domestic competitions during the year, one of our athletes broke the record for the national indoor track and field event on two occasions, one broke one Asian record on one occasion, four broke three national youth records on six occasions, and 65 broke 48 regional records on 120 occasions; at the fourth minority sports meet, our athletes captured five gold medals, six silver medals, and four bronze medals. All localities and units at various levels successively carried out sports competitions, and the mass sports activities were vigorously developed.

### 10. Living Standards Improve

The living standards of the urban and rural people continued to improve. A sample survey showed that the average per capita income of the urban residents for living expenses reached 1,177 yuan, an increase of 127 yuan, or 12.1 percent, over the previous year. If the factor of price hikes was excluded, the actual increase was 5.75 percent.

Thanks to the continuous bumper harvests in agriculture and animal husbandry, peasants' benefits kept increasing. According to a sample survey, the net per capita income of peasants and herdsmen in the region reached 652 yuan in 1991, up 1 percent over the previous year. Of this, the net per capita income of peasants was 618 yuan, and that of herdsmen was 863 yuan.

The average number of durable consumer goods owned by each 100 residents in urban and rural areas was as follows:

	Urban residents	Peasants	Herdsmen
	1991/1990	1991/1990	1991/1990
Black-&-white tv sets	39/46	49/37	46/43
Color tv sets	65/58	6/5	12/8
Washing machines	81/80	14/13	7/9
Tape recorders	65/69	19/15	64/61
Motorcycles	4.2/3.6	1.4/1.0	33/41

Wage bill for staff and workers continued to increase. The region's total wage bill for staff and workers in 1991 was 7.439 billion yuan, up 12.3 percent over 1990. The wage bill for staff and workers of state-owned units was 6.093 billion yuan, up 12.8 percent; and that of collective units was 1.334 billion yuan, up 10.0 percent. The

average per capita cash wage of staff and workers was 1,978 yuan, up 7.2 percent. The per capita wage of employees of state-owned units was 2,123 yuan, up 7.7 percent, and that of collective units was 1,507 yuan, up 4.6 percent.

Urban employment increased, and the ranks of staff and workers expanded. Some 141,000 people were given jobs in cities and towns in 1991, an increase of 18.5 percent over the previous year. By the end of 1991, staff and workers in the region numbered 3.816 million, up 3.2 percent. Of this total, the number of workers employed by state-owned units was 2.91 million, up 3.1 percent; and that by collective units was 900,000, up 3.4 percent.

Urban and rural living conditions further improved. In 1991, a total of 3,612,400 square meters of new buildings were completed in urban areas, an increase of 9.9 percent over the previous year; and 7.285 million square meters of new houses were built in rural and pastoral areas, an increase of 44.4 percent.

Conditions for water, heat, and gas supply in urban areas also improved at varying degrees.

### 11. Population

Calculated according to the sample survey of the change in 1 percent population, in 1991 the birth rate for the region was 16.77 per thousand, and the death rate was 6.97 per thousand, resulting in a natural growth rate of 9.80 per thousand. By the end of 1991, the total population was 21,838,500, 213,000 more than at the end of 1990, or an increase of 9.85 percent.

#### Notes:

- 1) All figures in this communique are preliminary.
- 2) All targets of total output value without marked prices of calculation are calculated in terms of the prices of the same year, and all figures of growth rate are calculated in terms of comparable prices.

### Sociological Study of Rural Stratification

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[Article by Lu Xueyi (7120 1331 5669): "Several Problems in the Study of Current Rural Social Strata"]

[Text] During the end of the 1970s and the early 1980s, China's rural villages conducted a reform that brought about historical changes. The economic structure of rural villages has changed, and the social structure of rural villages changed along with it. Since the mid-1980s, comrades both in units concerned with practical work and in academic circles have studied changes in the rural social structure and the diversification of the peasantry, and published a number of valuable articles and surveys on this subject. In 1989, I published an article in SHE-HUIXUE YANJIU [SOCIAL SCIENCE RESEARCH] titled "Need for a Reappraisal of Peasant Problems," in which I put forward the view that the peasants have diversified into eight strata, including agricultural workers, peasant workers, hired hands, rural intellectual workers, the self-employed and individual industrial and business households, owners of private enterprises, managers of township and town enterprises, and rural managers. In 1989, the Sociology Research Institute of the Chinese Academy of Social Sciences founded the task force for the "study of China's rural social structure." During that same year and in 1990, members of the task force conducted on-the-ground surveys of the social stratification in rural villages under municipal or county administration at Langfang in Hebei, Chaohu in Anhui, Shenyang in Liaoning, Lingxian in Shandong, and Jiading in Shanghai, as well as in the nationally renowned villages of Dazhai in Shanxi, Shashigu in Hebei, Huaxi in Jiangsu, Liuzhuang in Qiliyingo, Henan, Xiaogang in Fengyang, Anhui, and Maoping in Jinggangshan, Jiangxi from which they gained a wealth of firsthand data. During the spring and fall of 1990, the task force held two academic discussion meetings, one at Haidian in Beijing, and the other in Mixian, Henan at which rural social structure and the diversification of the peasantry were intensely discussed. I expressed my personal views at the meetings on several issues about which everyone was concerned, talking mostly about the following five issues:

#### 1. Historical Background to Rural Social Strata

Chinese society is presently in a major social transformation (or metamorphosis). This so-called social metamorphosis is expressed in five ways, namely, a transformation from rural society to industrial society, a transformation from rural society to urban society, a transformation from a natural economy of self-sufficiency to a commodity economy, a transformation from a closed and semi-closed society to an open society, and a transformation from a traditional society to a modern society. These transformations are an imperative of historical development. Other economically-advanced countries in the world have gone through and

completed these transformations in becoming modern societies. If we look back further, we can see that the conditions for these transformations were already underway during the Ming and Qing eras. However, because the rulers of the Ming and the Qing stubbornly adhered to the old ways, disdained science and technology, and suppressed or even throttled the development of an industrial and commercial economy, they closed off the country to the outside world. Thus they lost the opportunity for a transformation to an industrial society and impeded social progress. In 1840, China's main gate was blasted open by the mighty ships and magical guns of Western nations, thereby beginning the transformation from a natural to a commodity economy. Nevertheless, as a result of the aggression and exploitation of Western imperialism and the fetters of a feudalism in its death throes, this transformation was very prolonged. After many years of internal chaos and foreign aggression, and the constant tumult of war, by 1949 the output value of modern industry amounted to only 10 percent of the gross output value of industry and agriculture combined. At that time, China was still an impoverished and backward agricultural country, and Chinese society was a semi-feudal and semi-colonial society. China was still a traditional society in which the natural economy still occupied a dominant position. In 1840, China's population was slightly more than one-third the world's total, and its economic development was on a par with that of the rest of the world. One might say that it was a major economic power. By 1949, however, the output value of its economy was only 1 percent of the world's output value, vastly less than the world average.

Following the founding of the People's Republic of China in 1949, Chinese society underwent a historical change. As a result of land reform and the first five-year plan, modern industry developed greatly, and China took a giant step toward becoming a modern society. After 1958, however, as a result of the Leftist error committed in the guiding plans of making a rash advance, China's modernization sustained another setback. Throughout the 1960s and the early and mid-1970s social and economic development was at a virtual standstill. In 1978, the Third Plenary Session of the 11th party Central Committee engineered the strategic transformation of the work focus of the entire party, shifting the emphasis of the party's work onto a track centered on economic development, and thereafter instituting a series of policies for reform and opening to the outside world. During the past 10-some years, China's political situation, economy, culture, and society have developed at a rapid speed, and historical changes have taken place in all aspects of society.

China's reforms began in the rural villages. Until 1978, China had practiced the people's commune system of "tri-level ownership based on production teams" in which 800 million peasants were organized into more than 50,000 people's communes practicing collective ownership, unified administration, concentrated labor,

and unified distribution. The 800 million peasants were nominally the owners of the people's communes, but they had no de facto operating autonomy, and even their ability to decide work for themselves was limited. Consequently, the broad masses of peasants were apathetic toward production. The country's 800 million peasants labored to produce food, but food was still insufficient. During the 1970s, China imported some grain, cotton, sugar, and edible oil every year. Approximately one-third of the peasants had an annual income of less than 100 yuan. They were unable to satisfy their own food and clothing needs. During that period, all 800 million Chinese peasants could be covered by the term "commune member," with the differentiation among some cadres at most.

After 1978, China's rural villages conducted a series of reforms, institution of the output-related contract system being the main one, to enliven the rural villages. Implementation of the output-related contract responsibility system enabled the peasants to obtain land use rights and autonomy in operation. They gained the autonomy to engage in agriculture and in various kinds of production in addition to agriculture. Thus, the peasants changed from commune members to relatively independent commodity producers.

The people's understanding of the output-related contract system is gradually developing. The more time that goes by, the more they see its significance, and that this is actually yet another emancipation of rural villages. Formerly peasants not only had no decision-making authority for production and business, they did not even have the authority to decide how they would apportion their own labor. How could a commodity economy develop under such conditions? This emancipation of rural villages is the fundamental reason for the development of rural villages in recent years. The series of changes that have taken place in rural villages stems from this. Likewise, it is for these reasons that today's diversification of the peasantry has taken place.

Rural reform has enabled a change from the solitary system of ownership of the means of production to a system in which diverse economic components co-exist, public ownership being primary. Today, rural land is still collectively owned, but use rights are contracted to peasant households. Rural economic components include collective ownership, ownership by households in partnership or various kinds of ownership in common, as well as individual ownership and three kinds of partially or wholly foreign-owned enterprises in cooperation with entities from outside China.

Following rural reform, the former undiversified industrial structure also changed. Township and town enterprises have become a new force suddenly coming to the fore. In 1987, the output value of township and town enterprises nationwide was greater than agriculture's. Today, in addition industries, businesses, construction trades, transportation industries, and repair services may be found in rural villages in addition to agriculture.

In a certain sense, a second national economic system actually exists in rural villages.

The rural industrial structure has changed, and the structure of the occupations in which the peasants engage in has also changed. The peasants, as the name suggests, have long been laborers engaged in agricultural production, so how can one say that the peasants' occupational structure has changed? This is a distinctively Chinese phenomenon. Since 1960, the state has strictly limited the shift of the agricultural population to non-agricultural population status, and the 10 years of the "cultural revolution" also strictly limited peasant participation in non-agricultural industries. After 1978, although no change occurred in their household registration, the peasants could take part in industries other than agriculture. Today more than 100 million peasants have actually left agriculture to work in industry, businesses, transportation, construction, and service trades. Although they are still peasants nominally, and although they are still classified as belonging to peasant households, they have actually diversified into different strata engaged in various occupations. With the development of the rural commodity economy, these changes are continuing.

This is a method of peasant diversification peculiar to China. It is a rural society stratification that is distinctively Chinese. This situation differs completely from the circumstances under which developed Western countries transformed into modern societies. First no household registration system as strict as China's existed in developed Western countries. Second, the dualistic social structure of separation and clear distinction between city and countryside that has developed during the 30-some years since the end of the 1950s is also alien to many developed countries. Third, China's rural villages have shaped an economic structure distinct from the cities, in which industry, agriculture, business, construction, transportation, and the service trades are complete (rural villages differing from cities in their form of ownership, hiring system, ways of distributing remuneration, and social security system). Additionally rural villages have shaped a social structure out of the foregoing distinctive economic structure.

In a certain sense, the study of the contemporary Chinese rural strata has a distinctive real significance and historical significance. It is a historical process involving the transformation of a social community comprising one-sixth the world's population. Recording the history of the differentiation and evolution of these several hundred million people, and describing the evolutionary processes whereby a traditional social structure transformed into a modern social structure is not only of very great significance for the development of Chinese society, but is also significant for the development of rural villages worldwide.

Rural stratification very clearly stems from changes in China's rural economic structure, which brought about changes along with the changes in the social structure. In



the course of rural economic development, particularly development of the rural commodity economy, a division of labor and a division of occupations took place among the peasantry. The existing peasant class became differentiated, dividing into various strata having different economic interests, different occupations or employment, and different expectations. With the continued development of the rural commodity economy, some of the social strata existing in rural villages today may continue to decline, and others may gradually increase or differentiate into new strata.

Some comrades suppose that party policies and national social and economic reforms are the reasons for the rural stratification. There is a certain amount of truth in this, but it is not precise. Without doubt, a series of party and government policies for reform and opening to the outside world since the Third Plenary Session of the 11th party Central Committee have promoted development of the rural commodity economy, and have spurred the division of labor and the differentiation of occupations among the peasantry. This is not the complete picture, however. One can only say that correct policies have been an important reason rather than a fundamental reason promoting the rapid differentiation of the peasantry. The basic reason is the need to develop rural productivity. Differentiation of the peasantry is the result of the development of the rural commodity economy. Actually, prior to the Third Plenary Session of the 11th CPC Central Committee, differentiation had actually begun in some economically developed areas such as in the rural villages of southern Jiangsu and in the suburbs of large cities. Rural commune and brigade enterprises began to develop, and such places already had today's peasant workers as well as township and town enterprise cadres. At that time rural intellectual workers such as teachers in civilian-run schools and barefoot doctors were also fairly common. In addition, the policies of the Third Plenary Session of the 11th CPC Central Committee applied nationwide and have been in effect for 12 years, but because of the failure to develop a commodity economy well in some places, the social stratification has changed but little. In such places, the peasants are mostly agricultural laborers. Very few are workers or managers in township and town enterprises, and the number who are owners of or hired hands in private enterprises are even fewer or non-existent.

Therefore, one might say that the fundamental reason for the diversification of the peasantry lies in the development of rural social productivity and development of a commodity economy. Party and government policies since the Third Plenary Session of the 11th party Central Committee have been consistent with the laws of economic development. They have been in keeping with historical development and the demands of the broad masses of people, impelling development of a commodity economy and spurring the differentiation of the peasantry. Correct policies in conformity with the laws of development of a commodity economy spur and accelerate differentiation, but erroneous policies impede

and attenuate the development of a commodity economy. They also impede and delay the differentiation of the peasantry. In the final analysis, however, society always moves ahead. This is an objective law.

## 2. Theoretical Basis for the Study of Rural Social Stratification and Standards for Rural Social Stratification

Stratification is a term borrowed from geology. In geology it is used to explain the concept of strata in the earth. One might also say that the term has been borrowed from meteorology, which uses it to explain the concept of cloud layers. The earth strata concept is very clear because the layering is very evident, but it has one drawback, namely that strata in the earth are static and unchanging. The top stratum is on top forever and the bottom stratum is on the bottom forever. I think the cloud strata concept is a better simile. Clouds lie in strata, but the boundary lines between strata is not completely clear. In some places they intermingle, particularly because the cloud strata are constantly moving and in convection. Social stratification consists of dividing the members of society according to certain standards into social strata in which their economic and social status differs, the better to study the various characteristics of these strata and the reasons for them, and to analyze their percentage and role in the total population, etc.

Various stratification theories exist about how to study the social stratification problem. In today's world, the stratification theories of Karl Marx and Max Weber have the greatest influence. We will use basic Marxist principles in applying Marxist theory of class and strata in combination with the realities of Chinese rural society to the study of the rural differentiation issue. Marxism holds that deterministic interpersonal economic benefit relationships are the most important and the most fundamental social relationships determining all other relationships. Economic position determines a person's position and role in social life, and also determines a person's political attitudes and ideology. In defining class, Lenin said that "so-called classes are large groups and the historical position of these groups in a given society has been different; their relationship to the means of production has been different (most of these relationships being spelled out in law), and the role they have played in the organization of social labor has been different; therefore, the means of getting social wealth, and the amount of social wealth that they control also differs. So-called class means groups in which one group can own the labor of another group because of the position one occupies in a given society's economic structure." (Footnote: Lenin: "A Great Beginning," 28 June 1919. *Selected Works of Lenin*, Second Edition, Vol 4, p 10.) The basic tenets that Lenin used to differentiate members of society on the basis of their economic position are, without doubt, the guiding principles we use today in stratifying rural society. Naturally we can

also borrow and refer to some of the study methods and theories of western sociologists on the stratification of society.

Some comrades have raised questions about the scope of the study of rural stratification. The objects of our study are all personnel having an agricultural household registration, and not everyone living in rural communities. In China, the difference between agricultural households and non-agricultural households is very great. The difference is not simply one of eating or not eating commodity grain. Actually, the non-agricultural population has a series of other social privileges such as employment, movement of residence, schooling, social security, etc, which agricultural households do not have.

Rural social stratification is peasant stratification, which is sometimes called peasant differentiation. Some comrades noted that it is difficult to understand how a very different private enterprise ownership stratum has differentiated out of the peasantry. Actually, there are two kinds of private enterprise owners: One has an agricultural household registration; the other has a non-agricultural household registration. Here we are referring to the private enterprise owners differentiated out of the peasantry who have an agricultural household registration. In talking about peasant diversification, we mean the peasants in 1978. Prior to the assignment of output quotas to individual households, the peasants in agricultural households were basically undifferentiated, but after the assignment of output quotas to individual households, a division of labor and a differentiation of occupations occurred. The peasants differentiated into social strata having different occupations, different economic positions, and different expectations. The mother of the differentiation was the peasants of 1978.

On stratification standards. As was said above, social stratification is based on a division by economic position and economic benefit relationships. At the present stage, we believe that the use of occupation, meaning taking one's job status as a standard in combination with income, is relatively easy to manipulate and relatively objective. After 1978, the peasants engaged in all sorts of different occupations. Their economic income was different, and their economic position in society was different, and thus their political and economic expectations were different. In China, occupations also formed into stratified groups. One's occupation largely determined one's income level and position in society.

Some people advocate use of Weber's three key elements of income, privilege, and prestige for stratification, but these elements are clearly unworkable in delineating the strata existing in China today, and very difficult to manipulate as well. Take income, for example, which is very difficult to determine. Some people, fearing to reveal that they are wealthy, will not tell outsiders how much money they make. You can only give an estimate. In China today, income and prestige are also not entirely connected. People having high incomes do not necessarily enjoy very high prestige. For example, the income

of private enterprise owners is the highest, but their prestige is very low. Privilege also contains a very big element of imprecision. Cadres have privileges, but they do not have lifelong tenure. Instead they are regularly moved around through assignment transfers and placement. The same is true for party branch secretaries who enjoy very many privileges and prestige in villages in which the collective economy is very good. However, in some villages, a party branch secretary cannot even convene a meeting.

The standard for stratification is largely occupation, but combining it with other standards may also be considered. In reality, no stratification standard can be perfect in every way. I suggest proceeding from realities to find truth in facts. When I pointed out in a 1989 article that China's rural villages have eight strata at the present time, it was without any a priori occupational standard, but based instead on the long period I had spent on rural surveys and what I had learned. My mind was filled with images of all sorts of peasants. Prototypes existed for these eight kinds of people. They existed in the flesh. However after arranging them and analyzing them, I found that they were members of different occupations, and so it was that I deduced the occupational standard.

### 3. Current Stratification of Chinese Rural Society

Analysis of actual data that we currently possess shows that Chinese rural society at the present stage may be divided into eight strata, namely 1) the agricultural laborer stratum; 2) the peasant worker stratum; 3) the hired hand stratum; 4) the rural intellectual laborer stratum; 5) the individual worker and individual industrial or business household stratum; 6) the private enterprise owner class; 7) the township and town enterprise manager stratum; and the 8) rural manager stratum. Actually, six of the eight strata are paired, namely, agricultural laborers with rural managers, and peasant workers with the managers of township and town enterprises, and hired hands and private enterprise owners from a relationship with each other. In terms of income level, wealth, and social position, at the present stage, each level is progressively higher, going from agricultural laborer to private enterprise owner. Many comrades have done separate studies of the characteristics of these eight strata, how to delineate one from the other, what percentage each occupies, what their economic position and interests are, what special benefits they have, what problems they now encounter, and what they should do about them, etc. The next step is to study the features, expectations, and needs of each stratum, their position in social production and in political and economic life, relations among different strata, development prospects, and policies that we should adopt, etc.

Naturally, there is a certain amount of incompleteness in the delineation of these eight strata, and as the modern society and economy develop, it is certain that new strata will be differentiated. The modern social division of labor will develop further, and specialization and socialization will develop further. Some people suggest that

the development of modern society may be understood as a process of constant differentiation. Our simple stratification methods of the present will be replaced by more complex and more complete stratification methods.

#### 4. Stage of Development and Trend of Development of China's Rural Villages

Rural stratification is an outgrowth of the development of productivity. As rural villages develop, this diversification will continue. How will rural social stratification develop? What are the development prospects for each stratum? These matters will be decided by the future development of China's rural society. How will China's rural villages develop? I have the following views.

The present bifurcation between cities and countryside is a serious impediment to socio-economic development. Unless this problem is solved, solution to numerous problems that are decried year after year, such as the price scissors between industry and agriculture, the peasants' heavy burdens, planned parenthood difficulties, and peasant difficulties in buying and selling will be impossible. However, the boundary line between agriculture and non-agriculture has a more than 30 year development history that will be difficult to change all of a sudden. What is to be done? The problem can be solved only by relying on the peasant's creativity and by the peasants coming forward. This course is gradually becoming clear. Peasants in some areas have already taken this course for a basic solution to the problem.

Township and town enterprises are a special economic form that China's peasants have created during the bifurcation between cities and the countryside to modernize rural villages and solve the peasants' problems.

The bifurcated separation between cities and the countryside that began to take shape during the late 1950s and early 1960s enabled the urban 20 percent of the population to eat commodity grain that the state provided at parity prices as well as to enjoy certain preferential treatment that the state provided in the form of welfare and social security. Meanwhile the rural 80 percent of the population ate grain that they either produced themselves or purchased at negotiated prices, and they enjoyed virtually none of the aforementioned social welfare and social security benefits of non-agricultural households. Because of the strict administrative distinction between urban non-agricultural households and agricultural households, which were treated entirely differently, the annual shift of agricultural to non-agricultural households was held at 1.5 per 1,000. During the past several years, all other channels were also gradually blocked, such as hiring by industry, joining the armed forces, and promotion to cadre, all of which were closed to non-agricultural households. Today only a single road remains, and that is for young students to enter various secondary technical schools through

examination. Such an administrative system that separates cities from the countryside was shaped by history, but if it continues, the consequences may be very serious.

1. Numerically, the peasants will increase in both relative and absolute numbers. This is because of the good job of planned parenthood in cities by which a man and wife produce a single child while, as a practical matter, they may have two in rural villages, and even this cannot be controlled. The result is an ever greater increase in the number of peasants, the peasants becoming an ever larger percentage of the population. This does not suit the needs of modernization.

2. Economically, the peasants grow increasingly poor. During the past 40 years, the standard of living of China's peasants has improved greatly. During the past 10 years, in particular, it has risen very fast, rising everywhere. However, the urban standard of living rose even faster, the gap between city and countryside widening. Take the past 10-odd years, for example. In 1978, the income gap between city and countryside was 2.6:1. Statistics show a narrowing of the gap between city and countryside during the past several years, the ratio being 2.3:1 in 1988. Actually, however, much urban income was not included in statistics during the past several years. For example, the residents of Beijing receive 548 yuan worth of subsidies each year for grain, meat, vegetables, and coal. In addition, they have income from second jobs; they receive goods in kind at New Year's time and on holidays, and they receive various bonuses, etc. Statistics show the income gap between city and countryside now stands at 3.9:1. This is an average figure. In places that have no income from township and town enterprises, the income gap between peasants and urbanites is even greater.

3. The peasants' political position is also far from ideal. This is manifested in their participation in government and political affairs. During the 1950s and 1960s, scores of peasant committee members were in the Chinese People's Political Consultative Conference [CPPCC], but during the Sixth CPPCC, there were some 10 peasants, and during the Seventh CPPCC, there were only two. In the presidium of the All-China People's Congress as well, peasant delegates are also becoming increasingly few.

4. Culturally, the peasants are becoming more and more backward. The educational system today is different in the city than in the countryside. Rural middle and primary schools are mostly run by the local people. The peasants raise money to operate schools, and the people pay the teachers and buy the books. Middle and primary schools above the county seat level are largely filled by the sons and daughters of cadres, staff members, and workers while the sons and daughters of peasants attend classes in schools run by the local people. The better teachers in publicly-run schools are transferred into cities and towns while teachers in schools that the local people run also have to farm responsibility fields. They cannot devote themselves fully to teaching. Even so it is

difficult for some children to get into junior and senior middle school. If one does not get a good primary and middle school education, how can he or she enter college? Entering a major university is even more out of the question. When I entered Beijing University in 1957, the ratio between peasant children and urbanite children in college was 8:2. Today it is 2:8.

5. The degree of peasant organization is becoming increasingly low. According to a Ministry of Civil Affairs announcement, 20 percent of township and village organizations throughout the country today are inactive or semi-active. Actually, the percentage is larger. A substantial number of villages in these areas have not held a single meeting during the past 10 years.

This situation has come about gradually during the past several decades, and it is an extremely big problem that is harmful to the peasants, harmful to the country, and harmful to long governance and lasting stability. Solution to these problems is very difficult. Should household registration restrictions be lifted? Should the main gate to cities be opened wide to the peasants? How can the chasm between city and countryside be filled?

Ultimately, the problem may have to be solved by modern Chinese peasants themselves, with the masses creating means of solving this problem. In some places, the peasants have begun to take this course, filling in the chasm themselves.

In the first step, the peasants created the contracting of quotas to individual households, thereby gaining decision-making authority over production and operating activities. This resulted in year-after-year bumper harvests in agriculture for many years, solving in a single action the problems of insufficient food and clothing that had not been solved for many years.

The second step created township and town enterprises. This was a magnificent achievement of China's peasants undertaken under leadership of the party. It marked the second step of the peasant's march toward modernization. The peasants themselves raised the money, arranged for the equipment, studied the skills, found the materials, managed the enterprises, and produced and sold the goods. This was truly building from nothing and arduously pioneering. After 10-some years of effort, more than 18 million enterprises were created, more than 100 billion yuan of fixed assets and 150 billion yuan of working capital amassed, 95 million workers finding employment in these township and town enterprises. These 95 million workers received an education in secondary and tertiary industries, themselves learning about a new life. This is an enterprise much greater than the operation of several hundred universities.

Is not the transition from an agricultural to non-agricultural status difficult? The peasants' creation of township and town enterprises is tantamount to their being in charge of the transition from agricultural to non-agricultural status and in charge of a large scale transition from agricultural to non-agricultural status.

Statistics show that, on average, a state-owned enterprise has to invest 10,000 yuan for every worker, an investment of 950 billion being required to employ 95 million people. Using traditional methods, this would take several decades to accomplish, but now the peasants have accomplished it themselves within several years. The peasants themselves ran factories and opened shops. The peasants became staff members and workers having wage income who gradually became wealthy. The peasants themselves raised the capital to build small cities and towns, and the staff members and workers in township and town enterprises also moved to these small cities and towns in a transition to modern life in cities and towns that had running water, electricity, and cultural activities. Some also provided social security, and in a small number of cases, life was better than in larger cities and towns. In many places in which township and town enterprises were fairly well developed, such as in the suburbs of large and medium size cities, in southern Jiangsu, in the Chang Jiang delta and the Zhu Jiang delta, in southern Liaoning, and on the Shandong promontory, rural production and life are fairly modern.

Township and town enterprises were the second magnificent creation of the Chinese peasants. It was the second step the peasants took in the march to a modern society. With the founding of township and town enterprises, a region became an industrial society. The development of township and town enterprises is a road that rural villages must take. When the peasants have operational decision-making authority, when agricultural output increases, and when a surplus work force occurs, a transition must be made to industry. The peasants' demand to leave the villages, to go into cities, and to change from an agricultural to a non-agricultural status is progressive and rational. Peasants who enter cities may not be termed vagrants. In the process of their economic development, many countries have shifted capital, grain, and raw and processed material out of agriculture, and have simultaneously transferred the labor force out of the countryside. China transferred capital, grain, and raw and processed materials, but the peasants were not permitted to move, nor were they permitted to change from an agricultural to a non-agricultural status. The burdens were retained by the peasants themselves. Concentrated on 1.5 billion mu of land, the peasants found development very difficult through sole reliance on agriculture. However, once they started industries, the situation changed; they had capital, and they had a way out.

China built a modern socialist country on a foundation of a large population, a large number of peasants, a relatively small amount of cultivated land, and cultural and technological backwardness, everything having to proceed from the circumstances in which the country found itself. As was said earlier, the peasants proceeded from this most basic reality to create this new thing—township and town enterprises. First of all, they are socialist. Take 1988, for example. Among the 18.88 million enterprises having 95.45 million staff members

and workers, there were 1.59 million township and village collectively running enterprises employing 48.93 million staff members and workers. This was 8.4 percent of the total number of enterprises and 51.3 percent of the total number of staff members and workers, producing 67.1 percent of gross output value. Clearly collectively-owned socialist enterprises held a dominant position, but even individually or privately-run enterprises were also state regulated. They were a supplement to the socialist economy; they benefited the development of socialism. Second, township and town enterprises are distinctively Chinese in character. As was said above, this huge corps retains its peasant status, and families still contract land for farming. The members of the corps hold two jobs, and most of them live in their native village. Sociologists term them peasant workers. This does not exist in any other country; it is peculiar to China. These peasant workers are at our beck and call. During the 1988-1989 economic retrenchment, millions of peasant workers were retrenched to rural villages. Their return was largely untroubled. In any other country, this would have provoked social turmoil, but we had not. Certainly such large ups and downs do hurt economic development; we must do all that is possible to avoid it. Third, township and town enterprises are enterprises that have been indigenously created and developed. The peasants obtain materials for them locally, operate factories locally, learn skills, practice them; the enterprises can expand, develop, and have strong vitality. The enterprises have developed gradually from manual operations to mechanization and electrification, covering many years' ground in several years' time.

In summary, township and town enterprises are another magnificent achievement of the Chinese peasants made under the leadership of the CPC. This achievement is an inevitable outgrowth of the transition of China's rural

villages from traditional agriculture to modern agriculture, and from a natural economy to a commodity economy. It is in keeping with objective laws, and possesses very strong vitality. The development of township and town enterprises is of inestimably great importance for the vigorous development of the economy, modernization, the narrowing of the three large gaps, the transformation of rural villages, and the transformation of the peasantry, and in advancing a solution to peasant problems.

The third step in the development of rural villages was the development of cities and towns. Once there were township and town enterprises, small cities and towns could be built. Small cities and towns must have the benefits of scale. Regions to be developed subsequently cannot be like Wuxi and other prefectures where every village ran enterprises. Relative concentration and overall planning is needed, and living facilities also have to be built.

The next step is comprehensive county-level economic and social reform.

This stage of development comprises the stage of social stratification. The development of China's rural villages will proceed along this road for the most part. The number of agricultural laborers will become increasingly small, and the number of peasant workers, township and town enterprises managers, rural intellectual workers, individual industrial and business households, private enterprise managers, and hired hands will become increasingly greater. The rural social structure will continue to differentiate.

During the summer of 1990, we organized a survey of 10 villages. Data from these 10 villages shows a marked force structure relationships in these 10 villages is shown in the following table:

Village Name	Population (Persons)	Gross Output Value (10,000 Yuan)	Average Per Capita Income (Yuan)	Average Per Capita Output Value (Yuan)	Labor Structure (Percentages in Primary, Secondary, and Tertiary Industries)
Huaxi village, Jiangyin, Jiangsu	1,300	11,700	90,000	1,806	10:70:20
Liuzhuang, Henan	1,446	4,500	31,000	2,200	8:85.5:7
Xiling Village, San He, Hebei	985	700	7,000	1,029	37:56:7
Liemagu, Qianxi, Hebei	547	242	4,400	1,537	16:75:9
Dazhai, Shanxi	515	200	3,880	700	38:62:0
Xipu, Zunhua, Hebei	1,326	430	3,242	1,100	56:33:11
Shashigu, Zunhua, Hebei	440	126.6	3,150	1,230	74:26:0
Fangyu Village, Hanshan, Anhui	1,467	200	1,400	849	27:40:33
Maoping, Jinggangshan, Jiangxi	150	5.67	500	400	85:15:15
Xiaogang Village, Fengyang, Anhui	135			500	

A general trend can be seen from the above ratios, namely, the larger the work force working in primary industry (agriculture), the lower the per capita output value and the lower the degree of differentiation. Conversely, the smaller the work force engaged in agriculture, the greater the per capita output value and the higher the degree of differentiation. On this basis, the foregoing 10 villages may be divided into four types, or into four stages of peasant diversification. The first type is highly differentiated, such as Huaxi and Liuzhuang villages, in which somewhat more than 80 percent of the work force is engaged in occupations other than agriculture. The second category is the moderately differentiated, such as Xiling and Fangyu villages, in which between 50 and 80 percent of the work force is engaged in occupations other than agriculture. The third type is the initially differentiated, such as Xipu and Shashigu villages, in which between 30 and 50 percent of the work force is engaged in occupations other than agriculture. The fourth type is substantially undifferentiated, such as Maoping and Xiaogang villages. Generally speaking, the more differentiated the work force, the richer the place; and the more there are secondary and tertiary industries and township and town enterprises, the higher the degree of differentiation, and the higher the level of urbanization. Places like Huaxi and Liuzhuang villages are actually no different from cities and towns, and some places are even more urbanized than cities and towns.

##### **5. The Significance and Role of the Study of Strata, and Actions To Be Taken**

The above study is not our stratification of rural villages, but shows instead that rural society has actually differentiated into such social strata in which occupations differ, economic position differs, and interests and requirements also obviously differ. Our purpose is to understand and study this. This is a requirement in the development of a socialist economy and society; it is also a requirement for the deepening and perfection of the theory about the preliminary stage of socialism. It is a requirement for the building and development of economics, political science, and sociology.

Our goal in studying the stratification of the peasantry today is to further understand our national situation, social structure, and the position and role of all strata in the development of a socialist economy, as well as their relationships to each other in order to figure out each stratum's development prospects.

We have discovered in the course of our study that the more developed the economy, the greater the differentiation of rural society; and the greater the differentiation of society, the more rapidly the economy develops.

Differentiation is related to social progress. Therefore, we must arduously and sincerely support this development and differentiation, and guide this differentiation. This differentiation is essentially a differentiation among the people. The contradictions among them are contradictions among the people. Our party and state must understand these differentiations and the contradictions in the differentiations at all times, coordinate the relations among all strata, formulate attendant policies, and guide the development of strata beneficial to economic and social development to promote the differentiation of the agricultural work force. For example, township and town enterprises are the future direction of rural development, which means that it will be necessary to support the development of the township and town enterprises managerial stratum and peasant workers. The agricultural work force stratum is the main force in rural development. It must be supported and its position improved. Private enterprises have a dual character. We must actively guide their development of productivity while limiting their negative and detrimental aspects. We must adopt policies to protect hired hands, etc. The rural managers are the elite of rural society; they are a key element in the development of their communities. Attention must be paid to the advancement of these people, educating them and training them, and providing them political and economic support. This study is no doubt helpful to the country in its formulation of correct rural economic and social policies.

Our study of social strata also holds long-range theoretical significance. This topic evolved out of the survey of China's national situation, and the deepening of the theoretical study of the preliminary stage of socialism. The conduct of such a study produces a profound understanding of the social structure of China's rural villages, which contain 80 percent of the population. It is an achievement in itself.

The study of social strata is an important aspect of sociology that deepens the understanding of China's rural social strata. It both applies theories about strata, and develops rural sociology. The first task of the rural sociology office of the Sociology Institute of the Chinese Academy of Social Sciences was the study of rural social strata. This lays a foundation for further study of rural sociology.

At the same time, it clarified the rural social structure, which is useful for the development of Chinese sociology. Presentation of the differentiation of such a large social community in the course of social change is a major contribution to the development of sociology. This represents a major basic task in the development of a distinctively Chinese sociology.

### Guidelines for Zhejiang Militia Detailed

OW1103230692 Hangzhou ZHEJIANG RIBAO  
in Chinese 4 Mar 92 p 3

["Measures for Implementing Militia Work in Zhejiang"—ZHEJIANG RIBAO headline]

#### [Text] Chapter I. General Principles

Article 1. In accordance with the "PRC Conscription Law," the "Militia Work Regulations," and other relevant state regulations, these rules are especially formulated to strengthen the construction of national defense reserve forces and safeguard national security and social stability.

Article 2. The militia is an armed organization led by the CPC and participated by people regularly engaged in production; it is a component of the state armed forces as well as an assistant to and a reserve force of the Chinese People's Liberation Army.

Article 3. In carrying out militia work, it is necessary to construct the needs of national economic and defense construction; embody the idea of people's war; persist in combining labor with military skills and militia with reserve service systems; and implement the work in the light of preparations for troops mobilization in war times.

In carrying out militia work, it is necessary to adhere to the principle of controlling the number, improving the quality, paying close attention to key points, and laying solid foundations; it is necessary to ensure that militia work is put on a solid basis organizationally, politically, and militarily, and that militiamen are ready to assemble at the first call and be capable of fighting.

Article 4. By law, citizens should join militia organizations and perform the duty of military service. Militiamen should take part in militia activities and fulfill militia assignments.

Article 5. Provincial, city (prefectural), and county (city and district) people's governments and leading military commanding organs may convene congresses of militiamen when necessary.

Article 6. Spending and management of militia funds should observe the relevant state and provincial regulations. Expenditures for regular activities of militiamen in enterprises and institutions should follow the relevant provincial regulations.

#### Chapter II. Leadership and Management System of Militia Work

Article 7. Militia work should be placed under the dual leadership of people's governments and leading military commanding organs.

The provincial military districts and subdistricts, and the county (city and district) people's armed forces

departments, are the leading military commanding organs in charge of militia work in their respective localities.

Army units stationed locally should actively help local leading military commanding organs carry out militia work.

Article 8. People's armed forces departments set up by townships (towns), neighborhoods, enterprises, and institutions according to the regulations (called grassroots armed forces departments for short hereafter) are responsible for the militia work in their respective area or areas.

Enterprises and institutions which are not required by the regulations to set up people's armed forces departments should designate a department to handle the militia work of their own units.

Departments of industry, communications, finance, and trade in cities should set up people's armed forces departments, or designate a department to take charge of the militia work in their respective departments according to the regulations.

Article 9. Grassroots armed forces departments are led by leading military commanding organs and people's governments.

The establishment and changes of organizations within grassroots armed forces departments, and the appointment and remuneration of people's armed forces cadres, should follow the relevant state and provincial regulations.

Leading military commanding organs' requirements should be complied when conducting regular training of grassroots armed forces departments.

Article 10. People's governments at all levels should strengthen leadership over militia work, formulate unified arrangements for militia work, and ensure the completion of militia assignments. Departments concerned under people's governments at various levels should assist leading military commanding organs to carry out militia work and solve relevant practical problems according to law.

Enterprises and institutions, and their supervisory departments, in line with the demand of local governments and leading military commanding organs, should manage militia work through planning, should implement the responsibility system, and should complete militia assignments.

Article 11. Militia work in cities should be carried out at the following different levels according to the principle of "combining governments with units, with units as the main:"

1. Militia work of enterprises and institutions having more than 5,000 staff members and workers should be handled by the city (prefectural) people's governments and military subdistricts.

2. Militia work of enterprises and institutions having no grassroots armed forces department should be handled by the county (city or district) people's governments and people's armed forces departments.

3. Militia work of enterprises and institutions, which are not required by the regulations to set up grassroots armed forces departments, should be handled by the people's armed forces departments of neighborhoods or by their own systems.

Article 12. Militia work in rural areas should be handled by township (town) people's governments and people's armed forces departments.

### Chapter III. Organizational Construction of Militia

Article 13. Male citizens between the ages of 18 and 35, and meeting the requirements for military service, in addition to active military service, should serve reserve duty; in units having militia organizations, such male citizens should be assigned to militia organizations. The age limit of militia cadres can be extended appropriately in accordance with the regulations.

Demobilized soldiers having completed active military service and registered at county (city and district) people's armed forces departments should be assigned to militia organizations.

Article 14. Demobilized soldiers under the age of 28 and meeting the militia requirements, as well as personnel having completed military training or having been selected to take part in military training, are eligible for the posts of grassroots militia cadres. Female citizens meeting the militia requirements can be assigned as grassroots militia cadres when necessary.

The age limit of specialized technical militia brigades in cities, and of grassroots militia cadres on islands, can be extended appropriately.

Grassroots militia cadres should be selected after examination of their political qualifications by grassroots armed forces departments in coordination with relevant departments.

Article 15. Units meeting one of the following conditions should set up militia organizations:

1. Rural townships (towns) and administrative villages;
2. Enterprises, institutions, and neighborhoods in cities having sufficient qualified personnel for setting up a squad of grassroots militia cadres or a platoon of militiamen; and
3. Other units having conditions for setting up militia organizations.

In units where special people's defense or traffic and combat readiness brigades have already been set up, personnel not having been assigned to such special brigades but meeting the qualifications for militiamen should be assigned to militia organizations.

Industrial, communications, financial, and trade departments in cities meeting the conditions for militia organizations may set up such organizations according to the actual situation.

Article 16. When organizing militiamen into groups, it is necessary to keep in mind that such organization can be helpful to supervision, move around easily, and execute assignments expeditiously. In cities, an enterprise, institution, or neighborhood should generally be a militia unit, under which militiamen are organized into platoons, companies, battalions, and regiments; in rural areas, an administrative village should generally be a militia unit, under which militiamen are organized into companies and battalions. Specific measures for organizing militiamen shall be decided upon by the provincial people's government and the provincial military district according to actual conditions.

Grassroots militia cadres should be organized into separate squads, platoons, companies, battalions, and regiments, depending on the number of personnel.

Article 17. In improving the organization of grassroots militia cadres, it is necessary to comply with leading military commanding organs' demands for rational distribution, emphasis of key points, controlled scale, and guaranteed quality.

The organizational scale of grassroots militia cadres and the ratio between various categories of personnel should meet the requirements of the regulations. The proportion of female militiamen can be increased as deemed necessary in the coastal region, islands, and other areas under special circumstances.

Article 18. Townships (towns), neighborhoods, enterprises, and institutions should, in line with leading military commanding organs' demands, organize grassroots militia cadres into specialized technical brigades based on the needs for combat readiness and on available weapons and equipment. In general, each unit should have a specialized technical brigade. In the coastal region, islands, major cities of people's defense, key communications centers, and other important targets, it is necessary to set militia anti-artillery battalions and units or corresponding militia specialized technical brigades. Militia specialized technical brigades can be jointly set up by several units.

Overall arrangements should be mapped out for militia specialized technical brigades, special people's defense brigades, and special traffic and combat readiness brigades which should be distributed rationally, organized separately, and managed by competent authorities.



Article 19. Emergency brigades of grassroots militia cadres should be set up in accordance with leading military commanding organs' demands at the sites of city (prefectural) and county (city and district) people's governments, major targets, large and medium enterprises, and key townships (towns) of combat readiness in the coastal regions and islands.

The scale and number of militia emergency brigades should be decided upon by the provincial people's government and the provincial military district.

Article 20. Changes in the establishment of companies (battalions) of grassroots militia cadres should be reported to military subdistricts for approval; changes in the establishment of regiments of grassroots militia cadres, militia emergency brigades designated by the province, militia specialized technical brigades at and above the brigade level should be reported to the provincial military district for approval.

Article 21. Positions of militia cadres should be filled by young personnel with political and ideological integrity, good health, a certain level of education and military skills, and dedication to militia work.

Militia cadres are generally selected from among demobilized soldiers.

Article 22. Militia cadres shall be nominated by their respective militia units and shall be appointed by the grassroots armed forces departments or leading military commanding organs in accordance with the delegated authorities.

The post of the principal military-political officer of a militia unit at and above the militia company level in an enterprise or establishment shall be concurrently served by the responsible person of the enterprise or establishment.

The post of the principal military-political officer of a militia organization in a township (town) or neighborhood shall be concurrently served by the people's armed forces cadre or the responsible person of the township (town) or neighborhood. In general, the post of the principal military-political officer of a militia unit at the company level in a village or administrative village shall be served by the leading member of that village.

The post of the principal military-political officer of a militia organization at and above the backbone militia company level shall be served concurrently by the people's armed forces cadre or the responsible person of the unit.

Article 23. Military organizations shall be consolidated once a year in accordance with the relevant state and provincial regulations.

Township (town) people's governments, neighborhood offices, enterprises, and establishments, in accordance with the order of the people's government at the higher level and the leading military commanding organ, shall

carry out the year's consolidation of the grassroots militia organizations. The consolidation shall be conducted at a designated time and shall be checked before it can be accepted.

#### Chapter IV. Militia's Political Work

Article 24. Leading military commanding organs, grassroots armed forces departments, and militia organizations shall be responsible for organizing and conducting militia's political education.

Militia's political education shall focus on the party's basic line, national defense, and opposition to peaceful evolution; it shall include education in militia's nature, its fine traditions, patriotism, revolutionary heroism, the current situation, combat readiness, current policies, and the legal system.

The time, content, and methods of militia's political education shall be decided in accordance with the relevant regulations of the state and province.

Article 25. Leading military commanding organs at all levels as well as the grassroots armed forces departments shall strengthen the militia's ideological-political construction; raise its political standards; enhance its sense of national defense and its consciousness of performing military service according to law; organize and mobilize the militia to take the lead in building material and spiritual civilization; and accomplish their other tasks related to the militia work.

Article 26. Leading military commanding organs at the city (prefectural) and county (city, district) levels as well as grassroots armed forces departments shall, jointly with other relevant departments, strengthen the building of bases for the militia's ideological and cultural life. They shall organize the militia to learn science and culture, acquire production skills, and carry out activities of supporting itself by its own labor in line with the local conditions.

#### Chapter V. Militia's Military Training

Article 27. Leading military commanding organs shall make overall plans for the militia's yearly military training in light of the number of backbone cadres and militiamen in various localities and units and in light of their task. The overall plan shall put emphasis on major training programs and shall be relayed from the higher to the lower level. The reduction or exemption of the year's training missions and the readjustment of the ratio of full-time military training as a result of special circumstances must be approved by the provincial people's government and military district.

Article 28. The militia's military training must be focused on the foundation of technical and tactical training, and on raising the militia's basic military skills in carrying out their tasks. Practical training must be carried out in accordance with actual local needs for

militia specialized technical brigades as well as militia in coastal regions, islands, and major cities of people's defense.

Article 29. The militia's military training shall be organized and implemented by people's armed forces of counties (cities, districts). The more difficult military training in specialized skills for the militia can be jointly organized and undertaken by people's armed forces of military subdistricts and counties (cities, districts).

Units of stationed troops must actively assist leading military command organs in the militia's military training.

Article 30. The target and duration of the militia's military training shall be implemented in accordance with relevant stipulations of the state and province.

Article 31. The militia's military training shall be carried out in accordance with the stipulations of leading military commanding organs. A sound system in teaching, training, inspection and examination, summarization and comparison, registration and computation, and award and punishment shall be established for the implementation of standardized training.

Article 32. People's armed forces of counties (cities, districts) must carry out evaluation of the militia in training in accordance with the norm stipulated in the "Outline of the Militia's Military Training." Militia who fail their examinations or whose total aggregate results do not meet the requirements shall be retrained and retested.

Article 33. Counties (cities, districts) must gradually establish the militia's military training bases and set up the militia's military training centers in cities where militia are more concentrated. Local people's governments shall be responsible for establishing the militia's military training bases (centers) and meeting the construction costs of supplementary facilities.

The militia's military training bases (centers) must establish a sound management system and gradually improve the facilities for teaching, training, and living to support the needs of military training.

The militia military training bases (centers) shall be jointly managed by the people's armed forces and military subdistricts of the counties (cities, districts).

Article 34. The militia's military training shall be held collectively at the militia's military training bases (centers). In localities without the militia's military training bases (centers), or having difficulty in organizing centralized training with the approval of military subdistricts, people's armed forces of counties (cities, districts) shall conduct training for the militia in batches.

Article 35. Teaching materials, equipment, and other necessary materials for the militia's military training shall be provided by leading military commanding organs at different levels. People's government at all

levels and relevant departments must coordinate and support in solving relevant practical problems.

Teaching materials and equipment for the militia's military training must be strictly controlled and must not be used for other uses.

Article 36. People's governments of townships (towns) shall adopt the method of sharing expenses to subsidize rural militias with an income equivalent to that of the local labor for absence from work for the duration of their military training.

Enterprise and industrial units shall continue to pay wages and cash awards to their militia for the duration of their military training, and shall not change the welfare and remuneration for the militia.

Food allowance and to-and-from traveling expenses for militia participating in military training shall be given in accordance with relevant stipulations of the state and province.

Article 37. People's governments at all levels, leading military command organs, and other relevant units shall enforce stricter management of security and technological aspects of weaponry and ensure that such weaponry is secure, in good condition, and effective.

Article 38. Cities (prefectures) and counties (cities and districts) shall build weaponry storehouses according to state and provincial stipulations. Townships (towns), neighborhoods, enterprise and industrial units, and fixed coastal defense sentry posts of the militia which are equipped with militia weaponry shall build weapon storage rooms. Storekeepers on specific duties shall be assigned to militia weapon storehouses (storage rooms) according to stipulations; security measures such as alarm, fire-control, and theft-prevention systems shall be improved; and the management system shall also be perfected.

Names of candidates for storekeepers of militia weapon storehouses (storage rooms) shall be submitted in advance to leading military commanding organs in cities (prefectures) and counties (cities and districts) for examination and approval.

Local people's governments shall be responsible for funds needed to build and maintain militia weaponry storehouses. Weapons support units shall be responsible for funds needed to construct and manage militia weapon storage rooms (storehouses storing militia anti-aircraft weapons); matters pertaining to the funds can also be handled according to relevant stipulations of local people's governments.

Article 39. Maintenance work concerning militia weaponry shall be carried out under the centralized authority of militia weaponry storehouses (storage rooms). Such duties can be temporarily delegated to militia military training bases (centers) during military training sessions. Issuance of weaponry to militiamen or militia organs for

duty or training purposes shall be reported to the people's armed forces departments in counties (cities and districts) for approval. Personnel given permission to maintain and use militia weaponry shall strictly observe rules concerning discipline and operations, properly maintain militia weaponry, and avoid losses or damages.

To carry out militia weaponry support, we shall improve systems such as those involving registration, keeping of inventory, polishing, maintenance, and inspection. Specific weaponry support measures shall be determined by the provincial military district.

Article 40. Limit of authority over examination and approval of work to scrap military weaponry shall be practiced according to relevant state stipulations. The provincial military district shall coordinate efforts and make arrangements to scrap and destroy militia weaponry.

Article 41. Limit of authority over approval of use of militia weapons and ammunition shall be practiced according to stipulations below:

1. Permissions for use of militia weapons and ammunition by those assigned duties concerning combat readiness and social security shall be obtained through people's armed forces departments in counties (cities and districts). Necessary applications shall be submitted to military subdistricts for examination and verification, and later to the provincial military district for approval;

2. Approval for use of militia weapons and ammunition during militia military training shall be obtained from people's armed forces departments in counties (cities and districts). Such use shall also be reported to military subdistricts for the record;

3. Militia emergency elements requiring the use of militia weapons and ammunition in their duties shall obtain permission for such use from the provincial people's government and the provincial military district, and shall report such use to their immediate leading military commanding organs for the record;

4. Use of militia weapons and ammunition to get rid of harmful animals shall be proposed by people's armed forces departments in counties (cities and districts); such proposals shall be examined by military subdistricts and approved by the provincial military region;

5. People's armed forces departments in counties (cities and districts) shall report the use of militia weapons and ammunition in emergency situations to people's governments of the same level for approval; they shall also report such use to their immediate leading military commanding organs at the same time.

A strict system for the registration of militia weapons and ammunition issued shall be practiced, supervision of such issuance shall be stricter, and security shall be guaranteed. Upon completion of duties, weapons and ammunition returned shall be promptly checked and sent back to storehouses.

Article 42. It is prohibited to fabricate without permission, assemble, sell, rent, lend, or trade for other goods and materials any militia weaponry.

Article 43. Public security organs shall coordinate with people's armed forces departments to list militia weapon storehouses (storage rooms) as targets under tight security, carry out joint defense plans, and crack down according to law on criminal offences such as stealing and damaging of militia weaponry.

Article 44. Militiamen constantly on combat readiness or on duty to maintain public order shall be provided with necessary goods, materials, equipment, and transportation by their units or by people's governments and neighborhood offices in townships (towns) according to the requests of the leading military commanding organs.

#### Chapter VII. Militia Duties

Article 45. Major responsibilities in militia duties are:

1. To coordinate with the People's Liberation Army and people's armed police units to perform combat-ready duties in coastal defense, and to defend coastal security;

2. To assist public security organs, people's armed police units, and relevant departments in an effort to protect major targets; to defend the state; and to safeguard the people's life, property, and security;

3. To participate in activities launched by localities or militiamen's units to safeguard public order, and to coordinate with public security organs to maintain social order;

4. To take part in the management and maintenance of national defense projects;

5. To take charge of jobs requiring swift action and befitting the militia, such as those concerning emergencies and disaster relief;

6. To join the military, fight wars, reinforce front lines, and persevere in struggling on the spot where one stands during wartimes.

Article 46. When assigning militia duties, we shall take into consideration requirements for carrying out the duties, make the best use of popular resources, and practice strict control. Limit of authority over the use of militiamen for duties shall be as follows:

1. Permission for the use of militiamen in combat-ready duties shall be obtained accordingly from higher authorities by leading military command organs; under emergency situations, permission for such use can be obtained from people's armed forces departments in counties (cities and districts) and people's governments of the same levels, and reports shall be submitted to immediate leading military command organs for the record;

2. Leading military commanding organs shall report the use of militiamen for duties pertaining to the maintenance of public order to people's governments of the

same levels for approval; at the same time, they shall also report such use to their immediate leading military command organs for the record;

3. Applications for the use of militiamen for guard duties at such major targets as railroads (highways), bridges, tunnels, warehouses, electric power stations, and important military facilities shall be submitted according to relevant state stipulations by units in charge of such targets to the local people's governments and leading military command organs, and necessary approval shall be obtained from the provincial military district;

4. Requests for the use of militia emergency elements to carry out duties shall be submitted, after the approval of the people's governments of relevant levels, by leading military command organs to their immediate leading military command organs for approval;

5. Decisions to use militiamen in emergencies, for disaster relief, to ensure production, and to carry out other tasks requiring swift action that befit militia characteristics in townships (towns), neighborhoods, and enterprise and industrial units shall be made by townships (towns), neighborhoods, and enterprise and industrial units themselves, and shall be reported to people's armed forces departments in counties (cities and districts) for the record.

Militiamen performing the above duties shall generally not carry weapons and ammunition; in cases where such needs arise, Article 41 of the militia work measures shall be observed.

Article 47. The militia's duties shall be organized according to the following stipulations:

1. Leading military command organs shall organize and assign the militia's duties in combat readiness;
2. Leading military command organs, under the unified leadership of the local people's governments, shall organize and command the militia's duties in public security;
3. Leading military command organs, with the coordination of relevant units, shall organize and command the militia's duties in protecting important targets and carrying out unanticipated tasks.

Article 48. Military subdistricts shall submit for approval to the provincial military district applications for the establishment of regular militia posts at coastal defenses.

People's governments of counties (cities, districts) shall meet the costs of constructing regular militia posts at coastal defenses and their supplementary facilities, as well as the costs of maintenance and management.

Article 49. Remunerations and allowances for the militia shall be paid by units using their services. Remunerations or allowances for the militia for duties in combat readiness in coastal defenses, in public security, and in unanticipated tasks such as providing disaster relief shall

be paid jointly by leading military command organs, local people's governments, and relevant units.

Allowances for militia stationed at regular posts of coastal defenses shall be paid by leading military command organs in accordance with the norms of allowances payable to militia who are protecting important targets. Local people's governments shall make up the portions of the militia's allowances that fall below the average living costs of equivalent local workers.

Costs needed for living, working facilities, medical, and injury and death compensation for militia protecting important targets shall be paid by the units to which the targets belong.

Townships (towns), neighborhoods, enterprises, and institutions shall meet the costs of organizing militia activities.

Article 50. Preferential treatment, settlement, and compensation for militia injured or killed on their duties in war, combat readiness, military training, and safeguarding public security shall be handled in accordance with the relevant regulations of the state and province.

#### Chapter VIII. Reward and Penalty

Article 51. Militia, militia organizations, and people's armed forces who meet one of the following conditions shall be commended or rewarded by local people's governments and leading military command organs:

1. Organizing or participating in militia activities, fulfilling various militia's tasks, and making notable contributions to the construction of militia and reserve duty in local regions and local units;
2. Organizing or participating in militia's combat readiness duty, safeguarding public security, and making notable achievements in coastal defense or maintaining local political, economic, and social stability;
3. Organizing or participating in disaster relief activities, and making outstanding contributions toward safeguarding the state interests and the people's lives and property;
4. Achieving notable results in building up militia organizations, in political education, in military training, and in the management of weaponry;
5. Achieving notable results in organizing the militia to take the lead in two civilizations.

The costs of rewards shall be taken from the militia's operating expenses.

Article 52. Militia, militia organizations, and people's armed forces who achieve outstanding results in wars and in supporting the front shall be rewarded by the army in accordance with the stipulations of the "Regulations on the Disciplines of the Chinese People's Liberation Army."

Article 53. Civilians who oppose the measures by refusing to join militia organs, refusing or evading registration for reserve duties, and refusing or evading military training or duties, and who do not reform themselves after being given the relevant education shall be handled according to the stipulations below and shall be compelled to fulfill their duties to perform military service:

1. Units and immediate competent departments of workers and staff members of enterprise and industrial units involved shall record demerits for their workers and staff members and give them disciplinary sanctions;
2. Youths who are awaiting jobs in cities and towns and youths in rural areas who are involved shall be deprived of their qualifications to hold certain posts and jobs or to register for entrance examinations for schools of higher grades by relevant departments within one year; these youths shall not be issued business permits or given certificates to conduct trips for industrial, economic, or business purposes;
3. Grass-roots armed forces departments shall obtain permission from people's governments and neighborhood offices in townships (towns) to impose on parties involved a fine of not more than 1,000 yuan.

Stipulation No. 3 can be applied together with stipulations No. 1 or 2. Results obtained after executing relevant stipulations shall be reported to people's armed forces departments in counties (cities and districts) for the record. Fines collected shall all be submitted to the state coffer.

Article 54. Units which violate the measures, refuse to establish or disband without permission militia organs, or refuse to accomplish responsibilities assigned to the militia shall, upon the approval of leading military commanding organs and people's governments of the same levels, be issued circulars notifying them of criticism and disciplinary punishments; responsible persons of the units involved shall be given disciplinary sanctions and shall be instructed to make amendments within a stipulated period.

Article 55. Those who violate the measures, who overstep the limits of authority for the examination and approval of the use of and the authority to use militiamen or militia weapons and ammunition, shall be given disciplinary sanctions by leading military commanding organs or relevant departments; those cases constituting a criminal offense shall be investigated according to law to find out who is responsible.

#### Chapter IX Supplementary Articles

Article 56. The provincial leading military commanding organ shall be responsible for the explanation of issues concerning specific applications of the measures.

Article 57. The measures shall take effect on the day of promulgation.

#### Taiwan's Newest Weapons Systems Detailed

92CM0230A Beijing BINGQI ZHISHI [ORDNANCE KNOWLEDGE]  
in Chinese No 1, 15 Jan 92

[Article by An Hua [1344 5478]: "Outline of Newest Taiwan Weapons Systems"]

[Text] In the past ten years, under the guiding philosophy of "exercising active defense and self-reliance," Taiwan has regarded development of military industrial production and upgrading of weaponry as "the most important aspect of national defense." Considerable funds have been spent (the percentage of military expenditures accounted for by purchases of weapons and equipment has risen from 20 to 47). Through its own development efforts and by expanding the range of arms sources, Taiwan has greatly improved and developed the weaponry of its army, navy, and air force. Military expenditures have risen from 2 billion U.S. dollars in 1980 to 10.17 billion in 1992.

In the 1960s, Taiwan's military relied primarily on the United States for its arms and equipment, developing almost nothing on its own. In the past ten years, in response to future operational requirements, they have combined indigenous development with imports, combined weapons upgrading with bolstering of troop strength, and paid attention to matters involving both physical equipment and systems. They have placed top priority on arms and equipment needed for air defense, control of the seas, and defense against beach landings. The performance of the new weaponry they have developed has reached a relatively advanced level, and the development cycle has been relatively short. These new weapons have allowed Taiwan's military to increase its firepower, mobility, automated command capabilities, and joint operations capability in air defense, maritime control, and defense against beach landings.

#### Anti-Aircraft Weapons

*Combat Aircraft* Taiwan's air force now has about 800 aircraft in all (334 fighter jets and 94 transports). The main combat aircraft is the F-5E (total of 211) and the F-104G (75). The F-5A and F-100 have been taken out of service. In recent years, Taiwan's military has upgraded all its F-5E aircraft, switching to the more modern AN/APQ-159 radar, installing an all-directional warning device, and equipping them with radar and infrared chaff launchers. These aircraft carry the AIM-9L Sidewinder missile and Taiwan's own Tian Jian I (Sky Sword I) short-range air-to-air missile for aerial combat. The 92 F-104G/J aircraft have been upgraded to AN/APQ-159 radar and carry the AIM-7 Sparrow medium-range interceptor air-to-air missile.

The Taiwanese air force has no specialized bomber forces, but its current fighter craft can all be used for aerial combat and ground (sea) attack, so they are responsible for both aerial interception and ground (sea) support tasks.

In the mid-1980s, the Taiwanese military successfully developed the IDF (Indigenous Defense Fighter), designed with our J-8 fighter in mind as the principal adversary. After the first phase of test flights was successfully completed in 1989, the IDF went into batch production. It is estimated that 250 aircraft will be built at an expense of 6.3 billion US dollars to replace the current F-104G and F-5E. In the summer of 1991, a prototype of the IDF fighter crashed in a test flight, causing an uproar among commentators. The performance of this aircraft has come under much criticism.

#### Principle Performance Categories of Taiwan's IDF Fighter

power plant	TFE-1042 turbofan
maximum velocity (at 9500 m)	Mach 1.3
service ceiling	11,000 m
lowest altitude	156 m
maximum range	2,480 km
endurance	2 hrs
maximum fuel capacity	1,864 kg
total weight (air weight)	7,500 kg
armament	20 mm cannon (1); Sky Sword I air-to-air missile (4); Sky Sword II air-to-air missile (2); You Chu air-to-surface missile
bomb capacity	4,000 kg
avionics system	Jin Long 53 (Golden Dragon 53) fire control radar system

While developing fighter jets, Taiwan's air force also has the Sky Sword I short-range air-to-air aerial combat missile and the Sky Sword II medium-range air-to-air interceptor missile to go with these aircraft. The performance of these missiles is equivalent to that of the U.S.-made AIM-9L Sidewinder and the AIM-7E Sparrow air-to-air missile. The maximum firing range of the Sky Sword I is 18 km, and maximum velocity is Mach 2.5. It uses infrared guidance and can attack in all directions. The maximum firing range of the Sky Sword II is 40 km, its maximum velocity is Mach 2.5, it uses radar guidance, and is also capable of attacking in all directions.

**Ground-to-Air Defense System** Since 1981, Taiwan's military has been replacing its 90 mm anti-aircraft guns with the GDF001 35 mm double-barrel rapid fire anti-aircraft gun. The maximum firing range of this gun is 4 km, and its maximum firing rate is 1,110 rounds per minute.

In 1986, Taiwan established a new anti-aircraft system called the Tian Bing (Sky Soldier). Every battle station in this system is composed of two 4-mount Sparrow ground-to-air missile launchers, two twin-mount 35 mm anti-aircraft guns, and one control vehicle. This system provides all-weather operations, rapid response time, and strong defense against low-altitude targets. It is used primarily to defend airports and harbors.

Taiwan's military originally had four Nike medium- to long-range missile anti-aircraft battalions and four Hawk short- to medium-range missile anti-aircraft battalions which were equipped, respectively, with 72 and 144 missiles. These numbers have now risen to 156 and 270. In key sites they now constitute a relatively formidable network of land-based anti-aircraft firepower.

In the 1980s, Taiwan has also developed the Tian Gong I (Sky Bow I) and Tian Gong II (Sky Bow II) ground-to-air missiles, thus achieving its goal of an indigenous regional anti-aircraft missile. The Sky Bow I has a maximum firing range of 60 km, maximum velocity of Mach 3.5, and uses radar guidance. The Tian Gong II has a maximum firing range of 100 km. Its performance is similar to that of the U.S.-made Patriot ground-to-air missile.

**The C<sup>3</sup>I Antiaircraft System** In the early 1980s, Taiwan put the Tian Wang (Sky Net) semi-automatic anti-aircraft command system into service. This system can automatically receive and send information to and from all radar stations, and it can provide various types of tactical data and select proper anti-aircraft weaponry. It can simultaneously display a maximum of 400 airborne targets and dispatch 40 fighter sorties to engage in combat. This system offers rapid response; it takes only a little more than 10 seconds from discovery of target by radar to the issuing of an intercept order by the operations center. Since putting this system into service, Taiwan's military has eliminated its old style of command, which was divided up geographically and hierarchically; the Air Force Operations Center now directly exercises unified command.

Recently, Taiwan's anti-aircraft warning system has switched to using eight U.S.-made AN/TRS-43 three-dimensional radars and more than ten French-made AN/UPS-300 and AN/UPS-750 radars. The total number of radar units has increased from 27 to 35. In 1989, Taiwan purchased four E-2C airborne early warning craft from the United States, which it put into service within two years. The deployment of this new equipment has further strengthened Taiwan's defense capabilities.

#### Maritime Control Weaponry

Since the 1980s, Taiwan's navy, under the guiding philosophy of "strengthening maritime control operations" and "maintaining the status quo with amphibious ships and logistics ships while developing fighting ships," has, on the one hand, emphasized indigenous development of fighting ships and shipborne weaponry, and reduced dependence on other nations; at the same time, it has also aggressively pursued purchases from abroad and sought to expand its range of arms sources. The Taiwan navy now has more than 500 ships of all varieties totalling more than 190,000 tons, and it has a lot of reconnaissance submarines, command and control equipment, and ship-to-air and ship-to-ship missiles.

**Main Fighting Ships** In the past ten years, Taiwan's navy has been pursuing a refitting program to modernize its main fighting ships. This program has been characterized by efforts to upgrade equipment and provide ships with missiles, automation, and electronics. Missiles have been installed on 84 naval ships so far. Battleships have been installed with CR-201 jamming missiles, ASROC antisubmarine rockets, 40 mm automatic antiaircraft guns, 76 mm multipurpose rapid fire guns, electronic warfare automation systems, M-930 computerized fire control systems, antimissile electronic systems, electronic monitoring systems, and underwater fire control systems. Relatively new sea/air warning radar, sonar, and radio systems have been installed on corvettes and escorts. All ships above the fast attack craft-missile have been refitted with shore-to-ship automatic communication systems.

#### *Fast Attack Craft-Missile*

Taiwan's navy has a total of 53 FAB class fast attack craft-missile ships, and together with the United States it jointly manufactured PGG class ships named the Long Jiang and the Yuan Jiang. Building upon this foundation, Taiwan has developed a second generation large fast attack craft-missile ship, the PLC class coastal patrol craft. There are now eight in service. This missile craft is fast, has guns, depth charges, and the Xiong Feng missile; the performance of its reconnaissance, fire control, and communication systems is basically equal to systems used on destroyers. This type of ship has a relatively strong capability for attacking ships.

**AntiSubmarine Firepower Network** Taiwan's navy places particular stress on strengthening its antisubmarine operational capabilities. Its submarines, destroyers, corvettes, escorts, and large submarine chasers have been equipped with antisubmarine torpedoes, antisubmarine rockets, hedgehog rockets, depth charges, and new sonar. In addition, helicopter pads have been installed on 12 destroyers, and 12 MD-500/SW antisubmarine helicopters have been purchased from the United States which can put to sea along with the fleet to carry out antisubmarine operations. Taiwan has also purchased 20 S-2E/T antisubmarine patrol aircraft from the United States. This aircraft is equipped with various equipment for probing the deep and detecting submarines, including a new model radar, tactical navigation system, sonar processor, forward view infrared sensor, and a magnetic analysis detector.

The Taiwanese navy now has four conventionally powered submarines: the Hai Shi, Hai Bao, Hai Long, and Hai Hu. The latter two of these craft are improved Sailfish class submarines from the Netherlands; they are quiet, absorb shock well, have an integrated operations system, and are highly automated. Their survival and attack capabilities are relatively strong.

**Automated Command Systems and Electronic Warfare Systems** Taiwan's navy began in the early 1980s to work on command, control, communication, and information

systems. In 1986, its small shipborne battlefield real time consulting system was used in exercises. In late 1988, installation of its naval coastal base C<sup>3</sup>I system was basically completed, bringing on line a shore-to-shore, shore-to-ship, and ship-to-ship automated command network. In addition, electronic surveillance, reconnaissance, and jamming equipment (including the Chang Feng 2 electronic and radar search and jamming device, the Nan Chuan Zuo electronic operations system, multipurpose jamming rockets, and the 127 mm naval ship jamming gun) has been installed on its operational ships and fast attack craft-missile ships.

#### **Anti-Landing Weapons**

Taiwan's army has strengthened its firepower, mobility, and anti-landing capability by upgrading its tanks, armored vehicles, and artillery, and by developing various types of missiles and rockets.

**Tanks and Armored Vehicles** Taiwan's army now has 1,714 tanks. Its main battle tank was upgraded in 1979 into the M-48, and again in 1984 into the M-48A5. This tank has been refitted with a relatively modern fire control system which has improved its firing accuracy.

In addition, building on the U.S.-made M-41A2/A3, the army has improved its electronics system and developed the Type 64 light tank. This tank is equipped with one Taiwan-built 76 mm gun, one 7.62 mm machine gun, and one 12.7 mm machine gun. Tanks manufactured recently also have improved fire control systems and are additionally equipped with laser range finders, missile computers, and passive night vision equipment.

In 1990, Taiwan's army introduced the M-48H Yong Hu, its newest main battle tank. This tank was developed jointly by Taiwan and General Dynamics, of the United States. Its chassis is the same as that in the U.S. M60A3 tank. The turret is of cast construction, and one 105 mm main gun and one 7.62 mm machine gun are mounted on the tank. It has a neodymium-yttrium laser range finder, a thermal imaging device, and a ballistics computer. Its power/weight ratio is 11.2 kw/t. Armor measures 110 mm at the thickest point in the turret. It has been stated that it will soon be fitted with reactive armor. Commentators in Taiwan believe that in comparison with the Mainland's Type 84: this tank has slightly superior firepower; the two tanks have about the same degree of protection; and the Type 80 is a cut above the M48H in terms of mobility. In comparison with the Mainland's Type 85 tank, "it's going to take some effort" before the M48H "can be compared with a medium-sized fighting vehicle like this, with composite armor."

Taiwan's army now has 1,694 armored vehicles. The main one is an armored personnel carrier modeled after the U.S.-made M113A2. It has a crew of two and can transport six to eight armed soldiers. This vehicle has now been developed into the Gong Feng IV (Worker Bee IV) multiple rocket system, the Tao antitank missile system, and the Kun Wu antitank missile system. In

recent years, Taiwan's army has also switched to U.S.-made V-150 amphibious armored vehicles and LVTP-7 armored vehicles. These vehicles are installed with the Tao and Kun Wu anti-tank missiles.

*Long-Range Artillery* In the 1980s, Taiwan's army began to put the Qing Feng ground-to-ground missile into service. This is a tactical ballistic missile used for battle-field support. It was developed using technology imported from Israel and is similar to the U.S.-made Lance missile. It has a firing range of about 120 km, uses inertial guidance and a liquid fuel rocket engine, and carries conventional warheads. Its launch weight is 1,400 kg.

The Taiwanese army artillery forces are equipped with 1,828 pieces of long-range artillery of 105 mm caliber or greater, including the 105 mm, 155 mm and 203 mm howitzers and the indigenous 155 mm self-propelled. They also have an anti-artillery position finding radar, meteorological survey equipment, and an automated ground-based artillery firing command system. These have improved firing accuracy and speed. In addition, large-caliber maritime control guns and the Xiong Feng shore-based missiles have been installed in the outlying islands and in prominent geographical positions around Taiwan. The indigenous Gong Feng 40-tube and 45-tube rocket systems have also gone into service.

The Gong Feng IV is a 126 mm 40-tube self-propelled rocket launcher mounted on the chassis of the M113 armored vehicle. The rockets have stabilizing fins, measure 0.8 meters long, and weigh 25 grams. The launch tubes are 1.6 meters long. The 40 rounds can all be fired in 16 seconds. In addition, Taiwan's marines also use this rocket system; for fording water it has been switched to the LVTP5 amphibious armored vehicle chassis. The navy has also installed it on its destroyers for electronic countermeasures, such as launching infrared decoys or aluminum chaff.

The Gong Feng 6 117 mm multiple rocket system is installed on a wheeled chassis with three operators. The rocket launching mechanism can rotate 90 degrees left and right. Before launching, it is stabilized by two stabilizers at the rear. The rockets are 1.8 meters long, their launch weight is 60 kg, and the maximum firing range is 15 km.

Taiwan's indigenous XT-69 155 mm self-propelled howitzer uses the chassis and turret of the M109, but the gun is a modified version of that used on the M114 155 mm towed howitzer. The gun can rotate 24 degrees to the left and 25 degrees right, and its maximum firing range is 15 km. This gun is installed with an infrared driving instrument and a 12.7 mm anti-aircraft machine gun. This vehicle is taller and heavier than the M109 self-propelled howitzer.

The Taiwanese military's towed howitzers include the T65 155 mm and T64 105 mm howitzers. The T65, a copy of the U.S.-made M114A1, has a maximum firing

range of 15 km. The T64, a copy the U.S.-made M101A1, has a maximum firing range of 11.6 km.

Taiwan's army uses 60 mm, 81 mm, 105 mm, and 120 mm mortar.

*Anti-Tank Weapons* In addition to the M20 rocket, the M72 66 mm anti-tank rocket launcher, and the vehicle-transported 106 mm recoilless gun, all of which are manufactured in Taiwan, the Taiwanese army is also equipped with the Tao anti-tank missile and its indigenous Kun Wu anti-tank missile.

The Kun Wu anti-tank is modeled upon the Soviet AT-3 wire-guided missile. The warhead weight is 2.72 kg, and total weight is 11.39 kg. It measures 119 mm in diameter and 880 mm in length. It is propelled by a two-stage solid fuel rocket engine. Its effective range is 500 to 3000 meters. It can be launched from a vehicle (with the launch mechanism mounted on a M151 jeep; maximum capacity of eight missiles) or a helicopter.

*Light Weapons* The Type 36 and Type 37 semi-automatic rifles used by Taiwan's military are copies of the U.S.-made M3A1 semi-automatic rifle and an improved version, both of which are 9 mm weapons. The automatic rifle used is the Type 65 (a copy of the M16). It is 5.56 mm, weighs 3.17 kg, fires at a rate of 700 to 800 rounds per minute, and its effect firing range is 400 meters.

The newest machine guns are the 74 and 75. The 74 is a light machine gun developed from the FN-MAG general purpose machine gun. The 75 is a squad machine gun developed from the M249. It is a 5.56 mm weapon.

*Automated Command System* The C<sup>3</sup>I tactical system used by Taiwan's army is beginning to attain considerable scope. Reports indicate that in its first exercises in 1984, it handled situation concepts, selection of operational plans, and organizational command all by computer, and that command efficiency and response time were somewhat improved.

#### Development Trends

Since the beginning of the 1990s, the Taiwanese authorities have continually increased defense spending, and the buildup of arms and equipment has entered a new phase. The main developmental trends include: continued development of anti-aircraft and maritime control equipment; further readjustment of troop structure; and accelerated upgrading of old equipment. The aim is to improve overall defensive operational capability.

*Anti-aircraft Weaponry* In the 1990s, Taiwan will accelerate development of the ADF fighter jet, successor to the IDF. This aircraft uses an advanced aerodynamic design (similar to the MiG-29) and is equipped with the TFE-1088 engine (with thrust increased to 5,454 kg per engine) and an advanced flight control system. Performance will be further improved. The fire control system is more advanced than that in the IDF, and stress is



placed on development of ground (sea) attack capabilities. The aircraft can carry four medium-range interceptor air-to-air missiles and four short-range aerial combat missiles. During ground (sea) attack operations it can carry air-to-ground missiles and air-to-ship missiles. It is expected that this aircraft will be developed by the year 2000.

Ground-to-air missiles consist primarily of the indigenously developed and manufactured Tian Gong I, which is replacing the currently used Hawk ground-to-air missile, and the Tian Gong II, which is replacing the currently used Nike missile.

As for progress with the C<sup>3</sup>I anti-aircraft system, Taiwan plans to take five years beginning in 1989 to import in stages fully automatic radar information and command & control equipment from Lockheed Corporation. This will make up the Qiang Wang (Strong Net) system, which will replace the currently used Tian Wang (Sky Net) semi-automatic system, further strengthening Taiwan's anti-aircraft operational capabilities.

*Maritime Control Weaponry* The Taiwanese navy began in the 1990s to implement its Second Generation Naval Shipbuilding Plan. The total investment is expected to reach 8.9 billion US dollars for the construction of 24 guided missile frigates in two different classes to replace

the destroyers, corvettes, and escorts currently in service. This plan is expected to be completed in 2001.

Around the year 2000, Taiwan's navy will further strengthen its antisubmarine operational capabilities. By that time, the Hughes MD-500 shipborne antisubmarine helicopters and the S-2 antisubmarine aircraft currently in service will have all been replaced by the higher performance Shan Mao (Leopard) shipborne helicopter and the P-3C antisubmarine patrol aircraft. The number of P-3C aircraft may reach approximately 30. In addition, Taiwan's navy is also planning to purchase 12 shore-based Hai Ying (Sea Falcon) antisubmarine helicopters. In terms of the density of maritime distribution of the antisubmarine patrol aircraft, and the number of shipborne antisubmarine helicopters, Taiwan's antisubmarine capabilities will be among the best in the world.

*High Tech Weaponry* Building upon its successful development of the Qing Feng and Tian Ma ground-to-ground missiles, Taiwan is planning to engage in space flight before the century is out. The Tian Ma missile uses an inertial navigation and terminal guidance. Its maximum range is 1000 km.

Taiwan actually has the capability to manufacture nuclear weapons.

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