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# China Report

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12 June 1984

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PROVINCIAL AFFAIRS

ZHANG SAI'S ECONOMIC, SPECIAL DEVELOPMENT REPORT

SK220700 Taiyuan SHANXI RIBAO in Chinese 3 May 84 p 2

["Excerpts" of report on 1984 Shanxi provincial economic and social development plan delivered by Zhang Sai, director of provincial planning commission, at the Second Session of the Sixth Shanxi Provincial People's Congress in Taiyuan on 23 April 1984]

[Text] 1. Implementation of the 1983 Economic and Social Development Plan

Under the guidance of the spirit of the 12th CPC Congress, the First Session of [the] Sixth NPC and the First Session of the Sixth Provincial People's Congress, the people across the province continued to implement the principle of readjustment, restructuring, reorganization and upgrading in 1983; gave full play to the province's energy and natural resource advantages; strived to improve economic results; and made fairly good achievements in economic and social development.

Despite serious natural disasters in many localities across the province in 1983, the broad masses of peasants still reaped a fairly good harvest thanks to their strenuous efforts to overcome difficulties. The total agricultural output value reached 6.68 billion yuan, an increase of 5 percent over 1982. The total grain output reached 16.12 billion jin. Despite a decline in grain output from 1982, 1983 still produced the province's second highest yearly yield since the PRC's founding. Of the major cash crops, the total output of oil-bearing crops reached 4.44 million dan, and that of beets, 5.17 million dan--the highest figures in history. Due to natural disasters and a decline in farming acreage, the total cotton output only reached 1.92 million dan, a decline of 20.4 percent from 1982. Marked improvements were made in diversified undertakings and the production and construction of industries in townships and towns.

Industrial production developed soundly with a focus on raising economic results. The total industrial output value of the year came to 15.187 billion yuan, an increase of 13.8 percent over the previous year. The industrial growth rate ranked seventh in the country. Of the major products, the output of raw coal reached 159.18 million tons, up 9.5 percent over 1982. The amount of coal transported to other provinces (including highway transport) reached 106 million tons, breaking the record of 100 million tons for the first time,

thus easing tight energy supplies in some fraternal provinces and giving effective support to the nationwide four modernizations construction. The growth rate of the electric power industry was fairly rapid as compared with recent years. Power output reached 15.127 billion kwh, up 10.5 percent over 1982. Marked improvements were made in raising economic results. The most prominent thing was that the number of money-losing enterprises fell from 1982's 487 to 128 and deficits fell from 92.53 million yuan to 42.77 million yuan, a decline of 53.75 percent, greatly exceeding the state target to reduce deficits by 35 percent. Labor productivity reached 94.29 million yuan, up 11.9 percent over 1982--the best record in history. The amount of profits and taxes delivered by local state industrial enterprises reached 930 million yuan, up 14.88 percent over the previous year, exceeding the growth rate of the total industrial output value. An encouraging situation emerged in which profit increase exceeded output value.

In capital construction, we resolutely implemented the decisions of the central work conference and the provincial CPC committee work conference on strictly controlling the scope of capital construction, conscientiously cleared up unauthorized projects, readjusted some projects, readjusted some projects that were covered by the state plan, and reduced capital construction investment by 46.16 million yuan so as to end the situation of starting new establishments and using funds in a disorderly manner, to control the capital construction scope within the state target, and to ensure the construction of the key energy and communication state projects in our province. We fulfilled and overfulfilled the state assigned tasks of building 7 key projects in Shanxi Province. The fulfillment of the local project plan declined by 7.3 percent over the previous year.

In 1983, a distinct change in the capital construction structure was a rapid increase in the proportion of energy investments. Investments in coal and electric power reached 1.07538 billion yuan, an increase of 16.1 percent over 1982. The proportion of investments in coal and electric power to total investments rose from 37.5 percent in 1982 to 47.5 percent in 1983. The results of newly-added principal productive forces and engineering in 1983 follow: 2.58 million tons of coal, 210,000 tons of cement, 296.8 kilometers of power transmission lines at and above 110,000 volts, 21 kilometers of railroad branch line, 2,385 seats for universities and colleges and 2.39 million square meters of housing.

Urban and rural markets were brisk. Both purchase and sales were brisk. The total value of commodities purchased reached 7.412 billion yuan, an increase of 5.4 percent over the previous year. The retail sales volume reached 6.942 billion yuan, an increase of 13.2 percent over the previous year, surpassing the state average rate of 10.5 percent. The distinct characteristics of our province's retail markets in 1983 were that the sales of means of agricultural production showed substantial increases and that the increase in the retail sales volume of collective and individual commerce was faster than that of state commerce. A new situation emerged in which sales markets had more high- and middle-grade commodities.

Our province fulfilled the foreign trade plan fairly.

A good situation emerged in which revenue showed substantial increases. In 1983, revenue reached 2.38759 billion yuan, an increase of 17.8 percent over the previous year, setting a record. While firmly attending to revenue, our province paid much attention to reducing unnecessary expenditures. Annual expenditure reached 2.3923 million yuan, only accounting for 86.3 percent of the annual expenditure budget plan. We also overfulfilled the task to purchase state treasury bonds and the task to collect funds for energy, communications and capital construction.

Greater progress was made in educational, scientific and technological, cultural, public health and physical educational undertakings. Regular institutions of higher learning across the province recruited 9,716 students, secondary technical schools 6,455 students, and secondary vocational schools and agricultural middle schools 34,127 students, showing increases over the previous year. Institutions of higher learning made initial achievements in improving technical equipment and restructuring secondary education. Regular middle and primary schools improved their teaching conditions. We made new progress in taking various channels, ways and forms to run schools and to train teachers. We also made new achievements in tackling scientific and technological problems, promoting and applying scientific research achievements, and expanding the sphere of technology service. Hospitals added 2,033 new beds and urban and rural medical treatment conditions continued to improve. We continuously made greater achievements in planned parenthood work.

The people's material and cultural lives improved on the basis of production development.

In 1983, our province had a good situation in implementing economic and social development plans. However, we must clearly understand that there are many problems in front of us, the task to readjust, restructure, consolidate and improve is rather heavy; some systems unsuitable to the development of the productive forces existing in production relations and superstructure need urgent reforming; relations between various sectors of the economy have been brought into better balance, and some weak links in economic development need strengthening.

## 2. The Main Tasks for Fulfilling the 1984 Economic and Social Development Plan

In line with the state unified plan and our province's actual situation, the main tasks for fulfilling our province's 1984 economic and social development plan are summarized as follows: We should continue to implement the principle of readjustment, restructuring, reorganization and upgrading; gradually bring the relations between the various economic sectors into better balance; and vigorously develop coal and electric power industries with an emphasis on raising economic results and a focus on building the energy, heavy and chemical industrial bases. We should strengthen weak links; prominently develop transportation and communications; attend to developing agriculture with a stress in grain production; make continued efforts to build marketable grain and nonstaple food bases; strictly control the scope of investment in fixed assets; guarantee

the construction of key state projects, speed up intellectual development; strive to develop educational, scientific and technological undertakings; and make good arrangements for the people's livelihood on the basis of developing production. We should strive to fulfill or overfulfill the Sixth 5-Year Plan 1 year ahead of schedule.

In line with the above arrangements, the main targets for fulfilling our province's 1984 economic and social development plan should be:

The total amount of products in society should be valued at 28.8 billion yuan, up 2.02 percent over 1983.

National income should reach 12.92 billion yuan, up 5 percent over 1983.

Total industrial output value should be 16 billion yuan, up 5.35 percent. Of this, the output value of light industry should be 4.6 billion yuan, up 4.5 percent, that of heavy industry, 11.4 billion yuan, up 5.8 percent.

Total agricultural output value should be 7 billion yuan, up 4.79 over 1983.

Financial revenue should be 2,495,460,000 yuan, up 4.52 percent.

Total local capital construction investment should be 614 million yuan, an increase of 4.8 percent over the plan formulated in the beginning of 1983.

Investment in renewal of equipment and technical transformation should be 515 million yuan, up 19.62 percent over 1983.

Wages for local state enterprises should be 1.943 billion yuan, up 9.26 percent over 1983.

Total retail sales of commodities should reach 7.5 billion yuan, up 8.07 percent over 1983.

Total enrollment at institutions of higher learning should be 11,565 students (including postgraduates), up 17.5 percent over 1983.

In order to overfulfill the 1984 plans and tasks, we should attend to the following work:

1) We should stress energy, heavy and chemical industries and use them to bring along industrial production and a steady increase in the whole economy.

In raw coal output, we should adhere to the spirit of the national planning conference on fixing the output quotas according to the transport capacity, transferring more coal to other localities, reducing stockpiling, and stressing real economic results. Under the plan, we should produce 153.75 million to 153.8 million tons of coal, a decline of 3.4 percent from the actual output figure in 1983. Of this, the state unified distribution mines should produce 78.10 million to 78.15 million tons of coal and local mines run by units at and above the county level (including mines run by the second light industrial

units) should produce 29.65 million tons. The commune-and brigade-run mines should produce 46 million tons. The main reason for reducing coal output in 1984 is that we have considered the current coal stockpiles and tense transportation situations. We must adopt this measure in order to avoid wasting natural resources and labor.

Under the plan, the output of most heavy industrial products should be increased by varying degrees over 1983.

The light and textile industries occupy an undeniable position in building energy resource and heavy chemical industrial bases. Therefore, while building energy resource and heavy chemical industrial bases, it is imperative to actively develop light and textile industries by bearing in mind the province's actual situation and by exploiting the province's strong points and avoiding its shortcomings. The 1984 production arrangements are as follows: The province should greatly develop its products that enjoy brisk sales and should aim sales of these products at markets at home and abroad. The province should actively develop products that are urgently needed by the people's livelihood and social production so as to saturate market demand. The province will turn out 10,515 tons of agricultural plastic sheets this year, a 2,740 ton increase over the 1983 figure. The province should exert efforts to develop, utilize and turn out the products whose raw materials are agricultural byproducts and indigenous and mountainous material resources. The province should reduce its output of products that have been overstocked and whose raw materials cannot be easily obtained in the province, or the province should fix their output according to sales volume by vigorously upgrading their quality and improving their variety. The production of some products in this regard should be resolutely transferred or closed in order to prevent new overstocks and to gradually change the passive situation. The products of light and textile industries should win their markets by their fine quality and reasonable prices. To this end, we should exert all-out efforts to develop economic and technical coordination with foreign countries and outside provinces, and to actively introduce advanced production technology and modern managerial affairs so as to achieve rapid progress in developing light and textile industries.

2) We should vigorously grasp the building of communications and transportation so as to accelerate the construction of railroads and highways connected with outside provinces to ensure the timely utilization of newly-purchased trucks.

The current serious shortage of transport forces is attributable to the province's weak link in the national economy. Making a breakthrough in improving the weak link is the key to enlivening the province's economy and changing the passive situation into a positive one. Along with the serious shortage of transport forces, we should do a good job in dealing with the following three relations: a. A good job should be done in dealing with the relationship between transporting into and out of the province. Efforts should be made to give consideration to both of them so as to ensure the supply of materials for the livelihood and production of the province's people's. b. It is necessary to deal with the relationship between coal delivery and other material delivery. The province's experience over the past many years has shown that it is better for the rate between both of them to stay at 8.2. c. It is necessary to deal with the relationship among the delivery of coal with different economic uses,

such as the coal covered by the state unified distribution plan, coal covered by the economic plan, coal covered by the donation program, coal covered by the technical coordination program, and coal covered by the joint-venture business. The rational distribution of transport forces should be carried out among these coal delivery activities. In view of regions, it is necessary to ensure the total delivery outside of the province of coal covered by the technical coordination program and by joint-venture business, because of coal delivery will affect the normal economic circulation of various fraternal provinces and cities.

The province's 1984 volume of rail freight is from 140.2 million tons to 142.5 million tons. The province's coal planned for delivery outside the province this year is 106 million tons, an increase over the 1983 figure of 97.44 million tons. However, there will still be a large amount of coal that cannot be delivered this year. Meanwhile, the increase of coal that is delivered outside the province will surpass that of the total volume of rail freight, which will certainly adversely affect the provincial internal and external transport on other materials. Therefore, the railroad departments and the departments concerned should pay attention to successfully dealing with the three above-mentioned matters and should consider them on an overall basis. In 1984, the state plans to invest 550 million yuan in building new railroads for delivering the provincial coal outside the province and for making preparations to repair and reform the old railroads, including the beginning of construction of Daqin railroad, and Houxi railroad, and repair preparations for eight old railroads, including the Shuoshi and Houyue railroads. After completing the construction of new railroads, the strained situation of railroad transportation will be basically or greatly eased. In 1984, the province plans to appropriate funds to building railroads between Zhuangershang and Sancha, and between Linfen and Longchi. Efforts should be made to accelerate the building pace so as to strive to put them into use by the end of this year. As for the new railroad lines covered by the Seventh 5-Year Plan, it is necessary to begin making preparations.

In 1984, our province plans to have 84.29 million tons of highway freight transport. In order to alleviate the overstocked coal situation, our province plans to concentrate human power and material and financial resources on building four highways to send our province's coal to other places within 2 years. These highways are from Datong to Sunqizhuang, Yangquan to Didu, Jincheng to Dakou, and Jincheng to Zhanglukou. The total investment is 95.49 million yuan. Construction funds for 1984 total 41 million yuan. Of this, the state will subsidize 20 million yuan. The rest will be collected by our province. This year to province will use 13.93 million yuan of local foreign exchange to import 1,469 large-tonnage vehicles to organize work teams in charge of coal transport. All these vehicles have been paid for with foreign exchange or renminbi. At present, Tianjin and Shanghai harbors are successively delivering the vehicles for our province. This is the first great communications and transport measure that our province has taken since the founding of our country.

3) We should conscientiously implement the "Document No 1" of the central authority and extensively develop rural commodity production.

In line with the principle of never ignoring grain production and enthusiastically developing a diversified economy, the province plans to ensure 16.6

billion jin of grain in 1984, an increase of 2.98 percent over 1983; 2.4 million dan of cotton, an increase of 25 percent; 4.2 million dan of oil-bearing crops, a reduction of 11.5 percent from 1983; 5.71 million dan of beets, an increase of 104 percent; 420 million jin of meat, an increase of 15.7 percent; and 2.5 million mu of afforestation. In order to realize these tasks in a down-to-earth manner, we must handle well the following jobs:

(a) We should organize rural commodity production and circulation and enthusiastically develop town- and township-run enterprises. We should encourage farming experts to cultivate farmlands in a step-by-step manner and guide surplus rural laborers to enthusiastically engage in forestry, animal husbandry, sideline occupations, fishery and various forms of processing industries, the small mining trade, the construction and building material trades, and the commerce and service trade. There should be cooperation in the development of town- and township-run enterprises and that of city industries. The development of town- and township-run enterprises should be related to rural commodity production and circulation. We should make the most of local natural resources to develop these enterprises to suit the needs of rural, urban, domestic and international markets. The peasants are allowed and encouraged to manage their own grain rations, to settle down at market towns, to collect funds to fund various undertakings, and to engage in commodity production and commercial service. The planning department should make a good plan for town and township development in 1984 in line with the plan for land and district renovation.

(b) We should rationally use the funds for mountainous construction to flourish the economy in the mountainous areas. In order to accelerate the construction and development of mountainous areas, the provincial CPC committee made a decision that from 1983, the province should concentrate a few years of time and 150 million yuan of special funds annually to support the construction of mountainous areas. In 1984, the province used 10 million yuan in construction in mountainous areas and arranged 45 projects centering on the food industry, the mining trades, and the building material processing industry in 20 counties.

(c) We should attend to the construction of chemical fertilizer and forage production. The unreasonable proportion of the variety of chemical fertilizers is the principal problem. In view of our province's supply of chemical fertilizers and with regard to the mixture of nitrogen fertilizer, we use more ammonium carbonate but less ammonium sulfatenitrate or urea than is average. This cannot suit the needs of agricultural production. Phosphatic fertilizer is in seriously short supply. Beginning in 1984, the province will allocate over 30 million yuan for developing the production of chemical fertilizer every year. The province will center on expanding the Tiayuan phosphatic fertilizer plant, conduct reconstruction of subsidiary equipment among 17 small phosphatic fertilizer factories, accelerate construction of the Lingqiou phosphatic fertilizer plant, and import some phosphate rock from other provinces to appropriately increase the ability to produce sulphate. We should implement all these measures and try every means possible to achieve real results. In 1984, the province plans to produce 72,000 tons of phosphatic fertilizer and 270,000 tons of ammonium sulfatenitrate and urea. We should strive to overfulfill these production tasks. The province plans to import 100,000 tons of complex fertilizer and to cooperate with other provinces to produce 40,000 tons of urea. We should take effective measures to ensure the completion of the construction of an urea-producing workshop for the Hongdong Jiaohua factory.

In developing the feed industry, we should take the road of linking medium with small enterprises, with stress on the small ones. This year, priority should be given to the production of feed resources, such as stone powder, bone meal, blood powder, grass powder and various kinds of cake powder. We may cooperate with fraternal provinces and cities to produce fish powder and to import some additives, such as methonin and lysine. All localities should actively raise funds and make unified plans and rational arrangements so as to achieve success in this newly developed industry.

(d) Attention should be paid to popularizing and applying new agricultural technologies. Viewing the current provincial practical situation and proceeding from the development of long-term production, we should popularize the upgraded fine varieties of crops and grow the fine varieties of crops with fine methods; should rationally apply chemical fertilizer or apply both nitrogenous and phosphate fertilizer in line with the fertility of the soil; should import and apply the pesticides with high efficiency but little residual poison and prevent insect pests and damages; should extensively popularize the plastic-film covering technique, which helps save water, resist drought, preserve heat, and heaps promote early maturing; and should apply mixed feed and popularize the use of frozen semen.

(e) The supply of the means of agricultural production should be ensured. In 1984, the province plans to import 46 million tons of raw materials for producing plastic-film for agricultural use, an increase of 16 million tons over the 1983 figure. We should organize forces to transport these materials in a timely manner and make proper arrangements for the production of plastic film so as to do farm work in the right season. In 1984 the province plans to produce 15,000 tractors. Farm machine departments should make arrangements for the trial production of the small threshers used by single households. In producing small farm tools and motor cars, priority should be given to ensuring quality. By no means should we produce them in a rough or slipshod way due to temporary shortages.

4) We should scientifically distribute and rationally use the investment earmarked for capital construction and should implement responsibility system in capital construction so as to raise the efficiency of investment.

In 1984 we should continue to control the scope of capital construction strictly. All capital construction projects should be developed in line with capital construction procedures. Without sufficient technological and economic appraisals and without examination and approval, no unit or individual is allowed to make decisions for construction projects presumptuously. In the process of construction, no one is allowed to raise the construction standard presumptuously, to add construction content, or to expand construction scope. No one is allowed to change the construction period or the budget arbitrarily; anyone who does so will be called to account.

The 1984 plan for local capital construction will stress energy and communications projects and the things serving these projects; the agricultural, educational, public health, and workers' residential projects which are expected to become available in 1985 and 1986; and the projects built in line with the rational construction period. At the same time, we will strictly control the

projects that have just been started. In accordance with the above-mentioned principle, the investment in coal projects accounts for 20.8 percent of the total investment in capital construction. In order to speed up the intellectual development, this year's educational investment will be 22.15 million yuan more than in 1983, a record in our province since the PRC's founding. This educational investment excludes the portion allocated to all departments, localities and cities. Pertinent departments should manage and use this investment well so as to raise the efficiency of intellectual development.

In order to raise the returns on investments further, the province plans to arrange 22 construction projects in 1984 and to regard them as our province's 1984 local capital construction projects, including Yongji Zuncun electric pumping station, the subsidiary steelmaking project at Linfen iron and steel plant, Taiyuan coal gas, Shanxi polyester fibre plant, a clinic building at hospital No 1 under Shanxi Medical College, and five pairs of coal pits, such as Gaoping and Zhaozhuang colliery. In line with the preparatory work for the previous stage of the construction project, the province carries out, on a trial basis, a system of taking responsibility for the completion of a capital construction project within a fixed time based on a contract. Localities and relevant departments should, based on the rules of a contract, conscientiously strengthen leadership, inspection and supervision; guarantee a plan and design, a supply of material resources, and construction activity; strive to complete the construction or ahead of schedule; and realize a return on investments at an early date.

5) We should attend to reforming the system of circulation and make markets brisk.

Along with the development of industrial and agricultural production, our markets continuously remain brisk, lively and stable. In 1984 the purchasing power for social commodities will be 7.5 billion yuan, an increase of 8.07 percent over the previous year. The volume of commodity supply will reach 7.66 billion yuan, an increase of 7.9 percent over last year. Purchasing power surpasses the volume of commodity supply, so marketable commodities are in short supply. Therefore, there is still much difference between supply and demand. By analyzing the variety of sources of goods, we still have the problem of the supply of some commodities falling short of demand while others are overstocked.

In order to make good arrangements for the province's markets, we must attend to the work of circulation and production and make new contributions to meeting the needs of the people's material and cultural livelihood.

The trend of our 1984 foreign trade is expected to be one of increased trade. We must attend to the favorable opportunity and do a good job in foreign trade procurement and export work. In line with the principle of supporting production, pioneering markets, and promoting production and good markets, the province strives to overfulfill the export plan. In 1984, we are concentrating local foreign exchange on importing advanced technology and key equipment, the means of agricultural and industrial production, and the means of livelihood that are in short supply. The recent Shanxi trade talks on international economic and technological cooperation contracted 40 technological cooperation projects, and the volume of business reached \$20.7 million, a good result.

6) We should vigorously develop intellectuals and cultivate various forms of talented persons.

With regard to developing intellectuals, we should attach prime importance to developing existing intellectuals. We must conscientiously implement the party's policy towards intellectuals and bring the initiative of intellectuals into full play. At the same time, we also should offer the most basic working and living conditions for them. In 1984, all departments, prefectures and cities have allocated funds for solving the intellectuals' housing problems. Of this, Taiyuan City, where the intellectuals are fairly concentrated, plans to invest 2.4 million yuan to build apartments totalling 12,000 square meters for the intellectuals.

In 1984, our province's investment in intellectual development will increase by a big margin. In addition to the 39 million yuan of investment to educational departments, the province will allocate 26.95 million yuan of investment to various departments in various prefectures and cities. In addition to the 14.05 million yuan of funds raised by the departments in various prefectures and cities, the total investment in intellectual development will reach 80 million yuan. It is clear that the developmental scope and increase rate of investment will be a record high since the PRC's founding.

In 1984, our province's institutions of higher learning will enroll 11,565 students (including postgraduate students), an increase of 1,754 students over 1983; workers' universities will enroll 1,830 students, 96 students more than in 1983; and secondary vocational schools will enroll 18,230 students, an increase of 1,780 students. We should train competent persons specializing in various fields of study to meet the demands for building the Shanxi energy, heavy and chemical industrial bases and for properly developing the national economy in our province. Institutions of higher learning should continue to reorganize the structure of specialized courses and the installation of specialities, increase the enrollment quota of the urgently needed specialities, and raise the ratio of specialized courses. We should develop higher adult education through running radio and television courses, correspondence courses, evening courses, and the courses for workers and staff members. The enrollment quota of these courses should be increased. Secondary vocational schools should be vigorously developed in the course of raising their quality. In particular, the enrollment quota of the specialities urgently needed in developing our province's construction projects should be increased so as to gradually rationalize the ratio between higher learning institutions and secondary vocational schools and to constantly provide the society with various competent persons who are well developed morally, intellectually, and physically.

An important task for the 1984 educational work is to accelerate the restructure of our province's secondary educational system and to vigorously develop the vocational and technical education. This year professional middle schools across the province will enroll 51,600 students, a 51.2 percent increase over 1983.

In terms of training competent persons, we should give consideration to meeting the challenge of the new technological revolution, in addition to meeting the current needs of the provincial economic development. We should have strategic points of view. From now on, we should begin to train persons specializing in microcomputer technology, biological engineering, optical fiber cable, laser, new-model materials, new energy resources development and system engineering, management and in other new sciences and technologies so as to meet the challenge.

In 1984 the province will tackle 129 major problems in 20 scientific and technological research projects. Stresses will be placed on the problems in rational development of energy resources, coal and chemical industrial development, communications and transport, comprehensive utilization of agricultural resources, development and utilization of water resources and environmental protection.

7) We should improve the people's living standards.

In 1984, the province plans to further improve the people's housing conditions. State funds for the provincial residential construction will be over 100 million yuan. In addition, the provincial and various prefectural and city authorities will issue 30 million yuan of loans to residential development companies to build marketable houses in Taiyuan, Datong and other cities. The completion of these houses will further improve the housing conditions for the people in the province.

To eliminate pollution, protect environment and improve the people's livelihood, this year, the province will continue to build the Taiyuan City coal gas project and will start the Yangquan City coal gas project. By the end of 1984, the number of coal gas consumption households in Taiyuan City will increase from the present 16,000 to 80,000. At the same time, the province is preparing for the first stage of the water supply project in Changzhi and Linfen cities. To improve the water supply condition for the people in Yuncheng Prefecture, this year the province has decided to allocate 1 million yuan, with Yuncheng Prefecture raising 1.5 million yuan of funds, to build [the] water supply project. The completion of the water supply project will provide more conveniences for the people in this prefecture.

In order to enliven the cultural livelihood of urbanities and strengthen the construction of spiritual civilization, we arranged more cultural and sports construction projects in 1984. The key projects are: (a) Build three large-scale swimming pools in Taiyuan City this year. (b) plan to build a provincial physical education center. (c) Make good preparations for preliminary construction of the Shanxi great theater project. (d) Build a 15,000-square-meter clinic at Hospital No 1 of Shanxi Medical College. (e) Complete construction of the 8,000-square-meter main body of the provincial library project. (f) Complete construction of a 10,000-square-meter science and technology building project under the provincial scientific and technological committee. (g) Begin to build a new nursery to replace the Kangle nursery. (h) Successively begin to build a provincial science and technology building, a provincial youth building, and a building for a provincial TV college. Upon completion of these

projects, the province's people, especially the people in Taiyuan, will have great improvement in study and entertainment conditions which will play an enthusiastic role in the construction of the two civilizations.

The medical and public health conditions of urban and rural people will be improved further in 1984.

In 1984, we must firmly attend to planned parenthood work and strive to make our natural population growth rate under 9 per thousand.

The above-mentioned items are our province's 1984 planned arrangements. Despite repeated comprehensive discussions, there are still many problems in this plan. We expect to encounter some problems while implementing it.

1. The strained transportation situation has still not been alleviated. Therefore, production departments and enterprises must strictly organize production in line with plans. Railroad departments must try every possible means to tap potentials, add the number of vehicles, and ensure the transport of coal and other material resources in accordance with plans. Highway transportation departments should organize various transportation forces to transport more coal and to eliminate the contradictions between production and transportation.
2. Principal material resources of production and construction are insufficient. For instance, we lack 106,000 tons of steel and cement, and sulphate and sodium carbonate are in extremely short supply. We must take measures such as increasing production, reducing consumption, practicing strict economy, and cooperating with material supply departments, to solve the problem.
3. Some 8 percent of people's daily consumer goods are in short supply. They are principally excellent and famous-brand products. Some 48 percent of them are overstocked, including cotton and sewing machines. Only 44 percent has achieved balance between supply and demand. In general, the supply of daily consumer goods showed a stable increase in 1984, but there are distinct contradictions between supply and demand in fields of specific variety and patterns. This will bring inconvenience to people's livelihood. We should solve these contradictions by taking measures of production, management, marketing, price and the circulation of markets in and outside the province, and at home and abroad.

The 1984 economic and social development plan is an enthusiastic, stable and reliable one. Although we will meet some problems in the course of implementation, we have many favorable conditions and bright prospects. So long as the people of the province are enthusiastically mobilized, conscientiously implement the series of principles and policies set forth by the party Central Committee, and are brave in conducting reform and in pioneering the road of advance, we will certainly fulfill or overfulfill the Sixth Five-Year Plan a year ahead and make epoch-making contributions to realizing the grand strategic goal of quadrupling our annual industrial and agricultural output value by the end of this century.

CSO: 4006/526

PROVINCIAL AFFAIRS

SHANXI WANG SENHAO'S GOVERNMENT WORK REPORT

SK180410 Taiyuan SHANXI RIBAO in Chinese 30 Apr 84 pp 1, 3, 4

[Shanxi Provincial Government Work Report Delivered by Governor Wang Senhao at the Second Session of the Sixth Provincial People's Congress on 21 Apr 1984]

[Text] Fellow deputies:

Entrusted by the provincial government, I now give the following report on the provincial government's work done since the first session of the Sixth Provincial People's Congress and the tasks for 1984 for your discussion.

The Work of 1983

The year 1983 was the first year that we conscientiously implemented the guidelines of the 12th National Party Congress and created a new situation in all fields of socialist modernization. In this year, all the fronts of our province scored fairly great achievements in all fields of work. Industrial and agricultural production continued to grow and develop fairly rapidly, the market was brisk, the people's living standards continued to rise, public security and social conduct improved remarkably and the socialist spiritual civilization was further promoted. It was a year of the best situation since the 3d Plenary Session of the 11th CPC Central Committee.

Thanks to the implementation of the "eight-character policy," industrial production developed fairly rapidly and its output value and profits and taxes grew at the same pace. Focusing on improving the economic results, industrial enterprises continued to institute the multiforms of the economic responsibility system. Eighty-three percent of the state industrial and communications enterprises replaced profit delivery with tax payment. The orientation and structure of products were further readjusted to cater to the construction of an energy and heavy and chemical industrial base. The existing enterprises were technically transformed. Close attention was paid to enterprise consolidation and the work of stopping deficits and increasing profits, resulting in the steady growth of industry. The industrial output value reached 15.187 billion yuan, which surpassed the annual target by 10.1 percent and the 1982 figure by 13.8 percent and was the largest annual increase in 5 years. The output value of heavy industry rose by 15.8 percent over 1982 and that of light industry by 9.2 percent. Energy industry developed steadily. The total raw coal output was

159.18 million tons, exceeding the annual target by 9.8 percent and the 1982 figure by 9.5 percent. The total electricity output 15.13 billion kwh, increasing by 6.5 percent over the annual target and by 10.5 percent over 1982. The economic results were significantly better than in the past. Profits delivered to the state by state industrial enterprises covered by the local budget totalled 930 million yuan, which represented a 6.38-percent increase over the plan and a 14.88-percent increase over 1982 and which was greater than the increase of output value. Among the 14 major targets to evaluate the economic results, eight reached or exceeded the national standards. They included industrial output value growth, sales income growth, growth of profit realized, growth of profit delivered to the state, and the growth of the proportion of profit and tax in funds. Enterprises deficits declined by a large margin. Loss-making enterprises declined from 487 in 1982 to 182, a drop of 62.63 percent. Deficits decreased from 92.52 million yuan in 1982 to 42.79 million yuan, a decline of 53.75 percent.

Implementing the CPC Central Committee's No 1 document of 1983, the agricultural front developed the excellent situation further. The output-related contract responsibility system was enforced in an all-round manner and was improved continuously. Commodity production with specialized marketable grain households and specialized diversified production households as the backbone forces expanded vigorously. Agricultural science and technology were popularized gradually and the results of agricultural zoning were applied gradually, thus effectively raising agricultural growth. Despite natural adversities, a good harvest was reaped. The total agricultural output value was 6.68 billion yuan, 4.6 percent over the plan and 5 percent over 1982. The grain output totalled 16.12 billion jin, exceeding the plan by 600 million jin. Although the figure was slightly smaller than that of 1982, it still represented a good harvest. In 1983, the province procured 3.2 billion jin of grain, a 500 million jin increase over the 1982 figure. The province's gross output of oil-bearing seeds reached 4.74 million dan, an increase of more than 10 percent over the 1982 figure. Total beet output reached 5.17 million dan, a 14.1 percent increase over the 1982 figure. Owing to natural disasters and planned readjustment, the province's output of cotton, hemp, flax and tobacco decreased by varying degrees. The province planted 6.51 million mu of trees and surpassed its tree-planting plan by 160 percent, a 58 percent increase over the 1982 figure. It planted 1.1 million mu of grass. The output of animal husbandry, such as draft animals, milk and milk byproducts, and fresh eggs, scored a greater increase over the 1982 figure. The province decreased its gross output of hogs and meat. At present, the province is adopting various measures to improve the declining trend in this regard. The province scored 1.85 billion yuan in total output value of sideline production, a 15.4 percent increase over the 1982 figure. The marketable rate of farm products reached 31.2 percent, surpassing the rate of around 20 percent that had occurred over the past many years. The number of various specialized households (households doing specialized jobs besides crop cultivation) across the province reached 1.57 million, accounting for 31.5 percent of the total number of province's agricultural households. Specialization households doing grain cultivation, which account for 6 percent of the total number of provincial agricultural households and which had signed production contracts that cover 11 percent of the province's farmland, provided marketable grains that accounted for 37 percent of the province's grain pro-

curement plan. The total output value and labor incomes of commune-and-brigade-run enterprises reached 3.2 billion yuan, a 16.7 percent increase over the 1982 figure. Commune-and-brigade-run collieries turned out 51.6 million ton of coal, accounting for one-third of the province's total coal output. After the work conference on developing mountainous areas, the province accelerated the pace of building mountainous areas. The number of agricultural households that have signed contracts on developing and managing small valleys reached 573,000. The contracts on developing and managing barren hills and slopes cover more than 20 million mu, bringing about a new situation in which the province begins with the activities of developing barren hills and sand.

The province scored an increase in the volume of both railway and highway freight. The volume of railway freight reached 137.87 million tons, a 6.5 percent increase over the 1982 figure, surpassing the railway freight plan by 5.6 percent. The volume of highway freight reached 88.59 million tons, a 4.1 percent increase over the 1982 figure, surpassing the highway freight plan by 29.5 percent. Both railway and highway units delivered 106 million tons of coal to outside places, a 10.8 percent increase over the 1982 figure.

The province made smooth progress in building the state's key projects and curtailed the scale of local capital construction projects. By earnestly implementing the spirit of the central work conferences and the work conference sponsored by the provincial CPC committee in regard to concentrating financial and material forces on ensuring the construction of the state's key projects, the provincial people's government corrected the malpractices committed by a number of localities in overcharging the people by taking advantage of taking over land and paying compensation to move-out households, arbitrarily apportioning the expense to this people, and in arbitrarily increasing the prices of production means. Owing to the vigorous support of the governments, departments, and various industries and trades at all levels, the province secured the land used for the construction of key projects and the supply of water, electricity and local building materials. The province made smooth progress in the seven key construction projects. The province's volume of investment in capital construction reached 2.265 billion yuan, a 27.4 percent increase over the 1982 figure. In earnestly examining the local project items not covered by the plan and readjusting a number of local items covered by the plan, the province cut 46.16 million yuan of investment in capital construction, resulting in the effective control of investment in local capital construction. The construction bank played an active role in curtailing the scale of capital construction and providing necessary funds for ensuring the construction of the state's key projects.

The market was brisk and market prices were basically stable. The total annual value of retail sales was 6.94 billion yuan, a 13.2 percent increase over the previous year; and the total value of purchased commodities was 7.41 billion yuan, a 5.4 percent increase. Having vigorously reduced the exports incurring too much deficits, the total value of exports procured by foreign trade departments increased by 2.4 percent over the previous year. The circulation system developed towards the goal of having more economic sectors, managerial forms and circulation channels, and having fewer links. The nature of cooperative economy was restored among supply and marketing cooperatives. Developments were made in the collective and individual commerce and in urban and rural market trade. Market prices of some commodities rose and some were lowered. The retail price index for consumer goods rose 1.2 percent over the previous year.

The revenue increased by a relatively big margin and the amount of savings deposits and loans issued by banks increased greatly. Along with the development of production, the improvement of economic results, the expansion of commodity circulation and with the popularization of the policy of substituting taxes for delivery of profits, the revenue increased noticeably and reached and 2,387,590,000 yuan, overfulfilling the annual target by 225.94 million yuan or by 10.45 percent, and an increase of 17.8 percent over the previous year, a record since 1978. The expenditure was 2,392,300,000 yuan, an increase of 308.71 million yuan or 14.82 percent over the previous year. Deducting the incomparable factors, the increase of expenditure was still a record since 1978. At the end of 1983, savings deposits of banks (including the people's banks, agricultural banks, and the banks of China) reached 7.5 billion yuan, an increase of 23 percent over those at the beginning of 1983; the remaining sum of loans reached 8 billion yuan, an increase of 12 percent. This supported the development of various production and construction undertakings and promoted the commodity circulation. All levels of auditing organs did their full part in supervising financial and economic activities, safeguarding financial and economic disciplines and increasing revenue.

Educational undertakings developed in the course of readjustment, consolidation and transformation. Through implementing the guidelines of the national regular educational conference, the educational work of middle and primary schools was strengthened. Thanks to the adherence to the principle of developing the educational work with both the state investment and the funds jointly raised by the masses, teaching conditions for some primary and middle schools were improved. Over the past 3 years, Zuoyun County had invested some 5 million yuan in developing educational undertakings, which enabled the people there to receive primary school education free of charge and on a compulsory basis. In restructuring secondary education the system, the province had already initiated 335 agricultural middle schools, vocational middle schools and technical middle schools. Plus the middle school graduates newly enrolled by secondary professional and technical schools, these 335 schools had a total enrollment of 62,077 students. Through consolidation, teachers' quality and teaching quality of middle and primary schools were improved, the ideological and political work was stepped up, a large number of advanced classes and the three-good students emerged, and some heroic figures like Chi Yuezhong emerged. Institutions of higher learning reorganized their leading bodies, strengthened their teaching work and the training for teachers, and added some specialities such as the management of industrial enterprises and protection of environment. In enrollment system, universities and enrolling nonresident students studying with their own expense. A relatively big development was made in the education for workers and peasants and in adult education. A total of 11,472 young people were attending radio and television courses, some 4,465 people were attending sparetime universities for workers, and 100,000 people were attending correspondence universities. In addition, some 210,000 young workers were attending courses for making up their middle school education, of whom, some 100,000 completed. In rural areas, some 540,000 people were attending cultural and technical courses. The education for cadres was regularized gradually. A group of activists who became professional through self-study emerged on all fronts.

Being geared to economic construction, scientific and technical work had new successes. Scientific and technical departments organized forces to carry out joint research on the construction of an energy and heavy and chemical industrial base and scored more than 200 achievements. Most of the 93 achievements applied last year yielded remarkable economic returns. Thanks to the application of wheat, cotton, corn, sorghum and millet cultivation techniques to large areas, the output increased by 10 to 30 percent. The application of the achievements in agriculture remote sensing research yielded results. In industry, very good results were also achieved in the application of the new techniques of metal heat coating, low melting point alloy molding, and resin sand casting. There was a good beginning in the reform of scientific and technological system. Breaking the boundaries of administrative districts, some rural areas established technical service center and companies to render technical service, creating many new things. The various forms of scientific research, teaching and production integrities played a good part to enable science and technology to serve production. The Jinguang Talent Development Company, the Nanjiaoqu Vegetable Research Institute in Datong City and the Changzhi City Light Industrial Research Institute blazed a new trail in the reform of scientific and technological system and their experiences merit our attention.

New achievements were scored in cultural, health, sports and family planning work. Cultural work was further invigorated. Literary and art departments created and performed a number of new works and programs of fairly high artistic standards. Press, publication, radio and television departments and historical relics museums made new contributions to promoting the spiritual civilization. In medical and health work, new progress was made in planned immunity, preventing and treating endemic and epidemic diseases, improving medical level, consolidating grassroots medical organizations and reforming the management of urban hospitals on a trial basis. The masses achieved good results in eliminating dirtiness and disorder, beautifying the environment, and killing rats. Jincheng City's experience in health work set an example for and promoted the province's health work. Our athletes ranked ninth at the Fifth National Sports Event. Mass reports activities further developed. Thanks to the importance attached to family planning by all fields, the provincial natural population growth was brought down to 10.7 per thousand, a large decline from 1982.

We dealt severe blows to economic and other criminal activities and remarkable improved public security. Resolutely implementing the CPC Central Committee's decision on dealing blows to criminal activities and the NPC Standing Committee's decision on severely punishing criminals who have seriously endangered public security, we have arrested a group of criminals, wiped out a group of hooligan gangs, cracked a great number of criminal cases and confiscated a great amount of lethal weapons, stolen money, and goods, effectively dampening the arrogance of criminals since last August. From September 1983 to January this year, the average number of cases every month declined by 45.7 percent from that of the previous 5 months. Now the public order in urban major communication lines and public places and on festivals has noticeably improved. Rural public security also improved. The masses' sense of security enhanced and they unanimously supported the party's policy on punishing criminals stricter and quicker according to law. Exemplary deeds characterized by braveness in struggling against bad people and bad deeds kept on emerging. New successes were also won in dealing blows to the criminal activities in the economic field. Last year, 2,988 cases were concluded and 15.52 million yuan of stolen money was recovered.

Civil administrative work was strengthened. Rural areas gained experience in the trial work of separating government administration from commune management and establishing township governments, and promoted the experience in a step-by-step manner. We promoted the experience of Yonghe County in supporting disabled servicemen and family members of revolutionary martyrs to develop production and to get rich through industrious labor and the experience of Xi County in launching the activity of "making PLA fighters feel at ease to do their service work" and created a new situation in the work of supporting the army and giving preferential treatment to family members of revolutionary martyrs. The Shanxi PLA Units, the PLA units stationed in Shanxi, and the armed police forces continued making new contributions to supporting the government and loving the people, to working cooperatively with civilians to build civilized villages and to supporting local construction. Militiamen enthusiastically brought their functions to bear on building the two civilizations and safeguarding public order. Last year, parts of our province suffered natural disasters. Governments at all levels appropriated disaster-relief funds and materials in a timely manner to help the people engage in production and to overcome temporary difficulties.

Great progress was made in organizational reform. The work of readjusting the leading bodies at the provincial, prefectural, city and county levels was finished. Through organizational reform, we streamlined the leading bodies and ensured that they will become more revolutionary, younger, better educated and more professionally competent. According to statistics of 71 provincial-level departments, the number of directors and deputy directors at the department and bureau levels were reduced from 421 to 274, a decline of 35 percent. Among these new leading bodies, the average age declined from 61.5 to 51.6, and those whose educational level was at and above college level rose from 14 percent to 30 percent. Under the unified leadership of the provincial CPC committee, the work of cooperation between new cadres and old ones and the replacement of the old by the new was under smooth development. With the assistance of old cadres, new ones immediately assumed their work and strived to create a new situation at their own posts. Some units made remarkable achievements in their work. On the basis of organizational reform, departments and units were going to set up and perfect a cadre personnel responsibility system. In line with relevant regulations, retired and veteran cadres were properly arranged.

On the basis of production development, people's livelihood was further upgraded and improved. The income of peasants continued to show a substantial increase. Last year, per capita income reached 240.5 yuan (not including debit and credit income) an increase of 38.4 yuan or 19 percent over the previous year. The wages of staff and workers were readjusted and the income of staff and workers increased. The savings deposits of urban and rural people reached 2.88 billion yuan, an increase of 31.1 percent over the previous year. Last year, state- and collectively-owned units, new collectively- and individually-owned economies, and social organizations together employed 98,000 job-waiting personnel. The purchasing power of the people improved. More and more people selected and purchased expensive daily necessities. TV sets were universalized in urban areas and more and more rural people had TV sets. The residence registration of over 4,000 families of scientific and technological personnel at and above the middle level moved from rural areas to urban areas. Last year, our

province built 2.39 million square meters of houses. Some 16,000 households in Taiyuan City used coal gas.

In 1983, our province generally made better achievements in all fields of work. We should attribute the achievements to the leadership of the provincial CPC committee, to our efforts in implementing the principles and policies of the party Central Committee and the State Council, and to our implementation of the resolutions, set forth at the first session of the Sixth Provincial People's Congress, and the resolutions for government work in all fields, set forth by the standing committee of the last provincial people's congress standing committee. These achievements resulted from the enthusiastic work of all localities and departments and concerted efforts of the people of the whole province. At the same time, the achievements could not be divorced from the work of the last government.

Although we scored certain achievements, there were still many problems, difficulties, and weak links. They were: First, communications and transportation were very strained. Due to the urgent need for energy by state construction projects, 85.7 percent of our province's railway freight was coal delivery. Despite this, the province often had more than 27 million tons of coal piled up. Transport of the means of production and farm and sideline products were often delayed, which affected industrial and agricultural production and the people's daily lives. Second, the education and scientific and technological fronts were weak, leaving lots of work undone. There were serious shortages of technical, managerial and medical personnel, as well as teachers and scientific research personnel. The party's policy toward intellectuals was not successfully implemented in many aspects. Third, the existing circulation system did not conform to the needs in industrial and agricultural production, especially the needs in vigorous rural commodity production. Commodity circulation channels were not wide and their operation was not flexible enough. There were too many links in retail sales. The turnover of funds was slow, market forecast was poor, and there were shortages of storage and processing facilities. Fourth, the "left" influence was not completely eradicated. Our strides of reform were not big and the obstacles were not small. These were the major problems in our advance. After the institutional reform, many units lacked courage to reform the outmoded system, leadership method, and work systems which were not compatible with the new situation and tasks. The "mountains of documents and meetings" and low work efficiency remained unchanged. The above-mentioned problems call for us to make efforts to solve them in our future work.

#### The Tasks of 1984

The tasks for the people throughout the province in 1984 are: Unswervingly implementing the guidelines of the 12th National CPC Congress under the leadership of the CPC Central Committee, the State Council and the provincial CPC committee, striving to fulfill or overfulfill this year's tasks focusing on economic construction, striving to prefulfill by 1 year the major targets as stipulated in the "Sixth 5-Year Plan," and speeding up our efforts in creating a new situation in all fields of the province's socialist modernization.

This year, our province's industrial and agricultural output value is planned at 23 billion yuan, a 5.2-percent increase over 1983. Of which, the agricultural output value will be 7 billion yuan, up 4.79 percent, and the industrial output value will be 16 billion yuan, up 5.35 percent. The raw coal output will be 153.75 million tons, a drop of 3.47 percent. The electricity output will be 15.7 billion kwh, up 3.76 percent, the grain output 16.6 billion jin, up 2.98, and revenue 2,495,460,000 yuan, up 4.52 percent. This year we should strive to fulfill, 1 year ahead of schedule, the major targets for industrial and agricultural output value, national income, revenue, total commodity retail sales, and urban and rural people's income as stipulated in the "Sixth 5-Year Plan." While promoting the material civilization, we should greatly promote the spiritual civilization and accelerate scientific, educational, cultural, health and sports development. We should continue to deal severe blows to economic and other criminal activities to achieve further improvement in public security and social conduct. Production should be expanded to raise the standards of urban and rural people's material and cultural lives.

The 12th CPC Congress clearly pointed out that exploiting energy resources was one of the strategic priorities for our country's four modernizations drive. At present, coal resources account for over 70 percent of China's energy resources. The proven coal reserves in Shanxi Province total 200 billion tons, accounting for one-third of China's total. The province's coal output accounts for one-fifth of the country's total. The amount of coal sent out from Shanxi Province accounts for over 70 percent of the country's total. Shanxi has become one of the state's major bases for supplying coal energy. Responsible comrades of the central authorities have repeatedly stressed the important significance of building Shanxi into energy, heavy and chemical industrial bases. Over the past 2 years, in line with the tutelage of the central leading comrades, under the assistance and guidance of the planning office for building the Shanxi energy base under the State Council, of the Chinese Social Scientific Academy, of the Chinese Scientific Academy, and of the technological and economic research center under the State Council, by conducting investigations and research and conducting scientific appraisal, our province has formulated the initial plans for building the Shanxi energy, heavy and chemical industrial bases. These plans have been submitted to the State Council for approval. In the course of studying and formulating the long-term plans, we have acquired an initial understanding of the guiding principle and ideology for the provincial economic construction in the future.

The guiding principle and ideology can be summarized as follows: We should mobilize and organize the people across the province and bring every positive factor into play to build Shanxi into an important energy, heavy and chemical industrial base by the end of this century and to contribute to fulfilling the grand goal set forth by the 12th CPC Congress. We should fully exploit our province's superiority in natural resources, should stress the development of energy, heavy and chemical industries, should vigorously develop agriculture, should pay attention to the two weak links--being transportation and communications and the other education and science and technology, should develop the light and textile industries, and should continue to control population growth so as to make the development of the different branches of the national economy and social undertakings become well coordinated and to quadruple the total industrial and agricultural output value. On the basis of developing production,

efforts should be made to improve the people's material and cultural livelihood constantly so as to enable them to live in a well-off manner. This initial principle and ideology are not perfect and further discussions and appraisals are needed to deepen our understanding of objective laws and to make our principles for the future economic and social development become more accurate and more scientific. After all, we have already acquired a relatively definite understanding of the direction for our province's economic construction. This is very important to us in overcoming the blindness and strengthening our consciousness.

This guiding ideology and principle has been set forth in line with the demands of the four modernizations drive and with our province's superiority in natural resources. In 1982, while making an inspection tour of our province, a leading comrade of the central authorities point out that, unless Shanxi Province does not develop the coal and heavy, and chemical industries, it will be impossible to exploit its favorable conditions. In mapping out the proportions among agriculture, light industry and heavy industry, we can only give consideration to the state as a whole and to an economic zone. It is impossible to take into account all localities, provinces and counties. In Shanxi for example, agriculture should not be relaxed; light industry should be developed in line with the special local conditions; and the heavy industry, the coal industry and the chemical industry should be stressed. We should not avoid using our own favorable conditions and exerting great efforts with difficulty to do something which we are weak in. The remarks of the central leading comrade has pointed out the definite direction for our province's economic development. Leading cadres at all levels must have a clear and firm understanding of this issue which bears on the whole situation of China's four modernizations and should not be vague in the slightest degree on it.

In line with the above-mentioned guiding ideology and principle, in 1984, we should attend to the following points of work:

1. Strengthen the Building of Energy Resources and Transportation

The province's 1984 task for building or expanding coal industry is great. The state is continuing to conduct the preparatory work for building the Gujiao and Pingshuo mining areas. The program of expansion work covers the mining areas of Datong, Yangquan, Xishan, Luan and Jincheng. The investment in collieries whose products are covered by state unified distribution will reach 850 million yuan, a 54.5 percent increase over the 1983 figure. Under the investment plan, 24 pairs of coal pits will be newly built or rebuilt. After completing the construction, the annual production capacity may score an increase of 40 million tons of coal. Six new coal-dressing plants will be built. After completing the construction, the annual production capacity of these plants will increase by 10.9 million tons of coal. There will be 162 local collieries that have been newly built or rebuilt this year. After completing the construction, these collieries may increase coal output by 22 million tons. The coal industry departments and enterprises must concentrate their efforts on strengthening their leadership over the capital construction work so as to ensure the fulfillment of the 1984 capital construction plan. Meanwhile, by no means should we slacken our efforts to engage in current production and efforts should be made to fulfill the state's coal production plan and the state's assignment of

delivering coal to outside places. Commune-and-brigade-run collieries should concentrate on doing a good job in conducting technical transformation among coal pits, increasing the capability of coal pits in production and combating disasters, doing away with the hidden trouble of accidents, and in blocking the occurrence of major accidents so as to lay a good foundation for production development in the days to come.

The task of building the electric power industry is also great. In it, we should chiefly complete the construction 500,000-volt high-tension power transforming and transmitting project between Datong City and Beijing Municipality, and we should ensure the power delivery to Beijing Municipality within 1984. We should continue the construction of the No 2 power plant in Datong City, the Shentou power plant, and the Zhangze power plant so as to enable our province to put six generator sets into production within 1985 and to score an increase of 1.1 million kw in its power production capacity. A good job should be done in building the project of forming a complete provincial power grid so as to accelerate the construction of power transforming and transmitting projects and to ensure the program of electrifying railways and the power supply for the activities of national economic construction throughout the province.

In chemical industry, efforts should be made to enhance the building of the Shanxi chemical fertilizer plan continuously so as to fulfill the 1984 state construction plan with above-standard quality and quantity. In the project of reforming the sulphuric acid production in the Taiyuan chemical industrial plant, we should strive to complete the project in May of this year and to put it into production as soon as possible. Efforts should be made to conduct technical transformations vigorously among the 12 small nitrogenous fertilizer plants and the 13 small phosphate fertilizer plants and to strive to achieve results from the technical innovations conducted during the year. In 1984, we should conduct the first phase preparatory work for building a methanol plant with the production capacity of 300,000 tons. We should make efforts to fulfill the 1984 chemical fertilizer production plan of 447,000 tons, the agricultural chemicals plan of 5,000 tons, the sulphuric acid plan of 310,000 tons, the soda plan of 18,000 tons, and the caustic soda plan of 45,000 tons.

In transportation and communications, we will begin with building the main railway line between Datong City and Qinhuangdao City, Hebei Province, this year. Efforts should be made to conduct technical renovations continuously among the following five major railways: 1) We will electrify the Jin-Bao railway line; 2) we will electrify the Tai-Jiao supplementary railway line; 3) we will electrify the Bei-Tong-Pu supplementary railway line; 4) we will electrify the An-Tong-Pu supplementary railway line; and 5) we will complete the construction of the Han-Chang railway. We will begin with building the branch railway lines between Shenchu and Hequ, and between Linfen and Longchi. A good job should be done in conducting the first phase preparatory work for electrifying the railway lines between Shuo County and Shijiazhuang City, between Houma and Yueshan and between Beijing and Taiyuan. Efforts should be made to build railway stations successfully where the emphasis is on loading freight. Stations that have the conditions should gradually achieve the ability to load trains as a whole at one time so as to reduce the loading time and to accelerate the turnaround of cars. While building railways, it is

necessary to accelerate vigorously the pace of building highways. Before 1987, we will newly build or revamp 10 highways that connect with outside provinces. In 1984 and 1985, we will newly build the four highways between Datong and Sunqizhuang, between Yangquan and Didu, between Jincheng and Dakou and between Jincheng and Zhanglukou. After completing the construction of these highways, our province will increase its freight delivery volume to outside places from the current 10 million tons to 23 million tons in 1985. In 1984, we plan to purchase more than 1,400 large-tonnage freight trucks so as to accelerate our coal delivery to outside places. Attention should be paid to strengthening the building of post and telecommunication facilities, developing communication network vigorously among mining areas and rural villages, and to accelerating the technical transformation on modernizing post and telecommunication facilities.

Of the aforementioned energy transportation construction projects, 15 are key state projects. These construction projects have great significance in enlivening the economy of the 1980's, in realizing the grand goal of quadrupling the total industrial and agricultural output value by the end of this century. Responsible comrades of the various localities, departments and units should take the Luanhe diversion project as an example, mobilizing and organizing the local people to support the key projects as they did in supporting the frontline during the war years. We should ensure supplies for key projects in terms of land requisition, demolition of houses, material supplies, daily services, communications and transportation. Responsible comrades of the governments at all levels should visit worksites of key construction projects regularly and take the initiative in helping solve difficulties and problems in a timely manner. Taking advantage of someone's weak position to overcharge him, making things difficult for money-making enterprises, and asking for additional fees are not permitted. Key construction units should properly handle the relations between construction and the production and livelihood of the local people, strive not to occupy much good land and water areas, and vigorously support the local economy so as to enable the local peasant to get real benefits from supporting the key projects, and to create conditions for making them prosperous and for improving their hometowns. In the course of building key and capital construction projects, we should promote the various forms of the economic system such as the investment contracting system. Construction units should carry out activities on vying to contribute to the key projects, and strive to create "five good" projects.

In building the energy, heavy and chemical industry base, we should pay attention to developing and utilizing the water resources rationally, and should strengthen environmental protection. Continued efforts should be made to prepare for the first-stage project of diverting Huanghe River water to Shanxi Province. Meanwhile, we should strengthen the unified management of water resources and actively conserve water. We should resolutely implement the "protection law," adhere to the principle of "stressing prevention and combining prevention with treatment," continue to treat the old source of pollution, and strictly control the occurrence of new pollution sources. This year, the local treasury has allocated 20 million yuan to tackle the pollution problem of the Taiyuan Iron and Steel Company and the Taiyuan chemical industrial area.

## 2. Develop the Rural Commodity Production, and Clear the Commodity Circulation Channel

While strengthening the building of the energy, heavy and chemical industrial base, active efforts should be made to develop agriculture, because this is the way to help them promote each other. Only by fully developing agriculture, can we have a reliable foundation that guarantees the building this energy, heavy and chemical industrial base.

The 1984 document No 1 of the CPC Central Committee points out that the focus of this year's rural work should be: On the basis of stabilizing and improving the production responsibility system, we should raise the production level, clear the commodity circulation channel, and develop commodity production. Under the instructions of the central authorities and the plans of the provincial CPC committee, we should center our work on developing commodity production and achieve new breakthroughs in the following three aspects.

First, we should achieve a breakthrough in diversifying the economy and developing the processing of farm and sideline produce. It would be adequate to rely only on farming to make the peasants prosperous. We should make full use of local conditions to open the production sphere widely and to develop the diversified undertakings vigorously. This is a strategic policy we must adhere to in the course of achieving modernized farming. While developing the diversified economy, special efforts should be made to develop the processing industry of farm and sideline produce, including the food, animal feed processing, animal and forest products processing, and the straw processing industries. Our province has great potential in this regard. This year, we should strive to increase the output value of the province's rural processing industry from last year's 959 million yuan to 2.48 billion yuan, an increase of 30 percent. In the future, the processing of farm and sideline produce should be carried out mainly in the rural areas. The urban areas should stress the precision and deep processing industries. Township and town enterprises (commune- and brigade-run enterprises) should be vigorously developed. The provincial people's government has decided to ease the rural tax policy properly. Newly-established enterprises in townships and towns may be exempted from commercial and income taxes with the exception of those selling cigarettes, wine and sugar. Township and town enterprises that produce and sell mixed animal feed and compound feed may be exempted from taxes for 2 years. Enterprises that directly serve agricultural production and the enterprises run by brigades and villages should be exempted from taxes according to stipulations.

Second, we should achieve a breakthrough in providing social services to the peasant households. The state and collective industrial, agricultural, commercial, financial, banking, materials, scientific and technological, communications and transport, forestry, water resources, electric power, meteorological, farm machinery, animal husbandry and veterinary, public health and epidemic prevention departments and units should serve the peasant households vigorously. We should reform the organizations, systems and work methods that do not suit the new situation, and turn them from ones that control peasants into ones that serve the peasant realistically. We should also change general administration and management into economic and technological contracts, and change our work

methods of just fulfilling tasks assigned by the higher authorities into one of ensuring peasants' needs and of waiting for customers into one of serving the customers. We should attend to establishing agricultural technology popularization centers in counties, and actively support the various specialized organizations which serve the peasant.

We should actively satisfy peasants' demands for science, technology and the means of production in the following aspects: First, we should vigorously popularize the plastic sheet mulching technique. Our province's plastic sheet mulching areas this year should reach 1.5 million mu and efforts should be made to increase such areas to 25 million mu next year. Second, we should increase the supplies of chemical fertilizer, especially highly concentrated chemical fertilizer such as carbamide, phosphatic fertilizer, and mixed fertilizer, so as to change our province's chemical fertilizer structure. We should strive to increase the supply of nitrogenous fertilizer from the present 600,000 tons to 1 million tons in 3 years and should make the ratio of nitrogenous fertilizer to phosphatic fertilizer to reach 1 to 0.4. Third, we should attend to the supply of good seed strains, and strive to place the supply of good seed strains under the unified management of the seed companies. Fourth, we should attend to the supply of mixed feed. Fifth, we should produce and supply more small and portable farm machines that suit the needs of peasant households. In addition, we should attend to the supply and utilization of highly effective agricultural chemicals with low poison. We should check the warlord workstyle of the electric power departments and ensure a normal power supply to agricultural units. In water conservation construction, continued efforts should be made to attend to the projects of diverting the Huanghe's water to Zuncun village in Yongji County and to Yumen and the project in the Fenxi irrigation area. We should expedite agricultural resources survey and zoning, and the application of agricultural remote sensing.

Third, we should achieve a breakthrough in reforming the circulation system and clearing the commodity circulation channels. The purpose of reform is to break the barriers between departments, and establish the open commodity circulation system with multiple economic forms, channels, and operational methods and fewer procedures. We should continue to reform the system of supply and marketing cooperatives, and turn them into real cooperative commercial units owned by the peasant masses. To achieve this aim, we should break with the present labor and personnel systems, have the power to promote or remove cadres, and to employ and transfer workers so as to enable the masses to enjoy the right election and remove cadres. We should not arbitrarily transfer cadres who are being elected democratically. We should increase peasants' stock proportion and ensure that it accounts for more than half of the total stock. We should conscientiously implement the systems of distribution according to one's work and of more pay for more work--break with the equalitarian wage system. The original business and operational scopes should be expanded. Business and services should accord with the needs of the peasant. Prices of products should be more flexible and the system of floating prices should be implemented. Rural credit cooperatives should be further reformed in the above spirit. We should pay attention to and give full play to the role of the newly-emerging cooperative business organizations and the self-employed industrialists in enlivening circulation. In accordance with the State Council's stipulations, we should allow peasant individuals

and collectives to buy vehicles and tractors to transport farm and sideline produce long distances for sale. Peasant individuals and collectives should be allowed to transport rural production materials and daily necessities. We should attend to developing the role of market towns, devising plans, and strengthening the building of these towns. All localities should select some market towns as experimental units and allow peasants who want to become workers, businessmen, and to engage in service undertakings to settle in the market towns. They should be responsible for their own grain rations.

As a key to the reform of the entire circulation system, the reform of the state commercial system should include establishment of organizations and reform of management systems and operations so that "monopolized operations," the drawbacks of bureaucratic business style, and rigid control can be eliminated. As far as the wholesale system is concerned, we should introduce the initial experiences of Yanbai Prefecture and Datong City in incorporating wholesale organizations; to disband, merge, or readjust urban overlapping wholesale organs; and establish a rational wholesale network according to economic regions. We should set up a provincial trade center in Taiyuan City and other trade center in Taiyuan City and other trade centers in other cities and farm and sideline produce distribution areas. All plants and enterprises, from either our province and its cities or from other provinces and other cities, are allowed to sell goods at these provinces and other cities, are allowed to sell goods at these centers, and all state and collective enterprises, commune- and brigade-run enterprises, self-employed businessmen and specialized households are allowed to buy goods at these centers so that producers and buyers can do business directly and the links in between and various check barriers can be reduced. With regard to the retail sale system, we should properly enlarge the difference between wholesale and retail prices, designate grassroots outlets as the accounting units, conduct democratic management and apply the operational responsibility system so as to break away from the situation of eating from the same big pot and arouse fully the enthusiasm of grassroots retail shops.

Planting trees and grass to green our land is a strategic task of our province. We should further relax policies in line with the instructions of the CPC Central Committee and the State Council. Collective barren hills can be totally or partially distributed for commune members to manage on a long-term basis according to their desires and ability. These commune members are permitted to own whatever they plant, to inherit, and to transfer the barren hills distributed to them. The contract period for the barren hills can be extended to 30 or 50 years and a commune member can contract several hundred, thousand or tens of thousand mu of hill. State forest farms should also popularize the contract responsibility system. We should vigorously afforest Taihang Shan and its plains and build shelterbelts in the western areas in a planned manner.

According to the plan formulated at last year's mountainous area work conference, the provincial government will continue to allocate 150 million yuan to support development of mountainous areas this year. In addition to subsidizing some personnel, this sum of fund should be used in a more concentrative manner so that it can yield expected results and economic returns. We should particularly assist impoverished counties which have long relied on provincial financial subsidies and help them attain self-reliance within 3 or 4 years through developing production and opening up financial resources.

### 3. Carry Out Reform Persistently, Relax Policies and Strive to Improve Economic Results

The only way to improve economic results lies in reform, which should aim at invigorating enterprises and the economy and emancipating the productive forces with the guidance of a macroeconomy. The criterion for judging whether or not a reform measure is good is whether an enterprise can improve its economic results every year and enter the good circles, whether the enthusiasm of the masses of staff and workers is fully boosted, and whether the enterprises and the staff and workers that have achieved better economic results and made more contributions to the state can increase their income. We should allow experiments in the course of economic reform. As long as the orientation is correct, all authoritative departments should render great support to the reform and never treat it with the leadership method and viewpoints of small producers. To tie up enterprises is detrimental to reform. We should truly grant autonomy to enterprises.

While ensuring state revenue, we should experiment with some reforms to relax policies and invigorate enterprises. 1) We should reform the labor management system. Enterprise directors (managers) are appointed by departments at higher levels and deputy directors (deputy managers) are nominated by directors and appointed by authoritative departments at higher levels after examination. Middle-grade cadres of enterprises are appointed by enterprise directors. Directors (managers) of collective enterprises are elected by workers congresses or meetings, or hired by enterprises themselves. State enterprises should greatly reduce the number of regular workers, especially those engaged in construction, mining, underground operations and forestry, and actively hire workers rotationally and contract workers and adopt various forms of employment. Collective enterprises may hire specialized personnel according to the needs of production. They may recruit temporary, contract, or seasonal workers from urban or rural areas. 2) Except for the eight coal mining administrative bureaus which still implement the system of rewarding according to coal output, 50 large and medium enterprises which deliver relatively more profits and taxes should, if possible, implement the system of rewarding according to profits and taxes delivered. The bonuses should be adjusted in line with the amount of profits and taxes and there will be no limit of bonuses. When an enterprise pays too much bonuses, it should pay the above-quota bonus tax according to the state stipulations. 3) After reporting to and approved by the State Economic Commission and the Ministry of Finance, large enterprises, if possible, can implement on a trial basis the method of delivering profits at a progressive rate. 4) Having fulfilled the 1984 target for profit and tax, small state industrial enterprises and county-run industrial enterprises may only deliver the income tax for the portion of the increased profit over the previous year and no regulating taxes will be levied. No matter whether they have implemented the system of substituting taxes for profit delivery, the above-mentioned enterprises may institute the contracted responsibility system if they want to. After fulfilling the profit delivery quotas, the above-quota portion of profits can be retained totally or partially by enterprises. When enterprises fail to fulfill the profit delivery quotas, the deficient portion should be made up with the funds owned by enterprises. Among these small enterprises, the method for collective enterprises may also be adopted, that is, levying the eight-grade excess pro-

gressive tax, letting small enterprises assume sole responsibility for their profits or losses, and giving more remuneration for more work and less remuneration for less work. 5) All enterprises producing non-staple food, flavorings, pickles, bean products, and cakes should pay income taxes on their profits at a rate of 30 percent; and the after-tax profits can be retained by enterprises themselves. The state commercial and retail enterprises which employ no more than 30 workers and staff members, make an annual profit of no more than 50,000 yuan, undertake independent accounting, and assume sole responsibility for their profits and losses may retain all the profits after delivering the income taxes to the state according to the eight-grade excess progressive tax rate. 6) When the quotas to be turned over to the state are fulfilled and sufficient supplies are retained for collective use, the rest of profits gained by collective enterprises can be distributed to workers and staff members. The small enterprises focusing on labor service, such as garment shops, centers, restaurants, barber shops and bath rooms, can be leased to others for management on a trial basis. 7) The enterprises suffering a loss due to poor management should change deficits to profits within this year. All the profits netted in the year after changing deficits to profits may be retained by enterprises. Among the enterprises suffering a loss permitted by state policies, the measures of fixed quota losses will be applied. No subsidies will be paid if the loss sustained by these enterprises exceeds the planned figure: if the loss reduced, these enterprises will share what is saved; and if the profit increased, the increased profit will be shared by enterprises at a certain ratio. For losses permitted by state policies in urban, mining and industrial areas in marketing grain, vegetable, meat and eggs, the method of giving fixed subsidies according to sales volume will be adopted, and more subsidies will be given for more sales volume and less subsidies for less sales volume. 8) State industrial and commercial enterprises can organize various forms of integration with collective enterprises, town, township enterprises and rural specialized households. 9) The products of state industrial enterprises with the raw materials collected by enterprises themselves after fulfilling the state targets can be marketed by themselves at temporary floating prices. In conducting the above-mentioned economic reform, the economic contracts must be honored strictly. Financial, banking, auditing, tax, pricing and industrial and commercial administrative departments should actively support and strengthen inspection and supervision over the work in this regard.

In the course of relaxing policies and mobilizing the initiative of enterprises and workers, we should continue to consolidate enterprises and improve enterprise quality. This year is a decisive year to meet the demands of the CPC Central Committee with regard to completing the first round of consolidation among all state enterprises by 1985. We should adhere to the high standards and do a solid job in all fields of consolidation. We should first establish the contracted responsibility system inside enterprises, draw a clear distinction among duty, power and interest, and should not engage in egalitarianism and eat from a big common pot. Attention should also be paid to strengthening the labor discipline, financial management and the work of fixed number of staff members and fixed production quota. We should boldly employ the Bu Xincheng-type reformers and active men in tackling hard and difficult cases and solving key problems. Acceptance is the result of consolidation. In organizing acceptance tests, we must adhere to standards and guard against perfunctoriness. The enterprises which have already been inspected and approved should shift their work focus on technical progress and modernization of management.

Strengthening trade management is of great significance in raising economic results. Through trade management, we should eliminate duplicate construction, blind production, and waste caused by a policy of pursuing the "large and all-embracing" and "small and all-embracing," solve the problems of enterprises vying with each other to make investments and to produce raw materials and of enterprises irreasonably engaging in batch processing and lagging behind in technology, and gradually give our enterprises a reasonable organizational structure. A trade organization should really be an economic entity. We should reform the administrative leadership method, learn to handle affairs according to the law of value, and take economic measures to manage the economy. In order to improve social economic results, we must solve some great problems in the macroeconomy. We must pay special attention to maintain a balanced relationship between production and circulation, and between production and expenditure, strengthen market calculations, organize production in line with social demands, and solve the problems of some products being in short supply and some over-stocked.

#### 4. Promote Progress in Science and Technology and Accept the Challenge of New Technological Revolution

At present, our scientific and technological development is bringing about changes day after day. The period of the renewal of knowledge is getting shorter and shorter. Newly rising technology and industries is ceaselessly emerging. We should organize leading cadres and technological personnel at all levels to study well the new technological revolution, pay close attention to this new situation, and accept the challenge of a new technological revolution. The key to realizing the four modernizations is scientific and technological modernization. We should only rely on advanced science and technology to ensure success in building an energy and heavy chemical industrial base in our province. We must organically put the content of the new technological revolution into the plan to build an energy and heavy chemical industrial base, clearly understand the situation, know the difference, and go all out to catch up.

We must rely on science and technology to conduct economic construction. Science and technology should be confronted with economic construction. These are basic principles for the four modernizations. The economic work department should closely cooperate with the scientific and technological work department to work out a plan to closely link the economy with technology. The economic work department should make a good plan for trade technological transformation, enthusiastically adopt advanced technology to transform existing enterprises, use the funds for technological transformation well, accurately choose new technological results, define a group of key projects, and concentrate energy on and firmly attend to technological transformation. The scientific and technological work department should understand the needs of production construction and concentrate on economic construction to strengthen technological development and promote technological results. The scientific and technological work department as well as the economic department should further emancipate their minds, broaden their outlook, resolutely implement the principle of opening to the outside world, and enthusiastically import advanced technology from foreign countries. In early April, our province held an international trade talk on economic and technological cooperation, held talks on economic and technological cooperation with over 250 factories from 26 countries and regions, and

signed 40 technological cooperation contracts and 26 economic and technological agreements. This was a new breakthrough for our province in carrying out the principle of opening to the outside world, using foreign funds, and importing technology. At the same time, we should also pay attention to importing advanced technology and talented persons at home and from abroad. Last year, our province signed an agreement with the Chinese Academy of Science to cooperatively construct an energy and heavy chemical industrial base and develop science and technology. All economic work departments and scientific and technological work departments should use every possible means to offer favorable conditions for funds and experimental places and means. Our province has made achievements in conducting economic and technological cooperation with coastal cities, and should further make progress in this regard. We should further implement the principle of linking army men with the civilians to put into full play the scientific and technological functions of the national defense industrial department and to promote progress in local technology. In short, we must use various ways, adopt various measures, and try every possible means to apply newly-rising technology to technological transformation among enterprises. With regard to controlling the process of production, designing a project, and enterprise management, we should promote the application of microcomputers in a planned and step-by-step manner. We should strengthen the construction of communications departments, enhance statistical work, and work out our economic policy on the basis of reliable science.

Scientific and technical work should undergo reform. The provincial government worked out regulations last July to reform several aspects of the scientific and technical work on a trial basis. Practices have proven that the orientation of the reform is correct. However, our steps are not big enough and we should promote scientific and technical reform more vigorously. First, we should give scientific and technical reform more vigorously. First, we should give scientific research units more decision-making power. Except for major research projects and some basic research projects which are to be assigned by the state and which should be completed, scientific research units can gear their work to society by signing technical contracts with production units on the application of technology, technology research, development of new products, designing, technical training and technical services so as to increase income and create favorable conditions for independent operation and development. Scientific research units can retain and allocate all their income, a large proportion should be used in scientific research and a small proportion should be used as welfare funds or reward. Second, we should change the situation in which scientific research units rely on the state for the supply of funds and eat from the "big common pot" with an "iron rice bowl." After experiments, we should gradually implement the system under which scientific research units have their funds allocated by the state according to the research projects they undertake on a contract basis. When assigned by the state projects which need much work and more funds, the scientific research units can invite bids and entrust the projects to the best suitable, and gradually adopt enterprise managerial methods. Third, state investment in three scientific and technical programs should be divided into two parts, of which one is to be paid back and the other is not. The paid investment should be recalled on schedule and be included in the increased allocation funds and used by scientific and technical committees. Fourth, we should encourage and support scientific research units, design units and schools of higher learning to cooperate with production

units to establish teaching, scientific research, design and production integrities. Fifth, we should break the barriers between regions and between departments and support the rational transfer of scientific research personnel. In order to ensure the completion of key construction projects and key scientific and technical research projects, scientific and technical personnel should be deployed in a unified manner, and the departments concerned and the scientific and technical personnel should take the whole situation into account and abide by the deployment. Units and places which need scientific and technical personnel urgently can recruit them openly after the approval of pertinent departments. At units which have surplus scientific and technical forces, scientific and technical personnel are permitted to take concurrent jobs or serve as advisers at other units and be duly paid on the condition that their affiliation remains unchanged. Scientific and technical personnel are encouraged to work in rural and mountainous areas and in small towns. Those who do so not have to change their residence registration and their spouses and children can still stay in cities. They will be treated equally in promotion and in technical title assessment. The units using these personnel can give them preferential provisions. Sixth, we should encourage the people of various circles to set up scientific research units. Scientific and technical personnel are permitted to organize themselves and establish their own research organs or technical consulting service centers which exercise independent management and are responsible for their profits and losses so as to promote the exchange and development of talented people and to blaze a new trail in scientific and technical work.

#### 5. Attach Importance to Intellectual Development and Greatly Develop Education

Education is a weak link in our province's entire construction undertaking and also a strategic major point in our long-term construction.

Our education funds for this year are 23.88 percent more than those of early last year. Our investment in educational capital construction is 39 million yuan, an increase of 68.46 percent over that budgeted early last year. We should continue to develop education in two ways. On the one hand, the provincial financial department and those at various levels should use more of their capital construction funds and administrative funds in developing education every year and, following their financial increases, gradually increase educational funds and the proportion of educational capital construction funds to 8 percent of the whole local capital construction funds. On the other hand, we should rely on industrial and mining enterprises, rural cooperative organizations, and peasants to raise funds to run schools. We should properly orient the peasants' enthusiasm for raising funds to run schools. Peasants should raise funds voluntarily according to their capacities and guard against rushing headlong into mass action and apportioning the funds among themselves.

Making elementary education universal is the foundation of education undertakings as a whole. The 37 counties (cities, and districts) of our province should basically complete the task of making elementary education universal this year. If the work of making elementary education universal is not in conformity with the rate of student enrollment, we should pay attention to the rate of students who have thoroughly completed elementary school courses and the qualification rate of elementary school courses and the qualification rate of elementary school graduates. Efforts should be made to attach importance to developing infant education.

In our province's current secondary education structure, the rate between general middle schools and vocational and technical middle schools is 3.34: 1. We should strive to achieve a rate of 1.5: 1 or a rate of 1:1 in the coming 3 or 5 years. In secondary vocational education, we should pay sufficient attention to enabling schools to assume the glorious task of steadily supplying qualified reserve labor forces for building energy resource and heavy chemical industrial bases. From this year on, enterprises, establishments, and units should recruit their workers first among outstanding vocational school graduates. Graduates of vocational schools also can apply to take the enrollment examination for higher learning institutions. In general middle school education, it is necessary to uphold the principle of correcting the prejudice of one-sidedly seeking students entering higher learning institutions.

It is necessary to accelerate the pace of developing higher education. The province will begin mapping out plans to build four higher learning institutions, including Shanxi Chinese Traditional Medical College, Taiyuan Normal University, Shanxi Economic Management College, and a branch college for the coal industry and chemistry of Taiyuan Engineering College. Meanwhile, efforts should be made to tap the latent power of old schools, and to expand the student enrollment quota by enrolling 140 graduate students, a 47.3 percent increase over the 1983 figure; and 11,425 under graduate students, a 17.6 percent increase over the 1983 figure. Various higher educational institutions should actively try to conduct transformations and to strengthen the building of major specialized courses and research institutes in an effort to meet the needs of building energy resource and heavy chemical industrial bases. They should also enhance teaching affairs, ideological and political work among students and student social service work and should do a good job in operating student mess halls.

It is necessary to seek personnel in society who can be teachers and to conduct spare-time education at all levels by adopting many methods and forms in order to give the broad masses of cadres, workers, and peasants a chance for an education. In 1984, 200,000-240,000 young and middle-aged staff members and workers in our province will finish their cultural make-up lessons and 160,000 staff members and workers will finish their technical make-up lessons. Various vocational universities and part-time universities will enroll 22,000 students this year. The radio and television broadcasting university will open courses for social youths. To encourage youths to follow the road of self-education, the provincial guiding committee in charge of the examination, joined by self-educated personnel, will hold the first test this year.

Developing teacher-training education is an urgent matter. The provincial people's government plans to establish teachers' colleges in the near future in southern, middle and northern Shanxi. It also arranged to establish a teachers' junior college in larger prefectures and cities and to establish one secondary teachers' school for every five counties. Meanwhile, a good job should be done in building the network for training teachers at three levels so as to upgrade the cultural level of incumbent teachers.

To meet the trend of the new technical revolution, capable middle schools should increase their courses in computer science and the basic knowledge of modern science and technology in order to upgrade students' capabilities in meditation and creativity. Universities should actively create conditions to offer new

courses in computer science, biological engineering, lasers and optical fiber cable.

#### 6. Further Implement the Policy on Intellectuals

Recently, our province carried out an overall inspection of the implementation of the policy on intellectuals. The outcome has shown that, over the past few years, the province has done a great deal of work and has made certain achievements in reversing verdicts of cases where intellectuals were framed, bringing into play the role of intellectuals, and in improving the working and living conditions for intellectuals. However, the party's policy on intellectuals in many fields has not been thoroughly carried out. Some units still discriminate against intellectuals and do not give sufficient support to intellectuals' creative work. A large number of units show insufficient concern for the living difficulties of intellectuals and they do not deal with problems that they are able to handle. Therefore, a large number of intellectuals are not fully enthusiastic in work and a number of them left for other places. We should pay high attention to these problems. The provincial CPC committee and the provincial government have discussed the work on intellectuals and decided to convene a provincial session on intellectual work in early May to further carry out the party's policy towards intellectuals. We mapped out some preliminary measures as follows: (1) Colleges, scientific research units, design units, hospitals, cultural departments and units with more intellectuals should remove those first and second leaders from the leading bodies whose educational level is comparatively low and who do not understand the policy towards intellectuals, and promote to the leading posts those who have a high educational level, understand the policy towards intellectuals, and are younger. We must dismiss those leading cadres who oppose or resist the party's policy towards intellectuals. Personnel affairs departments should select and promote to leading posts cadres with higher educational levels and who understand the policy. (2) We should conscientiously eliminate "leftist" influence and the influence of factionalism, factions, and conservative ideas, and have full political confidence in and rely on intellectuals. We should promote those with strong political integrity and organizational ability to important leading posts. We should give to intellectuals with specialities functions and power in teaching, scientific research, and technological posts to put their functions into play. (3) We should consolidate the work of assessing the titles technical and professional posts, eliminate conservative ideas and the idea of arranging the post in accordance with the record of service, and correct the practice of some units randomly making up the number. In conducting the consolidation work, we should enthusiastically make good preparations for assessment work and perfect an assessment committee. (4) We should prize and support the enthusiasm and creativeness of intellectuals, try every means possible to provide sufficient funds, equipment and reading materials for them to engage in scientific research, teaching and experiments and create favorable working conditions for them. (5) We should give preferential treatment to high- and middle-level intellectuals with regard to housing, medical treatment, and employment of their children. (6) We should continue to solve the problems of the change of residence registration from rural areas to urban ones among some scientific and technological personnel and middle and primary school teachers. We should give preferential treatment to scientific and technological personnel and teachers working in mountainous areas and underground coal miners and technicians. (7) We should solve the

problem of rather low wages for middle-aged higher-level intellectuals. (8) We should especially give preferential living treatment to intellectuals who have made outstanding contributions.

#### 7. Strengthen the Socialist Spiritual Civilization and Continue To Prevent and Eliminate Spiritual Pollution

While building higher-level material civilization, we should make efforts to build higher-level spiritual civilization. This is a strategic policy for building socialism.

We should make the most of radio, TV, press, publications, and other propaganda tools to educate the broad masses of the people in socialism, communism, patriotism, collectivism and revolutionary tradition. Literary and art workers should use various artistic forms, such as novels, plays, poetry, paintings, music and photos, to reflect and sing the praises of the heroic deeds in revolution and construction, to portray various heroic figures, and to affect and edify the people to seek truth, to have ideals, and to advance. We should widely disseminate the heroic deeds of heroes on "a mountain and two lakes"; disseminate advanced ideas, advanced deeds, and moral practices of advanced and model figures on all fronts emerging from the four modernizations; encourage healthy trends; and advocate the new practices of serving the people, bringing benefits to socialism, and being devoted to the four modernizations. This year is the 35th anniversary of the founding of the country. We should conduct celebration activities, vigorously disseminate the achievements of our country's socialist construction since the founding of the PRC, arouse the people with national spirit and patriotic enthusiasm, and enhance their will to engage in the four modernizations.

Activities to build civilized units are a good method to regularize and systemize the five-stress, four-beauty, and three-ardent-love activities, an also an effective way to promote socialist spiritual civilization at grassroots units. We should carry out, in a well-organized and planned manner, activities to build civilized villages, shops, plants, schools, hospitals and offices cooperatively by army men and civilians, by cadres and the masses, by policemen and the people, and by plants and neighborhoods. Vivid ideological and political education should be intensified in the course of the activities, which should be carried out conscientiously and effectively instead of perfunctorily.

Extensive mass cultural and sports activities should be launched. Places where commissioner's offices and city and county governments are located, densely populated townships and towns, and natural villages which are provided with favorable conditions should collect financial and material resources to establish cultural stations and cultural centers in a planned manner, including repairing and building cultural halls, art halls, museums, libraries, cinemas and stadiums. This year, township and neighborhood cultural stations should be increased from 677 to 907, and market [word indistinct] cultural centers from 110 to 200. We should vigorously sponsor urban and rural sports activities with an emphasis on school sports in order to enhance the people's health and improve the technical levels of physical culture and sports activities.

In public health work, we should successfully implement the principle of emphasizing prevention and taking urban and rural areas into consideration, and further establish and improve grassroots health and disease prevention organs with the spirit of reform. We should pay close attention to food sanitation. We should continue to implement family planning. We should carry out ideological work, guard against coercion and communism, and bring this year's natural population growth down to 9 per thousand.

While promoting socialist spiritual civilization, we should continue to implement the guidelines of the 2d Plenary Session of the 12th CPC Central Committee and further eliminate spiritual pollution. This is a long-term task for the ideological front. Theoretical, literary and art, and educational workers as well as ideological workers should earnestly study Comrade Hu Qiaomu's article entitled "On Questions Concerning Humanism and Alienation," and increase their ability to distinguish right from wrong and to see through spiritual pollution. Newspapers and periodicals should carry persuasive articles to criticize continuously the decadent and declining ideas of the bourgeoisie and other exploiting classes and to criticize the distrust in socialism, the communist cause, and the CPC leadership spread in some articles and works. At the same time, we should thoroughly eliminate and confiscate the obscene video and audio tapes, pictures, books, pictorials and hand-written copies circulating in society, and continue to deal severe blows to criminals who produce and circulate these articles. The party's principles and policies should be strictly implemented in eliminating spiritual pollution so as to distinguish spiritual pollution from nonspiritual pollution. In rural areas, we should oppose the old ideas and habits of feudal superstition, gambling and mercenary marriage but should not advocate the slogan of eliminating spiritual pollution. We should solve problems whenever they arise. Except for those who violate criminal law, comrades who commit mistakes by spreading spiritual pollution should be helped to enhance their understanding and return to the correct road through criticism and self-criticism, reasoning and discussions.

#### 8. Continue to Deepen the Struggle to Deal Severe Blows to Crime and Serious Economic Criminal Activities

We have won a great victory in the struggle to deal severe blows to criminal activities. The development of the struggle, however, has been uneven and we should not overestimate the improvement of public security. Many deeply-hidden criminals need to be dug out, many big groups of thieves who collude with foreigners and criminal gangs need to be wiped out, and evil cases of homicide and explosion happen frequently. The tasks facing us are still very arduous. We should fully estimate the complexity and protractedness of the struggle, overcome carelessness and slackness, and resolutely carry it through to the end.

We should be steady, correct and relentless in dealing blows to criminal activities. We should adhere to the policy of leniency for those who confess their crimes and severity for those who refuse to. Lenient punishment should be meted out to criminals who surrender and frankly inform against other offenders in accordance with their attitude of confessing crimes and their behavior.

We should conscientiously implement the party's policy of reform through labor and education and mobilize personnel in charge of the work of reforming through labor and education to study politics, culture and technology and to engage in agricultural, industrial, mining, road-building and water conservancy repair work in line with local conditions so as to help most of them turn over a new leaf. We should expand the places for reform-through-labor work. Units which have occupied such places in the past must return them to the departments in charge of this work voluntarily.

Efforts should be made to strengthen work in grassroots units and the spadework and to comprehensively tackle problems. Industrial and mining enterprises, operational organs, and schools should establish and improve the public security responsibility system. Leaders and the responsible persons should be held responsible for the major cases that have occurred because of their serious bureaucratic workstyle and dereliction of duty. In the course of establishing townships in rural areas, we should consolidate and strengthen the public security and mediation organizations. Continued efforts should be made to consolidate public security and judicial ranks and solve the problems of impurities in organizations, ideology, and workstyle. We should reinforce the public security units, police stations, security sections and departments and improve the capability of cadres in charge of the work of reforming through labor and education. We should care for grassroots cadres and policemen in terms of politics and their livelihood so as to boost their work enthusiasm. The relevant departments and society should pay attention to the healthy growth of youths and prevent them from following a criminal road.

We should not slacken our efforts to deal blows to economic criminals. We should eliminate resistance and investigate all uncovered major and appalling cases until the whole thing comes to light. All newly-uncovered cases should be handled one at a time.

#### 9. Make Proper Arrangements for the Livelihood of the People

The fundamental purpose of socialist production and construction is to improve the material and cultural level of the people. In this aspect, we should attend to the following tasks this year:

a. We should expedite the building of nonstaple food bases in cities and the mining areas, adhere to the principle of turning the city outskirts near the mining areas into vegetable and nonstaple food producing areas, attend to building 25 marketable hog-base counties and districts, vigorously raise dairy cattle and chickens, and gradually ensure vegetable, meat, poultry, eggs and milk supplies in cities.

b. We should continue and begin housing construction with a total area of 2 million square meters, strengthen the distribution and management of houses, check unhealthy trends and attach importance to solving the housing problems of homeless families and families living in dilapidated houses.

c. We should strengthen urban and mining area construction, ensure gas supplies in cities, continue the construction of the Taiyuan city coking and

gas project, and ensure that about 80,000 resident families will have gas supplies this winter of next spring. This figure will account for one-fourth of the total city residents. The Yangquan gas project will be initiated this year. Preparatory work for the Datong gas project should be made. This year, we should also prepare for the Taiyuan central heating project and appraise the Datong and Yangquan central heating plans.

d. We should make proper arrangements for market supplies. About 7.66 billion yuan worth of commodities will be available this year, an increase of 7.9 percent.

e. We should expedite the development of the food industry, expand the construction of the Xinghuacun distillery, and initiate and continue the construction of a number of dairy product, milk and food plants.

f. We should strengthen the construction of cultural, health and sports facilities, including the construction of the outpatient clinic building of the No 1 hospital affiliated with Shanxi Medical College, the provincial library, the radio and television general teaching building, and the scientific and technological hall. We should strengthen the building of the microwave station and expand radio and television coverage. The province as a whole should add some 1,800 beds to its hospitals at all levels.

g. We should properly arrange houses, vehicles, medical service and recreation places for retired cadres and cadres on convalescence leave.

h. We should vigorously implement the policy on making the peasant prosperous in the rural areas of the province, supporting the poor and helping a number of impoverished households escape poverty so as to enable peasants to increase their income and to become prosperous gradually.

In establishing political power this year, we should reform the system of integrating government administration with commune management in accordance with the constitution's stipulations, implement the system of separating government administration from commune management, and establish township (town) people's governments. The sixth standing committee meeting of the provincial people's congress held last month approved the provincial government plans on separating government administration from commune management and on establishing township (town) people's governments. We should attend to this work in line with the principles and measures defined in the plans.

In carrying out their work, the governments at all levels should attend to giving full play to socialist democracy, improving the socialist legal system, handling all things in accordance with the law, and to ensuring the correct implementation of the constitution, laws, decrees and policies.

Fellow deputies, in order to guarantee the fulfillment of the above tasks, we should continue to eliminate the "leftist" influence, and to emancipate our thinking. The "leftist" influence, conservative ideas, and the practice of small-scale production are the main resistance to the current reform. The main manifestations are: Some persons have no courage to implement directives of the higher authorities in a fact-seeking and creative manner. In handling things, they often wait for instructions and methods from the higher authorities and

are used to doing everything in accordance with the "red-headed documents." In carrying out the ownership system, they are still influenced by the idea that "the people's communes should be larger in size and collective in nature." They hold that "individual units are inferior to the state-owned units." In distribution, they often maintain that the practice of the "big common pot and the iron rice bowl" is better. Therefore, they refuse to make resolute efforts to blaze new trails in the course of reform. In reforming systems, they do not want to ease restrictions or to give more autonomy to enterprises. They often ask for greater power from the higher authorities and control the power of the lower level. In technological progress, they are ignorant and ill-informed. They turn a blind eye and deaf ear to this matter and hesitate to move forward because they are overcautious. They just want to take a "ready meal" and dare not experiment or make breakthroughs. They just believe in their own "experience" and are satisfied with their half-baked knowledge. In implementing the policy on intellectuals, they have no courage to use persons with specialized knowledge boldly and to promote industrialists who dare to make reforms and persons who do solid work to leading posts.

In order to eliminate the ideological obstacle in our road of advance, we should educate leading cadres at all levels to emancipate their thinking further, to make reforms boldly, to do away with all outdated ideas, methods, and conventions that do not suit the new situation and the new tasks. We should vigorously explore, adopt and spread all good methods and experience that suit the new situation and tasks. History is developing. We should not be called historical materialists when we still manage things in line with obsolete practice and outdated regulations. We should persist in proceeding from reality in doing everything and in seeking truth from facts. We should sort out all past government rules and regulations and should abolish and revise whatever necessary. In mapping out their business guidelines, various industries and trades should follow the fighting target of serving the party. They should clearly understand the whole situation in managing their business. Cadres should go out to advanced areas and units at home and abroad on an observation tour in order to widen their outlook. Meanwhile, we may invite experts and scholars at home and abroad to lecture in our province or we may conduct economic, technical and cultural coordination and exchanges with foreign countries and outside provinces. Efforts should be made to arrange for the further study of cadres. Cadres in various fields should further study new fields of knowledge. Leading cadres whose cultural standard is low should exert efforts to study culture and those who graduated from higher learning institutions should continuously study new fields of knowledge.

In addition to eliminating leftist ideological influence, the thinking of sticking to old ways, and the habits of small production forces, efforts should be made to correct the bureaucratic workstyle of "excess documents and meetings" and to establish or improve the personal responsibility system among cadres. At present, the prevailing situation of excess documents and meetings remains unchanged. A large number of leading comrades have spent a lot of time and energy dealing with excess documents and attending excess meetings, thus they do not clearly realize the prevailing situation in grassroots units, lose contact with reality in conducting guidance, and score low in work efficiency. Hereafter, the provincial-level commissions, offices, departments, and bureaus can only hold an annual and comprehensive work conference with the participation of more than 100 persons. Various professional meetings must be sponsored

by the department or bureau in charge of the work concerned and the meetings' expenditures should be undertaken by these departments and bureaus. The provincial people's government will not be responsible for the expenses. Except for conferences sponsored by the provincial people's government, all meetings sponsored by the professional departments concerned cannot issue a circular on attendance to the leading cadres of prefectures, cities and counties and the directors of the prefectural, city and county departments and bureaus. They should not ask the leading personnel of the provincial people's government to deliver speeches. The professional departments should make full preparations for their meetings, define their major topics, but should not issue meeting materials arbitrarily, print meeting bulletins, or surpass the meeting scale fixed by the government. Efforts should be made to upgrade the quality of meeting documents and to resolutely refrain from issuing documents that are merely the copy of the guidelines issued by higher authorities. Generally, professional departments should not issue documents after the conclusion of the meeting or the reports carried by newspapers in regard to the meeting. Generally, each department can only issue a kind of bulletin and the quantity of bulletins should be reduced as much as possible. Only in this way can the leading comrades at all levels go deep into grassroots units to conduct investigations and studies, to do a good job in grasping typical cases and conducting transformations, and to solve problems.

Establishing or improving the personal responsibility system in an effective measure to overcome the bureaucratic workstyle of not being responsible for work and disputing over trifles. We have preliminarily enforced the responsibility systems, which are not totally perfect, however. The duties and rights of a number of departments and working personnel have not been defined. As a result, steady disputes over trifles are taking place. Some responsibility systems are so general that they fail to set forth the demands of work quality, quantity and work hours, resulting in difficulties in work appraisal. Therefore, cadres should be further aroused to revise or perfect them. Hereafter, we should commend or punish cadres and promote or demote according to achievements in normal times. Those who have fulfilled their duty and have scored marked achievements should be commended and promoted. Those who have failed to fulfill their duty and have not done well in their work should be demoted or sanctioned administratively.

Fellow deputies: Our tasks are arduous, but glorious. We are convinced that, under the guidance of the spirit of the 12th CPC Congress and the correct leadership of the CPC Central Committee, the State Council, and the provincial CPC committee, we will certainly be able to successfully fulfill the various tasks of 1984 only when we closely unite with and rely on workers, peasants, intellectuals, and cadres at all levels throughout the province to bring into full play all contributing factors, to heighten spirit, to work with a will to make the province strong, to boldly conduct transformation, and to advance with a pioneering spirit. Let's be full of confidence to greet the 35th anniversary of the PRC's founding with our outstanding achievements in creating a new situation in the program of building socialist modernization!

CSO: 4006/526

PROVINCIAL AFFAIRS

SHANDONG LI ZHEN'S GOVERNMENT WORK REPORT

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[Shandong Provincial Government Work Report delivered by Deputy Governor Li Zhen at the second session of the Sixth Provincial People's Congress on 21 April 1984]

[Text] Fellow deputies:

Entrusted by Governor Liang Buting, who is on a visit abroad, I will deliver a government work report to this session on behalf of the provincial people's government for your discussion.

1. The National Economy Continued To Develop and An Encouraging New Situation Emerged on All Fronts.

The year 1983 was the first year after the 12th National Party Congress issued the call for "creating a new situation in all fields of socialist modernization." Under the leadership of the CPC Central Committee, the State Council and the Shandong Provincial CPC Committee, the people's governments at all levels led the masses of cadres and people throughout the province to thoroughly implement the guidelines of the 12th National Party Congress, conscientiously carry out the resolutions of the first sessions of the Sixth NPC and the Six Provincial People's Congress, readjust the economy continuously and promote the reform in various fields by focusing on economic construction, greatly improve the economic results, widely launch the "five-stress, four-beauty, and three-ardent-love" activities and severely punish criminals and economic criminal activities. Encouraging results were achieved in the building of the socialist material and spiritual civilizations, new progress was made in the undertakings of various fields and a heartening new situation emerged. We can say that 1983 was a year of continuous development in the reform of various fields, a year in which the industrial and agricultural fronts conquered serious natural adversities and difficulties to make a great advance, and a year of remarkable improvement in social conduct and public order.

We set best records in the industrial and agricultural production and in the national income in the past year. The total industrial and agricultural output value was 66.6 billion yuan, an increase of 12 percent over 1982. The national income was estimated at 34.7 billion yuan, up 9.8 percent. An overall bumper

harvest was reaped in agriculture. The total output value reached 26 billion yuan, 15.4 percent higher than in 1982. Total grain output was 54 billion jin, an increase of 6.5 billion jin, cotton output was 24.5 million dan, an increase of 5.3 million dan; peanut output was 30 million dan, an increase of 2 million dan; and the total income from diversified undertakings was 19 billion yuan, an increase of 3 billion yuan. The total industrial output value was 40.56 billion yuan, increasing over 1982 by 10.4 percent, which was the largest annual increase since 1979. Energy, important raw materials and major textile products also registered increases in their output. As much as 2.48 billion yuan was invested in the capital construction of state enterprises. The annual plans for 27 large and medium-sized projects were basically fulfilled. Excluding the profits of some enterprises under the direct control of the central authorities, the province's retail sales of commodities reached 20.39 billion yuan, the total value of procured export commodities was 3.71 billion yuan and the total export was \$1.8 million, increasing by 14.4, 5.9 and 9 percent, respectively, over the corresponding 1982 figures. Education, science, culture, public health, sports, press, radio and television broadcast and publication also witnessed new progress. The total number of students of schools of higher learning in 1983 was 3,500 more than in 1982. Secondary vocational schools, technical schools, urban vocational middle schools and agrotechnical middle schools also developed very rapidly. Their students amounted to 38 percent of the total students attending schools corresponding to senior middle schools. Ordinary primary schools were also improved. As many as 96.6 percent of the school-age children attended schools. Primary school education basically became universal in 36 counties (cities, districts). With fairly rapid progress in scientific research, the province scored significant achievements in 975 scientific and technical projects, completed 17 key joint research programs and won seven state awards for inventions. Urban and rural cultural facilities continue to increase and medical conditions improved. The province increased 82 theaters and cinemas, more than 1,500 film projecting units and 2,300 hospital beds. Following significant progress in the prevention and treatment of endemic diseases, the province became the first province to eliminate filariasis in the country. The province achieved remarkable results in family planning, reducing its natural population growth from 12.2 per thousand in 1982 to 8.4 per thousand, lower than the target as stipulated in the Sixth 5-Year Plan.

There were six characteristics in the province's 1983 economic and social development:

- 1) The Rural Economy was in a Historical Transitional Period, Commodity Production was Vigorously Developed.

Under the guidance of the 1983 Document No 1 of the CPC Central Committee, the rural output-related contract responsibility system had been rapidly spread from the economically-backward areas to the economically-developed areas and from agriculture to forestry, animal husbandry, sideline occupations, fishery and other industries. More than 90 percent of the peasant households in the province implemented the family-based output-related contract responsibility system. New progress was made in the reform of the rural economic system. A new cooperative economic system marked by collective ownership, family contract responsibility, division of labor by specialized households, and double-level operation, began to take shape. A great number of peasants with technological and opera-

tional knowledge became specialized and key households. Great changes were made in the rural situation in which only raw materials were provided. Processing and marketing of finished products were not carried out. Production activities aiming at exchanging commodities were rapidly developed. The marketable rate of commodities were rapidly developed. The marketable rate of commodities was improving. By the end of 1983, the province as a whole had some 360 specialized and key households, accounting for 22 percent of the total number of peasant households. The amount of commodities turned out by them valued at some 7 billion yuan, accounting for half of the total value of commodities in the rural area as a whole rose from 32 percent in 1978 to more than 50 percent. The rural industrial, commercial and all other forms of service organizations also greatly developed. By the end of last year, the province as a whole had 120,000 industrial enterprises in townships and towns with some 2.5 million workers; 588,000 self-employed industrial and commercial households with more than 765,000 persons; and some 5,000 service companies and centers. Some economic organizations which carried out business activities between urban and rural areas, between industrial and agricultural producers, and between the producers and the supply and marketing units emerged in some counties and cities. All this indicated that our province's rural economy was freed from the shackles of small-scale peasant economy, moving from simple-product operation to a comprehensive operation of agriculture, industry and commerce, and from the self-sufficient and semi-self-sufficient economy to a large-scale commodity production. It entered a transitional period of historical significance.

2) The Guiding Ideology of Industrial Production was Gradually Corrected, and Production, Profits and Taxes Increased Simultaneously.

With the deep implementation of the principle of readjustment, restructuring, reorganization and upgrading, the whole province centered its work on improving economic results and carried out enterprise consolidation in all fields in a planned manner, strived to strengthen [word indistinct] work, and improved operation and management. Marked improvements were made in all economic and technical norms and simultaneous increases were made in production, profits and taxes. In 1983, the revenue from marketing by the local state industrial enterprises that were covered by the provincial budget increased 8.3 percent. The profits and taxes they turned in increased 7.8 percent. The amount of deficits incurred by money-losing enterprises dropped 40 percent. The quality of products continued to improve and all kinds of consumption dropped. Of the province's 80 key products for appraisal, the quality of 65 steadily improved. Some 34 products won state gold and silver awards, double that of last year. The consumption norms of 64 out of 80 raw materials, fuel and power projects dropped steadily. Some 1.24 million tons of standard coal was conserved during the year, exceeding the plan target by 24 percent. This shows that the quality of our province's industrial enterprises is being improved continuously.

3) The Idea of "Taking the Whole Country into Account" Was Being Further Strengthened, and the Construction of State Key Projects Was Making Headway With Good Quality.

Strictly controlling the scope of local capital construction and energetically supporting state key construction projects was an important change in the guiding

ideology of our province's 1983 economic work. In order to implement the policy of the CPC Central Committee on concentrating financial and material resources on guaranteeing key projects, our province, while instituting the responsibility system among leaders at all levels, and strictly controlling the scope of local capital construction, dispatched manpower from the province, and related prefectures, and counties to reinforce leadership over supporting state key projects, educated cadres and the masses to foster the idea of "taking the whole country into account," organized and mobilized the masses to support state key projects as they did in supporting the frontline during the war period. Thanks to the measure of cancelling what should be cancelled and ensuring what should be ensured, total investment in local capital construction was effectively controlled within the planned scope assigned by the state, and construction of the state key projects proceeded rapidly and soundly. The five projects covered by the 70 state key projects in 1983 had their annual investment quotas overfulfilled by 3 percent. After comprehensively putting the Yantai Synthetic Leather Plant into a test run operation, it produced 230,000 square meters of synthetic leather. The projects of Shijiugan Harbor and Yanshi Railway had their engineering volume completed by nearly 50 percent. Track-laying work for the main railway which was covered by the multiple-track project of the Jiaozhouwan-jinan railway was completed by 75 percent. The project of various items of the Yanzhou Mining Zone was completed by 72 percent. The rapid development of the state key projects and the effective control of local capital construction projects promoted the development of local economic construction, encouraged enterprises to expand their production based on tapping potential, and accumulated experiences for us to correctly handle the relations between key and general projects.

4) The "Three-More and One-Fewer" Circulation System was Taking Shape and Urban and Rural Markets were Becoming Increasingly Prosperous.

The year 1983 was a record year for our province in terms of industrial and agricultural production, as well as an unprecedentedly flourishing year in terms of urban and rural markets. In 1983, all localities in the province conscientiously implemented the CPC Central Committee's principle of relaxing policies and enlivening the economy, restructured commercial and supply and marketing systems and developed collective and individual commerce. As a result, circulation system with more economic sectors, circulation channels and managerial forms and with fewer links was taking shape gradually. The state commerce continued to play its role as a dominant factor, and the collective and individual commerce had become an important supplement force. In the total retail sales, 72 percent was retailed by the state commercial departments; 17 percent by collective commercial departments; and 11 percent by individual commercial departments. Initial achievements were scored in reforming the circulation organizations. The mass nature in organizations, democracy in management and flexibility in operation were restored among supply and marketing cooperatives. The policies concerning the account sales were relaxed. This laid a good foundation for further smoothing circulation channels and enlivening the economy.

5) Importance was Attached to the Development of Intellectual Resources, and New Progress was Made in Educational, Scientific and Technological Undertakings.

Along with the constant development of the modernization drive, increasingly more attention was paid to educational, scientific and technological undertakings.

Last year, funds for developing education, science and technology services in the province increased by 10 percent over the previous year. The investment in local educational capital construction accounted for 26.5 percent of the total investment in capital construction covered by the local budget. The practice of many people amassing their funds to run schools and the masses' enthusiasm of studying and applying science were rising to an unprecedented height. New breakthroughs were made in running schools with various forms, levels and channels. Fresh progress was made in television and radio education, sparetime education, professional education, the education for workers and staff members, and the training for cadres. More and more people attended such courses. Some 80,000 people in the province attended the central agricultural radio school's course, accounting for one fourth of the total in the country. New progress was made in popularizing science and technology. More than 60 percent of the research results in industrial science and technology which passed assessment in 1982 was put to use. More than 17 million mu of crops was grown in accordance with technological contracts. The increasingly popularized education, science and technology were changing the intellectual structure of the people and promoting the increase of productivity.

6) Income of Urban and Rural People Continued to Increase and New Changes have Taken Place in the Structure of Consumption.

On the basis of stable increase in industrial and agricultural production, income of urban and rural people continued to increase and new improvements were made in their material and cultural lives. In 1983, per capita income of the peasants across the province were 337 yuan, a 58 yuan increase over the previous year. The per capita income of urban worker and staff households was 546 yuan, a 20 yuan increase over 1982. By the end of 1983, the per capita savings deposits of rural and urban residents were 97 yuan, showing a 29 yuan increase. The living conditions of the people continued improving. Last year our province constructed 4.72 million square meters of houses in urban areas and over 1.5 million rural peasant families moved into new houses. Along with the increase in income, the consumption level of the people continued to increase and new changes in consumption structure have taken place. Last year, the retail sales of consumer goods of the residents in the province reached 14.2 billion yuan, a 15 percent increase over the previous year. The purchases of high-grade clothing, furniture and food increased substantially. The purchases of motorcycles, television sets, tape recorders and various kinds of home electric equipment showed substantial increases. Especially we are pleased that more and more consumer goods belong to peasant households.

Our province has carried out the Sixth 5-Year Plan for economic and social development for 3 years. Owing to the efforts made by the large number of cadres and people across the province and continuous increase in industrial and agricultural production, our province prefulfilled some planned targets by 2 years. In accordance with the examinations of the "Sixth 5-Year Plan" approved at the provincial people's congress, our national income, agricultural output value, afforestation acreage and the output volumes of some principal agricultural products including grain, cotton, flue-cured tobacco prefulfilled planned targets for 1985. Of 90 state assessed key industrial products, our province's output of 39 products, including crude oil, steel products, synthetic

ammonia, cars, small tractors, machine-made paper and matches, prefulfilled the 1985 plans by 2 years. In the course of readjusting the national economy and under the situation in which we have greater difficulties in funds and material resources, our achievements in economic construction, the development of various social undertakings and successfully implementing the Sixth 5-Year Plan further expounded incomparable power of the line, principles and policies of the party, set forth since the 3d Plenum of the 11th Party Central Committee, and proved that the people of Shandong Province had glorious tradition, boundless wisdom, and great creativeness. These achievements of ours resulted from the correct leadership of the party Central Committee and the State Council and industrious labor and efforts of the broad masses of workers, peasants, intellectuals and cadres at all levels. So long as we continue implementing the line, principles, and policies of the party, always remember the general tasks and general goals under the new historical period, closely rely on the masses, strengthen the unity between the army and the government and the army and the civilians, arouse the enthusiasm of all fields, be inspired with enthusiasm, arduously do a pioneering work and further develop new created situations, we will lay a good foundation for flourishing the economy in the 1990's and successfully realize the grand quadrupling goal by the end of this century. We should have a firm confidence in and make up our minds to make unswerving efforts in realizing this general goal.

Although we scored great achievements in the past year, there were still many difficulties and problems. Shortages of energy and water resources, the pressure on transport and the difficulty in local revenue were the major factors restricting our economic development. Following the development of various fields of undertakings, the contradiction in this aspect will become increasingly acute. In our leadership over the economic work, due to our inadequate study of the strategy for economic and social development and insufficient attention to some major issues concerning the whole situation, there was a bureaucratic workstyle, our work was not thoroughly and conscientiously carried out and many things which should have been completed were not. Agriculture developed rapidly, but there were still many weak links. Development in forestry, animal husbandry and fisheries was sluggish. In particular, stagnant fisheries for many years were extremely incompatible with the province's favorable conditions for fishery development. Mountainous areas and some remote areas were underdeveloped and, as a result, some peasants did not have enough to eat and wear. Due to poor capacity to combat natural adversities, agricultural production was not steady. The current sustained drought in the province will be an extremely unfavorable condition for this year's harvest and economic development as a whole. Generally speaking, the quality and economic results of industrial enterprises were poor. Production of consumer goods for daily use lagged behind the people's increased purchasing power. Lacking a competitive edge, some products lagged farther and farther behind those of advanced provinces and municipalities. Blocked circulation channels and a prominent difficulty of the masses in buying and selling prevented, to a serious extent, the economy from being enlivened. A late start in intellectual development and an ineffective effort to promote technical progress adversely influenced the rapid growth of the economy. Our province has abundant natural resources and fairly solid economic and technical foundations. The CPC Central Committee and the State Council had expected us to develop more rapidly and the people throughout the province had also expected us to do our work better, but our ideology and work were far from being compatible with the expectations of the CPC Central Committee and the people. When examining the leadership of the provincial government, we can see that it did not completely eradicate the "left" influence, did not fully emancipate the mind, lacked a spirit of reform and pioneering, was content with the existing state of affairs,

stood still and refused to make progress, was satisfied with just doing a passable job and being in the middle, felt satisfied with the existing developing speed, and reacted slowly to the rapid international and domestic scientific and technical development and the new situation of acute competition in commodity production. This was the most fundamental reason why we did not have enough courage to reform, why we did not relax some policies which should have been, why we failed to make a breakthrough in utilizing foreign funds, importing advanced technology and developing economic alliances, and why we failed to make the best of our many advantages. Government personnel at all levels should remain clear-headed facing the excellent situation, oppose arrogance and shatter complacency, face up to the flaws and problems in our work, be good at drawing positive and negative experiences in the course of practice, improve their leadership, adapt their ideology, work and workstyle to the rapidly developing new situation and continuously and comprehensively accomplish the "Sixth 5-Year" Plan 1 year ahead of schedule. The specific plan is: increasing the total product of society by 5.2 percent over 1983, increasing the agricultural output value by 4 percent, increasing the industrial output value by 5 percent, increasing the revenue by 7.1 percent and increasing the national income by 4.9 percent. The draft 1984 provincial economic and social development plan has been printed and distributed to you. Please discuss it together with this report. Here, I would like to explain some major issues.

1) In agriculture, we should continually implement the principle of "never relaxing grain production and actively developing diversified undertakings," correctly handle the relations between grain and cash crops, stabilize and improve the structure of farming, vigorously develop forestry, animal husbandry, fishery and other undertakings, and strive to make agriculture develop comprehensively based on last year's bumper harvest. In setting output targets for various crops, influence of various factors should be brought into consideration and comparatively more leeway should be allowed. Efforts should be made to fulfill or overfull the output targets for crops. In line with the 1984 plan, total grain output should reach 50 billion jin; total cotton output, 18 million dan; and total peanut output, 29.5 million dan. This year, in developing agricultural production, special attention should be paid to the following four work points: First, we should, on the premise of attending to combating drought to ensure wheat harvest and spring sowing, continually develop the agricultural capital construction in a planned manner, and popularize dryland sowing in line with local conditions so as to ensure a stable increase in agricultural production. Second, we should actively cultivate fine varieties of crops, and particularly cultivate and popularize new varieties of cotton and raise the quality of cotton so as to keep abreast of the development and export of the textile industry. Third, we should conscientiously implement the State Council's instructions concerning stabilizing and developing hog production, rapidly formulate and implement the policy on giving encouragement to hog raisers, and change the trend in which the number of hogs in stock and in breeding decreases. Fourth, we should adopt various measures to develop marine and fresh-water breeding industries, and strive to greatly increase fish output and output of other aquatic products in the near future, on the premise of protecting the offshore aquatic resources.

2) In industry, the general demand is to develop industry at a fixed speed, on the premise of raising economic results, so as to increase production, profit and taxes, and revenue at a same pace. Stress should continually be placed on energy and communications development. Under the 1984 plan, the output of raw coal will reach 43.9 million tons, an increase of 900,000 tons over the 1983 figure; that of crude oil will come to 19.6 million tons, an increase of 1.24 million tons; and that of electricity, 22.3 billion kwh, an increase of 600 million kwh. In exploiting energy resources, we must combine large and medium projects with small ones, pay equal attention to long-term and short-term projects, correctly handle the relations between the new and expansion projects and between carrying out transformations and tapping potential, expand the development scope, accelerate the projects under construction, strive to increase energy resources, and conduct intensified exploitation of energy resources in [a] planned way. In accelerating the development of energy resources, Shengli Oilfield has set an example for us. In the past 2 years, the proven oil gas deposit and output have increased by a large margin. Under the cordial concern and inspiration of the central leading comrades, the 100,000 workers and staff members of Shengli Oilfield have been determined to use every minute to work hard for 6 years so as to double its output of crude oil, build Shengli Oilfield into a second Daqing, and greet the 40th anniversary of the PRC's founding with excellent achievements. Workers and staff members on the coal and power fronts should learn from the spirit of the Shengli Oilfield which stresses on overall situation and makes more contributions, and strive to increase our province's energy production as soon as possible. The local communications departments should strengthen the construction of highways, ports and post and telecommunications services, tap potential, raise efficiency, pay special attention to improving traffic and communication conditions for mountainous, remote and border areas. The light and textile industrial departments should keep abreast to the changes of people's consumption structure and to the new situation of market competition, should [word indistinct] stress on further readjusting product structure, accelerating development of new products, and constantly changing designs and patterns of products, should vigorously increase the production of quality and brand-name products and other products which can be marketable readily, and should make the quantity, quality and variety of industrial products for daily use keep abreast to the growth of people's purchase power. Machinery industrial enterprises should give priority to ensuring the production of agricultural machines and complete sets of equipment, and should properly restrict the development of the general industry, special attention should be paid to keeping pace with the new situations emerged in implementing the rural household contract system, and producing machines and equipment for developing the food processing, the feed processing and the processing of other farm and sideline products. The electronic industry is playing a special role in the new technological revolution. Under the plan, it should play a leading role among all other industries. We should continue to produce more household electronic appliances such as televisions and radio sets, and strive our best to satisfy society needs. Meanwhile, active efforts should be made to develop the production of electronic technological equipment including computers, integrated circuit and microprocessors.

3) In investment in fixed assets, we should continue to strictly control the scope of investment and concentrate financial and material resources on

guaranteeing state key projects. Early this year, the state earmarked a total investment of 3.574 billion yuan in our province which covers the construction of 33 large and medium-sized projects. Those that have been listed as state key projects are: The Zibo 300,000-ton ethylene project, Shengli Oilfield, the Yanzhou mining district, the Zaozeng mining district, Shijiu Port, Qingdao Port, the Zou County power plant, the Shiheñg power plant, the Yanshi railway and the multiple tracking of Jiaozhouwan-Jinan railway. Investment covered by the local budget and investment from self-raised funds amounts to 590 million yuan, which is mainly used for energy, transportation, education and technological facilities. We should strengthen planned management so as to effectively control the scope of investment. Investment in capital construction projects for state enterprises should be allocated by the provincial planning commission in a unified manner.

4) The retail sales of commodities through domestic and foreign trades are projected to be 21 billion yuan, up 7.1 percent over 1983. Viewing the plan, we can see that there is a certain difference between the available commodities and society needs. The commercial and supply and marketing departments should vigorously organize commodity sources, attend to procurement, transport, and marketing of industrial products and farm and sideline produce, clear the circulation channels, make a comprehensive arrangement for urban and rural markets, and vigorously organize industrial goods to the rural areas. In foreign trade, we should strengthen information work, attend to changes in international markets, strive to improve operation and management, and raise economic results. We should strive to increase the production of products with low production cost in terms of foreign exchange, great economic results, and a good international market. Active efforts should be made to expand product procurement for exports.

5) Scientific, technological and cultural and educational undertakings should gear to the new economic developing situation. We should vigorously carry out scientific research projects, popularize and apply new technologies, further develop pre-school education, popularize primary school education, reform secondary education, and strengthen higher education and education for adults. This year, we plan to tackle 21 key projects, carry out 86 special projects, and increase enrollment of institutions of higher learning by 10.76 percent over the previous year. Due to large increases in the enrollment of all kinds of technical and vocational schools and regular senior middle schools will be reduced. We also plan to develop cultural, public health, sports, broadcasting and television undertakings. Since there is a fairly large increase in the number of persons of marriage and child-bearing age, the natural population growth this year is estimated to be 11 per thousand. All localities should strengthen family planning work, improve the quality of birth control techniques and, through carrying out meticulous ideological work, strive to keep the natural population growth rate at last year's level.

In order to comprehensively fulfill this year's economic and social development tasks, we should persist in grasping the two civilizations simultaneously. We should bring the relations between various sectors into better balance, adhere to the principle of allowing the planned economy to play a leading role and market regulation to play a supplementary role, implement various policies, further enliven the economy, strive to achieve great breakthroughs in comprehensively improving economic results, developing rural commodity production,

and the collective and township industries, clearing the circulation channels, and promoting science and technology, and create conditions for successfully carrying out the Seventh 5-Year Plan.

### 3. Foster the Idea of Doing Everything for the Fulfillment of the Strategic Objective and Bring the Economic Work up to A New Level.

In line with the strategic objective of quadrupling the country's annual industrial and agricultural output value by the end of this century as set forth at the 12th National Party Congress, the 4th Shandong Provincial Party Congress formulated a strategic plan urging efforts to double the annual industrial and agricultural output value by the end of 1990. According to this plan, the annual industrial and agricultural output value should increase by 7.2 percent from 1981 to 1990. In the first 3 years of this period, the average annual increase was 8.3 percent. The economic development can be accelerated following the deepening of economic readjustment, the smooth progress of reform, the development of resources and the scientific and technical progress. Conscientiously analyzing the objective reality and the developing trends, the provincial CPC committee and government call on the people of the province to pull themselves together, work hard, and strive to attain 1 year ahead of schedule the goal of doubling the industrial and agricultural output value in the first 10-year period--increasing it to 105 billion yuan by 1989 in which we will celebrate the 40th anniversary of the founding of the PRC--so as to accumulate forces, enhance reserve strength and provide more favorable conditions for the economic vitalization in the 1990's. From now on, we should gear our work to this central task and do everything for the purpose of fulfilling this objective. Only by doing so can we ascertain the whole situation, gain the initiative in our work, and bring the economic work up to a new level.

#### 1) Comprehensively Implement the Various Rural Economic Policies and Greatly Promote Commodity Production.

The No 1 document of the CPC Central Committee has explicitly stipulated the focus of the 1984 rural work, which is to raise the standard of productive forces, clear circulation channels, and develop commodity production on the basis of stabilizing and improving the production responsibility system. This is an important policy decision aiming at consolidating and developing the already created new situation in rural work and making the rural economy flourish. In order to comprehensively implement the CPC Central Committee's No 1 document, we should further emancipate our minds, promote rural reform, continue to stabilize and improve the household output-related contract responsibility system, establish and perfect various service organizations and accelerate rural commodity production.

Developmental production is, at present, the weakest link in the province's rural economy and also is an area where the greatest commodity production potential lies. The province currently has more than 7 million mu of barren hills and waste riversides more than 2.5 million mu of inland water areas and more than 2.7 million mu of shallow seas and beaches awaiting development and utilization. In order to greatly promote commodity production, we should institute the contract responsibility system, relax policies, organize the people to plant trees or grass on barren hills and waste riversides to make the best of them, develop timber, charcoal and fruit forests, promote animal husbandry and use beaches and water areas to produce aquatic products so as to accelerate the province's forestry, animal husbandry and fisheries.

Because developmental production requires larger investment and more time and yields returns more slowly, we should extend the periods of contracts, enable the contractors to gain more benefits and grant them more support. The periods of contracts may be lengthened to more than 30 years. The people's governments at and above the township and village levels should issue certificates to certify the rights as stipulated in the contracts, which can be inherited by the children of the contractors. Before the fulfillment of the contracts, the people can convert them into money and transfer them to others. We should allow the people to enjoy benefits while giving public accumulation funds. They should be exempted from giving such funds for 10 years, and even after 10 years their accumulation proportion should be lower than that of other production contractors. More flexible methods should be carried out in a small number of long impoverished and backward mountainous and outlying areas. The relevant departments should vigorously support the developmental production and give it necessary funds and materials. The provincial government calls for efforts to contract out all available forests, water surfaces, seashores and beaches within this year.

Vigorously developing the specialized and key households is the key to promoting the development of rural commodity production. Generally speaking, our province's development of rural specialized and key households is fairly quick. The present prominent problem is that some peasants who have become prosperous first have misgivings. They still dare not go ahead boldly and become prosperous through hard work. It is a big leap forward for the specialized and key households that have emerged in the course of implementing the output related contract responsibility system because they are changing from the stage of a small-scale peasant economy to that of specialized and socialized production. Those peasants who have become prosperous through hard work are advanced elements, because they have followed the party to carry out rural reforms. So far, there are too few prosperous peasants in our province. We are still far from prosperity. While dealing with this issue, we should unify our thinking, focus our work on making peasants prosperous as soon as possible, deeply publicize and resolutely implement the party policy on making peasants rich, mobilize and organize peasants to work with all-out efforts, and enable peasants to increase their income rapidly and greatly. We can ensure a stable economic foundation only when the whole rural area has become prosperous. We should support the production and operation of the specialized and key households in terms of policies, and allow them to form trans-village and township integrated units, to give up farming to set up shops in cities and towns, and to sell products outside the county and the province. With regard to the funds, places and product sources necessary for the production and operation of these households, the local governments and relevant departments should give them support. We should conscientiously implement the policies on Overseas Chinese affairs, and support specialized households of returned Overseas Chinese or family members of Overseas Chinese to vigorously carry out production and to become prosperous with the help of their relatives and friends. We should protect the legal rights and benefits of the specialized and key households in terms of the law. No person is allowed to interfere with all legitimate businesses. No additional charges under whatever pretext should be imposed on those households which have delivered taxes according to regulations and public accumulation funds according to contracts. All signed contracts should not be arbitrarily cancelled or changed by one party. No person is allowed to use his power to buy stocks

without payment, to take free meals and gifts, to borrow money without repaying it, and to seek benefits in a disguised form. Strict punishment should be meted out for those lawless persons who disrupt the production and operation of the specialized and key households, and extort money and things from them. The governments at all levels should organize the rural economic and scientific and technological departments to set up gradually a perfect commodity production service system, actively support the development of all kinds of specialized service households, and render services in the course of production--in production techniques, economic information, operation and management, marketing of products, communications and transport.

The purpose of commodity production is aimed at commodity exchange. In developing rural commodity production, we should find a ready market in line with the law of commodity production, raise their competitiveness, and stress economic results. This is the key to ensuring a steady and continued development in commodity production. If we fail to find a market for our products, it will be impossible to achieve the value of products and the value of the utilization of products. In this way, the enthusiasm of producers will be dampened. We have gained much experiences from past lessons. In leading commodity production, we should attend to the above problem, and foster a clear guiding ideology. First, we should proceed from reality, and give full play to the advantages of local resources and technology to develop mountain and water areas. In deviating from our own advantages, we will not have vitality and it will be impossible to continue our efforts. Second, we should take the whole situation into consideration and bear in mind the needs of the four modernizations to produce more whatever more needed by the state and to produce less whatever less needed by the state. In the production of the staple commodities to be purchased by the state in a unified manner, particularly, we should subordinate ourselves to the guidance of state plans. If we only consider the immediate and the partial interests and produce blindly, production will probably stop. Third, we should establish information system, frequently analyze the changes in supply and demand, readjust the variety of products in a timely manner, strengthen economic accounting, improve product quality, reduce costs and ensure that "we produce whatever others do not, our products are cheaper than those of others and, in the great number of the same kinds of products, ours are of the latest pattern" so that we can win victories through high quality and low costs and develop in the thick of competition.

The basic characteristic of the socialist economy is the planned economy. The contract system is an effective method of planned guidance to rural commodity production in the new situation. The current rural reform is deepening and commodity production develops very quickly. We should adapt ourselves to this change and, in line with the needs of the state and society, give guidance to production through economic contracts. The contract system should be applied to all staple farm and sideline products, except for those to be purchased by the state in a unified manner. Grassroots business and purchasing departments should sign contracts with economic cooperative organizations and producers in line with state plans and the needs of society, coordinate supply and demand and link production, supply and marketing together. The economic contract system has been gradually adopted in various localities over the past few years, but it is still not widely implemented and is yet to be improved. The present prominent problems are that the contracts provide more terms to

restrict producers and fewer terms to support them, that the contracts are not strictly fulfilled and that the arbitration work is lagging behind. In the future, all economic contracts should clearly define the power and obligations of both parties, linking the purchases of farm and sideline products with the supply of major means of production. Once a contract is signed, both parties should strictly carry it out, and township or town governments should supervise its implementation. Those who violate contracts should be held responsible according to the contract law.

## 2) Strive to Upgrade Enterprise Quality and Create a New Situation in Improving Economic Results

Although the prices of certain raw materials were raised, the production of some products was limited and some enterprises were operated under capacity, the province's industrial enterprises increased their production and profits and taxes at the same pace in 1983, making a good start in improving the economic results. Generally speaking, our achievements were not good enough. Many of our overall targets and single-item targets, used to evaluate our economic results, are lower than the national average and those of other advanced provinces and municipalities, and there is a great difference between advanced localities and backward ones within our province and between advanced enterprises and backward ones. This shows that the infrastructure of many of our enterprises is very weak and their ability to cope with difficulties is poor. We should face up to these problems, further correct our guiding ideology, carry out all economic activities for the purpose of improving enterprise economic results, strive to fulfill the various target for economic results, and ensure that 12 percent of our products are up to the fine-quality standards, energy consumption is reduced by 4 percent, cost declines by 2 percent in terms of comparable standard, the turnover of working funds is accelerated by 2 percent, profits and taxes increase by 8 percent and deficits decline by 34 percent. In this way, we can create more successfully a new situation in improving the economic results.

The economic results are an overall reflection of all the economic activities of enterprises. The improvement of the economic results is a great task calling for efforts from all quarters. We should further conduct enterprise consolidation, gradually apply modern management, and promote technical progress to upgrade enterprise quality. We should strengthen the management of various trades and step up the readjustment of trades. We should also improve management, successfully coordinate production, supply and marketing, raise product quality, reduce costs and strive to stop deficits and increase profits. Our province has many large and all-embracing industrial enterprises. The enterprises make little contact with each other. Some trades are engaged in duplicate production. Some lack competitive power in production due to backward technology. In line with actual conditions, we must attend to strengthening trade management and carrying out reorganization and integration to improve economic results and adopt economic and administrative means to successfully attend to it. In order to carry out reorganization and integration among enterprises, we should center on expanding the production of top-quality and famous-brand products, bring into play the technological superiorities of famous-brand factories, organize the enterprises that engage in the same production and organize integrated economic operations in line with the principle of specialized cooperation. We should take various ways to organize integrated economic operations. They can be closely or loosely

organized. We can organize large or small integrated economic operations. We can organize them in a region and organize trans-regional and trans-departmental economic operations. In organizing integrated economic operations, we must insist on the principle of equality, mutual benefits, consultation, equally dividing interests and sharing losses, allow leading factories to gain appropriate benefits for technology transfer and safeguard the benefits of cooperating factories and integrated economic zones. Experience proved that integration may promote economic results, accelerate production and promote technological progress. Through integration, both leading factories and cooperating ones will add new active power. Only by organizing integrated operations in the province can we stand above others. If we do not organize integrated operations, we will not carry out into full play the superiorities of famous-brand factories, we cannot persistently occupy the markets, and those enterprises with backward products will not be able to change their passive situation or continue to exist. Governments at all levels and economic departments must jump out of the small circle in which the people only attend to the benefits of their own regions and departments. We should take the whole situation into consideration, eliminate all obstacles and enthusiastically support and promote integrated economic operations.

In order to improve economic results, we must ceaselessly strengthen the ability of enterprises in suiting the changing situation and upgrade their capability of using expensive raw materials and using loans. Over a long period of time, most of our enterprises rely on free investments, low-price energy, cheap agricultural and sideline products and other low-price energy, cheap agricultural and sideline products and other low-price raw materials to make developments. A greater part of profits, gained by the enterprises, results from using low-price raw materials and financial subsidies. Through deeply conducting the economic reform, a big change has taken place. The sources of funds for expanding production have been changed from free investment to loans. The cost of energy rose. The prices of some raw materials and agricultural and sideline products rose and the wages of staff and workers increased. The factors of cost increases are many. Confronting this challenge, some enterprises turned pressure into impetus and become more and more active. Their economic results improved, instead of reducing. However, some enterprises fell into a difficult position and their existence relied on tax reduction, tax exemption and financial subsidies. These two completely different situations concentratedly reflected the difference between the quality of the enterprises. Viewing from their development, we know that the enterprises that rely on "eating a cheap meal" and state subsidies will not be able to exist for a long time. From now on, the objective factors for increasing costs will ceaselessly be strengthened. In order to improve economic results and promote the development of the enterprises, we must improve the enterprises' capability of bearing up to the objective changing situation, firmly attend to conducting technological transformation, adopt advanced technology, enthusiastically apply modernized management and make efforts to upgrade the quality of leading bodies, the ranks of staff and workers and technology among enterprises.

The shortage of energy and water resources is a major obstruction in improving economic results. At present, quite a few completed capital construction and technological transformation projects in our province cannot be put into production due to a shortage of electricity, and still more enterprises are unable

to be put into high gear in production due to a shortage of coal, electricity and water. To solve this problem, we must adhere to the principle of paying equal attention to the exploitation and conservation of energy resources. Because the energy resources the state distributes to us will not increase within a short time, the development of our province's local economy should be based on the development of small collieries. We should make full use of our rich coal resources, should adopt various forms to muster funds from various aspects, should mobilize those prefectures, cities, counties, towns and townships which have coal resources to initiate small coalpits and gangue power plants in line with the unified plan, and should organize and encourage the localities which have no coal resources to invest in running collieries with the cooperation of the coal producing collieries. A certain period of time is needed to exploit energy resources. At present, the most realistic and effective way is to vigorously lower consumption and practice economizing. On the one hand, we should persist in the principle of selecting the best and rationing, should formulate policies on encouraging economization, and should assign economizing target to all levels; on the other hand, we should give priority to the transformations of energy and water conserving technologies, should adopt economic and administrative measures to eliminate within a set time all the boilers and mechanical and electrical equipment which consume too much energy, and should improve technologies to raise the duplicated utilization rate of water.

### 3) Resolutely Ensure the State Key Construction Projects and Promote the Development of Local Economy

The prospects of the four modernizations hinge on the state key projects. Only when we achieve success in key projects, centering on energy and communications items, can we bring strength to economic development. This year, the state has assigned relatively more key projects in our province and a large amount of funds will be invested in our province. Therefore, our task of supporting the key projects is very arduous. The people in the province must firmly implement the instructions of the CPC Central Committee and the State Council concerning concentrating efforts on ensuring key projects, and should continuously observe the principle of giving priority to key projects in requisitioning land, in arranging the design and construction force, in supplying local construction materials, in ensuring communication, transport, and supply of water and electricity, and in the supply of materials and goods for daily use. The people in our province should wholeheartedly support the construction of key projects.

Ensuring the state key projects will not only be important to the vigorous development of the national economy, but also to the energetic promotion of development of the local economy. After completing and putting into production the large collieries and power plants which had already been started, our province's energy shortage will be solved greatly. The completion of the 300,000-ton ethylene project and the Yantai Synthetic Plant will further promote the development of the province's chemical industry and light industry. Along with the opening of the Yanzhou-Shijiusuo Railway and Shijiusuo Harbor, a large number of industrial enterprises will be initiated along the railway, a new base of building materials industry will take shape gradually, and the Yimeng mountainous and old revolutionary base area will certainly and rapidly become prosperous. Therefore, ensuring the development of key projects has an important

strategic significance, not only viewed from the state's overall situation but also from the province's local situation. We must stand on the high plane of national and provincial overall interests, correctly understand and treat state key projects, actively fulfill all our tasks, and expeditiously solve all problems which we should solve.

In supporting the state key projects, not only should we ensure the smooth development of construction but also should make an earlier arrangements for ensuring the normal production to be conducted after the completion of projects. We should step up the planning for and construction of subsidiary projects, and the production of accessory products. We should attend to the construction of traffic, post and telecommunications, cultural, public health and commercial facilities which will serve the key projects, and should initiate some industrial and commercial enterprises at the site of the key projects through the ways of amassing the funds and pooling efforts so as to create conditions for the employment of children of workers and staff members who work for key projects. At the same time, we must, in line with the unified state plan, rapidly formulate plans for using the materials provided by key projects to develop precision processing and accelerate the construction and renovation of relevant enterprises.

#### 4) Place the Emphasis of the Current Economic Work on Accelerating the Technical Transformation of Key Enterprises and on Greatly Developing Collective Enterprises and Town and Township Industries

In our efforts to double the annual industrial and agricultural output value, in addition to complete successfully the key construction projects as planned by the state and necessary new projects, we should first rely on the existing foundation to speed up the technical transformation of old enterprises and to tap their potential, and second on our natural resources, which are our advantages, to develop collective enterprises and town and township industries. According to preliminary estimation, in order to double the industrial and agricultural output value by 1989, more than half of the output value we shall increase in the following 6 years is to be achieved through two aspects mentioned above. These are the focus of our province's economic development for the present and for some time to come.

To technically transform the existing enterprises is an urgent task in accelerating our economic development. Of our nearly 20,000 industrial enterprises, which is not a small number, most are largely of the levels of the 1950's or 1960's. This is one of the important reasons for our slow growing speed, poor economic results, and low competitiveness. The fundamental way to change such a situation is to technically transform the existing enterprises. For this we should have a clear goal and long-and short-term plans, grasp the key points, and concentrate efforts to change once and for all the way of doing things bit by bit like "spreading sesame." In this and the next year, every trade should select one or two key enterprises and enterprises which produce brand-name products to carry out technical transformation, and set a number of examples in attaining world and domestic advanced technical standards so as to promote the technical progress of other enterprises. We should formulate corresponding policies to encourage enterprises to carry technical transformation and support

key transformation projects. From now on, the province and various prefectures and cities should use more than half of the foreign exchange retained at their own disposal to import advanced technology, bank loans in foreign currency should be used in enterprises' technical transformation first, and low-interest loans and funds for technical measures should be used mainly in the transformation projects of enterprises whose ability to repay the loans is poor. We should boldly use foreign funds and import usable advanced technology through joint ventures, cooperative projection, and compensation trade.

The key to developing collective enterprises and town and township industries lies in our efforts to emancipate our minds and relax policies. The reason why our development of collective enterprises and town and township industries was slow in the past few years is that we failed to break away from the outmoded conventions in ideology, system and policy, gave more "red lights" and fewer "green lights" and was inconsistent in doing our work. To solve this problem, we should thoroughly break the outmoded regulations and develop bravely. Enterprises may be established by collectives or individuals. They may also be jointly run by the collective and the state, by different collectives, and by the collective and the individual despite the difference in trades and administrative areas. All the work of the people's government aims at serving the people. The people's governments have the obligations to help the people open up more avenues for production and support the people in their production but not the power to restrict their production. Except for the trades whose development is not permitted or is restricted as stipulated by the state in explicit terms, the people are allowed to develop whatever suitable to local conditions in the future, and no one is allowed to interfere with or create difficulty for their development. All relevant departments should attach equal importance to collective enterprises and industrial enterprises of towns and townships as to state enterprises, and guide and support them in the areas of product orientation, market information, quality standards and technical requirements. They should particularly help town and township industrial enterprises conduct scientific research and create new designs so that these industrial enterprises can vigorously develop new products and open up new avenues for production according to market and social demands while continuing to produce and improve traditional products with local characteristics. In developing collective and township industries, we should make use of local resources, suit measures to local conditions and give priority to developing backward industries which have great potential. Presently, we should stress the development of the food, animal-feed, building material, construction, transport, and farm and sideline produce processing industries. Enterprises should be set up along with the building of billage market towns so that the problems of transport, communications, warehouses, water supply and discharge of pollutants can be solved in an all-round manner. Through developing the collective and township industries, we can turn market towns into rural economic centers.

5) Do a Good Job in Further Opening Qingdao and Yantai Cities and Better Carry Out Economic Cooperation with Foreign Countries.

Recently, the CPC Central Committee and the State Council decided to further open 14 port cities, giving greater autonomy in carrying out economic activities. This is an important step for implementing the open policy and is important to

expediting China's modernization construction. Our province's Qingdao and Yantai are two of the 14 port cities. Further opening these two cities will be conducive to bringing the advantages of port cities into full play and promoting our province's economic development. We should resolutely implement the decision of the CPC Central Committee and the State Council, attend to all work in line with the plans set forth at the national forum of port cities, make use of the new favorable conditions, and use foreign funds boldly to set up cooperative economic enterprises, to import advanced technologies, to vigorously develop foreign trade, and to expand our province's economic and technological cooperation scope with foreign countries.

6) Strengthen the Strategic Studies of Economic and Social Development and Turn Our Province's Natural Resources Advantages into Economic Advantages as Soon as Possible.

Realizing this strategic goal, we should have correct strategic plans for economic development. This is the key to determining whether leader in the economic sphere have taken a broad and long-term view and the whole situation into account. Our poor foresight in some issues is caused by our insufficient studies of development strategic plans. In order to end this situation, we should carry out discussions on the economic and social development strategic plans this year, conscientiously analyze our province's situation, find out the province's favorable and unfavorable conditions, clarify the development goal, map out good strategic plans, put forward development measures, and feasible policies and methods, and enable our province's economic and social development to better suit the objective reality.

Economic strategic studies are complicated and involve the efforts of all fields. They should be carried out in a planned and step-by-step manner. The study emphasis this year and next should be: First, to give full play to the advantages of port cities with a better economic and technical foundation, to tap the potential of backward areas, and to speed up the development of the northwestern part and the central and south mountainous areas of Shandong Province; second, to develop the Huanghe Delta; third, to build a base of 40 million mu of grain, cotton, forestry and animal husbandry along both sides of the Huanghe, and to improve 20 million mu of low-yielding fields; fourth, to formulate energy and water resources conservation policies; fifth, to put forward measures for rationally developing and utilizing beaches and inland water areas for fish raising; sixth, to find out the best methods for intellectuals development and training of talented persons; seventh, to adapt ourselves to the new system of placing counties under the administration of cities and to properly handle the relations between city and township industries, between backbone and general enterprises, and between state economic and collective economic units; and eighth, to adopt policies and measures for expediting our province's development in the electronic industry in face of the challenge of the world's new technological revolution. The above-mentioned eight study tasks are of great immediate significance to our provincial economic development. We should strengthen leadership, swing into action and organize experts, scholars, and theoretical and practical workers in all fields of study and veteran comrades with rich practical experiences to conduct investigations and study on special topics, hold extensive discussions, and make appraisals repeatedly. We should

also invite domestic and foreign dignitaries to participate in the discussion and give heed to their opinions. All prefectures, cities and counties should conduct study of the tasks relating to their localities and offer their suggestions. Through the large-scale discussions at higher and lower levels, we should strive to achieve some results within this year.

#### 4. Accelerate Scientific and Technical Progress and Intellectual Development and Usher in a New Technical Revolution.

"Relying on science and technology in economic construction and gearing science and technology to economic construction" are the basic policy for us to accomplish modernization. The key to the four modernizations lies in the modernization of science and technology. The new technical revolution which is developing in the world is characterized by the exploitation and application of information techniques, biological engineering, new materials and new energy. It is, in a certain sense, a revolution of knowledge and wisdom. It will certainly make an important breakthrough in the scientific and technical field and will bring about new development in social productive forces and new changes in social life. To us, it is a challenge and also an opportunity. We should pay close attention to the trends of this technical revolution, proceed from the actual conditions of our province to study and formulate corresponding counter-measures, seize the opportunity, make good preparations, and directly adopt the new technology suitable to our needs to develop new industry and narrow the economic and technical differences between ourselves and foreign countries.

Further implementation of the principle of making science and technology serve economic construction calls for efforts to gear science and technology to production with the emphasis on improving the economic results. Particular attention should be paid to the following five tasks at present. First, we should continue to make arrangements for and carry out the research projects in agriculture, energy, communication and water resources as stipulated in the province's "Sixth 5-Year" scientific research plans, and strive to score some achievements within this and the next year which can remarkably improve social and economic results. Second, we should actively introduce and apply scientific and technical achievements. Since 1980, 3,048 important scientific and technical achievements have been assessed, but only 20 percent of them have been applied. Many achievements of great economic value have yet to be applied. We should change such a situation as quickly as possible. We should formulate specific policies on pricing, tax, credit and award to promote the application of new technology. Third, focusing on technical transformation plans for all trades, we should speed up technology import, particularly the import of software and the technology aiming at improving product quality and technical standards, increasing variety and conserving energy. We should give priority to the import of the advanced technology urgently needed in economic construction. In the meantime, we should step up the assimilation of imported technology. Fourth, we should develop and apply new technology. The emphasis should be placed on the application of microcomputers to controlling industrial production and assisting enterprise management. The 32 key projects on the development and application of microcomputers covered in the province's plans should be completed. The provincial authoritative electronics departments should cooperate with colleges and universities and scientific research units to develop computer software and sponsor training classes to train a group of backbone

technical forces and to provide favorable conditions for the wide application of computers. Fifth, we should give full play to the role of all scientific research organs. Specialized research institutes and scientific research personnel of colleges and universities should gear their work to the grassroots and production, serve economic construction still better and vigorously advocate the integration of teaching, scientific research and production. Colleges and universities and scientific research departments should be encouraged to cooperate with production units to give technical guidance on a contract basis and to render consulting services.

In order to accelerate technological progress and intellectual development, we must further carry out the policy towards intellectuals and, arouse the enthusiasm of the broad masses of intellectuals as much as possible. Our province has 549,000 specialized and technological personnel. They are a key force in conducting modernizations. Influenced by "leftist" ideology, some departments and units still have the practice of despising knowledge and intellectuals, stifle quite a number of real talents, and fail to carry out into full play their knowledge and ability. Never should we neglect to implement the policy towards intellectuals or to give preferential treatment to their livelihood. We should even attach greater importance in showing concerns about their political life and trusting and supporting their work. We should resolutely select and promote the intellectuals with real talents and organizational ability to leading posts and create conditions for those intellectuals who play a role in certain specialized works to be wholly absorbed in specialized and scientific and technological work. We should open up channels for circulation of talented persons so as to make scientific and technological personnel have suitable working places and to make most of their talents. We should decisively transfer some specialized personnel from the units with excessive talented persons to the units with weak scientific and technological force. Those scientific and technological personnel whose jobs do not commensurate with their specialities and who cannot carry out into play their specialities are allowed to seek units by themselves. Personnel affairs departments and former units must enthusiastically support them so long as the units willingly employ them. We should appropriately work out a policy and encourage scientific and technological personnel to go to grassroots units, small towns, rural areas, collectively owned enterprises and the places undertaking economic construction. At the same time, we should enthusiastically create conditions and take forms of transferring, appointing to a part-time post and employing for a short period of time to invite scientific and technological talented persons to work in our province. We should support and encourage the leading cadres who are good at finding out and making most of talented persons and resolutely remove from their posts those cadres who have no real talents, envy the worthy and the able, and stifle and deal blows to scientific and technological personnel.

In order to accelerate intellectuals development, we must seek ways to run various schools at all levels and vigorously develop educational undertakings.

1. We should take various methods to fully tap the potential of existing institutions of higher learning and train more talented persons as soon as possible. We may run junior colleges. Students may receive a 2-year basic course and then study specialities at specialized at specialized schools. We may run college branches to recruit undergraduates and specialized students and run

schools to train students for enterprises and establishments, units and town- and township-run enterprises. We should promote the experience of Shanghai Communications University in management reform to carry out the teachers' responsibility system, expand the decision-making power of grassroots units, and arouse the initiative of teaching personnel. 2. We should further conduct a reform of secondary educational structure. This year we should restructure a group of vocational middle schools on the basis of centering on strengthening and improving the restructure of secondary education. We must maintain a close link between vocational education and economic development. Centering on commodity production and in line with local natural resources and superiorities, rural areas should properly readjust existing specialized schools and establish new specialized ones. Urban areas should train reserve labor power with certain specialities for all trades and professions to serve the whole society. In running vocational education, we should arouse the enthusiasm of all fields. Urban areas should rely on departments and enterprises to run schools by themselves and with educational departments. Rural areas should rely on towns, townships and peasants to collect funds to run schools. 3. We should continue attending to the work of universalizing rural primary schools. The localities with favorable economic conditions should rely on collectives and the masses to run schools with private funds in a step-by-step manner. The province should appropriate a part of their educational funds to support poor mountainous areas and remote areas lacking financial resources. We must strengthen the work of training primary school teachers to improve teaching quality. Beginning from this year, we should institute a system to regularly examine the teachers of the schools run by local people, keeping those who pass the examination and resolutely transferring those who fail to other posts. We should actively improve rural teaching facilities, raise the wages of these teachers, and see to it that by 1985 all "dim houses" and "earth platforms" are eliminated and an overall wage system within the scope of townships and towns is gradually applied to these teachers. Intellectual development should be started with children. We should vigorously train teachers for preschool children. In this year's restructuring of secondary education, we should strive to turn one ordinary middle school in each county into a vocational school to train teachers for preschool education.

We should popularize science and technology through the popularization of knowledge, make adult education a success, and improve the knowledge structure of the existing staff and workers. In addition to in-service training of cadres by rotation in a planned manner, we should attach particular importance to the development of television education. All prefectures and cities should open television university branches, medium-sized cities should establish vocational colleges in a step-by-step manner and colleges and universities, when their conditions permit, should open correspondence and evening classes so that more cadres, staff members and workers with a senior middle school education can receive college education. Prefectures and cities should sponsor secondary technical training, develop secondary vocational schools for staff members and workers, and open specialized classes in line with local needs. These schools can be established according to different trades or different departments and can open their classes at different enterprises. Within 3 to 5 years, we should strive to raise the education level of cadres at and above the county level throughout the province to that of colleges, cadres at the section level to that

of secondary vocational schools, and more than 50 percent of workers to the middle-class technical level. Counties, townships and villages should sponsor long- or short-term classes to raise peasants' education and technical standards. We should open peasants' technical schools with certain schooling system for peasants to study all the year round, and also seasonal short-term training classes to teach peasants urgently needed technology. We should further encourage the masses of cadres, workers and peasants to acquire knowledge through self-study and lead more and more people to study general, scientific and technical knowledge so as to become competent for the four modernization drive.

#### 5. Create the New Bravely, Explore Boldly and Actively Promote the Reform in All Fields.

We should adhere to the road of reform resolutely if we are to create a new situation in the economic work and accomplish the grand goal of double increase. The tremendous success in rural reform inspires us to speed up the reform in industry, commerce and other fields. Although certain achievements were scored in urban reform in the past few years, the speed was not quick enough and, particularly, a new trail is yet to be blazed in the reform of circulation. Failures in thoroughly eliminating the "left" influence and fully emancipating our minds are the major reasons why we fail to open up a new prospect in various fields of reform. Many comrades often observe and judge the new things emerging in the reform by "left" standards, knowingly or unknowingly, fail to see the essence and the basic things and tend to demand perfect. We must further emancipate our minds, surmount obstacles, bravely create the new and vigorously promote the reform in various fields.

We should place the reform in the circulation field in the first place. The reform of commercial wholesale system should begin with the establishment of trade centers of industrial products for daily use and farm and sideline products. Efforts should be made to establish gradually an open, multi-channeled circulation system with fewer links and a crisscross circulation network linking urban and rural areas and linking our province and other provinces. Large and medium state commercial enterprises should widely enforce the operational contract responsibility system. Small state commercial retail units and labor service trades should gradually implement, after experiments, the operational system characterized by "state ownership, collective management, sole responsibility for profit and loss and distribution according to work." In the reform of supply and marketing cooperatives, we should resolutely get rid of the idea that they should be operated by government, change the managerial methods of state units, and turn the cooperatives into cooperative commercial units collectively owned by the masses so that they can play their role as the major circulation channel in rural areas. In reforming the system of grassroots supply and marketing cooperatives, we must attend to making five breakthroughs: 1. Cadres must be elected by peasants. We promote cadres in accordance with their ability. Incompetent cadres can be dismissed. We employ staff and workers in accordance with specialities. 2. We should eliminate the restrictions of peasants buying shares. We should make efforts to have over 20 percent of shares bought by peasants. 3. We should expand the scale of business and service sphere. We should open up business to help peasants solve purchasing and marketing problems and render service to suit the demands of

peasants' production. 4. We should eliminate the egalitarianism in distribution and really practice the system of giving payment according to one's work. 5. We should take flexible measures to readjust prices, and the prices of the variety of products, stipulated by the state, can be readjusted. All localities should generally conduct these reforms on a trial basis. In conducting reforms, we cannot arbitrarily reform the system of supply and marketing cooperatives, nor transfer resources and funds indiscriminately. Supply and marketing cooperatives must fulfill state tasks. We must continue to relax the policy on purchasing and marketing agricultural and sideline products and reduce the scale of state monopoly for purchase and marketing. We should decide to reduce the number of first and second categories of products from 114 to 63. We should not fix the prices of the third category of agricultural and sideline products or those of the first and second categories of above-quota products after fulfilling the procurement task. We should seek various channels for directly sending products to markets. The prices of fresh and live commodities can be changed. Substandard cotton can be marketed. Cotton processed products are allowed to be sold on markets. We should transfer power to different levels to take charge of grain marketing. Counties should contract grain subsidies and cooperate with county financial departments to appropriately readjust financial contract base. On the premise of fulfilling procurement and transfer tasks, localities are allowed to flexibly develop food and fodder industries.

In order to accelerate the development of collectively owned enterprises and to enliven the production and business of small state enterprises, the provincial government has decided to further expand the decision-making power of these enterprises. Collectively owned enterprises at and above the county level, city- and neighborhood-run enterprises and small state enterprises are allowed to make flexible arrangement for their production in line with the state law, policies and plans and in terms of their own benefits. These enterprises are allowed to carry out after-tax contract systems and various forms of economic responsibility systems. Wages and bonuses should be related to the taxes and profits handed over the higher authority and can be changed in accordance with business situation. Wages and bonuses should be related to the labor and labor results of staff and workers. In terms of their wages and bonuses, there is no limitation on how much the distribution can be, but as for those incompetent staff and workers, the enterprises will only give them basic living costs. Some staff and workers with enthusiasm in their work can become rich first. In electing principal administrative and leading cadres, the enterprises should change the system of higher level appointing cadres into a system of democratic election and inviting application. With the approval of enterprise party organization, the factory head has the right to appoint and dismiss the deputy head and middle-level cadres. In line with the principle of employing the excellent through selection, the enterprises are allowed to recruit workers and submit to labor department for going through formalities. The enterprises should carry out the contract system among workers. The enterprises have the right to discharge and remove staff and workers. Workers are allowed to resign from factories and still keep the factory membership to engage in individual business. In line with the principle of eliminating egalitarianism and carrying out the system of linking duty with rights and interests, other state enterprises should enthusiastically study and boldly conduct reform to improve economic responsibility system and the system of distributing payment according to one's labor and to reform the labor personnel affairs system.

We should resolutely reform the management system and business method among construction trade. We should change the monopoly situation. We should carry out the method of inviting tenders and submitting tenders to undertake construction projects except for mainbodies of special projects and large projects. Construction units will publicly invite tenders and choose the units to undertake the construction of projects. With regard to the supply of principal building materials, material supply departments will directly offer them to the units undertaking construction instead of investors buying them. The units undertaking construction should make a contract in the construction work and the purchasing of building materials. Those licensed county and township construction contingents are allowed to make a contract in the construction of projects in urban areas. The department in charge of capital construction should equally treat both state and collectively owned construction enterprises that come from other places to make a contract in the construction of a project, enthusiastically make things convenient to them, but are not allowed to transfer the construction to others to seek private gains from it. Construction enterprises should eliminate the method of "everybody eating from the same big pot," generally carry out the contract responsibility system and a method of paying wages according to labor and implement a method of contracting the construction of a building, construction period, construction quality and the cost of the construction. The wages and bonuses can be changed in accordance with labor results. There is no limitation on how large the payment can be, but as for those incompetent workers, the units undertaking the construction of projects will only give them basic living expenses.

Rural grassroots administrative reform should be stepped up and the work to separate government administration from commune management and to establish township organs of power should be completed on schedule as planned. The province's establishment of townships was carried out gradually after summing up the experiences of pilot units. By the end of March, the provincial government had examined and approved the plans for establishing townships of 75 counties (cities, districts) and approved the establishment of 1,416 townships and 458 villages. The plans of other counties (cities, districts) for the establishment of townships are being formulated or examined and the townships are being planned to be set up by the end of this year. Because the work to separate government administration from commune management and to establish township organs of power involves many fields and arduous tasks, all commissioner's offices and city and county people's governments should continue to strengthen leadership over it. Areas whose plans have been approved should step up their efforts to establish organs, readjust leading bodies, select cadres, and start their work. In areas where a commune is divided into several townships or where there are changes in the districts of communes, efforts should be made to protect collective property. The original commune-run enterprises must not be disbanded. They may be changed into joint enterprises run by several communes, their business should be continued, and the receivers of their profits should remain unchanged. In areas where the preparations for township and town governments has been completed, the people's congresses should be held to organize town and township people's governments through democratic elections.

Reform is a profound revolution, a struggle against outmoded ideas, traditions and habits, and a denial of outmoded things. It will certainly encounter various

kinds of obstacles. We may succeed or fail in the reform. Therefore, we allow mistakes in the exploration of reform. However, we must not refuse to reform for fear of mistakes, and still less obstruct or oppose the reform. Governments at all levels should have a correct attitude toward the reform, support and protect reformers, be good at discovering new things emerging in the reform, sum up the new experiences in the reform, and be promoters of the reform.

#### 6. Work Hard To Build the Socialist Spiritual Civilization and Strive To Bring About an Overall Improvement in Social Conduct

In order to build characteristically Chinese socialism, we should build a highly developed socialist spiritual civilization while building a highly developed material civilization. This is an issue concerning the strategic principle for building socialism. In building the socialist spiritual civilization, we should carry out the "five-stress, four-beauty, and three-ardent-love" activities with the education in the communist ideas as the core and with the building of civilized units as the emphasis. Through thoroughgoing development over the past year, the "five-stress, four-beauty, and three-ardent-love" activities and the "all-people civility and courtesy month" activities advocated by the CPC Central Committee and the State Council have become activities of the whole society carried out in urban and rural areas and on all fronts. Civilized villages named by leading organs at the county level or above have reached more than 5,900, various kinds of civilized units more than 6,000, and socialist spiritual civilization units cooperatively built by armymen and civilians more than 2,800. The activities have played an important role in changing urban and rural outlook, improving social conduct, establishing and developing new social relations, training new people who have ideals, morality and education and who abide by discipline, and promoting economic construction. This year, we should continue to emphasize the building of civilized units and deepen the "five-stress, four-beauty, and three-ardent-love" activities. All localities should earnestly sum up experiences, proceed from the actual situation, mobilize the masses to work out feasible plans for building civilized units in which the activities of, criteria for, and evaluation methods of civilized units are clearly stipulated, and launch extensive activities to emulate the five-good families, civilized dormitories, and civilized work teams. In addition to encouraging armymen and civilians to build spiritual civilization units cooperatively, we should carry out activities of building civilized units cooperatively by cadres and the people, by workers and peasants, by neighborhoods and plants, and by policemen and the people in places where conditions permit.

In building civilized units, we must give priority to the building of spiritual civilization and penetratingly conduct education on patriotism and communism, in line with the ideological realities of cadres, the masses and especially youths. In urban areas, we should strengthen workers' study of political theories through sponsoring regular study courses, off-service rotational training courses, and sparetime study courses. In rural areas, we should use peasants' evening schools and cultural centers to conduct the education systematically on communist ideals and morality and the education on the three-ardent loves among peasants so as to guide peasants to handle the relationships accurately among the state, collective and individual interests. We should make education reside in activity, should organize the large number of cadres and the masses, the youngsters in particular, to learn from Lei Feng and from

the advanced figures, should extensively conduct the reading and speech activities on "vitalizing China and building Shandong," and should launch the activities of voluntarily working and serving the people and voluntarily helping peasants in farming so as to provide conveniences for the people and to benefit society. The 35th anniversary of the PRC's founding and the 65th anniversary of the 4 May Movement occur this year. We should extensively conduct the education on patriotism and revolutionary tradition, should vigorously propagate the history of the revolution of our party and army, should publicize the spirit of devoting oneself to the country and the fine style of revolutionary martyrs, heroic models, and veteran revolutionaries, and should further enhance the ideological consciousness of the large number of workers, staff members, and the masses in ardently loving the motherland, socialism and the party.

In launching the "five-stresses, four-beauties, and three-ardent loves" activity and in building civilized units, we must stress eliminating dirtiness, disorderliness and poor service, creating a beautiful and clean environment, building fine social order, and improving service. People's governments at all levels should, on the basis of affirming achievements and summing up experiences, discover the hidden problems, should list the elimination of dirtiness, disorderliness, and poor service as an item in planning urban and rural construction, and should eliminate dirtiness, disorderliness, and poor service in an all-round manner and in line with the unified planning so as to make all rural and urban areas in the province prosperous, flourishing and culturally-advanced at an even faster pace. Commercial and service, medical and public health, communications and transport, and post and telecommunications departments are the "window" of spiritual civilization. We should conscientiously strengthen the work of these departments, should conduct reeducation in the spirit of wholeheartedly serving the people and in professional morality among workers and staff members, should strengthen the basic training on civilized behavior, polite language, and professional skill, and should actively launch the emulation drive of becoming the "three-good civilized units" so as to effect a big change rapidly in the service work of these departments. We should conduct intensive education and propagation on the legal system, should educate and encourage the people to observe discipline and laws, to respect social morality, and to maintain public order voluntarily. We should further consolidate the urban traffic order and the order at agricultural and trade markets, public places, and scenic spots. We should improve the necessary regulations and systems so as to provide better regulations and laws for the people to observe. We should conduct penetrating education and propagation on patriotic public health and on transforming social traditions should step up environmental protection and prevention and curing of diseases, should increase the fundamental public health facilities, and should mobilize the masses to clean the places as yet untouched by the sanitation campaign and to eliminate mosquitoes, flies, and rats so as to make everybody have the good habit of paying attention to sanitation and hygiene and to improve constantly the general level of the people's health. Great efforts should be made to plant trees, flowers and grass, to green, clean and beautify surroundings, and to gradually build many garden-type organs, schools, plants, neighborhoods and towns so as to change the appearance of urban and urban areas thoroughly.

In building socialist spiritual civilization, we must vigorously conduct theoretical research, enrich literature and arts, and develop journalism, publishing, radio, television, sports and public health services. Since the beginning of last year, our province has scored remarkable achievements in this regard. However, we still have a long way to go to meet the demands of the current situation and many problems need further resolution. All departments in all localities should further strengthen the leadership, should bring the work in this respect into the orbit of serving the socialist modernization drive, and should mobilize and organize the theoretical, literary, art, press, sports and public health workers to work hard for fulfilling the party's general goal and task. We should give full play to the role of the present theoretical contingents, strengthen our province's economic development strategic study, and promote the development of modernization construction undertakings. We should adhere to the orientation of using art and literature to serve the people and socialism, and to the principle of "letting 100 flowers blossom and 100 schools of thought contend," organize the art and literary workers to go to the reality of life to understand the great changes in the current social life, and, with an emphasis on creating more works with modern themes, produce more good plays, novels, reportages and artistic works and shoot several good documentaries and television films. The performing troupes should persist in giving performances to peasants in the mountainous areas and countryside and to workers in plants and on the worksites of key state construction projects. We should vigorously develop rural cultural centers in small market towns so as to enrich the cultural life of the people in the countryside and industrial and mining enterprises. Efforts should be made to carry out mass sports activities extensively, improve physical culture and sports, and make Shandong Province's sports undertakings more prosperous. We should develop press, publication, broadcast and television undertakings, fix a target and give guidance in economic propaganda work, improve the quality of printing, vigorously set up radio and television microwave relays and FM broadcasts, readjust, improve, and develop wired broadcast in the countryside. Workers in the theoretical, literary and art, educational, press, publication, radio, television and mass cultural fields are "engineers of human souls." They should hold aloft the Marxist banner, adhere to the four basic principles, oppose spiritual pollution, and use their articles, works, lectures and performances to guide the people and to make them treat history correctly, understand reality and believe firmly in socialism and the party's leadership. They should encourage the people to work hard, to aim high, and to shoulder the heavy task of being "engineers of human souls" realistically.

Strengthening the building of the legal system is a reliable guarantee for building the socialist material and spiritual civilizations. The year 1983 was the first year to enforce the new constitution. Our province scored remarkable achievements in strengthening the socialist legal system, examined the implementation of the constitution and law in the judicial and public security departments and in other departments, checked violations of the constitution in the judicial and public security work and in the grassroots election work, and revised some regulations and systems that contradicted the constitution. In order to maintain social order and to improve public security comprehensively, we waged a struggle against serious criminal activities in line with the plans of the central authorities, punished a large number of serious criminals in a prompt and strict manner, and strengthened our efforts in educating and helping general criminals and youths. The sense of the legal system of the broad masses of cadres had been strengthened further. The number of various kinds of criminal activities decreased. The average monthly crime

rate declined over 50 percent. Marked improvements were achieved in social order. We should not, however, overestimate our improvements in social order. Some cadres, especially some youths, have a blurred understanding of the legal system. Sometimes, the judicial and public security departments have failed to enforce the law strictly. So far, some fugitive criminals have not been arrested. A large number of cases have not been cracked. Vicious criminal cases such as murder, bomb planting, theft of guns, rapes and theft occur frequently. Realizing a fundamental turn for the better in social order, we should exert untiring efforts. To strengthen the legal system, we should continue to deal severe blows to criminal activities--concentrating on fleeing criminals--mop up unearthed criminals, make a breakthrough at the intact corners of our own units, and dig up deeply hidden criminals. We should stress "accuracy" in dealing blows to criminals so that no one is wronged or left unpunished. We should stress "severity" in enforcing law, strictly distinguish guilt from innocence, and strictly forbid the illegal detention and imprisonment of citizens. We should further strengthen our leadership over the building of the legal system, continue to publicize the new constitution, intensify the education in the legal system, establish and improve some local laws and regulations, and put into effect the various measures for tackling public security problems in a comprehensive manner. We should strengthen the contingents of public security and judicial personnel, armed police forces and militia work, replenish grassroots public security and judicial organs, consolidate public security committees, mediation committees and other mass public security organizations, establish and improve the public security responsibility system at industrial and mining enterprises, offices and schools, and organize the forces from all departments and sources to work in unison for the overall improvement of public security.

Fellow deputies, government organizational reform at the county level and above have generally been completed. Through the reform, the setup, size and the average number of leaders of the organs have been reduced, and an encouraging change has taken place in the age and knowledge structure of leading bodies. This has laid a solid foundation for improving government work and raising work efficiency. New leading bodies should have new ideas and a new workstyle. Governments at all levels should carry forward the party's fine traditions and workstyle, strengthen the unity and cooperation between old and new cadres, uphold democratic centralism, forge close ties with the masses, conduct penetrating investigations and research and overcome bureaucracy. Government personnel should be educated so that they will abide by the law, be loyal to their work, be honest in performing their duties, seek no selfish interests and should wholeheartedly serve the people, the grassroots levels and production. In this way, the reformed government organs will take on a new look and create a new situation.

Fellow deputies!

Creation of a new situation in all fields of modernization calls for the creative labor and diligent work of the people throughout the province. We won a great success in the past year. This year, we should guard against arrogance and rashness, advance on the crest of the success, resolutely carry out reform, be determined to create the new, to unite as one, to work diligently, to win new victories in economic construction and other work, and to greet the 35th founding anniversary of the PRC with outstanding achievements.

## ECONOMIC PLANNING

### BRIEFS

PEIXIN ON JIANGSU DEVELOPMENT--Issue No 3 of 1984 of the (Jianghai) journal, published on 22 May, carries an important article by Han Peixin, secretary of the provincial party committee, entitled: "Investigation in Northern Jiangsu." The article, which was written on the basis of firsthand information obtained by Comrade Han Peixin during his investigation of northern Jiangsu, analyzes and compares the history of and the present situation in economic and social development in northern and southern Jiangsu, expounds on the strategic viewpoint of actively promoting the development of southern Jiangsu and speeding up the development of northern Jiangsu, and discusses important questions concerning the strategy for Jiangsu's economic and social development until the end of this century. The article is of great significance for guiding comrades engaged in theoretical work to conduct social investigation and study and solve important practical problems, and for guiding comrades engaged in practical work to earnestly sum up experience and study theoretical questions. The issue inaugurates a special column on the works of contemporary Jiangsu writers and carries a series of theses on (Lu Wenfu), a writer from Jiangsu. These articles were selected from papers delivered at a symposium on the works of (Lu Wenfu), held in Suzhou last March. They reflect the latest trend in research on the works of (Lu Wenfu). [Text] [OW231051 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 22 May 84]

CSO: 4006/526

## ECONOMIC MANAGEMENT

### GUANGMING RIBAO DISCUSSES REFORM OF BONUS SYSTEM

HK180747 Beijing GUANGMING RIBAO in Chinese 6 May 84 p 3

["Economic Forum" by Liang Hua [2733 5478]: "A Major Reform in the Bonus Distribution System"]

[Text] The State Council has recently promulgated the "Circular on Relevant Problems Concerning Bonus Distribution in State Enterprises," which decided to gradually cancel the bonus ceiling and implement the method of levying bonus taxes. This is a major reform in the current bonus system. It has broken the practice of "everybody sharing food from the same big pot" in bonus distribution and embodied the socialist distribution principle of "from each according to his ability, to each according to his work, and more pay for more work," which is favorable to the arousing of initiative of the vast numbers of workers.

The people's understanding of bonuses has undergone a tortuous process. Prior to the "Great Cultural Revolution," some comrades had confused ideas about bonuses. While discussing the problem of distribution, a textbook on political economy (socialist section) only admitted that the principle of distribution according to work was implemented through various forms of wages, but evaded the problem of bonuses and used the "principle of material reward" instead. It seemed that the authors were afraid that they would be labelled "revisionists" if they use the word "bonus." This was one of the consequences of the influence of the "leftist" ideas.

During the "Great Cultural Revolution," these worries were unfortunately realized. In propaganda material, the method of issuing bonuses to encourage the workers who made contributions was regarded as not yet being extricated from the notion "working for money," a category of the capitalist class. In practical life, the people who issued bonuses were really labelled "revisionists."

After the downfall of the "gang of four," we resumed the normal bonus distribution. However, due to the limit of the economic development and other conditions, although the enterprises implemented the bonus system, they could only adopt the method of "fixing the bonus ceiling and floor." Although the method was necessary and effective at that time, it was not really what we wanted. If the "bonus ceiling and floor is fixed," it is tantamount to egalitarianism. This is because under such a method, there is no difference or little difference in bonus distribution between the enterprises which are properly managed, which

make large profits, and which make great contributions to the state on one hand and those which make little contribution to the state and incur deficits every year due to poor management on the other hand; and between the workers who create more wealth for the state on one hand and those who are slack in work, who create little wealth for the state, and even waste state wealth on the other hand. Is this not egalitarianism? With the development of the economy, particularly since some of the peasants have become prosperous thanks to the implementation of the agricultural responsibility system, and the further implementation of the open-door policy, the method of "fixing the bonus ceiling and floor" has become an obstacle to state enterprises in developing production. It was precisely under such historical background that the method of cancelling the "bonus ceiling and floor" came into being. After this method was put into practice, the initiative of the enterprises in operation and management and the workers' enthusiasm burst out like a volcano. The production of many enterprises brought forth an entirely new look. As the enterprises made greater contributions to the state, the collective welfare benefits and the workers' standard of living were both relatively improved.

The method of cancelling the "bonus ceiling and floor" not only proved successful in practice, but also proved correct in theory. Distribution according to work is the socialist principle of distribution. In the state enterprises, wages are the principle and basic form which manifest distribution according to work, whereas the bonus is a form used to reward those people who have overfulfilled the production tasks and made special contributions. It is, in essence, the payment for the excess labor put in by laborers. Therefore, it is the necessary complement to the realization of distribution according to work. Since disparity in wages is allowed, why should we only practice egalitarianism in issuing bonuses? Generally speaking, the main source of the workers' income is wages. Although there must be varying grades in the workers' wages, the gap must not be too wide. However, the bonuses paid for excess labor should be allowed to be higher than the normal wages. Particularly at the present moment, due to a variety of reasons, we cannot make all-round reform of the current wage system. In order to embody the principle of distribution according to work and to organically integrate the interests of the state, the collective, and the individuals, it is absolutely necessary and feasible to use floating bonuses to reward the diligent and punish the lazy people.

Early in 1919, Lenin said: "Bonuses would be impermissible under a full communist system, but in the period of transition from capitalism to communism bonuses are indispensable, as is borne out by theory and by a year's experience of Soviet power." ("Collected Works of Lenin," Vol 29, p 91) Similarly, as proved by theory and experience, it would be impermissible to "fix the bonus ceiling and floor" for the distribution of bonuses over a long period of time. Along with the implementation of the second step of substitution of taxes for the delivery of profits in state enterprises, the relations of distribution between the state and enterprises and the responsibility of the enterprises to the state are clearly defined. As the State Council has duly made the decision of cancelling the "bonus ceiling," we must conscientiously implement the "Circular" and put the spirit of the "Circular" into practice. We must proceed from the actual situation of enterprises, carry out investigations and studies, create more experience, and earnestly solve any new problems which might appear

in the course of cancelling the "bonus ceiling." Provided we attach importance to and constantly strengthen ideological and political work on one hand, and give full play to the economic lever role of bonuses on the other, we will certainly be able to arouse the initiative of the people and speed up the pace of China's socialist modernization program.

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FINANCE AND BANKING

NEW PLANS TO REVITALIZE SHENZHEN FINANCIAL MARKET

HK290319 Beijing ZHONGGUO XINWEN SHE in Chinese 1233 GMT 28 May 84

[ZHONGGUO XINWEN SHE Headline: "Shenzhen Financial Market Adopts New Methods to Increase Capital Strength"]

[Text] Beijing, 28 May (ZHONGGUO XINWEN SHE)--The Shenzhen City branch of the People's Bank of China has decided to adopt new methods in various aspects, such as capital management, business variety, management style, interest rates for deposits and loans, and financial and foreign exchange management, in order to strengthen the capital strength and vitality of the Shenzhen financial market. The State Council has recently approved a series of reform plans of the Shenzhen City Bank.

These new methods include:

The banks at the higher levels will no longer transfer to other places the existing capital of the various banks in Shenzhen; the deposit received in the future will remain in Shenzhen in order to increase the strength of the banks; with the exception of compensation, insurance premiums shared with other banks outside Shenzhen, ready funds retained for bank savings, charges for agents, and other expenses, the insurance revenue received in Shenzhen will be retained in Shenzhen as insurance funds; the banks at the higher levels should, in accordance with the requirements of Shenzhen's economic development, appropriately increase the overdraft amounts they provide for the various banks in the city with the loan quotas exceeding the deposit amounts they receive; the Shenzhen City Bank is allowed to borrow funds from domestic and foreign banks so that it can make up for the insufficient funds needed for the construction of the special zone; and the interest rates can be readjusted according to the market needs on condition that the present general level of loan interests is not lowered.

All banks are encouraged to reform business variety and management style in a bold way, to develop business in various ways, and to conduct business according to international banks in order to bring into full play the banking role of the special zone.

Reforms will also be carried out in various aspects, such as cash management, account service at the client's office, and settlement of accounts, in order to make things convenient for the clients and to speed up the capital turnover of enterprises and individual traders. While trying to finish the abovementioned reforms as speedily as possible, the Shenzhen City Bank is studying the banking reform in order to improve the banking system, rules, and regulations in the special zone.

FINANCE AND BANKING

FIGURES ON USE OF FOREIGN CAPITAL REPORTED

HK081401 Beijing BEIJING RIBAO in Chinese 24 Apr 84 p 1

[Report: "Beijing Makes Marked Progress in Using Foreign Capital and Introducing Technology in 1983"]

[Text] In 1983, the municipality made marked progress in utilizing foreign capital and introducing technology. The municipality approved the utilization of foreign capital amounting to \$117 million for 138 projects, an increase of 85 and 26 percent over the previous year, respectively. The number of technological projects and items of equipment imported by utilizing foreign capital and money obtained from foreign exchange was 201, worth a total of \$132 million, an all-time record.

The municipality started utilizing foreign capital and introducing foreign technology in 1979. Over the past 5 years, under the guidance of the open-door policy, the municipality has developed this work from simply processing materials, assembling spareparts, and compensation trade to running joint venture enterprises and carrying out technological cooperation. The municipality has approved the utilization of foreign capital in 506 projects, totaling \$700 million. The number of projects in operation is 363, 71.2 percent of the number of projects which have been approved. The amount of repaid foreign capital is \$117 million. The municipality has reformed and built tourist facilities and developed light industry, textile industry, the electronics industry, and the food industry. It has expanded clothes manufacturing work, the intensive processing of petrochemical products, and the work of saving energy and recovering waste and readjusted the mix of metallurgical industrial products. In addition, it has solved some urgent problems in technical reform in machine building and other trades. Insofar as the projects which have been completed and put into operation are concerned, the municipality has achieved marked results.

Production has developed, the market is thriving, and exports have been expanded. The textile bureau has used bank loans obtained from foreign exchange and renminbi loans to carry out technical reform in 25 projects in 18 key factories based on the fact that high-grade woollen products are in short supply, cotton and woollen spinning capacity is low, and arrangement work after printing and dyeing is backward. Up to the present, 17 projects, have been completed. After the completion of all the projects, the annual output value

will increase by 260 million yuan in the clothing trade, a foreign capital of \$3.9 million has been utilized and 20 kinds of equipment totaling 3,400 items have been used to equip 22 factories and to reform 224 production and assembly lines. As a result, the quality of clothes has been improved and styles and designs have increased. Some of the clothes have entered high-class department stores abroad. Last year, the export of clothes and the amount of money exchanged from this export increased by 1.8 and 2.4 percent over 1978, respectively. Designs and variety of light industrial, textile, and electronic products have increased by 1,000 types. This has enriched the market of the capital city.

Technological progress has been promoted, the quality of products has been improved, and the production of products in great demand is being developed. Various trade forms have been adopted in the electronics industry and the instrument and meter industry to mainly develop the production of television sets, radios, and recorders. A total of \$47 million from foreign exchange has been utilized, 53 production lines introduced, and 29 special technological projects imported. Machines, components, and parts have been reformed in an overall manner. Take the two television factories for example. Before they introduced foreign technology, they could produce only 30,000 low quality, black and white 9-inch television sets a year. In 1978, they incurred a loss of 7 million yuan. Now, due to the introduction of foreign technology, they can produce 300,000 color television sets and 400,000 black and white television sets a year, and these television sets have reached a medium international level. Last year, the output value amounted to 260 million yuan. The municipality has narrowed the gap between the level of its electronic products and that of foreign electronic products, and some of its electronic products have found their way to the international market. The Yanshan Petrochemical Corporation has introduced five projects such as manufacturing polypropylene carpets and woven plastic bags by using loans and compensation trade forms. Now, three of the five projects are already in operation. This has helped develop the production of items in great demand and provided a new category of product for export. Over the past year, the Beijing distillery and brewery corporation has achieved marked results in carrying out technological cooperation with a foreign merchant. Brewing time has been markedly shortened and the quality of wine is close to the international level. It has reduced by a large margin the consumption of energy, water, and materials for brewing beer.

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FINANCE AND BANKING

BRIEFS

GUANGZHOU IMPORTS ADVANCED TECHNOLOGY--Guangzhou City in Guangdong Province has made new breakthroughs in using foreign capital to import advanced technology. Up to the present time, the city has signed 13 contracts for importing advanced technology and foreign firms have invested over \$14 million and have signed 23 agreements which involve over \$92 million. This year, 95 percent of the agreements are on the import of advanced technology and equipment in industry, communications, and transport. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 28 Apr 84 HK]

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## INDUSTRY

### GOOD RESULTS IN INDUSTRIAL PRODUCTION ACHIEVED

HK170343 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 15 May 84

[Text] This year the province's industrial enterprises have made great improvement in economic results [words indistinct]. From January to April, the accumulated industrial output value achieved by the province was 3.2 billion yuan, an increase of 13.8 percent compared with the same period last year. The output value of state-run industrial enterprises covered by the financial budget was 1.8 billion yuan, an increase of 12.6 percent compared with the same period last year. The income achieved by the province in sales and marketing of various goods was 1.82 billion yuan, an increase of 17.9 percent compared with the same period last year. The profit tax submitted to the state was 440 million yuan, an increase of 18.6 percent compared with the same period last year. The increase rate of profit tax exceeded that of the output value and sales volume.

The main reason for the relatively good economic results in the province's industrial enterprises in the first 4 months of this year, apart from an improvement in power supply and coal production, as compared with the same period last year, is that economic departments at all levels and enterprises have earnestly implemented the spirit of the provincial conference on economic work, and firmly grasped the work of upgrading the quality of products and cutting down consumption of raw materials and fuel, centered on raising economic results.

Of the 55 major quality indices on which the province conducted special examinations, 85.5 percent increased stably from January to April, a higher rate than in the same period last year. The output value of 19 key enterprises with high energy consumption in the province increased by 27.9 percent as compared with the same period last year, but energy consumption increased only by 16 percent.

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INDUSTRY

BRIEFS

ANHUI TOWNSHIP ENTERPRISES--In the first 4 months of 1984, the total output value of enterprises run by townships and towns in Anhui Province amounted to 488.9 million yuan, up 44.3 percent from the corresponding period in 1983. From January to April this year, 4,731 new township and town enterprises were set up in the province. [Summary] [OW190641 Hefei Anhui Provincial Service in Mandarin 1100 GMT 17 May 84]

SHAANXI APRIL INDUSTRIAL PRODUCTION--In April, Shaanxi Province's gross industrial output value was 1.17 billion yuan, an increase of 9.7 percent over the same period last year. The number of enterprises incurring losses in April was 235, which was 94 less than in April last year. The total amount of losses by the end of April was 50 percent less than in the same period last year. [Summary] [HK231545 Xian Shaanxi Provincial Service in Mandarin 0330 GMT 15 May 84]

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## FOREIGN TRADE AND INVESTMENT

### ZHU KUI ON FOREIGN ECONOMIC COOPERATION

HK301532 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 29 May 84

[Text] On 28 May, Provincial Vice Governor Zhu Kui spoke to XINHUA reporters on expanding economic and technological cooperation with foreign countries. He disclosed that Yunnan Province will take effective measures to vigorously expand the scope and fields of economic and technological cooperation with foreign countries.

The provincial vice governor said: In recent years, Yunnan Province has signed contracts with the United States, Japan, Britain, FRG, Poland, and Hong Kong on 15 items, and business talks are being held on another 30 items. However, due to historical and geological factors, Yunnan is still very backward in the economy and transportation. The items of economic and technological cooperation with foreign countries and the money amount involved are still limited.

He said: Hunnan is a multinational province in China's southwestern area, with beautiful scenes and abundant natural resources. The province is still underdeveloped and there is much room for further exploitation.

On behalf of the Yunnan Provincial People's Government, Provincial Vice Governor Zhu Kui warmly welcomed foreign friends, compatriots from Hong Kong, Macao, and Taiwan, and overseas Chinese to make direct investments in Yunnan; foreign governments and international financial organizations to grant long- and medium-term and medium- and low-interest loans to the province, those who can to provide advanced technological equipment, and those from scientific and technological circles of various countries to carry out intellectual exploitation and conduct academic exchanges.

Provincial Vice Governor Zhu Kui said: There are many fields in which Yunnan can carry out economic and technological cooperation with foreign countries. At present, we particularly welcome those who come to the province to exploit and utilize the natural resources in nonferrous metals, phosphate rocks, water conservancy, coal, and forests, and to hold business talks on importing advanced technology and equipment in the food industry, spice processing industry, forage processing industry, packing industry, mechanical industry, and battery industry. Ways of cooperation can be flexible and varied, such as joint ventures, cooperative business operations, sole-capital business operations, compensation

trade, processing on order, assembling on order, and [words indistinct]. Other ways of cooperation beneficial to the interests of both sides can also be adopted according to concrete items.

Provincial Vice Governor Zhu said: The Yunnan Provincial People's Government will take the following measures on items of cooperation with foreign countries.

1. Procedures for approving imported items will be as simple as possible. For those joint venture items the amount of which is less than \$3 million or other items the amount of which is less than \$1 million, provided the two sides reach an agreement, the province can approve them as soon as possible, usually within 1 month. For those items involving an amount which exceeds the limit, we will submit them to the state for examination and approval as soon as possible. After the items are approved, we will abide by the agreements and execute the contracts.
2. We will be responsible for providing relevant accurate information on natural resources to those who make investment to run enterprises in Yunnan. For those business operations with sole-foreign funds, we will provide them with natural resources, labor services, and sites. These enterprises only pay taxes and need not submit profits.
3. We undertake to repay loans on time and guarantee the decisionmaking power of those joint venture enterprises and enterprises solely operated with foreign capital according to relevant policies, decrees, and laws formulated by the Chinese Government. Joint venture enterprises and enterprises solely operated with foreign capital have the right to employ and dismiss staff members and workers according to stipulations in the agreements and can adopt salary forms and standards and implement the punishment and reward system suitable to their own enterprises.
4. We will provide more favorable conditions to joint venture enterprises and enterprises solely operated with foreign funds in taking over land. We will give more preferential treatment to them on the tax problem. In those cooperative items which need the province's cooperation in the fields of funds, material, human resources, and transportation, it is necessary to give priority to making arrangements.
5. We must encourage selling to foreign countries those products manufactured by cooperative enterprises, if possible. If there is difficulty in selling the products abroad, we may market them domestically and the province will use local foreign exchange income to pay the profits of overseas partners.
6. We will provide excellent working and living conditions to those personnel dispatched by foreign companies and more preferential treatment will be given to those who make outstanding contributions.

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FOREIGN TRADE AND INVESTMENT

EXPERT OPINION SOUGHT FOR DEVELOPING DISTRICT

HK280244 Guangzhou YANGCHENG WANBAO in Chinese 24 May 84 p 1

[Report by Liu Wanling [0491 1238 3781]: "How Do We Build the Huangpu Economic Development District?--Guangzhou City Leadership Again Approaching Experts for Advice"]

[Text] More than 20 specialists and professors today carried out an on-the-spot inspection on eastern Huangpu District. They will immediately begin a 2-day discussion and verification of the development strategy and overall planning of Guangzhou's economic development district. This is the second time specialists Guangzhou City CPC Committee and government on building an economic development district. [Sentence as received]

Guangzhou City has worked out a preliminary program for building an economic development district on a section covering 36 square kilometers on the eastern edge of Huangpu District, the eastern suburb of Guangzhou. The verification includes: prospects of the Hangpu development district, what will be the main industries to be developed, how to make a flourishing situation, how to enhance the transformation of old enterprise and the old urban area, how to raise funds, how to recruit qualified personnel, and so on. Those invited to participate in the work of verification include specialists in the fields of economy, planning, geology, construction design, and construction engineering.

In initiating the building of the economic development district, which is somewhat new, the Guangzhou City CPC Committee and Government have endeavored to handle it in a new way. Starting from the preliminary discussion on selecting the location of the development district, they discarded the usual method of depending on a small number of people making plans behind closed doors and then later submitting them to leading comrades for approval. Taking foreign practices as reference, the city once planned to build the development district into a science and technology town which develops and manufactures products using high technology. However, when specialists were first approached for advice in the middle of last month, many specialists said that in building the development district, emphasis should be put on promoting the technical progress of the old urban area and old enterprises, and that it was not advisable to stress the import of advanced technology for material production alone, because the production capacity of this development district will not account for a very great percentage of Guangzhou's economy. The city has seriously

considered this view and improved the guiding ideology for building the economic development district and making it conform to Guangzhou's realities. It also accepted the specialists' suggestions and determined that technical items imported for the development district should be advanced ones and of a high level. However, things should proceed from the small to the big and from the lower level up. In the beginning, items which will produce quick results should be attempted in order to accumulate funds and train reserve personnel.

The sincerity of the Guangzhou City CPC Committee and Government in depending on the scientific and technological personnel has greatly aroused the enthusiasm of the masses. The Guangzhou City Science and Technology Association, the China Democratic National Construction Association, and the All-China Federation of Industry and Commerce have held discussion meetings on separate occasions to seek advice from specialists, scholars, and veteran economic workers to discuss problems on import of technology, recruitment of personnel, and the raising of funds for the economic development district. At these meetings, proposals were made to the city CPC committee and government. Many residents have also written letters to the city CPC committee to express their views on building the development district.

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BRIEFS

ARTS, CRAFTS EXHIBITION--Since the opening in Beijing of the national exhibition of products of arts and crafts for tourists on 29 April, various leading comrades such as Zhang Tingfa, Ni Zhifu, Deng Liqun, Hu Qiaomu, Wang Renzhong, Zhou Gucheng, Tian Jiyun, Wang Letian, Song Ping, Liu Lantao, Hu Ziang, Xiao Hua, Qian Changzhao, Qu Wu, Wang Heshou, (Tang Quang), Zhang Yun, Rong Gaotang, Wang Ping, Xiao Ke, Hong Xuezhai, (Wang Jinxun) and (Wang Jiqing) and others have enthusiastically visited the Jiangxi Pavilion of the exhibition. The leading comrades such as Ni Zhifu, Deng Liqun, Tian Jiyun, Zhou Gucheng and others at the central level showed great concern over the procelain products from Jingdezhen. They encouraged the factories of Jingdezhen to bring into full play their dominant role and continue to turn out superior products. Comrade Ni Zhifu was pleased to see the ceramic clocks produced by the Nanchang Cloth Factory. He joyfully said: These are very good. Industrial products must be practical. Every household can use them. He also paid attention to the beverage production. A number of leading comrades encouraged the comrades in our province to work hard, make the best use of the local resources, achieve some breakthroughs in turning out arts and crafts products for tourists and produce more high-quality products for the country. [Excerpts] [OWL10653 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 9 May 84]

INVESTMENT CORPORATION MEETING--Beijing, 11 May (XINHUA)--The China International Trust and Investment Corporation held a meeting of its fifth board of directors in the Great Hall of the People here today. The meeting urged members of the board to do their best to absorb foreign capital, import advanced technology and support the construction of the special economic zones and the coastal cities as part of their effort to help step up the country's economic construction. Speaking at the meeting, the corporation's manager Xu Zhaolong said: In the past year since the last meeting of the board, this corporation has initiated the Sino-U.S. joint ventures, including the Sandeli Foodstuffs Company, and has started, in cooperation with domestic enterprises, 17 light and chemical industrial projects using imported technical equipment. The corporation has started 35 projects, using foreign investment in domestic economic construction. The meeting was presided over by Rong Yiren, vice chairman of the NPC Standing Committee, who is also president of the China International Trust and Investment Corporation. Also present was Zhang Jingfu, state councillor and minister of the State Economic Commission. [By correspondent Guo Junzheng] [Excerpts] [OWL30541 Beijing XINHUA Domestic Service in Chinese 1518 GMT 11 May 84]

BEIJING SUBWAY EXPANSION--Hong Kong, 20 May (KYODO)--Wang Guangying, chairman of China's Everbright Industrial Corp., disclosed Saturday its joint venture company with Japan's Kumagai Gumi Co. will undertake the project to expand the Beijing subway, the Hong Kong-based Chinese daily WEN WEI PO reported Sunday. The project is estimated to cost 20 million dollars and the Japanese company is to provide technical cooperation, the daily said. Everybright Industrial Corp. is China's first private company. [Text] [OW200841 Tokyo KYODO in English 0721 GMT 20 May 84]

SHANDONG-JAPANESE JOINT LEASE COMPANY--The Qingdao City Lease Company, Shandong Province, the Trust Advisory Company of the People's Bank of China, and the (Hirohito) Lease Limited Company, Japan, held a signing ceremony in Qingdao City on 9 May for the contract of establishing the joint venture firm of (Huahe) International Lease Limited Company that, in line with the needs of the province's economic development, can import or borrow various machinery, equipment, and transport instruments from both domestic and foreign companies and can get a patent for construction. It is also authorized to rent out machinery and equipment to units that need them urgently. Attending the ceremony were responsible comrades of the provincial economic and planning commissions, the provincial economic and trade department, the Qingdao City Branch of China's People's Bank, the Qingdao City Custom Office, and the Qingdao City People's Government. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 10 May 84]

SHENZHEN TECHNOLOGY IMPORTS--Reports from the Shenzhen Special Economic Zone say that the zone plays an active role in bringing foreign advanced technology and equipment to support the four modernizations into the interior of the country while making vigorous efforts to build itself. The Shenzhen Special Economic Zone imports advanced technology and equipment in a planned way, and then digests, transforms, and transplants them to the interior of the country. For example, the Guangming Overseas Chinese furniture factory imported more than 60 modern machines from the FRG and Japan and used these machines to manufacture at least 10 automatic cutting machines for the Xinyang woodworking machine plant and the Mudanjiang saw mill, thus helping them improve work efficiency in furniture making. The Shenzhen Special Economic Zone also plays an active role in importing advanced technology and modern equipment for scientific research institutes and enterprises in the interior to help them promote scientific and technological activities. Only last year, the Special Economic Zone furnished at least 10 provinces and cities with more than 100 sets of advanced scientific instruments. Meanwhile, the Shenzhen Special Economic Zone, through hundreds of interconnected enterprises, also conveys information on the world market situation and brings advanced production technology, equipment, and craftsmanship into the interior. [Text] [HK101419 Guangzhou Guangdong Provincial Service in Mandarin 0040 GMT 10 May 84]

JAPANESE ATTEND ECONOMIC MEETING--According to YANGCHENG WANGAO, while meeting the Japanese delegates attending the fourth Sino-Japanese annual meeting to exchange knowledge in economics yesterday afternoon, State Councillor Gu Mu said: We have achieved remarkable successes in implementing the open-door policy. We can advance with bigger strides in opening the door to the outside world. Gu Mu told the Japanese friends: The news of the further opening of 14 coastal cities has already been published in the press. By further opening, we simply mean the following: 1) letting these cities have greater self-determination rights in foreign economic activities; and 2) both utilizing foreign investment to import advanced technology and running joint ventures can enjoy preferential treatment equivalent to that of the special economic zones. The Sino-Japanese society for exchanging knowledge in economics was founded in October 1980. The society is composed of economists and scholars of the two countries. The fourth annual meeting was held this morning at Shenzhen's Donghu Guesthouse. The main topic of the current annual meeting is Sino-Japanese economic cooperation and the construction of China's special economic zones. Gu Mu attended this morning as advisor to the annual meeting. Liang Xiang, mayor of Shenzhen City, made a speech this morning entitled: The Developing Shenzhen Special Economic Zone. The current annual meeting is scheduled to last 4 days. [Text] [HK211239 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 21 May 84]

EXPANDING FOREIGN COOPERATION--According to a JIEFANG RIBAO special dispatch from Beijing, in an interview with Chinese and foreign reporters on the afternoon of 22 May, Mayor Wang Daohan said: Along with the progress in the open door policy, Shanghai will further expand the scope of cooperation with foreign entrepreneurs. In reply to a foreign reporter's question, Mayor Wang Daohan described the 11 foreign ventures in Shanghai. He added that the State Council had authorized Shanghai to sign contracts with foreign firms on projects under \$30 million. There are good prospects for cooperation using Shanghai and foreign capital. [Text] [OW230911 Shanghai City Service in Mandarin 2300 GMT 22 May 84]

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TRANSPORTATION

NEW OPEN PORT APPROVED FOR GUANGDONG PROVINCE

OW220625 Beijing XINHUA Domestic Service in Chinese 1453 GMT 21 May 84

[By correspondent Zhang Zhengming and reporter Jiang Shunzhang]

[Text] Guangzhou, 21 May (XINHUA)--A responsible person of the Office for Port Administration in Guangdong announced today that the State Council recently approved the opening of Zhongshan City's Zhongshan Port in Guangdong Province and passenger shipping service between Hong Kong and the port. It will be open to other foreign ships when conditions are ripe.

Zhongshan Port's original name was Hengmen Port. It is east of Zhongshan City (formerly Zhongshan County) and is one of the eight gates to Zhu Jiang. It is a natural good port with deep water and quite waves. It is 55 nautical miles from Hong Kong and 52 nautical miles from Macao. Its upper reaches are Xi Jiang and it can reach various cities and counties of the Zhujiang Delta and Wuzhou and Nanning in Guangxi. At present, a 5,000-ton class pier for freighters and three 1,000-ton class piers have been built in the port.

Zhongshan City is the native place of Dr Sun Yat-sen, the great forerunner of the Chinese democratic revolution and one of the famous native places of overseas Chinese in Guangdong. Its economy is relatively prosperous. The opening of Zhongshan Port is favorable to inviting foreign capital, developing tourism, and promoting economic construction in the city.

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