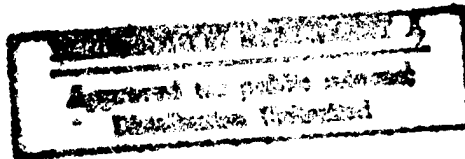


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China Report

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON REFORM OF PURCHASING PRICES

HK221504 Beijing 'JINGJI YANJIU' in Chinese No 6, 20 Jun 82, pp 45-50

[Article by Zhang Liuzheng [1728 3966 1767] of the Agricultural Economy Research Institute of the Chinese Academy of Social Sciences: "On the Reform of Higher Prices for Agricultural Products in Excess of Purchase Quotas"]

[Text] The implementation of higher pricing for the principal agricultural products when purchasing quotas are exceeded is one of the contents of the existing purchasing system for agricultural products. This practice dates back to 1965 when the system of state purchase quotas for grain was in force. At that time, based on the "three fixed quotas," a base figure was fixed out of the total grain purchase, and it was assigned proportionally to every basic accounting unit in the rural people's communes, and "once fixed, it was not to change for 3 consecutive years." The state purchased the grain within the base figure at list price, and offered rewards for the grain above the base figure. The measures were: half of the above-base grain was purchased at the list price coupled with material awards; the other half would fetch a higher price which was 30-50 percent higher than the list price (to be handled flexibly by different provinces, municipalities and autonomous regions). The complete term for this measure was called "stability for the base figure, higher price for the above-base grain." This system underwent some change in the 1970's, and the base figure was adjusted; all the above-base grain got a higher price, with a unified increase of 30 percent. In 1979, the State Council stipulated that for the three species, grain, cotton and oil, while raising the purchasing price, all the species could enjoy the measure of "stability for the base figure, higher price for the above-base products." More specifically, the base figure, with some modification and adjustment, was fixed according to the average output figure and actual purchase of the three species in the previous consecutive years, and "once fixed, no change for the next 5 years." The above-quota grain and oil crops were purchased with an increase of 50 percent, and the negotiated purchase could be carried out only after the fulfilment of the state quota (including the base figure and the above-base purchase). The above-base cotton was purchased with an increase of 30 percent. In addition to the measures stipulated by the State Council, some regions applied similar higher price purchase towards flue-cured tobacco and sugar crops.

Although higher pricing for the purchase of the above-base products is a practical measure, it is nevertheless a constituent element of the planned

pricing policy of the party and is directly associated with agricultural production and the peasants' daily life. It not only exerts influence on the development of agricultural commodity production, but also affects the state's finance, market prices and the work of readjusting the economy. With over 10 years' experience, especially with the practice in the past 3 years, the work of analyzing the merits and defects of this measure and formulating a practicable plan of improvement should be placed on the agenda.

1. Higher Prices for Purchases in Excess of the Quota is a Potential Factor for Inducing the Rising of the General Level of Purchasing Prices for Agricultural Products

Grain, cotton and oil are the first-category agricultural products that have been purchased by the state under control. After the adoption of higher prices for purchases in excess of the quota, the total purchase amount is divided into two portions, the base figure (the term "guaranteed purchase" is added in some regions), and the above-base or above-quota purchase. The purchasing price is correspondingly divided into two kinds: the base figure price and the above-base purchasing price. In order to be more specific, we adopt the terms, the first state purchasing price (base figure price, or the list price offered by the state in all the years after liberation), and the second state purchasing price (above-base price, that is: list price times (1 plus the percentage of higher pricing)). This method is a measure adopted because the general purchasing price for the agricultural products is relatively low, the internal price ratio between the agricultural products is irrational, and the principal agricultural products cannot meet the market needs, thus causing contradictions. It has the following characteristics:

First, higher pricing is limited to the above-base portion, and the base figure is still connected with the relatively low prices. The magnitude of the base figure has a direct bearing on the income of the commodity producer. The higher the extent of price rise and the greater the amount of the unit price, the more prominent the influence on the base figure.

Second, the base figure is an absolute value. It is fixed with reference to the land productivity and the quantity of commodities during the previous years before the fixation, and it has no corresponding proportional relationship with the change of production conditions and the purchased quantity within the period of fixation. The longer the period of fixation, and the greater the development and change of the agricultural situation and commodity production, the higher the degree of divergence of the base figure with the year's output and actual purchase.

Third, it is under the influence of the imbalance of the production development and other specific economic and political factors. In 1979, the level of obligation imposed by the fixed base figure varied to a very great extent between different regions, communes and brigades (both for the farming area or for the absolute quantity averaged with respect to the agricultural population, and for the proportion of the base figure in the total purchased quantity). For instance, a peasant may undertake to provide a base figure as high as 400 jin of grain, another may only provide scores of jin, while still another may

get rid of the base figure altogether. In different regions, the proportion of the base figure in the total purchased quantity may be as high as 80 percent, or it may be as low as under 10 percent. If a certain region provides several commodities at the same time, the main product will usually get a higher base figure, and the minor products may get a lower or zero base figure. Therefore, even the difference in the level of obligation is rather great between different species. This situation, aggravated by the irrational price ratio among agricultural products, makes the fixed base figure easy to decrease but difficult to increase, and makes the extent of price raising easy to rise but difficult to fall. The more the species with higher pricing, and the more brisk the exchange of commodities, the harder it is to control the existing problems regarding the base figure.

In a word, this measure of higher pricing runs contrary to the development and requirements of the production of commodities. When the commodity economy was not brisk, especially when this measure was adopted for grain which was consumed for the most part by the peasants themselves and which was provided to the state mainly as one of the political tasks, this measure did have some active impact on encouraging the peasants to make a greater contribution and on consolidating the system of state monopoly for purchase and marketing. During the 10 years of internal disorder, the development of agricultural production was slow, there was little improvement in the conditions of the low-yield regions, the plan for cultivation was rigid, and all was strictly controlled by the state; as for the basic production units, there often existed the situation in which production was carried on without evaluating the cost and labor was conducted regardless of the effect, so the stagnancy of the economy covered up the contradiction of pricing. That was the reason why the base figure fixed in 1965 could exist for a long period without any alteration. Generally speaking, after 1979, higher pricing for the above-base products did have some effects on prompting the peasants to develop commodity production, to increase production generally and to provide more material to the state. However, in the past 3 years, because great changes have taken place on the entire agricultural front, there have been new developments in the production and exchange of commodities, new imbalance has emerged between regions, trades and species, the economic life in the countryside has become very brisk, and especially because the work of the country's economic readjustment and system reform has intensively developed, the contradictions inherent in the existing measure of higher pricing have gradually become manifest. For example:

The contradiction between the unchanged base figure and the changing situation of commodity production. The development of agricultural production is often not balanced. Under certain natural and economic conditions, the potential for increasing production is great for those regions, communes and brigades with lower fixed base figures and the situation is just the opposite for those units with higher fixed base figures. When the former units have got rid of certain factors of interference imposed by human influence, and commodity production has made great progress within the period while the base figure lasts, the proportion of the above-base products purchased will be high, and the amount of money through the higher pricing will be relatively great. In comparison with the latter regions, there would even appear the situation that the sales volume of the commodity is inversely proportional to the amount of income. In

the last 2 years, the difference in income and benefits has been the reflection of this kind of contradiction. Even within the same region, a similar situation emerges between different species.

The contradiction between the unchanged base figure and the reorganization of the structure of production. Because the fixed base figure is coupled with some irrational arrangement of production formed during the course of history, a minority of areas with concentrated commodity production undertake a higher base figure, while the majority of areas with scattered commodity production share a lower base figure. The high base figure makes it difficult for the former areas to plant specific species with reference to particular soil conditions, and also makes it difficult for them to develop diversified economy and rational rotational cultivation, but a low base figure can make it possible for some areas to develop specific species with a higher income. The more intensive the work of readjustment, the more conspicuous the contradiction. The result is that on the one hand, the unchanged base figure will undergo pressure to change, and, on the other hand, it will be difficult to realize the state plan for cultivation. In particular, for some products with lower income (such as grain), the farming area shows a tendency to decrease.

The contradiction between the unchanged base figure and variations in the annual harvest. Agricultural production depends to a great extent on natural conditions. The same area in different years and the same year between different locations will show a certain kind of difference in the year's harvest. For the accounting unit (or a county) which has undertaken the task of providing a certain base figure, unchanged results of harvest for 5 years on end would only be accidental, but the base figure will remain unchanged regardless of the results of the harvest. From the standpoint of the entire country, harvest results may vary from year to year, yet the general task of purchasing the base figure products can hardly be accomplished.

The contradiction between the unchanged base figure and variations in the quantity purchased. Changes in the quantity of commodities provided by the basic accounting units are influenced not only by production, but also by the circulation channels, market demand and supply, and the method of settling the account. Thus the situation occurs quite frequently that some accounting units provide greatly increased amounts of above-base products, but some cannot fulfill their base figure tasks. As for the general results in the whole country, the base figure tends to decrease all the time, and the above-base quantity is not in proportion, or is even in inverse proportion to the general purchased quantity. In the scattered production regions, it is particularly easy for this situation to emerge regarding the second-category agricultural products, and it is even more difficult to control after the implementation of fixed output, fixed work load and independent accounting for each household.

The artificial effect of such contradictions is that within a certain extent of total purchase, the accomplished base-figure portion tends to decrease, while the above-base portion tends to increase continuously. This is reflected in the ever increasing prices year after year. The unchanged base figure is in effect a variable, a potential factor that affects the stability of the general purchase price for agricultural products, and it hampers the implementa-

tion and fulfilment of the state plan. The trend that has taken place in recent years regarding the grain base figure is good proof. At first, part of the old commodity grain bases earnestly demanded that the base figure be reduced. The first reason they gave was the desire to stabilize grain production. For instance, in Yantai Prefecture, the average peasant had to be responsible for a base figure of 91 jin, which was 21.3 percent higher than the average figure for the province; when the base figure was assigned further downwards, in Huang County it was 138 jin, and in Ye County it was 166 jin; in Ye County, four high-yield communes which had 39.4 percent of the country's population undertook to provide 55.6 percent of the country's base figure. The same method was adopted by the commune to assign the base figure to the basic accounting units; Guangming Brigade of Xiyou commune, a main supplier of commodity grain, undertook a base figure which was 1.07 times higher than the country's average figure and 2.78 times higher than the region's average figure. The high-yield communes and brigades made great contributions, but they were given lower prices when settling accounts. This situation has become a very disadvantageous factor in stabilizing the sown area for grain production.

The second reason for their demand to lower the base figure was to meet the needs of readjusting the structure of agricultural production. Because the income from growing grain tended to be low, the peasants were quite willing to expand the sown area for oil-bearing crops, cotton and tobacco. In comparison with grain, these crops already had a higher initial state purchase price. Since they were not the main production area, the base figure was low. In addition, the newly increased areas had no base figure imposed. If this situation was not brought under control, the result of readjustment often led to a decrease in grain area. In order to tackle this problem, Huangpi County of Hubei Province adopted the following measures: on the basis of strengthening planned management, the adjustment of price had to be enforced, and the task had to be changed with the expansion of the sown area. As regards the newly expanded area, no matter whether oil crops or cotton were grown on it, fresh quotas and base figures had to be imposed, while fresh quotas for grain had to be accompanied by a reduced base figure. For instance, the area for growing grain crops in Shuangchen Brigade of Huancheng commune amounts to 90 percent of the total farming area. In 1980, while the purchase quota for grain increased by 4.3 percent, the base figure decreased by 8.1 percent. This gave the average laborer in the whole brigade an extra 68.75 yuan through the higher pricing measure. The commune members were quite satisfied with the result. The measure facilitated that smooth implementation of the country's readjustment work. Furthermore, throughout the whole country, the base figure cannot be maintained, and the rate of fulfilment is on the decrease year after year. The base figure fixed in 1979 was twice reduced until 1981, with a total decrease of 13.4 percent, and the major part of it took place in the main production areas providing commodity grain. Even with all this reduction, the base figure was not well fulfilled. Before 1978, the rate of fulfilment generally reached 96 percent. After 1980, the rate gradually decreased to under 90 percent, with an even lower record in certain years. At the same time, the quantity and proportion of the above-base figure increased steadily, and the payment for the increased quantity by the state was correspondingly increased rapidly. Decrease of the base figure meant the increase of payment

for the above-base products, and the inverse association of purchase and sales was expanded. The financial subsidy provided by the state was therefore increased. At present, the series of chain reactions has increased the financial obligations of the state. Of all the prices for agricultural products, the price for grain is the base. This kind of situation begins with grain, but it can extend to cotton, tobacco and other agricultural products and animal by-products, thus forming an increasing pressure on the state's finance, and on the overall work of readjusting the economy.

2. Higher Prices for Purchases in Excess of the Quota is Not a Conscious Utilization of the Law of Value

The existing measure of higher prices for purchases in excess of the quota has induced various kinds of contradictions, affecting the development of the production of agricultural commodity products in our country. The theoretical explanation for this situation is the lack of understanding regarding the role played by the law of value in our agricultural production, and regarding how planned prices should reflect the requirements of the law of value.

The basic requirement of the law of value is: Commodities should be exchanged according to the value created and determined by the necessary labor time of society. On the same market, the same kind of commodity should fetch the same price, and a single commodity should appear as an average specimen of that kind of commodity. Under the capitalist system, this process manifests itself through competition and the fluctuation of prices. In socialist countries, a planned economy is practiced. In our country, the agricultural products of the first category are controlled by the state through unified purchase, and the agricultural products of the second category are monitored by the state through quota purchase. All these purchase prices are fixed and adjusted in a planned way, so as to avoid the harmful effects on production caused by price fluctuations. At the same time, this purchase system reflects essentially the relationship of commodity exchange between the state and the collective peasants. In order to expedite the development of commodity production, it is necessary and also possible for us to ensure that the above requirements of the law of value be respected, and be utilized in a conscientious way. Since the founding of new China, we have established a socialist unified market in our country, and have persisted in ensuring the concentration and unification of the management of prices. The purchase prices for all the important agricultural products throughout the country have been fixed in accordance with the principle of a unified market. Apart from setting up some necessary price differentials between regions and seasons, the purchase prices for all the standard products have gradually come to be identical throughout the country. After the advent of the 1960's, the price differential between regions for the few main agricultural products tended to disappear altogether. At present, within the range of planned pricing, different purchase prices for the same commodity are caused by the measure of higher prices for purchases in excess of the quota. For the basic accounting units, at the end of the year's purchase, the liquidation price equals the weighted average of the base figure plus the above-base purchased quantity, or: the liquidation price equals (the first state purchase price times the base figure plus the second state purchase price times the above-base quantity) divided by the total quantity pur-

chased. Take the purchase of grain for example, within the scope of the whole country, certain regions may have a base figure ratio as high as over 80 percent (when there is a lean year, and the supplied grain cannot meet even the basic figure, then the base figure will be 100 percent), while some regions may get a zero-base figure. The great difference in the ratio between the base figure and the above-base figure directly constitutes multiple prices for the same commodity and a great price difference between the unit prices for the same commodity. For the former, a species of grain may fetch a price ranging from 0.13 yuan to 0.195 yuan, more than 10 grades if based on the unit of 0.001 yuan; for the latter, in the northern province, 1 jin of the standard product lint cotton may have a price difference of as much as 0.5 yuan. Also there are variations in prices for every year of purchase. This situation happens in the interrelations not only between provinces, counties and adjacent production brigades within a commune, but also between households in the areas where purchase and settling of accounts are conducted on a household basis. The results of this situation are:

First, this makes the purchase price of the agricultural products disassociated from the social cost. The cost is the basic component element of the commodity value, and is also the lowest limit for the commodity price. The formulation of planned prices should consider the function of the law of value, primary based on the cost. The production cost of the agricultural products is divided into the individual cost and the social cost. The formulation of the price should be based on the social cost of that particular kind of commodity. The present price for settling the accounts of the above-base products has nothing to do with the social cost, and does not change in accordance with the individual cost, and therefore confuses the relationship between the price and cost.

Second, the higher pricing awarded to the above-based products is not a kind of compensation or reimbursement for the overfulfilment of the task for the supply of commodities which require additional material and living labor. In some of our production regions where a large population is endowed with a scarcity of land and where the multiple crop index is high, with a concentration of grain and cotton quotas, because of various economic and technological factors, there exists the phenomenon that the gains of investment tend to decrease progressively. But the reimbursement offered by the existing higher prices for the above-base products runs in the reverse direction regarding the greater expenditure of the magnitude of labor. For instance, a small number of high-yield regions which provided relatively large amounts of commodity grain before 1978 were assigned heavy tasks when the base figure was fixed in 1979. These regions generally have a fairly large population but a small area of land, with comparatively high intensive operation. Their means of increasing production have been to raise the multiple crop index, to use more chemical fertilizers, to strengthen plant protection and to adopt improved varieties. Though the extent of increase is quite satisfactory, the cost is rising more drastically. The result of the investigations conducted by the national agricultural committee on the agricultural economy of 11 counties shows: compared with the year 1965, Wuxi and Wu Counties increased their grain production per mu by 50 percent in 1979, but the material cost increased by over 150 percent, the magnitude of labor increased by 117 percent, and the per mu cost and per

jin cost both increased drastically. If calculated according to the first state purchase price, the net income per yuan for the agricultural investment dropped by 50 percent, and the farming resulted in a loss; if calculated according to the second state purchase price, the net income showed a slight profit. The same trend of change applied equally well to Jiaxing, Boluo, Taoyuan and Tong Counties. But the grain liquidation price in the above-mentioned regions tilted toward the first state purchase price. Take Jiaxing District for example, the grain base figure for every peasant was 331 jin. In 1979, a year of bumper harvest, the commodity grain rate reached as high as 37.1 percent, but the above-base quantity only amounted to 43.5 percent of the total state purchase quantity. In 1980, because of natural calamity, the commodity grain provided by every peasant was 316 jin, which did not satisfy the base-figure requirement, and consequently no above-base money was obtained. In these regions, the potential for further increasing production is limited by various measures. Within a certain period from now, if there is no significant technical breakthrough, the gains from the progressive increase in investment will still show a tendency to decrease. On the contrary, those regions which had a very low base figure before 1978 generally have comparatively more land, and some of them even enjoy quite favorable natural conditions. When the initiative and enthusiasm of the laborers are brought into full display, output will rise rapidly while expenses are reduced, with the result that money derived from the higher pricing will increase, and the income from production will rise markedly. In the cotton production regions, because of the high base price for commodity cotton, plus 30 percent higher pricing for the above-base figure, grain quota awards and regional price differential, the difference in income is more evident. The irrational difference of income and benefits lies in this kind of price difference, and it does not entirely result from, or even has little to do with, the performance of production and operation. This measure, which makes income regulated by the base figure, also gives rise to a tendency of violating the principle of the exchange of equal values between agricultural producers, thus affecting the implementation of the purchase plan of the state.

Third, the overflow of the above-base money in some regions is not the result of the differential income of rent. A special manifestation of the function of the law of value on agricultural commodity production is the differential rent. Socialism has only eliminated the form of this kind of rent, but different grades of land retain the difference in income, and this differential income is gained by the land owner--the collective production units. This is in agreement with the needs of the development of commodity production. The existence of the differential income of rent is based on the proposition of "the general price of production," the benefits being awarded to the owners of top-quality and medium-quality land. The existing measure of higher pricing for the above-base products negates the existence of the criterion of social cost, and therefore makes the proposition null and void. We presume that when the base figure was established in 1979, the average liquidation price in the whole country was "the ordinary price of production" (this might have a quantitative difference if it had been fixed with reference to poor-quality land, but the essential characteristics would remain the same), then the actual liquidation prices of various commodities sold by different grades of land may be equal to, higher than, or lower than this ordinary price. Furthermore, the

opportunity of being "equal to this ordinary price" is very rare indeed, because the establishment of the base figure was not based on the grades of land, and without fixed proportion. The greater amount of money obtained from the best-quality land with a low base figure has in effect exceeded the income which is to be derived from the differential land, while the comparatively greater amount of money gained from the poor-quality land with a low base figure is in the nature of "subsidies," and this is in reality a transference of the net income of the best-quality land. Either case will be detrimental to the rational utilization of land and the planned development of the commodity production.

3. Reorganize and Reform the Existing Measure of Higher Pricing for the Above-Base Products

"Fixing the base figure and higher pricing for the above-base products" cannot reflect the inherent relations in the course of commodity production. Its extensive application offers little help to agricultural production which mainly practices planned economy. Therefore, it should be used as a temporary measure to encourage the peasants to provide more agricultural products to the state under specific conditions, and to regulate the proportion between self-utilization and commodity supply, and it should not be set as an established form in the course of planned pricing. This measure should be reformed through the following means: First, the extent and power of the higher pricing should be controlled and; second, the method of fixing the base figure should be changed.

The measure of "higher pricing for the above-base products" can be adopted under the following conditions: 1. To encourage peasants to produce and supply more agricultural products to the state, these products are those that bear a close relationship to the livelihood of the people and the economy of the country. In our country, a large population is endowed with a limited area of farming land, coupled with rather low productivity, which has caused a lot of problems for many varieties of agricultural products. If all solutions resort to the utilization of the limited land, biased results will occur. Therefore, it is necessary to take the needs of the state under consideration in accordance with the overall and long-term interests of the country. With reference to the concrete conditions of our country, grain should be the first product worthy of attention. Grain is a kind of strategic material. To satisfy the needs of the people, to develop the industrial and agricultural production, to further consolidate the unity of the workers and peasants, and to strengthen the national defense--all of these depend upon sufficient grain reserves. At present, the quantity of grain consumed by the peasants themselves still constitutes a very great proportion, but flexibility in consumption and the saving potential are not to be slighted. State purchase supplemented with higher rewards for above-quota products will enable the state to acquire more commodity grain under the same conditions. Rewards should be offered only to "selective and superior," and related measures such as preferential material sales, price subsidies and so forth should be under all-round review, otherwise the measures will lose their original purpose. 2. To subsidize labor consumption for certain agricultural products which have a lower selling price but which are badly needed by the state. At present, the internal ratio of

selling prices for the agricultural products is irrational, which results in widely different incomes for the producers who sell different varieties of products. It is understandable that the peasants of a collective unit should associate their option of items with the possible income. But with reference to the basic characteristics of the process of agricultural reproduction and the existing predominant collective ownership, when drawing up production plans, we should try our best to set target, and by means of indirect planning, develop various kinds of economic levers, pricing in particular, to play a greater role in guiding the peasants to follow the plans of the state. Under the present prerequisite that the general price level of the agricultural products needs stability, the supplementary function of higher pricing can be utilized to give subsidies to those agricultural products with relatively lower pricing that cannot be adjusted immediately. 3. It should become a measure which assists the pricing scheme. The planned purchase price is uniformly formulated by the state and should be maintained relatively stable, while the higher pricing measure is flexible to a certain extent so that it can act as a supplementary measure to the planned pricing. Therefore, the starting point of calculation for higher pricing can do without the absolute figure by employing the method of proportional calculation. Prices should not be raised too high, and the price may float within a certain range (say 20-30 percent). Different levels of higher prices may be applied to different varieties within the same category (such as rice and maize under the grain category), depending on the degree of the state's requirement. The period for carrying out the higher pricing measure should be fixed; generally speaking, a period of 3 years will be quite appropriate. In order to bring the auxiliary function into full play, stricter control should be imposed. The problem of whether the higher pricing measure should be applicable to state-controlled first and second category products should be arranged or approved by relevant unit authorities.

At present, quite a large number of products enjoy the measure of higher pricing, a situation that should be reorganized. From a long-term point of view, only those varieties such as grain should be allowed to retain this preferential treatment, and for all the others, this practice should be gradually relinquished. Even the measure of higher pricing for grain should be changed. Some regions have tentatively carried out proportional price raising: the total purchase quantity is fixed according to the conditions of production and the state purchase quantity over the past 3-5 years, and then the proportion between the base figure and the above-base figure is fixed (such as, 40:60 percent). Then, the actual amount of the year's grain yield is calculated based on the above proportion, that is, 40 percent will be paid at base figure price, and 60 percent at above-base price. The advantages of this method are: 1. Many defects arising from the existing measure can be avoided. For the commodity producers, equal liquidation pricing means equal opportunity and benefits, the difference in income being the result of the difference in production. Thus, the base figure is no longer dislocated in terms of the year's production and the actual purchase performance. The change of the absolute value of the base figure does not affect the normal income of the peasants. A small group of communes and brigades with heavier state quotas may be adequately regulated with improved proportion. As for the state, the base figure can thus be stabilized, while the purchase price can be controlled. This enables the increase in financial expenditure to base on better harvests

and increased purchase volume, thus facilitating the stability of prices on the entire market. 2. The procedure for account settlement is simple and convenient, easy to supervise, and particularly suitable for the new liquidation conditions after the implementation of household responsibility for fixed quotas.

Cotton is an important industrial raw material, and is a crop variety which requires a rather large investment and which depends on technology for its harvest. On in recent years has it achieved a good record with corresponding higher income for the peasants. At present, the higher pricing measure may be retained, but the base figure needs to be adjusted with the "5-year fixed period" changed to "3-year fixed period." Newly expanded areas should also be assessed with a base figure. The verified base figure should be adjusted each year by employing a "rolling" method. For the above-base cotton, higher pricing should be considered in association with subsidies and material quota awards, and it should be decreased adequately, so that the difference between regions, and between grain and cotton, can be reduced.

The adjustment of the base figure and the reform of the higher pricing measure involve the interests of the state, the collective and the individual. There are contradictions between immediate interests and long-term interests, and between overall interests and local interests. The principle of "taking care of the interests of the state, the collective and the individual simultaneously" must be implemented. The work of pricing is only a meanse of redistributing the national income, and its function is to organize production rationally, and to develop commodity economy vigorously. Therefore, reform of the pricing method should serve the purpose of facilitating the planned and proportionate development of agricultural production. Peasants should be encouraged to carry out the state's plan of cultivation and purchase, and to increase the production and selling of commodities which are urgently needed by the city and the industry. The state should offer the necessary encouragement politically, and give "preferential treatment" to the supply of industrial products to the countryside, and to the supply of the materials needed in agricultural production. All of this will facilitate the advancement of the reform.

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NATIONAL POLICY AND ISSUES

FOCAL POINT OF REORGANIZATION

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[Article by Jiang Yiwei [5592 0001 5517]: "Overall Reorganization Is a Constructive Reorganization--Part IV"--slantlines denote boldface as published]

[Text] IV. Establish a Contingent of Staff and Workers Who Are Both Red and Expert

Establishing a contingent of staff and workers who are both red and expert is of not only great economic but also great political significance to China's socialist construction.

Ours is a country in which the working class exercises leadership. The working class is the ruling class of the country and also the principal force in carrying out economic construction. The quality of the contingent of staff and workers plays a decisive role in consolidating the people's democratic dictatorship and accomplishing the socialist modernization.

The Chinese working class is an advanced force which possesses fine revolutionary traditions. As early as the stage of the new-democratic revolution, Comrade Mao Zedong pointed out: "In addition to the basic qualities it shares with the proletariat everywhere--its association with the advanced form of economy, its strong sense of organization and discipline and its lack of private means of production--Chinese proletariat has many other outstanding qualities." Comrade Mao Zedong pointed out that because the Chinese proletariat was ruthlessly subjected to threefold oppression in the old society, except for a tiny number of scabs, the whole class is most revolutionary. The moment the Chinese proletariat began to step into the revolutionary stage, it has been under the leadership of the revolutionary party of its own class--the CCP. Therefore, it has become the most conscious class. The Chinese proletariat has natural ties with the peasant masses and therefore, it can form a close alliance with them. With these strong points, the Chinese proletariat becomes the most basic motive force of the Chinese revolution. Comrade Mao Zedong came to the conclusion: "Unless it is led by the Chinese proletariat, the Chinese revolution cannot possibly succeed." ("Selected Works of Mao Zedong," vol 2, p 608)

Historical experience has proved that under the strong leadership of the proletariat and its vanguard--the CCP, the Chinese people eventually defeated the enemy at home and abroad and achieved victory in the new-democratic revolution and socialist construction. History will also prove that under the leadership of the proletariat and its vanguard--the CCP, the Chinese people will ultimately overcome all sorts of difficulties and achieve victory in the socialist construction which is aimed at realizing the four modernizations.

Industrial enterprises are where the working class assembles. Establishing a contingent of staff and workers who are both red and expert and constantly improving the quality of the working class is one of the fundamental tasks of industrial enterprises.

At present, what is the condition of the contingent of staff and workers of China's industrial enterprises. It must be acknowledged that owing to the sabotage and obstruction by Lin Biao and the gang of four, the quality of the contingent of staff and workers, including the various aspects of ideology, politics, culture and technology, is relatively lower than that before the Great Cultural Revolution. From some surveys which were conducted by some provinces and municipalities, although they were only partial sample surveys, we can see a rough sketch of the situation.

Seen from the investigation conducted in Wushun Municipality by Liaoning Province, the following things are worthy of serious attention:

//First, the proportion of old staff and workers is getting smaller and smaller while that of young staff and workers is becoming bigger and bigger.//

The staff and workers who were admitted into factories during 1966-76, that is, during the decade-long Great Cultural Revolution account for 31.7 percent of the total number of present staff and workers and those who were recruited from 1977 until now constitute 38.6 percent. With the two added together, about 70 percent of staff and workers are new staff and workers who have been recruited during or after the Great Cultural Revolution. The old workers who entered factories before 1949, that is, before the founding of the PRC and still continue to work constitute 2.32 percent. This composition of the contingent of enterprise staff and workers will inevitably have an effect on the style of ideology and political quality of the contingent of staff and workers.

Most of the old staff and workers who entered factories before the founding of the PRC and were subjected to the oppression of the "three big mountains," have intimately experienced the bitterness of the old society and the sweetness of the new society. Therefore, they have strong feelings for the CCP and the socialist cause. The staff and workers who took up their work after the founding of the PRC have also such experience directly or indirectly. Even though they have not personally undergone such experiences, under the prolonged education of the CCP, they also have a better understanding of the position and historical mission of the working class and have inherited the fine traditions of the working class. The 10-year turmoil of the Great

Cultural Revolution sabotaged these traditions and also destroyed education organs. All this cannot but exert a serious influence on the style of ideology and political quality of the younger generation. However, we must not, just because of this, definitely consider that the young staff and workers, who comprise 70 percent of the total number of staff and workers, cannot possibly take over and carry forward [word illegible] revolutionary traditions of the working class. The key to the problem lies in education. It is man's objective being that determines his ideology. The fact that young staff and workers constitute members of the working class is an objective reality and also constitutes an objective foundation for their being able to accept the ideology of the working class. They have certain cultural knowledge and sensitivity and the wish to make progress, which are inherent in youth. It is entirely possible, through education, to help them become members of the class-"for-itself," that is, members of the "aware" class from being members of the "un-concerned" class. It is actually eloquent proof that at present, some enterprises have succeeded in helping the young staff and workers raise their thoughts and feelings for loving the motherland, loving socialism and loving the party through conducting education on modern revolutionary history among the staff and workers.

//Second, the staff and worker's actual level of culture and the professional and technical skills are lower than those before the Great Cultural Revolution."//

The level of education seems to be, in form, higher than it was in the past. According to the survey by Wushun Municipality, holders of the junior middle school graduation certificates constitute 59.8 percent of the total number of staff and workers, with the schooling period averaging 7.5 years. However, "with diplomas in hand, they are actually unqualified." This is because going to school during the Great Cultural Revolution was merely nominal and after the Great Cultural Revolution, the quality of education was not restored and therefore, no proper level was, in fact, ever attained. According to an examination, those who have really reached the level of a junior middle school graduate account for 18 percent and those who failed to do so make up 82 percent and a small number of them are simply illiterate or semiliterate. The staff and workers who have received an education in technical secondary schools comprise 2.98 percent and those who have received an education in universities and colleges constitute only 1.85 percent. Obviously, such a cultural level is certainly not suited to the requirements of the four modernizations.

In terms of the technical level, of the total number of workers, grade 2 workers constitute 34.54 percent and grade 3 workers 17.62 percent. These two grades or workers added together make up 53.16 percent, with the average grade being 2.9. Of the total number of staff and workers, engineers and technicians account for only 2.68 percent. Such a technical level is also certainly not suited to the requirements of the four modernizations.

In order to build a modern, powerful socialist country with a high spiritual civilization and high material civilization, we must have a contingent of staff and workers who are highly conscious, technically proficient, strict in discipline and honest and upright. This can be summarized into one

phrase: they should be both red and expert. Of course, establishing such a contingent of staff and workers who are both red and expert is definitely not a matter which can be accomplished within 2 or 3 days or within 1 or 2 years, but instead requires a lot of arduous work. However, the Chinese nation is an outstanding nation which is diligent and brave with a high degree of intelligence and wisdom. The Chinese proletariat has fine revolutionary traditions. Through our own efforts, we can certainly establish such an outstanding contingent of staff and workers. We must have confidence in this point.

Establishing a contingent of staff and workers who are both red and expert is a long-term task of the industrial enterprises and also a constructional content in the on-going overall reorganization of enterprises, a content which is of vital importance. In order to train a contingent of staff and workers who are highly conscious, technically proficient, strict in discipline and honest and upright, we must not only vigorously grasp the work of propaganda and education well and conduct the training of all staff and workers but also perfect the management of personnel and labor and strictly enforce the rules and regulations of enterprises so that the entire body of staff and workers can receive a strict tempering in the activities of everyday life and professional work. Every enterprise must further consciously establish a set of fine "factory styles," characteristic of the enterprise, and which the enterprise will be proud of and which will help nurture every staff member of worker in the furnace of the collective.

1) Start With Reorganizing Work Discipline and Gradually Establish a Fine "Factory Style" in Enterprises

Reorganizing work discipline is one of the five tasks to which first priority should be given at present and also the basic content of establishing a contingent of staff and workers who are both red and expert. A high level of organization and discipline is the objective requirements of modern, socialized mass production. Therefore, it has become an important characteristic of the working class, one which is directly related to the modern form of economy. The contingent of staff and workers who are both red and expert must first of all be a contingent which is strict in discipline and well organized. Any socialized mass production requires the laborers to observe work discipline. But, under different social systems, the means and ways for realizing work discipline are not the same. Lenin said that the organization of social labor under the serf system rested on bludgeon discipline; the capitalist organization of social labor rests on hunger discipline; and "the communist organization of social labor, (the first step toward which is socialism), rests, and will do so more and more as time goes by, on the free and conscious discipline of the working people themselves who have thrown off the yoke both of the landlords and capitalists." ("Selected Works of Lenin," vol 4, p 9)

In socialist enterprises, the staff and workers are the masters of the enterprises. It is unquestionable that work discipline must be based on the consciousness of the masses of staff and workers. However, conscious discipline cannot take shape spontaneously by relying on the masses. In helping the broad masses of staff and workers realize why the sense of organization and discipline is a characteristic of the working class and why a high level of

discipline is an indispensable condition for industrial mass production, we must first rely on the party's ideological and political education and the exemplary deeds of party members. Next, on the basis of a raised understanding, it is necessary to rely on collective strength in forming a regular practice of observing discipline and bring the role of helping and supervising each other into play. Finally, it is natural that we must have a relevant method of rewards and penalties, and act according to the "regulations concerning rewards and penalties for the staff and workers of enterprises" which has been promulgated recently by the State Council. The exemplary people who have made remarkable achievements in every aspect and carried out discipline in a good way must be commended and as for the small number of violators of discipline, they should be educated and punished. As for a tiny number of people who have seriously violated discipline and refused to mend their ways despite repeated admonitions, they can be simply discharged from factories through the discussion and approval of the staff and workers congress, because these people have lost the rudimentary conditions to be a staff member or worker. Socialist work discipline does not mainly rest on penalties but it is impossible to maintain the discipline which is observed by the great majority without meting out necessary sanctions against the small number of persons who have serious nonproletarian ideas. Therefore these sanctions are indispensable.

On the basis of reorganizing work discipline, it is still necessary to further establish a fine "factory style" of enterprises. It has a wider range of contents which besides work discipline, include the socialist practices of ardently loving the motherland, ardently loving socialism and ardently loving the party and of paying special attention to the "five stresses and four beautifuls," the spirit of collectivism of helping each other in unity among the staff and workers, the work style of always endeavoring to do still better and paying close attention to efficiency, and so on. Many enterprises have aroused the masses of staff and workers to work out the "regulations for staff and workers" in a democratic way and turned the contents of the regulations into the "joint pledge" which is observed by the masses of staff and workers of their own free will. This is a good method for forming a fine factory style. Now the national forum of the representatives of model workers and advanced elements has unanimously adopted the "regulations for staff members and workers throughout the country." As the moral norms and code of actions of the staff and workers throughout the nation, the contents of the "regulations" can only be, of course, some relatively principled provisions. In light of their own actual conditions, the various enterprises must draw up comparatively concrete "regulations" or "detailed rules and regulations for implementation" and through the implementation of the regulations, gradually form a fine "factory style" characteristic of the specific enterprises.

2) Start With the Job Responsibility System and Reorganize Labor Organization According to a Fixed Number of Workers and Fixed Quotas

Rational labor organization is an important condition for training a contingent of staff and workers and improving the quality of staff and workers. Irrational organizational setups, indefinite job responsibility, overstaffing and working in a lax, undisciplined way not only seriously interfere with production and the economic results of enterprises but also are quite detrimental to the training and tempering of the contingent of staff and workers.

we must implement the economic responsibility system down to each level of the internal departments of enterprises and eventually down to every post and down to every individual. The job economic responsibility system clearly defines the responsibilities and powers of every post in production or work and combines them with economic interests. This is a foundation for reorganizing labor organization. After the job responsibility system has been initially formulated and implemented, we must further arouse the masses to study the rationality of organization. Production teams and groups are composed of many posts and the production organization of a workshop consists of many teams and groups (sections). The management organ of an enterprise is composed of functional offices and every functional office consists of many work groups and posts. Proceeding from the rationality of the situation as a whole, we must study the following problems: Is there a need to set up each partial unit? If there is a need to set it up, what are its responsibilities and powers? What are the interrelationships between the various partial units? We must define the rational organizational setups and the most economical and rational production labor organizations through these studies.

With economical and rational organizational setups, we can further study how to determine the rational division of work in the internal sections of every partial unit, reestablish the posts and readjust and revise the economic responsibility system. Every work group or post in production must have definite limits of responsibility, gradually fix work or production quotas and provide personnel in accordance with the amount of work. This is the so-called "fixed number of workers." Providing personnel in accordance with a fixed number of workers and fixed quotas can overcome the phenomena of overstaffing and is also conducive to the training and tempering of the staff and workers.

Every post in production or work must formulate technical standards for the operating personnel in accordance with the requirements of production or work. For example, a certain post in production must be provided with workers of a certain technical grade; a certain post in production must be provided with technical personnel of a certain technical grade and managerial personnel of a certain title of professional post, and so on. It is advisable to carry out a "job I.D. card" system on a trial basis. Those who pass an examination and pass an assessment of their work and practice in a certain period of time will be given "job I.D. cards." "Temporary I.D. cards" could possibly be given to those who fail in the examination but who are needed to stay in their posts for the time being. The newly recruited staff and workers or the staff and workers who wish to change their type of work in production must pass an examination in the vocational training given to them and receive "job I.D. cards" or "temporary I.D. cards" before they are allowed to work at their posts. If the job wage system or job subsidy system is practiced, only the qualified people who have formally received "job I.D. cards" can enjoy the above-mentioned treatment.

Practicing the above-mentioned system can bring the role of every man into full play, substantially improve production efficiency and quality of work, implement the principle of distribution according to work in a more scientific way, encourage the staff and workers to study hard and constantly raise their own abilities to work.

Providing personnel in accordance with the job technical standards, with a fixed number of workers and with fixed quotas can considerably reduce the number of staff and workers and allow the organization of surplus personnel to receive vocational training. Those who fail to meet the job technical requirements will be allowed to work at their own posts after they have passed an examination in the vocational training given to them. Those at their posts will then be replaced and sent to receive vocational training of a higher level.

3) Systematically Train all Staff and Workers and Continuously Improve the Quality of the Contingent of Staff and Workers

In improving the quality of the contingent of staff and workers, we must first rely on the actual tempering of setting high and strict demands in work and then on systematically organizing the vocational training of the in-service staff and workers. The in-service staff and workers, whether they are technical personnel, managerial personnel or workers, regardless of what profession or type of production work they are engaged in, must take on vocational training, whether they are released from production or their regular work or not, so as to raise their political, cultural, technical and professional levels. Because of this, it is called the training of all staff and workers.

In China there is an old saying: "Keep on learning as long as you live." This shows that there is a need for a man to continue learning all his life. While the economy, culture and science and technology of modern society develop at an increasingly rapid pace, the saying "Keep on learning as long as you live" must be taken as a new educational system, that is, a "lifelong educational" system rather than being taken as a motto for personal self-cultivation. In this way, we can adapt ourselves to the needs of social development. That is to say, it is necessary to put an end to the old educational concept of people receiving an education only in the stage of their youth and after they have taken up their work, they no longer have the task of receiving either education or reeducation. With the rapid development of the economy, culture, science and technology, even those who are well educated in schools, when they leave schools, their knowledge will soon be outdated. If they do not absorb new knowledge, they will be unable to adjust themselves to the needs of work. Therefore, in modern life, a man's life cannot, in a summary fashion, be divided into two major stages of education and work. Education and work have to be carried out in turn. That is to say, reeducation must be carried out regularly in work and the saying "Keep on learning as long as you live" must be made a regular practice.

In order to triumph over their opponents in the acute market competition, capitalist enterprises have to attach great importance to the vocational training of the in-service staff and workers and to make an "intellectual investment" in the staff and workers. The aim of making such an investment is, of course, invariably to grab more profits. Ours are socialist enterprises and they are also in a stage of it being urgently necessary to put an end to their backwardness so as to realize the four modernizations. Naturally, it is all the more necessary to systematically organize and train all staff and workers. However,

our aim is not only to develop production, but also lies in improving the quality of the entire contingent of our staff and workers.

In order to establish a contingent of staff and workers who are both red and expert, the contents of training all staff and workers must not be confined to culture and technology. They must also include political and ideological content. The forms of training can be divided into many forms, such as vocational training with the students not being withdrawn, being partially withdrawn or being totally withdrawn from production. However, the vocational training must be carried out in a planned and organized way.

The vocational training with the students not being withdrawn from production is aimed, in political and ideological aspects, mainly at conducting education in the situation and current affairs through daily political study or running short-term sparetime training classes. The content of training must be combined with the actual conditions of the enterprises and the training should be carried out in a lively, short and concise way without taking excessive sparetime of the staff and workers. In technology and profession, it is advisable to organize troop training at posts, establish a relationship between master and apprentice in which the old staff and workers pass on experience, give help and set an example in training the young staff and workers. It is also advisable to organize short-term sparetime vocational training on some specialized subjects.

The vocational training with the students being partially withdrawn from production is a training which is mainly carried out by using sparetime and concurrently taking a small amount of working time. For example, in organizing the staff and workers to attend sparetime schools, correspondent schools and other studies, they are given a small amount of working time to attend lectures or make preparations for examinations. The contents of the vocational training with the students being partially withdrawn from production can be more systematic than those of vocational training with the students not being withdrawn from production.

The vocational training with the students totally withdrawn from production mainly takes the form of short-term training in rotation. It organizes the staff and workers outside the fixed number of workers and carries a relatively systematic study courses. It is advisable to run various types of training classes. Those who have a low cultural level should be helped to make up lessons in general knowledge which they lacked so as to enable them to reach a certain level of formal schooling record. With regard to technology and profession, it is advisable to separately conduct vocational training in accordance with the technical requirements needed by the various posts so as to reach the job technical standards. In regard to political and ideological matters, it is also advisable to run various kinds of study classes in which the students study the basic knowledge of Marxism-Leninism and revolutionary history as well as modern Chinese history. Besides the enterprises organizing vocational training, if there is a chance, it is also advisable to send a few outstanding staff and workers, who have bright prospects for further cultivation, to engage in advanced studies in the institutes of higher education both at home and abroad.

In the vocational training with both those students partially and those totally withdrawn from production, it is necessary to have a strict examination and assessing system. The students are obliged to observe study discipline and to fulfill assignments and those who pass an examination will be given a certificate for course completion and a relevant educational background qualification. The staff and workers who are released from production for studies will not be given their production and work bonuses. As for those students who have a good attitude to studies and have done well in their studies, they should be given scholarships as an encouragement.

In order to train all staff and workers in a planned and organized way, the enterprises which have conditions should establish training centers which should be provided, at the factory level, with experienced cadres who are responsible for the leadership work of the training centers, should set up the relevant party and Communist Youth League organizations and do a good job in ideological and political work among the students. Larger-scale training centers should be provided with certain full-time teachers and at the same time, invite some experienced specialized personnel both inside and outside the enterprises to act as part-time teachers. The training centers must conduct investigations and studies of the actual political, cultural, technical and professional levels of the staff and workers of all enterprises and in light of the needs of development, draw up plans for training and gradually put them into effect. Smaller-sized enterprises which do not have conditions set up training centers by themselves may jointly set up training centers with other enterprises or training centers may be organized by the higher responsible departments.

4) Strengthen Ideological and Political Education and Carry Out Various Forms of Emulation Activities To Emulate, Learn From, Catch up With and Help Each Other.

After the separation of the functions of the party from those of the government in the enterprises and in order to give full play to the role of the party organizations in exercising leadership over ideological and political matters of enterprises, the party organizations must exert their main efforts in grasping ideological and political education in enterprises. The trade unions and the Communist Youth League organizations of enterprises must become capable assistants of the party organizations in conducting ideological and political education.

The staff and workers of socialist enterprises must not overemphasize being red at the expense of being expert or vice versa. They should have both high political consciousness and abilities to make contributions in realizing the four modernizations. However, political consciousness constitutes that which is of basic importance. As members of the state leading class, masters of both the society and enterprises, the staff and workers of enterprises must be the social nucleus which has ideals and morals and is disciplined. This requires every staff member or worker to recognize his own position and responsibilities and to try to become a conscious element of the advanced class.

Ideological and political education in enterprises is multifarious. In light of the various tasks of enterprises, we must, on the one hand, conduct everyday ideological and political education with a definite object in mind, and on the other hand, must raise the staff and workers' levels of basic knowledge of Marxism-Leninism and the knowledge of history and international affairs. In order to really bring into full play the role of the workers to democratically manage enterprises, it is still necessary to propagandize Marxist political economics and the basic knowledge of enterprise management and propagandize the principles and policies of the party and the state. Therefore, the tasks of conducting political and ideological education are very heavy, so they must be put under overall planning and carried out in a planned way.

History has proved that the phenomena of the exploitation of man by man has been eliminated under socialism but among the equal laborers there exists differences between the advanced and the less advanced due to different consciousness. Apart from strengthening ideological and political education in order to raise the consciousness of the masses of staff and workers, conducting emulation activities to emulate, learn from, catch up with and help each other is an effective form for the masses to carry out self-education, a form which encourages the less advanced to catch up with the advanced and the advanced to become more advanced. If we say that propaganda and education rationally arouse the consciousness of the masses, then emulation activities will impel, in deeds, the masses to make progress. Therefore, it is justified to say that conducting emulation activities to emulate, learn from, catch up with and help each other is also ideological and political education and moreover, is quite important practical education.

The contents of the emulation activities to emulate, learn from, catch up with and help each other must also be multifarious. We must not only conduct emulation drives in productive labor and professional work but also carry out various kinds of meaningful competitions in the aspect of spiritual civilization and set up advanced models in every aspect. We must not only set up advanced individual models but moreover, set up advanced collective models, so as to develop the spirit of collectivism of the working class. China's enterprises have rich positive experiences in these aspects. They must be earnestly summed up, utilized and further developed.

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NATIONAL POLICY AND ISSUES

ADHERING TO PLANNED ECONOMY

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pp 16-21

[Article by Sun Xiaoliang [1327 2400 5328] of the Ministry of the Machine Building Industry: "Adhere to the Principle of Planned Economy and Bring Into Play the Supplementary Role of Regulation by Market Mechanism"]

[Text] The Chinese Communist Party's "Resolution on Certain Questions on the History of Our Party Since the Founding of the People's Republic of China" points out: "We must carry out planned economy on the basis of public ownership, and at the same time bring into play the supplementary role of regulation by market mechanism." Comrade Chen Yun has repeatedly emphasized that we must take planned economy as the dominant factor while making regulation by market mechanism subsidiary. How should we implement this principle in our actual work? It is necessary to make a profound study from ideological understanding to specific methods.

How To Understand the Planned Economy Proposed by Marx and Engels

Although it was Lenin who first used the concept of planned economy, Marx and Engels had, long before this, given many explanations with regard to the idea of planned economy. Engels summed up as follows in his book "Anti-Duhring": "When people handle today's productive forces according to the known character of such productive forces, the anarchy of social production will give way to the society's planned readjustment, which is carried out for the development of production according to the needs of the whole society and its members. (Engels: "Anti-Duhring," "Selected Works of Marx and Engels," vol 3, pp 319, 348) This has two implications:

First, planned economy is put forward as the opposite of the anarchy of social production. The fact that the anarchy of social production "gives way to" planned readjustment as quoted above clearly indicates this meaning to us. Stalin put it more clearly: "The law of the planned development of the national economy has emerged as the opposite of the law of the competition and the anarchy of production under the capitalist system." ("The Problems of the Socialist Economy of the Soviet Union," People's Publishing House, 1961 edition, pp 5-6) From here we can understand further that the fundamental characteristic of planned economy is to automatically develop the national economy

in proportion to prearranged plans. This is the basic difference between planned economy and the capitalist economy.

Second, this planned economy does not indirectly allocate social labor through commodities or money, but directly allocates social labor to different production departments. This is planning and readjusting production according to the needs of the whole society and its members as mentioned in the quotation above. Engels said very clearly in "Anti-Duhring": "Once the society possesses the means of production and applies it to production in the form of direct socialization, everyone's labor, no matter how different its special use may be, will become direct social labor from the very beginning." (Ibid., vol 3, pp 319, 348) From this we can understand further that such a direct allocation of social labor to different production departments means readjusting production through compulsory plans during the socialist period. For a very time [as published], China and some other socialist countries have been building their planned management system in such a direction.

But according to the exposition of Marx and Engels, we can clearly see that certain conditions are necessary to carry out such a planned economy. These conditions are mainly as follows:

First, the productive forces must be highly developed. In "Preface to 'Critique on Political Economy,'" Marx pointed out: "Any social form will absolutely not become extinct until all the productive forces it contains are brought into play." ("Selected Works of Marx and Engels," vol 2, p 83) In other words, only when the productive forces develop to such a high level that capitalist production relations can no longer contain their movements, will capitalism become extinct and socialism victorious. That socialism could break through the weak links of the imperialist system and achieve victory in countries where their productive forces were less developed was later put forward by Lenin in the light of the law of uneven development of the capitalist countries.

Second, a unitary ownership by the whole people is exercised over the whole production means on the basis of highly developed productive forces. Stalin made a special explanation with regard to this question in "The Problem of the Socialist Economy of the Soviet Union." He said: "What Engels means in his formula is not to nationalize some but all productive means. That is to say, not only the production means of industry but also the production means of agriculture are to be owned by the people." (Ibid., p 8)

Third, when the productive forces are highly developed and a unitary ownership by all the people is carried out, we can have the objective conditions for direct allocation of social labor to different production departments. Then, of course, commodities, money and values do not have to act as "go-betweens" any more.

When we study problems of planned economy, we must pay close attention to the following two main points: The direct aim of carrying out planned economy is to eliminate the anarchy of social production so as to enable the national economy to develop in proportion; and certain conditions are necessary to achieve this aim by means of direct allocation of social labor, and when these

conditions are not yet ripe, various methods can be adopted to realize this aim. We think that firmly grasping these two main points is the key to correctly understanding the necessity of upholding planned economy and to bringing into play the supplementary role of regulation by market mechanism.

The Planned Economy in our Practice

The actual development course of revolution has proved that socialist revolution was first won in countries where their [words indistinct] were less developed and that these countries have carried out planned economy.

As far as China's actual situation is concerned, planned economy is beginning to be carried out under the following objective conditions: 1) The proportion of the output value of modern industry in the industrial total output value is small, and nearly all agricultural production is carried out manually; 2) such a development level of productive forces determines that we cannot as yet carry out a unitary ownership by the whole people. But we must carry out a multistrata structure of ownership, with some ownership by all the people, some by the collective ownership and a few by individual ownership; 3) therefore we cannot abolish commodities and money yet. In other words, the planned economy in our practice is a planned economy under the conditions of multiownership and commodity production.

Here it is necessary to point out the following two points:

First, because the ownership by the whole people and the collective ownership occupies a dominant position and determines the lifelines of the national economy, it is possible to carry out planned economy. It is wrong to overlook this point and not to carry out planned economy.

Second, there is a great difference between our actual objective economic conditions and the objective economic conditions for carrying out the planned economy proposed by Marx and Engels, therefore, the planned economy in our practice should be different from the planned economy proposed by Marx and Engels. But this difference is not a fundamental difference. If we depart from prearranged plans and do not energetically make the national economy develop in proportion, then we will be abandoning the essence of planned economy, and there will be no planned economy. But how and to what extent we should make our plans will be determined by differing objective conditions. We must not confine ourselves to a fixed form.

Therefore the problem is not whether we should carry out planned economy. It is certain that we must carry out planned economy in upholding the socialist orientation. The problem is how to carry out planned economy. This must be seriously studied and discussed according to the different objective conditions in each period.

How should we carry out planned economy under our present objective conditions? On the one hand, we cannot as yet readjust all production activities through compulsory plans, or directly allocate social labor to different production departments. We have to readjust production activities by "circuitous means" such as commodities and money. This determines that it is still necessary to

bring into play the role of regulation by market mechanism. This is the difference between the planned economy in our practice and the planned economy proposed by Marx and Engels. On the other hand, regulation by market mechanism must display its role under planned economy. It must not be allowed to display its role without control. In this sense, its role is a supplementary one. This is the fundamental difference between our regulation by market mechanism and the regulation by market mechanism under the capitalist economic system.

Some people are of the opinion that planned economy and regulation by market mechanism reject each other and are antagonistic to each other. In fact, the opposite of planned economy is the anarchy of social production but not regulation by market mechanism. If we analyse this further, we will see that the root cause of the anarchy of social production is not the existence of market, but the contradictions between the socialization of production and the private ownership of the means of production. We should say that the carrying out of planned economy does not negate the role of regulation by market mechanism. It only restricts the role of regulation by market mechanism within the larger picture of planned economy.

Our Present Specific Ways

The purpose of studying theory is to provide previous practice as a guide. After we understand well that we must bring into play the supplementary role of regulation by market mechanism in the planned economy in our practice, we must go on to study specific methods. Regulation by market mechanism began to be carried out in mechanical and electrical products shortly after the third plenary session. Comparatively speaking, problems in this respect have been thoroughly exposed. So we might as well follow the example of the machine building industry in our study.

Concerning the last 2-3 years, we can sum up our experiences in the following three sentences: We must adhere to the principle of planned economy; we must not return to the old road of relying on the state for the assignment of tasks, for the supply of materials and for the marketing of products; and we must bring the economic activities of our enterprises into the orbit of the state's unified plans through various forms.

In adhering to the principle of planned economy, two things are indispensable: One is that we must have scientific unified plans to set various targets and indices for the proportionate development of the national economy; the other is that we must have a complete regulating system to guarantee the realization of the various targets and indices set in our unified plans.

By unified plans, we mainly mean that we must have long-term planning to guide the national economy as a whole. In this planning and through various specific indices, we must fix the proportion between accumulation and consumption, the total production volume of the means of production and the means of consumption and the proportion among various industrial departments. With such planning, we can on the whole guarantee the proportionate development of the national economy. In this way, a basis can be provided for the production and operational activities of our enterprises, and various regulating methods can correctly

display their roles. We can say that working out such a plan is an important measure for adhering to the principle of planned economy. Otherwise, it will be useless no matter how loudly we shout the slogan of adhering to the principle of planned economy.

It should be particularly explained that the purpose of working out a long-term plan is to conscientiously make the national economy develop in proportion. But not any plan can achieve this end. Only a scientific and long-term plan, which is not only in conformity with objective conditions and the economic law, but also has a quantitative analysis, can play such a role. Doing things according to plans does not mean doing things in proportion. Doing things according to plans but not in a scientific way means having no plans. A plan which is based on subjective thinking without accurate data is very harmful to the relations of proportion. The disproportion that emerged twice in the history of our socialist construction was directly related to our unscientific plans. When emphasizing that we must adhere to the principle of planned economy, we must never forget this historical lesson.

A complete regulating system should include various regulating forms, which can be divided into the following two major types: One is direct planned regulation, the other is indirect planned regulation.

Direct planned regulation mainly includes direct arrangement of production and planned allocation of products to user units according to the state's compulsory plans. In fact, this is directly allocating social labor to different production departments, and commodities and values are nothing but an "outer covering" and "tools." A direct plan should be carried out with regard to the major products required by the following seven key tasks: 1) major construction projects proposed by the state; 2) major technical innovation projects proposed by the state; 3) exports and projects aiding foreign countries; 4) some of the products required by imported set equipment manufactured in China; 5) national defense needs; 6) the needs for the state's reserves; 7) the needs for stabilizing the people's livelihood. Of the above-listed tasks, the products required by set equipment should be produced according to compulsory plans after being contracted for by manufacturing departments with unified responsibilities for the users. There are many advantages in carrying out this principle: first, we can guarantee the needs of the state's key tasks. Second, the arrangement of production after the contracting for tasks can prevent compulsory plans from being divorced from social needs. Third, our compulsory plans do not embrace everything, therefore we can do a better job in maintaining a balance in various aspects.

Besides the products produced through direct planned regulation, there are a great many mechanical and electrical products of various designs and sizes to meet the different needs of society. With regard to these products, the state cannot work out compulsory plans to fix the designs and quantity. The production of these products must be arranged by our enterprises according to market changes. Nor can the state carry out unified allocation in realizing the circulation of these products. This has to be realized by our enterprises through the market. In fact, market mechanism plays its role in this respect. So it is called regulation by market mechanism. But we must not carry out the production and operational activities of these products without any control.

We must carry out various indirect plans and methods to bring them into the state's unified plans. Our experience in the past few years has proved that the following indirect plans and methods are not only necessary but also effective; 1) planned instructions which are carried out through economic policies; 2) planned instructions which are carried out by utilizing the economic levers such prices, taxation and loans; 3) planned instructions which are carried out through economic legislation; 4) planned instructions which are carried out through the coordination of organizations; 5) guidance which is carried out through instructive planned indices; 6) guidance which is carried out through the announcement of the status of production demands. Through market investigation and analysis, the Shanghai No 1 Mechanical and Electrical Bureau gives instructions to enterprises on what products to develop and on how much they should invest. Through the coordination of organizations, it forms the enterprises that "have too much to eat" and the enterprises that "have not enough to eat" into pairs to help produce products which are in short supply and which are urgently needed by the state. In cooperation with the bank, it gives loans to support the state in developing new products. All this has played a certain role in planning and giving instructions. With approval of the state, Shanghai has reduced the tax rate on cameras. This has enabled the sales of products to increase by 100 percent, and the amount of tax turned over to the state has increased by 60 percent. The Ningbo water meter plant has decreased their prices. This has lessened the prospects for gain of the scattered and backward production units, and more than 40 such production units have successively shifted or stopped production. As a result, the further growth of duplicate production has been checked. These facts have proved that indirect plans and methods can play their regulating role. Of course, our application of these indirect plans and methods is still unconscientious and unsystematic. If we can apply them conscientiously and systematically in the future, it is certain that they will play a more effective role.

Study of Several Problems

Some comrades think that since we can avoid trouble if we use direct plans, why we should also introduce indirect plans and methods. Here the question to be answered is in fact why we cannot go back to the old road of "three reliances." For a long time, our enterprises relied on the state for the assignment of production tasks, for the allocation of funds, materials and set equipment and for the allocation of products. As a result, as the hub of economic activities, our enterprises have lost the necessary initiative and lack the internal motive force. This has seriously affected their enthusiasm, initiative and creativeness. It has also affected the improvement of management and the progress of technology. In addition, the state's interference is too excessive and too meticulous, and the overall balance in major aspects is affected. In the preliminary course of reforming the system since the third plenary session, many new experiences have emerged and proved that bringing the enterprises' activities into the state's unified plans through various forms is much better than the "three reliances."

For instance, of the daily use mechanical and electrical products which are to be developed by the state, famous brand sewing machines are products which are in short supply. There was a sewing machine factory which could barely

increase its products due to its obsolete equipment. It required immediate technical innovations. After becoming aware of this situation, the Wuxi machine tool plant, in accordance with the principle of expanding service, sent four technicians to work together with the comrades of the sewing machine factory in analyzing the processing technology of 72 sewing machine accessories. They decided to adopt a new technology of "centerless cut-in type," and according to the needs of this new technology, they designed and made seven special grinding machines. According to estimates, with 9 special grinding machines, we can fulfill the work that once required 81 ordinary cylindrical grinding machines, save 700,000 yuan in investment and use 69 fewer workers. Their experience is commendable, not only because they know the general needs of the users, but also helps them analyze and improve processing technology. They regard themselves as the "technological designers" for the users instead of simply manufacturing what is required. If all machine-building plants can do this, advanced and suitable products will develop and the problem of production being separated from demand can fundamentally be solved. The machine-building industry should have been run this way, but under the original system, production was separated from demand, so it was impossible for the departments concerned to analyze the technology used by each user before they could work out their plans. As a result, machine tool plants could only produce machine tools of the originally planned standards and models, and the users could only make their choice of equipment according to the catalog. If this state of affairs were allowed to continue, the 7 special grinding machines of the Wuxi machine tool plant would not have been designed, the sewing machine factory would not have saved on an investment of 700,000 yuan and the economic effect of the whole social production would have been seriously affected.

This is an example. In fact, there are not less than several hundred thousand kinds of mechanical and electrical products required by various aspects of the society, and the requirements keep changing all the time. Completely relying on the compulsory plans of the state about what and how many products to produce cannot flexibly reflect the changes of the demand structure. It will be all the more impossible to flexibly readjust the structure of products to catch up with these changes. It is because of this that we emphasize the supplementary role of regulation by market mechanism and that we must adopt various forms to bring the activities of our enterprises into the orbit of a unified plan.

Some comrades have pointed out that since indirect plans and methods are effective, why the phenomena of imbalance have emerged. It is true that some phenomena of imbalance have emerged in our economic activities. But the reason is not that indirect plans and methods have not played their role. It is because we have not conscientiously and systematically applied various indirect plans and methods to our economic activities.

The first manifestation of the phenomena of imbalance is that the consumption fund has increased too fast. In particular, rewards have been excessively issued under so many names that they have exceeded the increase of consumer goods. Under such circumstances, what we have done is only issue announcements stipulating that rewards must be kept within the range of 2 months' salary. We not only have not been able to effectively supervise the executive institutions, but have also failed to guarantee the implementation of our measures.

We do not even know under what names an enterprise issues its rewards. In this case, an imbalance is inevitable. In order to guarantee the proportion between accumulation and consumption, Hungary not only has strict rules on increasing the range of the consumption fund, but has also adopted many specific measures. For instance, in order to prevent profits from being excessively allocated for individual consumption, when the bonus fund of an enterprise exceeds the total amount of its wages by 2 percent, a progressive tax of 800 percent is to be levied; when the average wage increase exceeds 6 percent, a 600 percent progressive tax is to be levied. In this way, the increase in the consumption fund can be effectively controlled.

The second manifestation of the phenomena of imbalance is that our enterprises are not willing to produce some low-price and small-profit products that are required by the society. But some high-price and big-profit products are stockpiled, and our enterprises are still competing for the increase of these products. As a result, production is separated from demand. Under such circumstances, we only criticize the ideology of "going all out only when there are big profits and refusing to take up a job when profits are small." We do not adopt measures with regard to its economic cause. In fact, prices and taxation means are in the hands of the state. Why are there large profits gained from the products that are not required by the society and small profits from the products that are required by the society? If we readjust prices and the tax rate to make larger the profits gained from the products that are required by the society and to make smaller the profits from the products that are not required by the society, is not it possible to solve the problem?

The third manifestation of the phenomena of imbalance is that irrational duplicate construction and production have developed. The situation here is complicated. Some duplicate construction in the investment under the state's plans is caused by faulty planning. It is not an "imbalance." Some enterprises know only the immediate needs of certain regions. They do not know the overall situation of supply and demand. Hence the duplicate production. If we can exchange information and give instructions in a timely manner, the situation will change for the better. Some comrades clearly know that duplicate production is going on, but they still make investments in building new production sites. An example of this is the building of a large number of electroplating factories in the suburbs. This is taking advantage of tax-free commune and brigade-run enterprises, and the result of the state being unable to properly use taxation means. Some rough duplicate production may be restricted through legislation. Issuing certificates for low-voltage electrical appliances and furnaces is a trial solution in this respect.

Many comrades have pointed out that most of the production tasks of some enterprises are arranged according to the market requirements. Is this taking planned economy as the dominant factor? This question cannot be summed up indiscriminately. There are two possibilities: 1) If we let the production and operational activities of enterprises be carried out without any control until they are divorced from the requirements of the state's unified plans, they will depart from the orbit of planned economy. 2) If we adopt various indirect plans to make the production and operational activities of enterprises comply with the requirements of the state's unified plans, such as planned economy, even though production is not carried out according to the state's compulsory plans.

Take the Hangzhou oxygen-making machine factory, for example. In the past, it only produced large oxygen-making machines. Because the state has reduced the scale of capital construction, the tasks for producing large oxygen machines have been few in the past few years. They have readjusted their orientation of service in a timely manner and expanded the sphere of service. They produce high-purity nitrogen-making equipment according to the needs of glass factories, liquid nitrogen cans according to the needs of animal husbandry and carbon dioxide compressors according to the needs of food factories. For the necessity of economizing on energy, they are making a study of the manufacturing of turbine dilatometers used in surplus heat-generating equipment. In short, the factory has brought into full play its technological characteristics and produced more than 90 kinds of products needed in various fields. These products have not been produced according to the state's compulsory plans, but we should explicitly ascertain that they have adhered to the principle of planned economy. The reasons are as follows: first, readjusting the orientation of service and expanding the sphere of service are the principles laid down by the state for the machine-building industry, and they carry out their production according to the principle laid down by the state. Second, developing building materials, the food industry and animal husbandry and economizing on energy are the policies laid down by the state, and production is organized according to these policies. Third, although the quantity and allocation of products are not fixed by the state's compulsory plans, but instead are realized through market circulation to link up production with demand, what they do is in compliance with the needs of the society, and there is no stockpiling of products. Fourth, although the state does not work out specific plans for equipment-manufacturing factories for the production of products required by the departments concerned, the funds for purchasing the equipment required by various departments are allocated and controlled by the state. In fact, this is indirectly controlling the quantity of equipment supplied for various departments. In this way, the production and operational activities of our enterprises are put into the orbit of the state's plans, and the principle of planned economy is upheld. In addition, what and how many products to produce are determined by our enterprises according to market changes and requirements. In this way, the role of regulation by market mechanism is brought into play, and the role of regulation by market mechanism is brought into play within the larger picture of the state's plans. Therefore, it only plays a supplementary role. Adhering to the principle of planned economy and bringing into play the supplementary role of regulation by market mechanism are what the "resolution" requires.

CSO: 4007/549

ECONOMIC PLANNING

REPORT MADE ON ZHEJIANG 1981, 1982 BUDGET

OW101045 Hangzhou ZHEJIANG RIBAO in Chinese 26 Jun 82 p 2

["Excerpts" of "Report on 1981 Final Account and 1982 Budget (Draft)" by Cong Guizhu, director of Zhejiang Provincial Department of Finance, at the Fourth Session of the Fifth Zhejiang Provincial People's Congress on 29 June 1982]

[Excerpts] Deputies:

Entrusted by the provincial people's government, I will present to this session a report on the 1981 final account and the 1982 budget (draft) of our province for your deliberation and approval.

The 1981 budget approved by the third session of the Fifth Zhejiang Provincial People's Congress provided for a total revenue of 3.22477 billion yuan. In the course of implementing it, we got the approval of the Ministry of Finance for a subsidy of 27.16 million yuan by raising the state purchase price for our province's soybean and cotton; meanwhile, the budgeted revenue was reduced to 3.19761 billion yuan. The actual revenue realized by the end of the year was 3.40424 billion yuan, which represented a 106.5 percent fulfillment of the budget and a 10.4 percent increase over the previous year.

The 1981 budgeted expenditure amounted to 1.39036 billion yuan. In the course of implementation, we obtained a special appropriation of 138.69 million yuan from the central government, got approval from the Ministry of Finance to use 296.35 million yuan in special funds left over from the previous year and diverted another 155.65 million yuan from the previous year's surplus. This brought the adjusted figure of the budgeted expenditure to 1.98105 billion yuan. The actual expenditure by the end of the year stood at 1.71158 billion yuan, or 86.4 percent of the total amount budgeted. It represented a decrease of 1.3 percent as compared with the previous year.

In accordance with the financial system of "separating revenue from expenditure, each level fulfilling its own responsibility" [hua fen shou zhi, fen ji bao gan 0439 0433 2392 2388, 9433 4787 0545 1626] as determined by the state, our province in 1981 turned over 1.41594 billion yuan to the central government treasury. In order to share in the country's financial difficulties, we also loaned to the state treasury 360.07 million yuan. Local governments at

various levels also purchased 27.83 million yuan of treasury bonds. In addition, another 92.63 million yuan of treasury bonds were purchased by offices, mass organizations, enterprises and institutions at various levels. This is what the people throughout the province should do in helping to balance state revenue and expenditure.

The implementation of the 1981 budget brought the aggregate sum of financial surplus of the province and its prefectures, cities and counties, including that of 1980, to 219.88 million yuan.

With regard to industrial and agricultural production, all state enterprises in the province adopted an economic responsibility system of one kind or another, thus realizing 393.96 million yuan of profits they were able to retain for themselves, an increase of 6.77 percent as compared with the previous year. The total sum invested in equipment renovations and technological innovations of enterprises reached 190.17 million yuan, or 20.1 percent more than the year before. The total sum of rural tax reductions and exemptions, price subsidies for farm and sideline products purchased, subsidies for diesel oil, machinery and electricity used for agricultural purposes and funds used in support of building production bases for farm and sideline products reached more than 250 million yuan. In the fields of culture, education, science and public health, operational expenses amounted to 46.47 million yuan more than in the previous year. In proportion to the total expenditure budgeted, operational expenses spent in the fields of culture, education, science and public health rose from 27 percent in the previous year to 30 percent in 1981. At the same time, continued efforts to curb the scale of capital construction resulted in a decrease in capital construction investments in terms of percentage of the total budgeted expenditures--from 22 percent in the previous year to 16.4 percent in 1981. With regard to the people's daily life, jobs were found for 156,000 unemployed urban youths; subsidies for urban residents' grain, oil, cotton, coal and nonstaple food consumption reached 210 million yuan; and investments made in public facilities and housing in urban areas totaled 62.78 million yuan.

According to our province's plan for economic and social development, the 1982 budgeted revenue will be 3.53 billion yuan, a 3.7 percent increase over the actual revenue of the previous year. A rough breakdown and a comparison with the corresponding figures of last year follow: Enterprise income 1.03994 billion yuan, an increase of 0.8 percent; industrial and commercial taxes 2.29384 billion yuan, a 6 percent increase; agricultural tax, salt tax and other revenues 196.22 million yuan, a decrease of 5.8 percent. In accordance with the financial system of "percentage share of the sum total" adopted this year by the state with regard to our province, 1.58727 billion yuan will be turned over to the state treasury. In addition, 274 million yuan will be loaned to the state treasury, and a total of 131.8 million yuan worth of treasury bonds will be purchased by the province as a whole. Of these treasury bonds, 17.73 million will be purchased by local governments at various levels; 58.4 million yuan by offices, mass organizations, enterprises and institutions; 48 million by workers and staff; and 25.4 million by peasants.

The 1982 budgeted expenditure will be 1.65 billion yuan, a 3.8 percent increase as compared with the previous year. Breakdown and comparison with the corresponding expenditures of the previous year are as follows: capital construction investments 165 million yuan, same as the year before; investments in equipment renovations, technological innovations and trial production of new products by enterprises 87.12 million yuan, a 2.7 percent increase; additional appropriations in the form of circulating funds for enterprises 60 million yuan, a 20 percent increase; funds in support of investments made by people's communes and operational expenses in the field of agriculture 196.1 million yuan, a 1 percent increase; operational expenses in the fields of culture, education, science, and public health 503.01 million yuan, a 5.9 percent increase. But the increase will be 10.9 percent if expenditures in the form of increased wages for some of the workers and staff are included; maintenance and construction of urban facilities 55 million yuan, a 10 percent increase; administrative expenses 205.8 million yuan, a 2.9 percent increase; pensions for the disabled and the like and other relief funds 38.46 million yuan, an increase of 6.6 percent.

The budgeted expenditures listed above are targeted only in accordance with what can be obtained from local revenues and the rates of increase are based on corresponding figures of the previous year. This is because the special funds to be appropriated from the state treasury this year are still in the process of being transferred down and the amount of the funds left over from the previous year which can be used this year is still to be decided upon by the Ministry of Finance. Also, the use of extra funds belonging to the province and its prefectures, cities and counties will not be decided upon until the end of the year. If these factors are taken into account, the expenditure budgeted for this year will reach around 2.1 billion yuan.

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ECONOMIC PLANNING

'SHAANXI RIBAO' REPORT ON 1981 ECONOMIC RESULTS

HK220351 Xian SHAANXI RIBAO in Chinese 9 Jul 82 pp 2, 4

["Shaanxi Provincial Statistics Bureau's Communique on the State of the Execution of the 1981 National Economic Plan"]

[Text] In 1981, under the cordial concern of the party Central Committee and the State Council and under the leadership of the Shaanxi Provincial CCP Committee and the provincial People's Government, people throughout Shaanxi Province conscientiously implemented the guiding principle for readjusting the national economy, triumphed over exceptionally serious floods and waterloggings in the province, further promoted the development of production and construction, and made steady improvements in the key proportional relations within the national economy. In 1981, the state of the supply of commodities was good, prices in the province's markets remained basically stable, and steady improvements were made in the people's standards of living. According to a calculation based on comparable fixed prices in 1980, the total industrial and agricultural output value in 1981 was 15,616 million yuan. According to a calculation based on comparable fixed prices in 1970, the total industrial and agricultural output value in 1981 was 14,305 million yuan, an increase of 0.2 percent as compared with 1980. According to a preliminary calculation based on prices in 1981, national income in 1981 was 8.45 billion yuan. According to a calculation based on comparable fixed prices in 1970, national income in 1981 registered an increase of 0.8 percent as compared with the 1980's. The state of the execution of the plan for various branches of the national economy was as follows:

I. Agriculture

In 1981, our province conscientiously implemented the party's various rural policies, further implemented and perfected different forms of agricultural production responsibility systems, actively promoted a diversified economy, mobilized the enthusiasm of the broad masses of peasants for production, and reaped a bumper harvest of summer crops. The summer grain output in 1981 reached 7,757 million yuan, an increase of 2.475 million jin or a 46.9 percent increase as compared with the same period last year. The output of summer grain 1981 was second only to that in 1979 and is thus the second highest annual yield of summer crops since the founding of the PRC. There was a reduction of output during the autumn of 1981 due to natural disasters. The whole year's agricultural output was still relatively good.

According to a calculation based on comparable fixed prices in 1980, the total agricultural output value in 1981 was 5,087 million yuan. According to a calculation based on the comparable fixed prices in 1970, the total value of agricultural output in 1981 was 3,675 million yuan, thus fulfilling 89.6 percent of the plan and registering an increase of 3.3 percent as compared with 1980. Of this: agricultural output value (cultivation of crops) increased by 3.4 percent, forestry output value increased by 7.7 percent, the output value of animal husbandry increased by 0.7 percent, sideline production output value increased by 8.1 percent (due mainly to an increase of the output of commune members' household sideline production), and fishery output value maintained the 1980 level.

Of the seven major agricultural products, the total grain output basically maintained the output level of 1980 and fulfilled 85.7 percent of the plan; the output of oil-bearing crops and silkworm cocoons broke past records on the basis of increasing output for many years running; the output of flue-cured tobacco and tea increased by a big margin, thus overfulfilling the production plan; although there was a big increase in the output of beet [as compared with 1980], the beet production plan was not fulfilled; and there was a reduction of cotton output due to natural disasters and only 54.4 percent of the cotton production plans was fulfilled.

The following are details of the output of major agricultural products:

	1981	% increase over 1980
Grain	15 billion jin	- 0.9
of this: wheat	7.08 billion jin	53.9
unhulled rice	1.06 billion jin	- 29.8
corn	4,047 million jin	- 26.3
unhulled millet	497 million jin	- 13.1
broom corn millet	264 million jin	- 7.9
soybean	210 million jin	- 41.2
Cotton	1.25 million dan	- 22.7
Oil-bearing crops	3,361,000 dan	53.2
of this: rapeseed	2,725,000 dan	76.6
peanuts	230,000 dan	- 0.4
sesame	53,000 dan	- 17.2
Beet	536,000 dan	86.6
Flue-cured tobacco	289,000 dan	150.
Silkworm cocoons	64,000 dan	10.3
Tea	31,000 dan	6.9

In 1981, we created a total afforested area of 4,773,000 mu, an increase of 0.2 percent as compared with 1980. Of this area, timber forests account for 2,491,000 mu, an increase of 9.3 percent as compared with 1980; shelter forests account for 1,372,000 mu, an increase of 9.2 percent as compared with 1980; and economic forests account for 770,000 mu, a decrease of 24.6 percent as

compared with 1980. Of the 1981 total afforested area, 969,000 mu were created through aerial sowing, an increase of 72.5 percent as compared with 1980. As to the output of major forest products, in 1981 the output of raw lacquer increased by 12 percent as compared with 1980, the output of Chinese gall nuts increased by 140 percent as compared with 1980, the output of pine nuts increased by 14.3 percent as compared with 1980, the output of coir fibers increased by 19.1 percent as compared with 1980; and there were reductions in the 1981 output of walnuts, Chinese chestnuts, tung-oil tree seeds, tea-oil tree seeds and Chinese tallow-tree seeds as compared with 1980.

A new development of 1981's output of most major livestock products was achieved on the basis of the 1980 increases in output. In 1981, both the total number of pigs and the total number of sheep on hand and the output of pork and mutton registered increases as compared with 1980. The output of pork in 1981 not only met the needs of our province's markets but also met the needs of some markets in other parts of the country. However, by the end of 1981, the total number of draft animals, the total number of pigs and the total number of sheep on hand registered decreases as compared with the same period in 1980.

The following are details of the output of livestock products and the amounts of livestock on hand:

	1981	% increase over 1980
Total output of pork, beef and mutton	513 million jin	10.6
of this:		
pork output	494 million jin	10.7
beef output	4.7 million jin	- 5.0
mutton output	14.9 million jin	16.6
Total output of milk	142 million jin	15.2
of this:		
goat's milk	108 million jin	20.7
Sheep's wool	6.2 million jin	14.4
Total number of stout pigs on hand	4,032,000 head	0.6
Total number of pigs on hand at the end of 1981:	6,665,000 head	- 12.4
Total number of draft animals on hand at the end of 1981:	2,441,000 head	- 1.3
Total number of sheep on hand at the end of 1981:	6,124,000 head	- 8.0

The total output of aquatic products in 1981 reached 2,529 tons, an increase of 0.4 percent as compared with 1980.

The total agricultural output value of state farms under the agricultural reclamation system in 1981 increased by 1.8 percent as compared with 1980. The farms' grain output in 1981 increased by 36.3 percent as compared with 1980, and the farms' grain sold to the state in 1981 increased by 54.3 percent as compared with 1980. Due to serious natural disasters in the autumn of 1981,

both the output of cotton, oil-bearing crops and cow's milk in 1981 and the total numbers of draft animals, pigs and sheep on hand at the end of 1981 registered decreases as compared with 1980.

In 1981, our province's commune and brigade enterprises made steady progress while undergoing economic readjustment. The total income of our province's commune and brigade enterprises in 1981 reached 963 million yuan, an increase of 3.5 percent as compared with 1980.

By the end of 1981, our province had 21,000 large and medium-sized tractors for agricultural use, an increase of 630 tractors as compared with 1980; our province had 74,600 small and hand-support tractors, 5,644 more than the year before. Our [world indistinct] had power-driven drainage and irrigation machines for agricultural use with a total of 2.63 million horsepower, an increase of 66,000 horsepower as compared with 1980; and 4,648 trucks for agricultural use, an increase of 1,164 trucks as compared with 1980. There was a relatively big increase in the number of small farm machines and tools in 1981. In 1981, although there was an increase in the number of tractors as compared with 1980, there was a reduction in the use of tractors in all major processes of farm work. The proportion of machine-plowed farmland dropped from 33 percent in 1980 to 28 percent in 1981. A total of 268,000 tons of agricultural chemical fertilizer was applied to farmland in 1981. An average of 9.4 jin of chemical fertilizer (counted on the basis of 100 percent effectiveness) was applied to each mu of farmland, a decrease of 0.9 jin as compared with 1980. Total electricity consumed by the rural areas of our province in 1981 was 1.3 billion kwh, a 7.8 percent increase as compared with 1980.

By the end of 1981, our province had a total of 1,497 large, medium-sized and small reservoirs with a total storage capacity of 3,918 million cubic meters of water; and 143,000 power-operated wells including 6,977 power-operated wells built in 1981. Due to silt, landslides and the fall of underground water level, 8,538 of the province's power-operated wells were discarded as useless in 1981. In 1981, our province created 178,000 mu of effectively irrigated farmland, brought under control soil erosion over an area of 3,000 square kilometers of land, and created 270,000 mu of "four fields" [si tian 0934 3944]. By the end of 1981, our province had 18.74 million mu of effectively irrigated farmland.

In 1981, the meteorological observatories in our province energetically carried out the work of mapping out county-level agricultural climatic divisions and the planting system's climatic divisions. The accuracy of their ground and high-altitude forecasting reached the average national level.

II. Industry

In 1981, our province's industry made some progress during the further readjustment of industry. Although some enterprises were hit by floods, the whole province's industrial production still scored some achievements. According to a calculation based on comparable fixed prices in 1980, the total industrial

output value in 1981 was 10.53 billion yuan; according to a calculation based on comparable fixed prices in 1970, the total industrial output value in 1981 was 10.63 billion yuan, thus fulfilling 97.9 percent of the plan and registering a decrease of 0.8 percent as compared with 1980. Plans were fulfilled or surpassed for the output of 73 of 100 major industrial products including cotton yarn, cotton cloth, bicycles, sewing machines, wrist watches, television sets, raw coal, crude oil, sulphuric acid, caustic soda, chemical fertilizer, chemical pharmaceuticals, chemical insecticides, cement, plate glass, machine-made paper and paperboard. Production plans for timber, soda ash, sugar and another 24 products were not fulfilled.

In 1981, the internal structure of industry was further readjusted, great efforts were made to tap potentials and carry out technological innovation and transformation in existing enterprises, the capability to produce consumer goods for daily use was strengthened, and a relatively high growth rate of light industrial production was maintained. According to a calculation based on comparable fixed prices in 1980, the total light industrial output value in 1981 was 5,746 million yuan; according to a calculation based on comparable fixed prices in 1970, the total light industrial output value in 1981 was 5,657 million yuan, an increase of 9 percent as compared with 1980. Of the whole industrial output value, the proportion of light industrial output value rose from 48.4 percent in 1980 to 53.2 percent in 1981. Of the output plans of 43 major light industrial products, 31 were fulfilled or overfulfilled and 15 registered relatively big increases as compared with 1980. There was an increase in the output of high-grade and medium-grade light industrial products and an increase in the variety of colors and designs.

The following are details of the output of major light industrial products:

	1981 output	% increase over 1980
Cotton yarn	156,000 tons	4.5
Cotton cloth	684 million meters	3.9
Chemical fiber	1,776 tons	13.9
Woollen goods	3.02 million meters	6.3
Silk	396 tons	12.5
Silk textiles	5.59 million meters	9.2
Printed cloth	402 million meters	6.5
Gunny bags	138,700	9.5
Knitting wool	1,294 tons	90.2
Knit goods (yarn volume)	15,900 tons	4.6
Woollen blankets	327,400	9.4
Carpet	26,200 square meters	9.6
Machine-made paper and paperboard	97,100 tons	7.5
Sugar	3,490 tons	460
Crude salt	48,200 tons	-12.4
Chemical pharmaceuticals	2,044 tons	- 2.2
Synthetic washing powder	10,000 tons	- 4.7
Bicycles	375,800	120
Sewing machines	531,100	17.3

	1981 output	% increase over 1980
Wrist watches	1,303,500	27.4
Television sets	93,500	130
Radio sets	267,400	120
Washing machines for family use	15,000	3,670
Electric fans	60,000	19
Bulbs	36.22 million	- 1.7
Drinks	46,900 tons	13.6
Dairy products	6,411 tons	26.4
Canned food	788 tons	110
Leather (cattlehides)	879,600	21.6
Cigarettes	309,800 boxes	2.6
Matches	443,000 cases	14.2
Vacuum flasks and commercial glass liners	3.61 million	27.1
Enamelware for daily use	5,133 tons	-23.7

In 1981, while reducing in a planned way the production of goods which are in full or excessive supply and actively changing the service orientation, our province's heavy industry achieved new successes in increasing the production of goods for daily use and of exports which are in great demand. According to a calculation based on comparable fixed prices in 1980, the total output value of heavy industry in 1981 was 4,783 million yuan; according to a calculation based on comparable fixed prices in 1970, the total heavy industrial output value in 1981 was 4,973 million yuan, a decrease of 10 percent as compared with 1980. Plans were fulfilled or surpassed for the output of 42 of 57 major heavy industrial products, and plans for the output of 15 major heavy industrial products were not fulfilled. Output of 19 major industrial products registered increases and output of 38 major industrial products declined as compared with 1980. Some of the reductions of output were made in accordance with plans concerned and some output reductions were made at the last moment due to reductions of orders for heavy industrial products. In 1981, our local engineering industry departments carried out mergers and shifts in production for 22 enterprises. Most of the 22 enterprises shifted to producing textiles, sewing machines, clocks, wrist watches, clothes, shoes, hats, steel and wooden furniture or television sets. The total output value of products for civil use as produced by enterprises under the national defense industry system accounted for 16.6 percent of the systems' total industrial output value.

The following are details of the output of major products of our heavy industry:

	1981 output	% increase over 1980
Raw coal	18.45 million tons	3.0
Crude oil	93,300 tons	10.5
Electric energy production of this:	7,513 million kwh	-5.1
hydroelectric energy	768 million kwh	-16.1
Steel	213,900 tons	-12.6
Rolled steel	140,400 tons	-24.5
Pig iron		

	1981 output	% increase over 1980
Machine-made coke	305,200 tons	- 6.8
Timber	332,200 cubic meters	-39.8
Cement	2,194,000 tons	- 4.4
Plate glass	89,800 standard cases	400.0
Sulphuric acid	96,800 tons	-14.2
Soda ash	1,150 tons	12.5
Caustic soda	32,700 tons	- 1.4
Chemical fertilizer	203,100 tons	3.3
of this:		
Nitrogenous fertilizer	170,400 tons	0.9
Phosphate fertilizer	32,700 tons	18.0
Chemical insecticides	6,407 tons	-21.2
Plastics	3,581 tons	-13.2
Calcium carbide	21,000 tons	-22.3
Outer rubber tires	53,000	-47.6
Machine tools	1,422	-60.3
Motor vehicles	387	-56.5
Tractors	100	-42.2
Hand-support tractors	3,952	-39.0
Internal combustion engines	68,900 hp	-51.3
Railway freight wagons	902	-21.6

In 1981, 39 industrial products of our province were commended by various ministries of the State Council as high-quality products, famous brand products or "reliable" products; 100 industrial products were commended by the provincial authorities as high-quality products; 6 industrial products of our province won gold and silver medals awarded by the state.

Due to the readjustment of the structures of industrial products, the consumption of energy in producing every 10,000 yuan of industrial output value in 1981 was cut by 2.9 percent compared with 1980. However, judging from other major targets set in the plan, we can see that economic returns achieved by industrial enterprises are relatively poor. In 1981, the productivity of the whole staff of all industrial enterprises owned by the whole people was 8,264 yuan, a decrease of 6.7 percent as compared with 1980; of the quality targets of 58 major products of our key industrial enterprises, 25 products or 43.1 percent of the 58 products did not reach their 1980 levels; of the targets for material consumption set for 73 products, 40 products or 54.8 percent of them surpassed their 1980 consumption levels; as to those industrial enterprises owned by the whole people which are independent accounting units, the total production cost of their comparable products increased by 0.8 percent and their total revenues and taxes decreased by 9.6 percent as compared with 1980.

3. Capital Construction

The province continued to reduce the scale of the capital construction front in 1981. A certain number of construction projects which lacked the required

conditions were suspended or delayed, and the rate of utilization of fixed assets was improved. The fixed assets of capital construction units owned by the whole people totalled 1,088 billion yuan, a decrease of 12.8 percent over the preceding year; and the rate of utilization of the fixed assets was 81.6 percent, an increase of 20.8 percent over the preceding year. The residential housing completed in 1981 totalled 3.7546 million square meters, showing a decrease of 9 percent over the preceding year, and the rate of residential housing completion slightly increased over the preceding year. In 1981, the major newly increased production capacity (or returns) of capital construction were: 700,000 tons of coal; 16,000 tons of crude oil; 50,000 tons of synthetic ammonia; 20,000 tons [word indistinct]; electricity generating machines with a capacity of 1,400 kilowatts [as published], 273 kilometers of transmission line with a voltage of above 110,000, 80,000 kilovolt-amperes of power transformer equipment with a voltage of above 110,000, 1,000 tons of synthetic fabric, 34,000 spindles for cotton spinning, 1,120 spindles for wool spinning, sugar refining machinery with a capacity of 2,800 tons, 16,500 boxes of cigarettes, 4,000 tons of beer, 800 tons of powdered milk, 3,100 tons of machine-made paper and paperboard, 290,000 bicycles, 97,000 sewing machines, 150,000 watches, 30,000 television sets, 52,000 seats for students in various kinds of school (of which there were 4,612 post-secondary seats), and 1,229 beds for patients in hospitals.

In 1981, 714 construction projects were wholly completed and put into operation. Of these, two were large or medium-scale projects; 278 construction projects were partially completed and put into operation, and 11 independent large and medium-scale projects were completed and put into operation. The rate of projects completed and put into operation in 1981 was the same as that of the preceding year. Of this, the completion rate of local projects was raised from 36.1 percent in the preceding year to 38.2 percent.

Units owned by the whole people made a total capital construction investment of 1.334 billion yuan, showing a decrease of 719 million yuan over the preceding year, or a reduction of 35 percent. Of this, investment included in the state's budget was 656 million yuan, a decrease of 421 million yuan over the preceding year, or a reduction of 39.1 percent. Throughout last year, 43 construction projects, 13 of which were large or medium-scale projects, were suspended and delayed. At the end of the year, 34 large or medium-scale projects were still under construction, showing a decrease of 22 over the corresponding period in the preceding year.

In 1981, the province continued to readjust the investment orientation of capital construction. Of the total fulfilled capital construction investment, 779 million yuan was used in investment of productive construction, and the proportion of this in total investment was lowered from the preceding year's 69.8 percent to 58.4 percent; 555 million yuan was used in investment in nonproductive construction to satisfy the masses' material, cultural and daily demands, the proportion of this in total investment was raised from the preceding year's 30.2 percent to 41.6 percent. Of this, the proportion of investment in residential housing rose from the preceding year's 16.4 percent to 24.1 percent.

In 1981, the capital construction investment included in the state's budget was basically controlled. However, those excluded from the budget exceeded plans by a relatively great degree. The period of construction of these projects was long and they brought about bad investment effects. Of the quotas for 17 major newly increased productive capacity projects included in the capital construction planning, 11 were unable to fulfill the plan.

In 1981, geological work in energy, non-ferrous metal, precious metal and non-metallic mining areas and regional geological mining surveys were strengthened. The scope of service for professional hydrology, engineering geology, geothermics and environmental geology was gradually expanding. Quotas for newly increased reserves of major mineral products such as gold and phosphorus were overfulfilled. A total of 169,000 meters of geological prospecting was fulfilled last year. New discoveries were made and new progress was recorded in 24 mining areas. Crystal graphite deposits, which have a high industrial value, were discovered in the eastern part of the province. Among the newly developed mining areas, preliminary reports have shown that there are mercury deposits; alluvial gold and vein gold reserves have increased to a certain extent; and there was remarkable progress in molybdenum deposits survey and geological work in coalfields. There were new achievements in geological scientific research which provided important fundamental materials for geological work and for the departments in charge of economic construction. However, the fundamental work of geological prospecting is still weak and the economic results are not yet notable.

4. Transportation, Posts and Telecommunications

In 1981, the communications and transportation departments fulfilled a freight circulation volume of 17.42 billion ton/kilometers, showing a decrease of 8.5 percent over the preceding year. Of this, the freight circulation volume fulfilled by rail was 16.31 billion ton/kilometers, a decrease of 9.2 percent over the preceding year, by highway 1.09 billion ton/kilometers, an increase of 3.1 percent, by water transportation 14.35 million ton/kilometers, an increase of 18.5 percent over the preceding year, by air transportation 3.16 million ton/kilometers, an increase of 1.3 percent over the preceding year.

The communications and transportation departments fulfilled a passenger circulation volume of 7.791 billion passenger/kilometers, showing a decrease of 3 percent over the preceding year, of which, railroads, fulfilled 5.905 billion passenger/kilometers, a decrease of 6.1 percent over the preceding year; highways, 1.763 billion passenger/kilometers, an increase of 8.6 percent; water transportation, 640,000 passenger/kilometers, a decrease of 5.9 percent; and air transportation, 122 million passenger/kilometers, an increase of 5 percent over the preceding year.

The steam locomotives consumed 125.5 kilos of coal per 10,000 ton/kilometers, showing an increase of 6.4 percent over the preceding year; the circulation time of trucks was lengthened by 5.5 hours; the electrically powered vehicles consumed 143.1 kilowatt hours of electricity per 10,000 ton/kilometers, a decrease of 2.7 percent over the preceding year; petrol consumption of highway trucks and passenger coaches per 10,000 ton/kilometers was respectively lowered by 4.7 and 0.3 percent over the preceding year.

There were torrential rains and floods in our province last July and August, As a result, services on the Baccheng, Baotian and Yangan railroads had to be suspended, bringing great difficulties and serious losses to transportation. At present, railroad transportation is still unable to meet production and construction demands and the situation is still tense.

In 1981, the total amount of postal and telecommunications business, calculated according to the unchanged prices of 1980, was 57 million yuan. When calculated according to the unchanged prices of 1970, it showed an increase of 2.8 percent over the preceding year. Among various business, letters decreased by 1.6 percent, press and publications increased by 11.4 percent over the preceding year, telegrams increased by 17.9 percent and long-distance telephone calls increased by 0.9 percent over the preceding year.

5. Commerce

In 1981, there was an ample supply of goods on the market. The total value of the commodities procured by the commercial units under the ownership of the whole people amounted to 4.574 billion yuan, an increase of 4.6 percent over the previous year; of which, the total procurement value of agricultural sideline products amounted to 1.347 billion yuan, an increase of 10.7 percent, over the previous year, or a net increase of 8.7 percent with the factor of the increase of procurement prices taken into account; the total procurement value of industrial products amounted to 3.198 billion yuan, an increase of 2.5 percent over the previous year. The total value of commodities supplied by other provinces amounted to 2.214 billion yuan, an increase of 8.8 percent over the previous year. Total commodities sales amounted to 5.877 billion yuan, an increase of 0.9 percent over the previous year. The total amount of commodities supplied to other provinces amounted to 1.109 billion yuan, an increase of 2.2 percent over the previous year.

In 1981, the total retail sales of social commodities amounted to 5.48 billion yuan, an increase of 6.9 percent over the previous year, or a net increase of 3.7 percent with the factor of the increase in commodity prices taken into account; of which the daily consumer goods sold to the people in urban and rural areas amounted to 4.1 billion yuan (including 220 million yuan of commodities sold at retail prices by the peasants to nonagricultural residents), an increase of 10.8 percent over the previous year.

The following is a list of the retail amounts of major social consumer goods.

	1981	% Increase of 1981 over 1980
Grains	2.746 billion jin	7.7
Edible vegetable oil	66.90 million jin	65.6
Pork	222 million jin	- 5.3
Beef	2.874 million jin	2.6
Mutton	12.892 million jin	45.1
Eggs	510,000 dan	19.9

	1981	% increase of 1981 over 1980
Sugar	76,100 tons	11.6
Alcohol	38,900 tons	15.8
Cigarettes	423,700 boxes	7.9
Tea	127,500 dan	8.9
Cotton fabric	204 million meters	equal
Chemical fibre fabric	12.42 million meters	-55.0
Cotton-chemical fibre blend fabric	57.71 million meters	78.3
Wool fabric	4.128 million meters	12.2
Silk and satins	12.42 million meters	-13.7
Vests	11.93 million	8.9
Cotton jerseys and trousers	5.93 million	20.7
Sweaters and sweat pants	2.38 million	1.3
Machine-made thins paper	15,700 tons	-54.2
Soap	1.017 million boxes	23.8
Matches	541,000 packages	15.5
Sewing machines	243,800	- 9.4
Watches	621,300	-20.9
Bicycles	398,900	34.0
Radios	660,200 sets	0.2
Televisions	81,700 sets	16.8

At the end of 1981, the total value of the commodity stocks of commercial units under the ownership of the whole people had increased by 8.9 percent over the end of the previous year.

The supply of commodities to the market has constantly increased. However, there is still a gap between the social commodities supply capacity and the social commodities purchasing power. Some high and medium-grade durable consumer goods of famous brands are still in short supply. Some commodities are overstocked because they do not adapt to the changing demands of the market, or because their variety of designs, sizes and colors is not popular, or just because their quality is inferior while their prices are too high.

In 1981, under the unified guidance of the state plan, our province raised the procurement prices of some agricultural and sideline products such as flue-cured tobacco, tea, miscellaneous beans, black fungus, vegetables and so on. In addition, the quantity of agricultural and sideline products procured at negotiated prices and at increased prices for above-quota procurement was relatively large in various places in our province. Therefore, the overall price index of agricultural and sideline products for state-run commercial units was also raised by 2.1 percent.

In 1981, the overall commodity retail price level was up by 3 percent over the previous year, of which the list price level for state-run enterprises was up by 1.8 percent, the negotiated price level was up by 4.1 percent, and fair trade price level was up by 8.8 percent. At the same time, the commodity retail price level was up by 4.1 percent in urban areas and 1.7 percent in rural areas. The consumer goods retail price level was also up by 3.6 percent; apart from those commodities such as vegetables, cigarettes, alcohol

and so on whose prices rose relatively steeply, the prices of most daily necessities remained stable.

As far as the listed retail prices for state-run enterprises are concerned, the price of food was up by 2.7 percent (the price of foodstuffs was up by 4.2 percent, of which the price of vegetables was up by 10.9 percent, the price of cigarettes, alcohol and tea was up by 4 percent), the price of daily necessities and medicine were up by 1 percent, the price of cultural and recreational products was up by 0.5 percent, the price of fuel was up by 0.6 percent, and the price of garments remained unchanged. The price of means of agricultural production was up by 2.2 percent.

6. Foreign Trade and Tourism.

In 1981, the total procurement volume of export commodities, calculated according to the actual price, was 499 million yuan, a decrease of 3.3 percent over the previous year. Of this, industrial and mineral products amounted to 406 million yuan, a decrease of 1.1 percent, and agricultural and sideline products amounted to 93 million yuan, a decrease of 11.8 percent.

In the total procurement volume of export commodities, the proportion of textile and light industrial products and handicraft articles decreased from 65 percent in the previous year to 63.1 percent in 1981; the proportion of metallic mineral products, chemical industrial products, and machinery products and equipment increased from 14.5 percent in the previous year to 18.2 percent in 1981; and the proportion of cereal, oil, foodstuffs, and local and livestock products decreased from 20.5 percent in the previous year to 18.7 percent in 1981.

In 1981, the tourist departments and other units concerned entertained 67,000 foreigners, overseas Chinese, Hong Kong and Macao compatriots who came from 95 countries and areas all over the world to Shaanxi Province for travelling, visiting relatives and friends, and business purposes. This figure was more than that of the previous year by 27,000 people, an increase of 67.5 percent. Of these visitors, 59,000 tourists who came from 48 countries and areas were entertained by the tourist department; the number of tourists increased by 25,000, a growth of 75 percent over the previous year. The whole year's foreign exchange revenue derived therefrom amounted to an equivalent of 24.81 million yuan, an increase of 41.2 percent over the previous year.

7. Science and Technological Development, Education, and Cultural Development

In 1981, 220,000 people specialized in natural science and technology were employed in various units under the ownership of the whole people and 325 important results in scientific research were achieved. Of these, 215 were industrial, 69 agricultural, 28 medical and 13 were of a basic theoretical research nature.

In 1981, 63,200 students were enrolled in ordinary institutes of higher learning, an increase of 18.8 percent over the previous year. Students enrolled in secondary technical schools totaled 37,500, a decrease of 17.6 percent

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compared with the previous year; 14,100 of these students were enrolled in secondary colleges of teacher training, a decrease of 4.8 percent over the previous year. Students enrolled in ordinary secondary schools totaled 1.611 million, a decrease of 10.9 percent compared with the previous year. Secondary agricultural school and secondary vocational school enrolment totaled 5,400, an increase of 440 percent over the previous year. Students enrolled in training schools totaled 15,000, a decrease of 24.6 percent over the previous year. Pupils enrolled in primary schools totaled 4.3731 million, a decrease of 3.3 compared with the previous year. A total of 408,800 children were enrolled in kindergartens, a decrease of 2.3 percent from the previous year. As the television university did not recruit students in 1981, only 11,000 students were enrolled, a decrease of 19.7 percent from the previous year. Having undergone a rectification, universities for staff and worker training, spare-time universities, correspondent evening universities and so on managed to recruit more students. In 1981, 4,200 students were enrolled in these universities, an increase of more than 100 percent over the previous year. Also, 313,900 students were enrolled in those secondary schools for workers and peasants (including secondary technical schools for staff and workers and peasants, and sparetime secondary schools), an increase of 160 percent over the previous year.

In 1981, the cultural and artistic cause continued to develop in the province, and our writers created a number of good works which were well received by the masses of the people. Seven feature films were produced and 164 new films (long films) were distributed. Throughout the province, there were 4,017 film projection units, 134 artistic performance groups, 527 arts centers and cultural centers (halls), 72 public libraries, 33 museums and memorial halls. In the whole province, there were 4 radio broadcast stations, 10 transmission stations and relay stations, 1 central television broadcast station, 7 television transmission stations and relay stations each with a capacity of over 1,000 watts. In 1981, the province published more than 220 million copies of newspapers, of which 130 million copies were newspapers at the provincial level and 90 million copies were newspapers at the local level. The province also published 8.59 million copies of magazines of various types, and 103 million copies of various books.

Health Work, Physical Culture

In 1981, new development was made in health work. The number of sick beds in various medical institutions reached 63,700, an increase of 4.8 percent over the preceding year. Of these, the number of sick beds in hospitals was 57,200, an increase of 3.6 percent over the preceding year. The number of professional health technical personnel was 88,400, an increase of 9.8 percent over the preceding year. Of these, the number of doctors was 40,700 (including 9,800 doctors of traditional Chinese medicine, 173 senior doctors who combined the use of traditional Chinese medicine and Western medicine, 17,900 doctors of Western medicine and 12,900 practitioners of Western medicine with secondary medical school education, an increase of 9.6 percent over the preceding year;

the number of matrons and nurses was 14,000, an increase of 17.6 percent over the preceding year. The number of bare-footed doctors in rural areas was 69,900, a decrease of 3.1 percent as compared with the preceding year.

In 1981, the patriotic health campaign was further carried out, which greatly strengthened the work of prevention and cure of local diseases. Diseases which did much harm to the people's health such as goiter, hypothyroidism and Keshan disease no longer spread in places where they often occurred and the incidence of these diseases was checked. New progress was also made in the prevention and cure of other local diseases.

In 1981, two marksmen in our province equaled two world shooting records. An Asian track and field record was broken, as were 5 national track and field, shooting and parachuting records and 34 provincial track and field, swimming and shooting records (including teenagers' records). Mass physical culture and sports were further developed: 764 sports meets at or above country level were held in the province with 164,000 athletes participating in them; 187,000 people in the province came up to national physical training requirements.

9. The People's Livelihood

In 1981, the people's livelihood in cities and rural areas continued to improve. On the basis of a relatively big increase in the preceding 2 years, the peasants' income continued to increase. According to a sample survey of the income and expenditure of 984 peasant households in 30 counties, the average annual net income per capita (including income from agricultural and sideline products and income from redistribution) was 177.2 yuan, an increase of 35 yuan or 24.6 percent over the preceding year. The rural economy became more and more lively. Bumper harvests have been reaped in old liberated areas in north Shaanxi for 3 years running and the situation of poverty which had lasted for many years was beginning to change.

In 1981, 230,000 people, including youths and other people awaiting jobs and new graduates from colleges and secondary technical schools who were assigned jobs by the state were offered jobs. At the end of the year, the number of staff members and workers under the system of ownership by the whole people and ownership by the collective in towns and cities reached 2,970,700, an increase of 149,400 over the preceding year. Of these: the number of staff members and workers under the ownership of the whole people was 2,497,300, an increase of 108,000 over the preceding year; the number of staff members and workers under collective ownership in towns and cities was 473,400, an increase of 41,400 over the preceding year. In addition, the number of self-employed people in towns and cities reached 21,400, an increase of 7,700 over the preceding year.

In 1981, the total amount of wages of staff members and workers was 2.246 billion yuan, an increase of 4.2 percent over the preceding year. Of this: the total amount of wages of staff members and workers under the ownership of the whole people was 1.97 billion yuan, an increase of 4.1 percent over the preceding year; the total amount of wages of staff members and workers under collective ownership in towns and cities was 276 million yuan, an increase of 5.3 percent over the preceding year.

In 1981, the average wages of staff members and workers was 780 yuan, a decrease of 0.6 percent as compared with the preceding year. Of this: the average wages of staff members and workers under the ownership of the whole people was 812 yuan, an increase of 1 yuan over the preceding year; the average wages of staff members and workers under collective ownership in towns and cities was 609 yuan, a decrease of 27 yuan as compared with the preceding year. In this year, although teachers in secondary and primary schools and some medical personnel and physical culture workers were upgraded after October, their average wages slightly decreased as a result of an increase of new recruits. According to a sampling survey of the income and expenditure of 700 households of staff members and workers in 5 cities, the average number of people employed in one household of staff members or workers in 1981 was 2.32, accounting for 53.2 percent. The average per capita income which could be used on daily life was 426 yuan, an increase of 18 yuan or 4.4 percent over the preceding year. After deducting a 3.6 percent price indice rise of expenditure for daily-life, the average per capita income of staff members and workers was 0.78 percent above the preceding year.

At the end of 1981, the people's savings in cities and rural areas was 1,665 million yuan, an increase of 315 million yuan or 23.3 percent over the preceding year. These savings in towns and cities increased by 19.4 percent and savings in rural areas increased by 37 percent.

In 1981, the housing area built by units owned by the whole people and by the collective in towns and cities was 2,555,100 square meters, which was slightly less than the preceding year. Of this: living quarters built by units owned by the whole people totaled 2,504,800 square meters, which equaled that in 1980--the peak year since the founding of the country. In addition, there was a big increase of new houses and cave-houses built by the peasants, amounting to over 13 million square meters, in this year.

Problems remaining unsolved in the people's livelihood were: the peasants' livelihood in areas affected by natural disasters was quite difficult; some urban residents still lived crowded together; as a result of heavier burdens caused by price increase, the livelihood of some staff members and workers who received little or no bonuses was affected.

10. Population

At the end of 1981, the population of the whole province was 28,645,000 people, an increase of 331,000 people or 1.17 percent over the end of the preceding year.

CSO: 4006/547

ECONOMIC PLANNING

ZHEJIANG DRAFT PLAN FOR ECONOMIC, SOCIAL DEVELOPMENT

OW081315 Hangzhou ZHEJIANG RIBAO in Chinese 26 Jun 82 p 2

["Report on the 1982 Draft Plan for Economic and Social Development (Excerpts)" by Zhang Qi, chairman of the Zhejiang Provincial Planning Commission, at the Fourth Session of the Fifth Zhejiang Provincial People's Congress on 20 June 1982]

[Text] Deputies:

The main points of this province's 1982 draft plan for economic and social development, to which the 12th meeting of the Standing Committee of the provincial people's congress agreed in principle, have been issued in advance to various areas and departments for implementation. Entrusted by the provincial people's government, I will now make a report to this session on the implementation of the 1981 plan and the 1982 draft plan for deliberation and approval.

I. Implementation of the 1981 Plan

Our province resolutely implemented the policy of further economic readjustment and political stability in 1981. As a result, the province's economic plan was generally implemented well.

1. Despite frequent natural disasters, we still reaped a relatively good harvest. Total agricultural output value was 12.1 billion yuan, a 6 percent increase over the previous year. Grain and cotton output dropped because of natural disasters. However, diversified undertakings and industrial and sideline production in the countryside developed rather fast. Compared with the previous year, total grain output decreased 1.1 percent and total cotton output dropped 17.8 percent while total rapeseed output went up 40.7 percent, total tea output 18.5 percent, total silkworm cocoon output 0.5 percent and total citrus output 31.9 percent. The number of pigs in stock at the end of 1981 decreased 4.2 percent compared with the previous year while the output of aquatic products increased 3.1 percent. Industrial and sideline output value in the countryside was 3 billion yuan, a 27 percent increase over the previous year. With the continuing improvement of the responsibility system in agricultural production and the increased rationality of the agricultural structure, the enthusiasm for production among the broad masses of peasants is running high, and the situation in the countryside is good.

2. In the course of economic readjustment, industrial production continued to increase and the industrial structure was improved. Total industrial output value was 21.36 billion yuan, a 13.7 percent increase over the previous year. The proportion of light industrial output value compared with the total industrial output value increased to 65.2 percent in 1981 from 62 percent in the previous year. The output of most major light industrial products registered a fairly big increase compared with the previous year. Cotton yarn output went up 10.2 percent, cotton cloth 4.9 percent, wool fabrics 50 percent, knitting wool 34.3 percent, silk fabrics 13.5 percent, bicycles 1.3 times, sewing machines 45.5 percent, wristwatches 96 percent and television sets 67.9 percent. The output of sacks and sugar decreased compared with the previous year. Heavy industry readjusted its orientation of service, and the output of most heavy industrial products in short supply registered an increase compared with the previous year. Cement output increased 40.9 percent, caustic soda 11.7 percent, soda ash 7 percent and plastic resin 10.6 percent. At the same time, the output of machine tools, motor vehicles and some other machines was reduced in a planned way. Progress was made in economizing on energy by readjusting the product mix and taking technical measures. Comprehensive energy consumption in terms of industrial output dropped to 4 dun in 1981 from 4.33 dun in 1980.

The volume of freight handled by local transportation units was 6.93 billion dun-kilometers, an increase of 7.4 percent over the previous year. Highway transport, inland waterways and harbor and wharf facilities were improved. Coal barges of the 10,000-dun class can now berth at Ningbo harbor's Zhenhai coal wharf. Piers for berthing 100,000-dun class vessels have been completed in Beicang Harbor.

3. Capital construction was scaled down, and investment results were improved. Investments in capital construction by units under the system of ownership by the whole people were 27.8 percent less than during the previous year. The rate of utilization of fixed assets increased to 82.4 percent from the previous year's 65.1 percent. Newly added production capacities included mainly 192,000 mu of irrigated farmland, facilities capable of producing 250,000 cases of plate glass, 20,000 cotton textile spindles, steam turbines capable of producing 350,000 kilowatts of electricity, 200,000 dun of freight-handling capability at harbors, 161 kilometers of highway, 284,000 square meters of school buildings and 1,263 hospital beds.

4. Business was brisk in both urban and rural areas, and revenue increased. The volume of commodity retail sales rose 10.4 percent over the previous year. Retail prices rose 2.6 percent over the previous year. Prices of daily necessities were basically stable.

The annual procurement plan for export goods was overfulfilled; but total procurement was 7.8 percent less than during the previous year. This was mainly because of controls imposed on the export of commodities that used to incur heavy losses.

Revenue was 3.404 billion yuan, an increase of 10.4 percent over the previous year. Expenditure was 1.711 billion yuan, a decline of 1.3 percent compared

with the previous year. This basically met the need in economic and cultural projects and in improving the people's livelihood.

5. Progress was made in education, science, culture and public health. Total enrollment in institutions of higher learning was 41,000, an increase of 3,400 over the previous year. To meet our province's need in economic and social development, universities and colleges offered additional courses in economics, law, tourism and other specialties. The establishment of technical secondary schools in textiles, light industry, construction, electronics, law and nursing is under way. The teaching quality of middle and primary schools has been improved due to readjustment and reform. In the scientific and technological field, achievements were made in 342 scientific research items, including 33 major ones, and new results were achieved in 1981 in applying scientific and technological research results to industrial and agricultural production. The number of hospital beds in medical units at all levels totaled 71,300, an increase of 2.7 percent over the previous year. The number of professional public health personnel was 98,400, an increase of 7.7 percent over the previous year. Progress was also made in culture, sports, journalism, radio broadcasting, television, publishing and other undertakings.

6. The people's livelihood in both urban and rural areas is continuously improving. The average per capita cash income of rural commune members distributed by collectives was 111.5 yuan, an increase of 9.2 percent over the previous year. Total wage payments for staff and workers rose 7.3 percent over the previous year, and the average yearly pay for staff and workers was 709 yuan, an increase of 1.1 percent over the previous year despite increases in the number of new workers. Wages of middle and primary school teachers, sports workers and some medical personnel also increased. Jobs were arranged for 156,000 people in both urban and rural areas. Some 3.23 million square meters of housing was completed in cities and townships, an increase of 20.4 percent over the previous year.

Progress was also made in planned parenthood work under new conditions. The province's natural population growth rate was 1.05 percent.

In executing the 1981 plan, the deficiencies were: not enough guidance was provided in implementing the agricultural production plan, grain acreage fell short of the planned target, the energy problem was acute, some raw materials were in short supply or unavailable, the transportation system was overburdened thus limiting our industrial growth, economic results in various sectors fell short of expectations, many departments failed to match their best performance of the past in economic results and technology, some products lacked appeal on the market and were unsalable, the number of enterprises that incurred losses and the amount of losses increased when compared with the previous year, procurement plans for a number of farm and sideline products were not fulfilled, and not enough manufactured goods were made available to the rural areas. These problems showed that more effort is needed in our planning.

II. Tasks and Major Targets of 1982 Plan

In line with the 10 principles for economic construction put forth by Premier Zhao Ziyang and with the state plan, the guiding principle for arranging the province's 1982 plan is to vigorously and earnestly continue to implement the policy of readjusting, restructuring, reorganizing and upgrading the national economy and to raise economic returns so as to achieve a solid, not inflated, growth rate of the national economy and, on the basis of increasing production, ensure for the people a stable and continuously improving livelihood. The general requirements of the 1982 plan are: a 4 percent increase in the agricultural output value over last year; a 6 percent, or 8 percent if possible, increase in the industrial output value; an 8 percent increase in the total volume of commodity retail sales, and a 3.7 percent increase in financial revenues. It is necessary to keep investment in capital construction at the same level as last year and to strive for progress in scientific, educational, cultural and public health undertakings.

The specific tasks and major targets are as follows:

1. It is necessary to develop agricultural production in an all-round way and go all out to strive for a bumper grain harvest.

In accordance with the policy of actively promoting diversified economy and never relaxing efforts in grain production, the major targets for agricultural production in 1982 are: an increase of 2.5 to 6 percent in the total grain output over last year, an 18 percent increase in the total cotton output and a 3 percent increase in the total output of silkworm cocoons. It is also necessary to make advances in forestry, animal husbandry, fishery and sideline production and other diversified economy and to increase the production of commune and brigade-run enterprises in the course of reorganizing and improving management.

In striving for a bumper agricultural harvest, it is necessary first to rely on policy and second on science. Therefore, it is imperative to continuously perfect the various forms of production responsibility systems in order to further arouse the enthusiasm of the broad masses of peasants in production. In agricultural economy, it is also necessary to adhere to the principle of giving priority to planned economy and regarding regulation by the market as supplementary. In particular, it is necessary to correctly handle the proportion between the acreages under grain and under cash crops. In view of Zhejiang's dense population, scarce farmland and unstable grain production, we should by no means reduce the grain acreage but restore it to the same level as in 1980. In growing cash crops and promoting diversified economy, we should concentrate our efforts on increasing per-unit output and develop mountainous and hilly areas, water surfaces, areas along rivers and sea beaches and should no longer use farmland to grow cash crops. It is necessary to rely on the masses in popularizing fine seeds, accumulating organic fertilizer, transforming low-yield farmland and carrying out necessary farmland capital construction. All trades and professions must foster the idea of taking agriculture as the foundation of the national economy and step up support for agriculture by actively producing and selling goods serving the needs of agriculture.

2. It is necessary to continue to develop light industry at a faster pace and further readjust the orientation of heavy industry.

The total output value of light industry in 1982 should reach 15 billion yuan, or an 8 percent increase over 1981. The targets in the output of major products should be: cotton yarn, 103,960 dun; cotton cloth, 470 million meters; silk, 9,280 dun; machine-made paper and cardboard, 220,000 dun; bicycles, 350,000; sewing machines, 380,000; wristwatches, 430,000; and television sets, 140,000. In organizing the production of light industry, it is necessary to consider the consumer's needs, improve product quality and increase variety. In developing light industry, it is necessary to take a flexible stand: We should not only pay keen attention to the production of textiles, paper, foods and durable products but also vigorously promote production light industrial and chemical products and tourist goods in light of the new market situation.

Heavy industrial output value should reach 7.7 billion yuan in 1982, a 4 percent increase over last year. We should continue to readjust the service orientation of heavy industry according to society's needs. Chemical industry and building materials departments should make efforts to increase the production of chemical fertilizer, cement, glass and component parts for civilian housing. Metallurgical industry departments should increase the production of strip steel and other steel products in short supply. Machine building industry departments should take from the long to add to the short, expand their scope of service, provide equipment for the technical transformation of enterprises, supply the market with marketable products and make vigorous efforts to increase the export of machines and electrical appliances.

Coal is in short supply and communication and transport facilities are strained--these are two outstanding problems in the 1982 plan. In addition to getting more coal from other provinces, the way to solve the coal shortage is mainly to practice economy, lower coal consumption and increase production by practicing economy. At the same time, vigorous efforts should be made to grasp coal production in the province and to fulfill or overfulfill the state plan. It is necessary to strengthen the planning and management of freight transport, to rationally organize freight transport, to do a good job in solving the problem of traffic congestion at important railway stations and ports, to raise transport efficiency and to reduce traffic accidents. As for ports, roads and bridges that are planned to be built or to be technically transformed, vigorous efforts should be made to carry out such plans.

3. It is necessary to continue to control the scale of capital construction, to rationally readjust the orientation of investment and to strengthen the technical transformation of enterprises.

The total amount of investment in capital construction throughout the province in 1982 remains at the level of the 1981 plan. Investments in agriculture, electric power, chemical industry, building materials, communications, education and public health are increased compared with last year. In capital construction, we must act in strict accordance with the state plan, and no one is allowed to expand the scale of construction without authorization or to build projects not included in the state plan.

Efforts should be made to accelerate the technical transformation of enterprises and the renewal of their equipment. This is an important way to develop industrial production and raise our technical level. In addition to funds allocated by the state and bank loans, enterprises should use their depreciation and production development funds mainly for their technical transformation and equipment renewal. Enterprises in all trades should vigorously carry out the arrangements they have already made in this regard and strive to achieve results as soon as possible.

4. It is necessary to increase commodity supply, stabilize market prices and develop foreign economic relations and trade.

In 1982 commodity retail sales have increased 8 percent over the preceding year. So far this year, there has been a gap between the people's purchasing power and the commodities supplied, so we must do well in the procurement of commodities to increase supply and maintain the basic stability of market prices. It is necessary to strengthen procurement of agricultural and sideline products and educate the broad masses of commune members to uphold the concept of overall interests so that they will actively sell their agricultural and sideline products to support national construction. At the same time, efforts must be made to strengthen market management and price control and to strictly abide by the price policy. It is prohibited to raise prices or enlarge the scope of negotiated prices without authorization, to maintain basic stability of commodity prices on the market.

In 1982 the total cost of commodities for export is at the same level as in the preceding year. We must intensify the work of purchasing commodities for export and further increase the capability and improve the operations and management of our own export trade with a view to boosting our foreign exchange earning power. At the same time, continued efforts must be made to do well in processing work, using raw materials supplied by foreign firms or imported raw materials and to actively develop compensatory trade to expand our foreign economic relations and trade.

5. It is necessary to strive to boost revenue and reduce expenditure to maintain the balance of payments.

The 1982 revenue budget is set at 3.53 billion yuan, up 2.7 percent from the preceding year. The expenditure budget is 1.65 billion yuan, 3.8 percent more than the preceding year, if calculated in terms of comparable items. To implement the financial budget and maintain the balance between revenue and expenditure, all localities, departments, enterprises and establishments should do their best to boost production, improve their operations and management, speed up the turnover of funds and increase profits. It is imperative to correctly handle the relationship among the interests of the state, enterprises and individuals, and strictly observe discipline in dealing with financial and economic affairs. Receipts, which should be turned over to the state, must be turned over promptly and in full. As for expenditures, we must make careful planning and calculations to reduce our spending as much as possible.

6. Further efforts should be made to conduct scientific and technological research and to popularize research results; steady progress should be made in developing education, cultural and public health undertakings.

Regarding the trial-manufacture and pilot-plant production of new products and the scientific research projects contained in the 1982 plan, all available experts and technicians should be organized to work cooperatively to solve key problems and achieve fruitful results as quickly as possible. Scientific research results already achieved should be popularized and applied on a wide scale by holding technology-exchange meetings, by forming cooperative ties between factories and schools and between factories and research institutes and by signing contracts for the use of research results. The purpose is to translate research results into new productive forces as early as possible.

Education should be developed steadily in a planned way under the premise of improving education quality. In 1982 institutions of higher learning have an enrollment of 10,600, and secondary vocational schools 12,800, up 14.2 and 3.4 percent respectively from the preceding year. It is imperative to tap the potential in existing schools and to give great attention to the construction of certain buildings at institutions of higher learning and to the construction of some secondary vocational schools as listed in the plan. Television, night and spare-time universities should enroll as many students as their conditions permit. Attention should be paid to children's education, and efforts should be made to consolidate and improve primary and middle school education, to gradually adjust the structure of middle school education and to vigorously develop vocational and technical education. It is also necessary to do well in training staff members and workers, in giving peasants education in culture, science and technology and to continue the work of eliminating illiteracy in rural areas. In addition, we should encourage and support people in establishing schools and should rely on all available forces to develop education.

It is necessary to enliven the people's cultural activities in both urban and rural areas. Rural cultural centers should be systematically set up, movie projection networks established and more cultural facilities added by using self-provided funds plus subsidies from the state. Continued efforts should be made to develop the patriotic public health campaign, to strengthen medical and health-care work and to control diseases. Moreover, rural people should gradually improve their drinking water supply, mainly by relying on their efforts.

7. It is necessary to strictly control population growth and make continued efforts to arrange jobs for people in cities and towns.

Now our province is at the peak period of marriages and births. Based on the new situation, it is necessary to take effective measures to grasp family planning work to quickly change the trend of an increasing natural population growth rate. Particularly, the dozen counties in southern Zhejiang, where a very high natural population growth rate is noted, should do their best to reduce the rate.

According to the 1982 plan, jobs should be provided for 100,000 people, mainly through the development of collective industries, businesses, catering and

other services and by the proper development of the individual economy in cities and towns. Departments concerned should seriously carry out state policy and render active support in this respect.

III. Increase Economic Results as the Central Task To Fulfill and Overfulfill the 1982 Plan

Implementation of the 1982 economic and social development plan is a rather arduous task, and numerous difficulties are expected in the course of implementation. On the other hand, however, there are many favorable conditions and great potentialities to exploit. Our economy developed well during the first 5 months of this year. Total spring grain output was 450 million jin more than last year, and the procurement quota was overfulfilled. Total industrial output value amounted to 9.08 billion yuan, an 11.2 percent rise over last year's corresponding period. Many products were of uniform and better quality, and less materials were consumed in their production--this means better economic results. Supply of commodities showed a marked improvement, and market prices were basically stable. As long as we firmly carry out the principles and policies formulated since the 3d plenary session of the 11th CCP Central Committee and rely on the broad masses to do down-to-earth work, we will be able to fulfill, or even overfulfill, the plan for this year. Our planning departments are requested to put emphasis on the following tasks:

1. Pay attention to raising economic results. In the last 3 years or so, the economic development of our province has been fairly rapid, but the economic results have not been ideal. From now on, we must go all out to raise economic results and, on this basis, maintain a certain growth rate for our economy. To raise the economic results in production, construction commodity flow and other fields, we must carry out overall consolidation of enterprises consecutively, build their leading bodies, further improve the various economic responsibility systems, strengthen the fundamental task of enterprise management and raise the level of production and operations. Continued attention should be paid to the readjustment and reorganization of enterprises and to the development of cooperation among specialized departments and the establishment of economic complexes. Regarding capital construction, it is necessary to reduce the time required for construction, reduce construction costs and raise benefits from investment. As for the flow of commodities, we must reduce the links in the commercial chain, improve operations and management, cut the rate of commodity wastage, accelerate the turnover of funds, raise the quality of service and increase profit.

2. Implement the principle of relying mainly on the planned economy and supplementing it with regulation through the market. The planned economy is a manifestation of the superiority of the socialist system. All localities, departments and units must enhance the concept of planning, seriously carry out the state plan and oppose departmentalism and decentralism. Planning departments at all levels must conduct in-depth investigation and study. In drawing up plans, they must reflect objective reality, respect objective economic laws, achieve an overall balance and raise the degree of accuracy of the plans.

Under the unified leadership of the state and the guidance of its plan, we must give full scope to the supplementary role of regulation through the market. We must continue to use the methods which have previously proved effective, such as coordination in supply of materials, technical exchange, sale-exhibitions of products and cooperation in selling commodities, in an effort to enliven our economy.

3. Strengthen ideological and political work in economic planning. It is necessary to educate the vast numbers of cadres and masses to understand correctly the conditions in our country and province, deeply comprehend the guiding principle that "first, the people must have sufficient food; second, socialist construction must be carried out" and do well in handling the relationship between state, collective and individual interests. They must uphold the idea of building up our country through diligence and thrift and of carrying out arduous struggle, enhancing spirits, surmounting every difficulty and working hard, in concert, for the development of the national economy, science and technology and various social undertakings.

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ECONOMIC PLANNING

SHAANXI ON EXECUTION OF 1982 DEVELOPMENT PLAN

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[Excerpts from Shaanxi Provincial Planning Committee Vice Chairman Li Kang's "Report on the State of the Execution of Shaanxi Province's Economic and Social Development Plan in the First Half of 1982" delivered on 28 June 1982 at the 15th meeting of the Shaanxi Provincial People's Congress Standing Committee]

[Text] Committee members,

Our province's economic and social development plan for 1982 was ratified by the fourth session of the fifth provincial people's congress. According to the plan, in 1982, our province must further implement the policy of readjusting, restructuring, reorganizing and upgrading the national economy, strengthen and stabilize economic gains, uphold the principle of ensuring planned economy plays the major role and regulation by market mechanism the supplementary role, strive to increase economic returns and achieve a rate of national economic development that is relatively higher than last year's. I have been entrusted by the provincial government with the task of reporting on the estimated state of the execution of our province's plan during the first half of this year. Now I am going to make this report to you for examination and approval.

I. On the Estimated State of the Execution of the Plan During the First Half of This Year

This year, under the leadership of party committees at all levels, vast numbers of cadres and the broad masses of the people throughout the province have conscientiously implemented a series of important directives on national economic development as issued by the CCP Central Committee and the State Council and the 10 principles for economic construction as put forward by Premier Zhao Ziyang, continued readjusting the province's economy and achieved relatively remarkable successes in organizing the implementation of the plan. The general situation is good.

1. A further development of agricultural production and a bumper harvest of summer grain crops.

We have conscientiously implemented the spirit of last December's national conference on agricultural work, further implemented the party's various rural economic policies and established and perfected different forms of production responsibility systems. As a result, vast numbers of peasants have shown great enthusiasm for production and the rural economy has been enlivened on an unprecedented scale.

It is estimated that our province's total summer grain output this year will be over 7.75 billion jin, thus surpassing last year's output level. This year will be our province's second highest annual yield of summer grain crops in history. All area, flatlands and highlands, paddy fields and dry lands, have increased production output on a wide scale. Just as people have said, with good policies and good weather conditions and with a down-to-earth work style, a good harvest is in sight. The overall arrangements for crops and the structure of varieties were properly readjusted during last year's sowing period. Moreover, Guanzhong, Hanzhong and other major summer grain-producing areas paid attention to fixing wheat-growing areas. After autumn sowing, in view of various unfavorable conditions such as wet weather, low temperature and poor sowing quality, most areas promptly carried out spring irrigation and topdressing and strengthened field management. From January to May, the supply of chemical fertilizers increased by 42 percent as compared with the same period last year, the supply of agricultural chemicals increased by 21 percent as compared with last year, and highly efficacious chemicals for stimulating growth were sprayed by planes upon more than 2 million mu of summer crops in Guanzhong and Hanzhong, thus promoting the growth of crops.

Our province has continued developing a diversified economy. We have made a proper reduction in the areas sown to rape. It is estimated that this year's total output of rapeseed will be 1.74 million dan. This means that this year will be our province's second highest annual yield of rapeseed in history. With 3.76 million mu of fields sown to cotton, our province has further implemented the responsibility system and done solid and painstaking management work. At present, the growth of cotton is better than last year's. Both tea and silkworm cocoon output achieved relatively great increases as compared with the same period last year. The output value of our commune and brigade enterprises has reached 325 million yuan, an increase of 40.7 percent as compared with the same period last year. There has also been a new development in our commune members' household sideline production.

Due to the promotion of the national movement for voluntary afforestation, both the quantity and quality of this spring's afforestation work have surpassed last year's. By the end of May our province had built 3.8 million mu of vast stretches of afforested areas, thus overfulfilling the annual plan for building vast stretches of afforested areas; our province has planted 200 million trees around the four sides [house side, village side, roadside and waterside], an increase of more than 60 million trees as compared with last year; and our province has raised 280,000 mu of seedlings, an increase of 80,000 mu of seedlings as compared with the same period last year.

Thanks to the cordial concern and support shown and offered by the party Central Committee and the State Council, our province promptly handed out relief funds and resold grain to the people living in straitened circumstances in disaster-stricken areas. The minds of the masses in such areas have been set at rest; they have enthusiastically thrown themselves into production.

2. A steady increase in industrial production and a gradual improvement in economic returns.

This year, vast numbers of cadres, staff and workers on the industrial and communications front have resolutely implemented the spirit of the national conference on industrial and communications work, inspired enthusiasm and worked hard, thus bringing about a radical change in the situation in which industrial output fell for a time last year and promoting a steady increase in industrial production. It is estimated that our province's industrial output value during the first half of this year should be 5,475 million yuan which account for 50 percent of the annual plan for industrial output value. This estimated output value during the first half of this year also means a 7 percent increase as compared with the same period last year. We may overfulfill the half yearly plan for industrial output value ahead of schedule. Of the 80 major industrial products listed in the half yearly production plan, 56 products or 71 percent of all the listed products have registered high output than in the same period last year. Our province has gradually increased economic returns, improved the quality of most products, reduced consumption and promoted the output of marketable products. As to highway transportation, it is estimated that our province's volume of goods transported during the first half of this year will be 7.01 million tons, which will account for 63 percent of the annual plan for highway transportation. This estimated volume of goods transported by highway transportation during the first half of this year will also mean a 29 percent increase as compared with the same period last year. It is estimated that our province's volume of goods transported by rail during the first half of this year will be 11.99 million tons which will account for 53.3 percent of the annual plan for railway transportation or an increase of 4.8 percent as compared with the same period last year.

Judging from the state of the execution of the industrial production plan during the first half of this year, we can discover the following characteristics:

We have grasped things early and grasped them well. Our industrial production has shown a good upward tendency since the beginning of this year. In January, our province's average daily industrial output value increased by 8.2 percent as compared with the same period last year. In February, our province succeeded in bringing about a radical change in the situation since last year in which industrial output had begun falling. Since March, our province has achieved a steady monthly increase in industrial output.

Heavy industrial output has gone up again by a big margin and light and textile industries have kept up steady increases in their output--it is estimated that our province's heavy industrial output value during the first half of this year will be 2,544 million yuan which will account for 52.3 percent of

the annual plan for heavy industrial output value. This estimated half yearly output value will also mean a 8.13 percent increase as compared with the same period last year (our province's heavy industrial output value during the first half of last year dropped 15.2 percent). It is estimated that our province's raw coal output during the first half of this year will be 9.55 million tons which will account for 50.5 percent of the annual raw coal production plan. The estimated half yearly output of raw coal will mean an increase of 12.8 percent as compared with the same period last year. Of the estimated output of 9.55 million tons of raw coal, 6.34 million tons will be raw coal for unified distribution. The estimated output of 6.34 million tons of raw coal for unified distribution will mean an increase of 13.8 percent as compared with the same period last year. It is estimated that our province's cement output during the first half of this year will be 1.28 million tons, an increase of 13 percent as compared with the same period last year; the estimated half yearly output of plastics will be 2,716 tons, an increase of 45 percent as compared with the same period last year; the estimated half yearly output of sulphuric acid will be 61,000 tons, an increase of 19.8 percent as compared with the same period last year; and the estimated half yearly output of walking tractors will be 6,700, an increase of 660 percent as compared with the same period last year. It is also estimated that the total output value of our province's light and textile industries during the first half of this year will be 2,931 million yuan which will account for 48.2 percent of the annual plan for the total output value of light and textile industries. The estimated half yearly output value of light and textile industries will mean an increase of 6 percent as compared with the same period last year. The output of some major products during the first half of this registered relatively sharp rises as compared with the same period last year: the output of cigarettes increased by 45 percent; beer output increased by 72 percent; the output of washing powder increased by 32 percent; the output of bicycles increased by 53.9 percent; the output of sewing machines increased by 20 percent; the output of television sets increased by 85 percent; the output of chemical fibers increased by 100 percent; the output of cotton yarns increased by 6.9 percent; cloth output increased by 5.8 percent; and the knitting wool output increased by 78.6 percent.

We have improved our economic returns--from January to May this year, the budgeted profits and taxation from our province's local state-run industrial enterprises increased by 4.5 percent as compared with the same period last year, and their fixed costs dropped 0.1 percent on an average as compared with the same period last year. During the January-May period, our province's floating fund turnover sped up by 8.2 percent as compared with the same period last year, and the losses incurred in enterprises in the red dropped 4.3 percent on an average. Of the 12 major quotas for economic returns for the first quarter of this year which were examined by the state, our province did well in fulfilling 9 of them as compared with the same period last year.

There has been a rapid growth of industry under collective ownership--from January to May this year, the growth rates of industry under the ownership of the whole people and industry under collective ownership in our province increased by 8.6 percent and 9.8 percent respectively as compared with the same period last year. During the same period, the growth rates of the central

industry and the local industry in our province increased by 6.4 percent and 9.2 percent respectively as compared with the same period last year.

3. We have continued exercising control over the scale of capital construction and readjusted the orientation of the employment of investments.

During the first half of this year, there were a total of 1,300 capital construction projects, a decrease of 121 projects as compared with the same period last year. Most of the 1,300 projects were continuations of previous projects. It is estimated that 470 million yuan of capital construction projects will be completed during the first half of this year and these will account for 50 percent of the annual plan for capital construction. Of the 470 million yuan of capital construction projects, 210 million worth of projects are local projects, which account for 53 percent of the annual plan.

Through readjustments, the orientation of the employment of the investments tends to be rational. Investments made during the first half of this year in nonproductive construction projects to meet the people's livelihood needs account for 44 percent of all the investments made in the first 6 months of this year, an increase of 29.6 percent as compared with the same period last year. Of the investments made in nonproductive construction projects during the first half of this year, investments in urban and commercial construction projects increased by 24 percent and 45 percent respectively, and investments made in construction projects for culture, education and public health increased by 33 percent as compared with the same period last year. Of the total amount of investments made in industrial departments during the first half of this year, investments made in coal, electric power and petroleum departments account for 44 percent of the total amount, an increase of 19 percent as compared with the same period last year; and investments made in light and textile industries account for 23 percent of the total amount, an increase of 54 percent as compared with the same period last year.

4. Commercial buying and selling have been in a good state and the market has been becoming increasingly brisk.

It is estimated that the total value of our province's commercial purchases made during the first half of this year will be 2.24 billion yuan, an increase of 8.9 percent as compared with the same period last year. It is also estimated that the total value of our province's sales volume during the first half of this year will be 3.19 billion yuan, an increase of 8.2 percent as compared with the same period last year. The gross retail price index for the first quarter of this year in our province registered an increase of 2.7 percent as compared with the same period last year. It is estimated that the total value of commodities purchased for foreign trade during the first half of this year will be 190 million yuan, an increase of 5 percent as compared with the same period last year. There has also been a new development of our province's economic relations with foreign countries.

5. There has been a continued development of scientific, cultural, educational and public health undertakings.

This year's planned 116 major scientific and technical research projects and this year's first batch of 20 projects for popularizing scientific and technical achievements are being carried out. Our province has scored initial achievements in the technical comprehensive test for increasing the output of Weibei's upland wheat and in mastering new techniques for the dressing of molybdenum ores. Our educational, cultural, public health, sports, broadcasting, television, publishing, and tourism units and units for preservation of cultural relics have all achieved new developments during the first half of this year. With regard to planned parenthood work, our province has conscientiously implemented the spirit of the central authorities' directive concerned, preliminarily checked the laissez-faire phenomena in some localities, adopted measures and achieved successes.

6. We have made improvements in the people's living standards.

It is estimated that the sales volume of social commodities through retail trade during the first half of this year will be 2.79 billion yuan, an increase of 5.3 percent as compared with the same period last year. Of the estimated 2.79 billion yuan worth of social commodities, there will be 1.5 billion yuan worth of social products sold through rural retail trade during the first half of this year, an increase of 6 percent as compared with the same period last year. The sales volumes of key commodities during the first half of this year registered big increases as compared with the same period last year: the sales volume of sewing machines increased by 38.6 percent, the sales volume of wrist watches increased by 18.1 percent, the sales volume of bicycles increased by 5.3 percent, the sales volume of pork increased by 16 percent, and the sales volume [words indistinct] increased by 8.5 percent.

Our province constructed more than 2.6 million square meters of urban housing during the first half of this year, an increase of 17.5 percent as compared with the same period last year. During the same period, our province completed 150,000 square meters of floor space in urban areas. Our province has also found jobs for more than 40,000 people in urban areas. There have been improvements in our province's water supply and drainage works. Some new medical facilities will also be gradually put into operation. During the first half of this year, the distribution volumes of books and films in our province registered increases as compared with the same period last year.

The current major agricultural problems are: There are signs of drought in quite a few areas and this will have adverse effects on the growth of early autumn crops, summer rice transplanting and summer sowing; the numbers of pigs, sheep and big domestic animals raised by some areas are continuously declining; and some areas have slackened their efforts to improve basic conditions for promoting agricultural production. The current major industrial problems are: economic returns have been unsatisfactory; there has been a decline in the quality of some consumer goods and the consumption has been rising. The current problems in communications and transportation are: railway transportation is in great demand and some goods and materials are kept long in stock while awaiting railway transport service.

II. Trying in Every Possible Way To Exert Ourselves in Fulfilling or Overfulfilling the Annual Economic and Social Development Plan

Our province has achieved remarkable successes in promoting economic and social development during the first half of this year. However, to fulfill or overfulfill the annual plan, we still have to solve quite a few existing problems in agriculture and industry. It is imperative to do well in the following tasks during the second half of this year:

1. We must try in every possible way to strive for an all-round bumper agricultural harvest.

Our province has suffered reductions in agricultural output over the past 2 years due to natural disasters. To strive for an all-round bumper agricultural harvest this year is therefore of great significance. The development of agriculture primarily depends on policy and science. At present, all areas throughout the province are currently engaged in making investigations and studies, in summing up experiences, in further implementing and perfecting the production responsibility system and in popularizing effective experience in increasing agricultural output and advanced techniques. In view of the fact that during the previous period, some areas blindly expanded the production of industrial crops such as flue-cured tobacco, we must strengthen guidance of agricultural planning and stabilize areas sown to grain crops. On the premise of guaranteeing an increase in grain output, we must energetically develop a diversified economy and develop commune and brigade enterprises in line with local conditions. In order to promote the undertakings of raising pigs, sheep, cattle and chickens, all areas are currently conscientiously implementing the party's policy on animal husbandry and are making great efforts to promote the popularization of fine breeds and the development of epidemic prevention work and the feed industry.

We must continue to do well in promoting afforestation and protecting forest resources. We must integrate biological measures with engineering measures and exercise control over soil erosion.

We must do well in tapping potential and supplying supplementary equipment for our existing farmland irrigation works, increase the pace of building our key water conservancy projects under construction and expand irrigated areas.

We must strengthen construction work for mountain areas in south Shaanxi while promoting construction work in north Shaanxi.

2. We must make great efforts to increase the economic returns from our industrial production.

In order to successfully carry out the work of increasing economic returns, the provincial government has decided to hold a provincial telephone conference in the near future. The purposes of the forthcoming conference are: to further mobilize the broad masses of cadres, staff and workers to continue conscientiously implementing the 10 principles for economic construction as put forward by Premier Zhao Ziyang; to straighten out ideas and reach a common

understanding; to adopt effective measures; to make great efforts to improve product quality, to increase the variety of colors and designs, to reduce production costs and produce marketable, low-priced and good products; to resolutely prevent and overcome the erroneous practices which pay no attention to social needs and put undue emphasis on output value; and to increase economic returns in a down-to-earth way.

In accordance with the demands made by the state and the provincial CCP committee, the provincial government has deployed forces to carry out comprehensive consolidation of enterprises by stages and in groups. The first group of enterprises to be consolidated comprises 350 enterprises (including 43 large and medium-sized enterprises). A total of 330 work teams have been sent to stay in these enterprises in order to gain firsthand experience. While carrying out consolidation of enterprises, we must also do well in grasping the readjustment of enterprises, in organizing extensive coordination between specialized departments and in carrying out economic integration. With regard to those enterprises which produce products of poor quality, have low economic returns and are seriously in the red, we must continue implementing the "closing, suspending, merging, and shifting" measures.

We must stress the carrying out of industrial technological transformations and the strengthening of scientific and technical work in a planned way. The adoption of new techniques, new technology and new equipment must be aimed at increasing economic returns and strengthening the competitive capability of products on the market. In accordance with the demands made by the state, departments at prefectural, municipal and provincial levels are currently formulating plans for carrying out technological transformation in a planned way. We must strengthen the integration of scientific research and production practice, do well in popularizing scientific and technical achievements, actively carry out economic and technical cooperations between different trades inside and outside our province, and study advanced experiences in production, techniques and management as gained by coastal enterprises so as to promote the economic development of our province.

In order to offer support for fulfilling or overfulfilling the annual plan, we recently made an inspection of the state of the execution of the plan during the first half of this year. We have conscientiously studied existing problems in the plan and put forward measures to solve them.

We must conscientiously implement the principle of "ensuring planned economy plays the major role and regulation by market mechanism the supplementary role," foster the idea of coordinating all the activities of the nation like pieces in a chess game, and strive to fulfill all state production plans and all plans for turning over production output to the higher authorities. All departments, prefectures, municipalities and enterprises are currently proceeding from the premise of benefiting the development of production and fulfilling state plans. They are currently holding consultations and acting in close coordination on their own initiative in order to do well in linking industrial production units with supply and marketing units. With regard to unsalable products kept too long in stock due to supply exceeding demand, we must readjust plans for producing such products and reduce the output of such products. We must also promptly increase the output of those products which are in great demand.

We must take a firm hold on the handling of goods and materials kept too long in stock and reduce the volume of floating funds. The provincial government has established special teams and administrative bodies to carry out this work, to find out the truth and sum up experiences and to put forward measures for preventing and handling goods and materials kept too long in stock.

We must actively develop enterprises under collective ownership. The provincial government has organized forces to make investigations and is also prepared to hold a special meeting for studying ways to quicken the pace of developing enterprises under collective ownership.

3. We must strive to shorten our capital construction cycle and reduce the costs of building projects.

We must check up on projects under construction in accordance with the "Five Fixes." We must provide all the necessary funds, materials and construction forces for completing at an earlier date all the planned construction projects and particularly those large and medium-sized projects and our province's key projects so that they can go into operation at an earlier date. Construction projects at their last construction stages must be completed and made available to users as quickly as possible. One must not allow capital construction projects to drag on for a long period of time. With regard to projects which are not urgently needed, lack workable conditions or cannot go into normal operation after completion, we must resolutely wind up the construction work on hand and withdraw funds, goods and materials. Prior to carrying out a new project, we must do well in making construction preparations. We must not carry out any new projects without approval.

We must strive to improve design quality, strengthen construction management and raise construction efficiency.

4. We must do well in ideological and political work concerning economic work and hit hard at criminal activities that sabotage our economy.

In order to guarantee the promotion of the above-mentioned work and to overfulfill this year's plans in an all-round way, we must further strengthen ideological and political work concerning economic work. We must educate the broad masses of cadres and people to uphold the four basic principles, to correctly handle relations between the state, the collective and the individual, and to be people with ideals, moral character, culture and a sense of discipline, and who make due contributions to the country. At the same time, we must resolutely implement the "resolution on severely punishing criminals who seriously disrupt the economy" as adopted by the 22d meeting of the NPC Standing Committee and the "resolution on hitting hard at serious economic crimes" as adopted by the party Central Committee and the State Council, carry the struggle against economic crimes through to the end, resolutely implement the party's open-door policy toward foreign countries and the party's policy on enlivening our national economy, and enable our economy to develop healthily along the socialist path.

Committee members, we believe that we can surely fulfill or overfulfill at tasks listed in the 1982 plan as long as we resolutely implement the party's line, guiding principles and policies, inspire enthusiasm and promote our work in a down-to-earth way.

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ECONOMIC PLANNING

'SHANXI RIBAO' REPORTS 1981 ECONOMIC PLAN RESULTS

HK170732 Taiyuan SHANXI RIBAO in Chinese 9 Jul 82 pp 1, 2

[Report: "Shanxi Provincial Statistics Bureau Communique on Results of 1981 National Economic Plan--Issued on 9 July 1982"]

[Text] In 1981, under the leadership of the party and the government, the people of our province seriously implemented the policy of further readjusting the national economy and outstanding achievements were made on all fronts. Calculated on the basis of the fixed prices in 1980, the total industrial and agricultural output value of the whole province was 17.22 billion yuan, an increase of 3.1 percent over the preceding year; and the national income totaled 9.45 billion yuan, an increase of 3.1 percent over the preceding year. The revenue and expenditure of the whole province was balanced. The market was brisk in cities and rural areas. Major proportions of the national economy further developed in the direction of coordination. The results of the execution of plans of various sectors of the national economy follow:

1. Agriculture

In 1981, various forms of production responsibility system were universally implemented in the rural areas of our province. This greatly aroused the enthusiasm of the broad masses of peasants in production. Despite serious natural disasters, such as droughts, relatively good harvests were reaped in agricultural production. Calculated on the basis of the fixed prices in 1980, total agricultural output value of the whole province was 5.37 billion yuan, an increase of 4.0 percent over the preceding year. (Total agricultural output value for 1981 was 4.96 billion yuan when calculated on the basis of the fixed prices of 1970.) The total output value of sideline production was 1.46 billion yuan, an increase of 6.6 percent over the preceding year. Output of main agricultural products such as grain, sugarbeet and tobacco was more than the preceding year but the output of cotton, oil-bearing crops and hemp was less than the preceding year. Much development was made in diversified economy and family sideline production of commune members.

Output of main agricultural products:

	1981	% increase over preceding year
Grain	14.50 billion jin	5.7
including: wheat	3.23 billion jin	36.5
cotton	135 million jin	-12.9
Oil-bearing crops	241.91 million jin	- 9.5
including: hemp	5.91 million jin	-49.0
Sugarbeet	327.18 million jin	39.8
Tobacco	6.48 million jin	220

In 1981, 3.35 million mu of land in the province were afforested, an increase of 0.8 percent over the preceding year. There were 194.84 million seedlings planted in a scattered way, a drop of 15.8 percent over the preceding year.

In 1981, the output of main animal products in our province was much more than the preceding year but the number of livestock on hand at the end of the year decreased. The situation is as follows:

	1981	% increase over preceding year
Total output of pork, beef, mutton	410.73 million jin	18.5
Comprising pork	381.08 million jin	17.7
mutton	35.67 million jin	29.7
milk	53.46 million jin	15.4
wool	9.07 million jin	13.6
hogs sold	3.03 million heads	9.2
Hogs on hand at end of year	4.53 million head	-14.7
Large livestock on hand at end of year	2.19 million head	- 2.3
Number of sheep on hand at end of year	8.24 million head	- 9.4

At the end of 1981, the total power capacity of agricultural machinery was 7.81 million hp, an increase of 430,000 hp over the preceding years. The number of large and medium-sized tractors reached 34,402, an increase of 1,735 over the preceding year. The number of small and walking tractors reached 33,861, an increase of 2,588 over the preceding year. The number of trucks for agricultural use reached 9,467, an increase of 2,812. The volume of chemical fertilizer used in the whole year was 1.244 million tons, 12.9 percent less than the preceding year. Electricity used in rural areas was 1.41 billion kilowatt hours; which was 3.4 percent more than the preceding year.

In 1981, the area of the province's paddy fields and irrigated fields was 16.6 million mu, or for 28.4 percent of the total cultivated area.

2. Industry

In 1981, our province's industrial production developed steadily in the process of readjustment. Calculated on the basis of fixed prices in 1980, the total annual industrial output value was 11.85 billion yuan, an increase of 9.5 percent over the preceding year. (Total industrial output for 1981 was 10.9 billion yuan when calculated on the basis of fixed prices of 1970, of which the total output value of light industry was 3.79 billion yuan and that of heavy industry was 7.11 billion yuan.) This accounted for 98 percent of the annual plan. Of the 100 kinds of main products which were covered by the state plans, the output volume of 66 equaled or exceeded the output plan: steel, raw coal, electricity, sulphuric acid, hydrochloric acid, soda ash, phosphorous fertilizer, synthetic rubber, mining equipment, foundry equipment, AC motors, cotton yarn, cotton, printed cloth, knitwear, woolen goods, woolen yarn, woolen blankets, silk, sugar, cigarettes, bicycles, sewing machines, leather, leather shoes, household washing machines, furniture, and so on. The output of 34 products fell short of plan: iron, iron ores, synthetic ammonia, nitrogenous fertilizer, rubber shoes, radios, television sets, chemical fibers, electric light bulbs, thermos bottles, daily-use pottery and porcelain products, aluminum products, and so on.

In 1981, as a result of firmly grasping the production of daily-use consumer goods, the production of light industry increased quite rapidly. Calculated on the basis of fixed prices in 1980, the output value of light industry of the whole province was 3.8 billion yuan, an increase of 11.5 percent over the preceding year. The output value of light industry in the total industrial output value increased from 28.9 percent to 32 percent. The output of various main products of light industry registered quite a large increase.

Output of main products of light industry:

	1981	% increase over previous year
Cotton	396.63 million meters	2.6
Cotton yarn	87,197 tons	3.6
Chemical fibers	3,974 tons	9.1
Woolen goods	1.96 million meters	5.4
Silk products	4.836 million meters	2.7
Paper and cardboard	65,000 tons	-17.5
Sugar	17,117 tons	54.1
Cigarettes	194,000 cases	4.3
Raw salt	39,825 tons	- 5.5
Synthetic detergents	24,900 tons	34.6
Bicycles	196,000	86.1
Sewing-machines	242,000	85.9
Television sets	35,000	49.2
Radios	221,000	- 7.8
Household washing-machines	29,368	510.0 [%]
Electric bulbs	23.94 million	- 1.1

In 1981, in the process of readjusting the industrial production structure, the output of some heavy industry products was reduced in a planned way. Calculated on the basis of the fixed prices in 1980, the output value of heavy industry of the whole province was 8.05 billion yuan, a decrease of 3 percent over the preceding year. Of the 24 kinds of main products of heavy industry listed below, the output value of 8 of them was higher than the preceding year, and 16 less than the preceding year. In 1 year, achievements in heavy industry were made in changing the service orientation, increasing easily marketable products, and in reducing products in excessive supply. Products of energy industries such as raw coal and electricity registered quite a large increase.

Output of main products of heavy industry:

	1981	% increase over previous year
Raw coal	132.55 million tons	9.5
Electricity	12.46 billion kwh	3.6-
Steel	1.385 million tons	-7.3
Steel products	845,000 tons	-13.4
Iron	1.575 million tons	- 8.1
Coke (manufactured)	1.572 million tons	- 2.3
Cement	2.708 million tons	- 5.9
Sulphuric acid	260,000 tons	9.5
Hydrochloric acid	21,582 tons	24.9
Soda ash	12,040 tons	- 5.9
Caustic soda	42,818 tons	- 0.6
Chemical fertilizer	371,000 tons	- 7.7
including: nitrogenous fertilizer	317,000 ton	- 9.3
phosphorous	54,000 tons	2.7
Chemical pest insectide	6,051 tons	-21.6
Plastics	5,576 tons	0.6
Chemicals	909 tons	-14.6
Calcium carbide	75,431 tons	- 6.2
Mining equipment	4,394 tons	-53.0
Foundry equipment	3,656 tons	23.0
Tractors	182	-83.0
Cars	362	-76.6
Metal cutting machine tools	832 sets	-51.2
Locomotives	237	-27.1

At present, the main problem confronting our province's industrial production is that the economic returns are relatively too low. In 1981, productivity of a full-time worker in an industrial enterprise under the ownership of the whole people was 7,734 yuan, which was 5.1 percent less than the preceding year. The main quality indices of 47 out of 89 kinds of products dropped. The consumption indices of unit product of 52 of 96 kinds of products rose. The total cost of production of comparable products of independent accounting industrial enterprises under the ownership of the whole people increased by 2.8 percent. Profits handed over to the state decreased by 14.1 percent. The

percentage of losses incurred by enterprises increased from 24.9 percent in the preceding year to 32.5 percent.

3. Capital Construction

In 1981, the total amount of investment in capital construction of enterprises owned by the whole people of the whole province was 1.21 billion yuan, a decrease of 32.7 percent over the preceding year. Investment which was covered by the state budget totaled 610⁰⁰ million yuan, a drop of 33.2 percent. Eighty-nine projects were stopped or suspended in that year. The number of construction projects was reduced from 1,965 in 1980 to 1,027 items.

In 1981, new changes took place in the structure of investment for capital construction. Investment in production construction was 730 million yuan. The percentage of this part of investment decreased from 69.5 percent in the preceding year to 60.6 percent. Investment in nonproduction construction for meeting the needs of the people's material and cultural life was 470 million yuan, an increase from 30.5 percent to 39.4 percent. The percentage of investment in housing increased from 15.3 percent to 23.1 percent.

In 1981, the newly added fixed assets resulting from capital construction of units under the ownership of the whole people was 990 million yuan, a decrease of 31 percent. The rate of handing over for use of fixed assets was 80.3 percent, which was 2.1 percent higher than the preceding year. The total area of housing completed this year was 3.14 million square meters, a decrease of 13 percent over the preceding year.

In 1981, major production capacity and project returns newly added through capital construction were: coal mining, 2.38 million tons; capacity of electricity generators, 209,000 kilowatts; transmission lines at 110,000 volts or above, 333 kilometers; chemical fertilizer, 15,000 tons; cotton spindles, 10,000; and newly laid railroads, 21.4 kilometers. In 1981, construction area for universities and colleges increased by 107,000 square meters; for middle schools by 67,000 square meters; and for primary schools by 16,000 square meters.

In 1981, capital construction investment covered by the state budget was basically controlled, but self-raised investment still showed quite a big increase. There was a certain degree of blindness in using funds of the fixed assets investment for tapping potential, reforms and transformation. The problem of having too many channels and confusion in this portion of investment remained unsolved.

Communications and Telecommunications

By the end of 1981, 2,186.1 kilometers of railroad were put into operation in our province (including 118 kilometers of local railroad), and 27,261 kilometers of highway were put into operation.

In 1981, the cargo freight of the whole province reached 190.36 million tons, an increase of 3.6 percent over the preceding year. Railroad cargo freight totaled 121.5 million tons, 6.9 percent more than the preceding year. Highway

cargo freight totaled 68.71 million tons, a decrease of 1.9 percent over the preceding year. The amount of goods circulated was 23.7 billion tons per kilometer which was 5 percent more than the previous year. The amount of goods circulated by railway was 21.95 billion tons per kilometer. The amount of goods circulated by highway was 1.75 billion tons per kilometer. The former increased by 4.5 percent and the latter by 11.2 percent as compared with the preceding year.

In 1981, the passenger transport volume was 65.21 million people, or 10.6 percent more than the preceding year. The passenger transport volume of railroads was 26.09 million people, an increase of 2.6 percent over the previous year, and that of highways was 38.96 people, an increase of 16.6 percent. The volume of passengers transported was 5.37 billion persons per kilometer, an increase of 7.8 percent. The amount of passengers transported by railroad was 3.79 billion persons per kilometer and that by highway was 1.58 billion persons per kilometer. The former was 6.1 percent more and the latter 11.8 percent more than the preceding year.

In 1981, calculated on the basis of the fixed prices of 1980, the business volume of telecommunications of the whole province was 50.82 million yuan, an increase of 1.6 percent over the preceding year. Compared with various branches of business in 1980, the amount of mail increased by 2.2 percent, telegrams by 10.4 percent and long-distance calls by 0.6 percent.

5. Commerce, Tourism

In 1981, the total procurement of commercial departments throughout the province was 3.89 billion yuan, an increase of 1.7 percent over the preceding year. Of this, the total procurement value of agricultural and sideline products was 1.28 billion yuan, an increase of 3.5 percent over the preceding year (the actual growth was 0.9 percent after deducting the factor of increased procurement prices of agricultural and sideline products); the total procurement value of industrial products was 2.57 billion yuan, an increase of 0.7 percent. Comparing the procurement amount of major commodities in 1980, grain procurement increased by 26.5 percent, cotton decreased by 19.1 percent, and increases were seen in hogs by 8 percent, sugar by 40.9 percent, bicycles by 280 percent, radio by 35.8 percent, sewing machines by 30.6 percent and watches by 1.6 percent.

In 1981, the province's total retail sale of social commodities was 5.65 billion yuan, an increase of 9.2 percent (actual growth was 6.8 percent after deducting the factor of increased prices). The total retail sale of consumer products was 4.84 billion yuan, an increase of 14.3 percent (actual growth was 11.5 percent after deducting the factor of increased prices). The retail sale volume of major consumer products was as follows:

	1981	% increase over preceding year
Grain (commodity grain)	3.469 billion jin	15.7
Edible vegetable oil	72.25 million jin	44.6
Pork	102,472 tons	- 8.6
Sugar	62,836 tons	19.9
Cotton cloth	184.55 million meters	- 2.4
Wool fabric	4.7 million meters	39.1
Silks and satins	11.74 million meters	-13.
Sewing machines	329,700	24.9
Bicycles	510,200	9.
Watches	722,900	25.2
Radios	751,700	31.8
Television sets	101,200	12.3

In 1981, the province's total volume of foreign trade and export value was 587 million yuan, a decrease of 4.2 percent. But trade within the country and exports to foreign countries of coal, plaster stone, aluminum, bearings, vulcanized alkali, frozen mutton, dates, pigskin, and so on, showed slight increases over the preceding year to varying degrees.

At the end of 1981, the total storage volume of the commercial departments of the enterprises owned by the whole people throughout the province was increased by 4.9 percent over that of the corresponding period in the preceding year, of which the growth of the total storage volume of the foreign trade departments was 41.6 percent.

In 1981, the province had 75,618 commercial, catering and service units, an increase of 14,457, or 23.6 percent over the preceding year. The number of people engaged in these trades totaled 381,800, an increase of 51,500, or 15.6 percent over the preceding year. The number of rural trade fair centers was increased to 668, an increase of 81. The volume of trade fair business was 375 million yuan, an increase of 46 percent over the preceding year.

In 1981, the province's total procurement price index of agricultural and sideline products (including listed prices, negotiated prices and increased prices for procurement beyond quota) was increased by 2.6 percent over the preceding year. Since prices of cigarettes and wines increased, the total level of retail commodity prices in the province (including state listed prices, negotiated prices and trade fair prices) increased by 2.3 percent, of which the retail commodity prices in the urban areas increased by 3.2 percent, retail commodity prices in the rural areas increased by 1.6 percent, and the retail price index of consumer products increased by 1.9 percent. Among the changes of the retail sale index of consumer products, food rose by 3.6 percent, daily-use products by 2 percent, cultural products by 0.3 percent and fuel by 0.5 percent, while clothing dropped by 0.2 percent.

In 1981, our province's tourism units received 19,592 foreign tourists, overseas Chinese, Hong Kong and Madao compatriots, Taiwan compatriots and Chinese people of foreign nationality who had come from 32 countries and areas, an

increase of 16.2 percent. Among them, 15,201 foreign tourists were received, an increase of 37.2 percent.

6. Science and Technology, Education, Culture

In 1981, there was a total 170 natural scientific research organs in the province, of which were 123 independent scientific research organs. In the past year, the province recorded 322 major achievements in scientific and technological research, of which 203 projects won provincial scientific and technological awards.

In 1981, there were 16 institutes of higher learning with 36,975 students, an increase of 3,871 students; 98 middle and vocational schools with 42,356 students, a decrease of 3,702 students; 172 agricultural and vocational schools with 17,950 students, a decrease of 3,702 students; and 62 technical schools with 16,330 students, a decrease of 124 students.

In 1981, there were 8,040 ordinary middle schools with 1.596 million students, an increase of 199,000 students and 39,579 primary schools with 3.891 million students, an increase of 49,000 students over the preceding year. There were 5,703 nurseries in the province with 504,000 students, an increase of 23.3 percent over the preceding year.

In 1981, the province had 4,706 film projection units, 168 various art performing troupes, 8 masses' art galleries, 118 cultural centers, 81 public libraries, and 16 museums. The province had 1 radio station and 10 transmitting and relay stations. There was 1 television broadcasting station and 12 television transmitting and relay stations. About 170 million provincial, prefectural and municipal newspapers, 19.706 billion magazines of various kinds, and 9.686 billion story books were published.

7. Public Health, Sports

In 1981, there were altogether 5,565 different kinds of medical and public health organs in the province, an increase of 375 over the preceding year. Among them, there were 2,361 hospitals, an increase of 15. There were 74,291 beds for patients in the province, an increase of 3.6 percent over the preceding year. The number of professional public health technicians in the province was 95,566, an increase of 8.8 percent over the preceding year. Among them, there were 3,734 doctors of traditional Chinese medicine, 18,009 doctors of Western medicine, 5,673 practitioners with secondary traditional Chinese medical school education, 15,354 practitioners with secondary Western medical school education, and 12,806 nurses and student nurses.

In 1981, 934 sports meets at all levels above the county level were conducted with some 249,000 athletes participating and 77 new provincial records were set. In national competitions, our province's athletes broke 14 national records and won 50 national championships. There were 222,000 youths who met the "national physical training standard," an increase of 0.9 percent.

8. Labor and Employment

In 1981, the province made employment arrangements for 174,500 youths awaiting employment in the urban areas, other workers and university and middle school graduates under the state unified distribution plan. Among this number, employment was provided for 121,000 youths awaiting employment and 42,000 university and middle school graduates. As of the end of the year, the total number of workers and staff in the province was 3,185,400, an increase of 195,600 people. Among them, there were 2,589,700 workers in units of the all-people ownership system, an increase of 127,300 people over the preceding year. The number of workers and staff of collective ownership system in the urban areas was 595,700, showing an [word missing] of 68,300 people.

As of the end of 1981, there were 18,055 individual laborers in the urban areas throughout the province, an increase of 7,276 over the preceding year.

9. People's Livelihood

In 1981, people's livelihood both in the urban and rural areas throughout the province was incessantly improved. According to an investigation into the income and expenditure of 600 peasant families in 20 counties, the net annual income of each peasant was 180 yuan, an increase of 24 yuan over last year's 156 yuan. Income from collective distribution was 96 yuan and from domestic sideline occupation, 56 yuan, an increase of respectively 1 and 41.5 percent over the preceding year. Among the households investigated, the percentage of households in which the per-capita net income was above 300 yuan rose from 6 to 12 percent. As of the end of 1981, there was an average of 67.2 bicycles, 45.2 sewing machines, 3.8 radios and 54.3 watches among every 100 commune members. These figures were respectively increased by 7.5, 24.5, 33.6 and 39.2 percent over the preceding year.

In 1981, the total wages of the workers and staff in the province was 2.33 billion yuan, an increase of 6.1 percent over the preceding year. Of this, the total wages of the workers of enterprises owned by the whole people was 2.003 billion yuan, an increase of 6 percent; and the total wages of the workers and staff of the urban collectively owned enterprises was 325 million yuan, an increase of 10.2 percent.

In 1981, the average cash wage of the workers and staff throughout the province was 765 yuan, an increase of 1.1 percent. The wage of the workers and staff of enterprises owned by the whole people was 802 yuan, an increase of 0.9 percent; and the wage of the workers and staff of the urban collectively owned enterprises was 593 yuan, an increase of 2.1 percent. Because of an increased number of working people, the per-capita income of worker families rose by a relatively large extent. According to investigations into the income and expenditure of 380 worker families in 4 municipalities, the average per-capita living expenses in 1981 was 371 yuan, an increase of 3.7 percent over the preceding year.

In 1981, the total amount of savings in the urban and rural areas throughout the province was 1.67 billion yuan, an increase of 29.6 percent over the preceding year. Urban savings rose by 22.7 percent and rural savings rose by 39.9 percent.

In 1981, the housing conditions of people in the province's urban and rural areas were greatly improved. The residential housing completed by enterprises owned by the whole people and those urban collectively owned totaled 2.24 million square meters; 108 new houses and cave dwellings were constructed in the rural areas, an increase of 31 percent.

10. Population

In 1981, the total population in the province was 25.088 million, an increase of 323,000 people over the preceding year and a growth rate of 1.3 percent.

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INDUSTRY

'SHANXI RIBAO' ON PROVINCIAL INDUSTRIAL SUCCESSES

HK200541 Taiyuan SHANXI RIBAO in Chinese 10 Jul 82 pp 1, 2

[Roundup: "New Situation Appears in Shanxi Industrial Production in First Half of Year"]

[Text] In the first half of this year an excellent situation emerged in Shanxi industrial production. The units and departments whose production had been relatively stable all along, managed to attain sustained developments in the tempo of production; the units and departments whose production dropped by a considerable margin last year were relatively quick in picking up production and their rate of increase improved markedly; a number of enterprises which suffered losses were undergoing some changes, such as the curtailment or suspension of losses and the attainment of profits; and most industrial enterprises laid stress on economic results, strove to increase the variety of products, improved their quality and reduced their costs, thus achieving fairly good successes in increasing production and income.

By the end of June, total industrial output value throughout the province had accounted for 51.72 percent of the plan for that year, a 16.6 percent increase over the same period of last year. Of this, the output value in June increased 4.85 percent over that of May, topping the highest level of monthly production this year and the highest ever June figure. According to output statistics of 100 major products, in the first half of the year 55 products fulfilled more than 50 percent of the annual plan and 83 products increased by a considerable margin over the same period of last year. In the first half of the year the freight volume fulfilled by the railway departments throughout the province accounted for 53.6 percent of the annual plan, a 14 percent increase over the same period of last year. Of this, the volume of coal transportation accounted for 52.9 percent of the annual plan, a 14.3 percent increase over the same period of last year and the volume of road freight transport was 13.4 percent more than the same period of last year.

The rate of profit increase of industrial enterprises in the first half of this year was better than the increase of total industrial output value. The profits of industrial enterprises delivered to the state in the 6-month period accounted for 51.35 percent of the annual plan, 32.72 percent over the same period of last year.

While correctly handling the relationship between speed and economic results and maintaining a certain rate of growth, it is necessary to conscientiously pay attention to the economic results and bring along other work with the improvement of economic results as a central link. This is the guiding ideology in organizing industrial production. Viewed from the first half of the year, the various prefectures, municipalities, departments and bureaus attached great importance to the implementation of this guiding ideology and in practical work and production reflected the unity of speed and economic results. The 11 prefectures and municipalities and the major industrial departments and affiliated organizations such as coal, metallurgy, chemical industry, machinery, light industry, textile medicine, second light industry, electricity and national defence fulfilled more than 50 percent of the annual plan. Compared with the same period of last year, the 11 prefectures and municipalities of Changzhi, Yanbei, Datong, Taiyuan, Jinzhong, Jindongnan, Yuncheng, Xinxian, Luliang, Yangguan, Ligfen registered increases to different degrees in the above order. Take for example the coal mines, the products of which come under state unified distribution. In the first half of the year, raw coal production fulfilled 52.6 percent of the annual plan, 12.5 percent over the same period of last year, or an increase of 4 million tons of raw coal. Average daily production from January to June reached 203,000 tons, breaking the best record. Practice has proved that a balanced, sustained and steady increase in production is an important factor for achieving the unity of speed and economic results. Only by having a relatively reasonable speed and very good economic results will it be possible to achieve the aim of providing more products and accumulating more funds for the state and speeding up the course of the four modernizations. In this respect, the Datong Mining Bureau has summed up its experience as follows: Stability of the leading bodies and the ranks of staff and workers ensures the steady increase of coal production. This year, in an effort to stabilize production and to meet the requirements of the state for coal production, the bureau CCP committee did a lot of meticulous and solid work to strengthen the leading bodies at various levels ideologically. In addition to making some necessary organizational readjustments to the leading bodies of individual mines which adversely affected production, it supported, trusted and commended the leading bodies of most mines provided that they worked hard, actively grasped production and conscientiously served production. Even if they had some shortcomings or mistakes in their work, the bureau CCP committee still adopted the methods of education and rectification to help them solve the existing problems and thus ensured a relative stability of the cadre ranks. In April, production of Xinzhou coal mine dropped by a big margin owing to changes in the natural conditions. The leaders of the bureau went right to the front line of production and, by helping the leaders of the mine to pluck up their courage in the face of difficulties and by proposing concrete measures for solving practical problems in production, succeeded in marking up for the loss in production in May and in embarking on the path of stable production in June. By making concerted efforts, vigorously conducting education in the economic situation among the staff and workers, discussing and promoting professional morality in coal mining, vigorously publicizing the interests of the whole characterized by the urgent need of the state for coal and energetically commending the advanced figures who showed a deep love for the mines, the leading bodies at the bureau and mine levels managed to achieve a high attendance during the spring festival and spring ploughing and constantly maintained full attendance in the front line of

excavation. Daily output in the first half of this year was evenly stabilized at more than 70,000 tons. From January to June output of raw coal increased by 649,000 tons, an increase of 12.64 percent over the same period of last year, and the profit delivered to the state for the 6 months amounted to 155.94 million yuan, an increase of 16.2 million yuan over the same period of last year. While paying attention to strengthening the leading bodies and the ranks of staff and workers, the Guandi mine under the Xishan Mining Bureau also instituted the three-in-one responsibility system involving "safety, production and economy" and thus succeeded not only in maintaining a stable rate of development in coal production but also in obtaining good economic results. In the first half of this year, the output of raw coal increased by 85,900 tons over the same period of last year, profit increased by 910,000 yuan and the cost of coal was 12.88 yuan per ton, which held a leading position throughout the country.

Improving the quality of products, increasing the variety and producing readily marketable products is an important way to achieve the unity of the rate of development and economic results. The provincial work conference on industry and communications stressed this point in particular and, by using typical example as a guide, called on all industrial enterprises to overcome the past tendency of emphasizing speed at the expense of results. The conference also called on the enterprises to prevent the approach of vainly emphasizing results at the expense of the development of production without working in a down-to-earth manner in light of the practical situation in their own units. The conference also called on all industrial enterprises to integrate the rate of development with economic results. Under this guiding ideology, a great many industrial enterprises catered to the needs of the society, changed the product mix and drew on the strength of each to offset the weakness of the other. They also tapped the potentials and actively launched activities of learning from and catching up with the advanced in order to improve the quality of products and develop new varieties. In the first half of this year, the Shanxi knitting factory was confronted with a new situation characterized by price reduction in a number of products and poor sales. It correctly analyzed the new situation, conscientiously studied the new problems and, by taking improvement of economic results as a key link fulfilled the plan for increasing production and practicing economy at every level. It also adopted measures for learning from and catching up with Shanghai and Tianjin, paid attention to quality, variety and sales in light of market changes, devoted a lot of effort to product quality, execution of contracts and sales through multi-channels and finally succeeded in opening up a new prospect and obtaining relatively good results. In the first half of this year, total industrial output value fulfilled 54.18 percent of the annual plan, a 16 percent increase over the same period of last year. It achieved more than 50 percent of its profit target which, if the factor of price reduction is excluded, was a 31 percent increase over the same period of last year. The quality of its seven major products which came under the examination of the state was sustained at the first-grade level among the same trade and profession throughout the country. Of the 197 kinds of new products and new varieties under trial production, 57 kinds were put into production. This was a rate of 58.76 percent. They summed up their experiences as follows: in order to achieve no reduction in profit as a result of price reduction in the products, it is necessary to have stronger determination this year than last year, to organize production according to market

changes, to embark on the new path of producing goods in smaller quantities in greater varieties and more specifications and to achieve successes by means of new products. By bringing into full play the role of engineers and technicians in scientific research around production, and putting into production in the first half of this year the four new products successfully trial produced after many years of research, the Taiyuan No 2 pharmaceutical factory succeeded in creating more than 1 million yuan of profit which account for more than 65 percent of the profit of the whole factory. To rectify the weak link in production, the Taiyuan chemical fertilizer factory recruited skilled persons and organized numerous engineers, technicians and veteran workers to tackle key problems. In the first half of this year they proposed 321 rationalization proposals. Of these, 15 major scientific and technological achievements were put into operation creating a value of 1 million yuan.

It is necessary to regard the work for reversing losses and increasing profits as a formidable task and adopt resolute measures to put an end to the losses of enterprises within a definite time. Since the provincial CCP committee and people's government issued an emergency circular, great importance has been attached to this from the higher levels to the grass roots. The CCP committees and government at various levels as well as the departments concerned sent leading cadres to the enterprises which suffered losses to conduct investigation and study and to adopt measures for reversing the losses. Initial achievements were scored after more than a month of efforts. Take the small fertilizer plants for example. From January to June, the carbonic ammonia they produced increased by 24.3 percent over the same period of last year and the phosphate fertilizer increased by 13.4 percent over the same period of last year. Output was stable, consumption dropped and the number of enterprises suffering losses and the scope of losses were constantly reduced. In the machinery industry where the number of enterprises suffering losses are comparatively greater, 17 enterprises such as the Shanxi explosion-proof electric and machinery factory no longer suffered losses or had curtailed the amount of losses in June. The losses curtailed amounted to 300,000 yuan. There was still another feature: some enterprises which suffered great losses, such as the Lingfen Steel Corporation and other units, no longer suffered losses in June.

As effective measure of construction significance of achieving increased production and income in the first half of this year was to resolutely implement the decision of the CCP Central Committee and the State Council on reorganizing state-run industrial enterprises and to conduct overall reorganization, comprehensive administration and conscientious improved management among some large and medium-sized key enterprises which exerted some influence in the national economy and had considerable potential for increasing production and income. Throughout the province, there were 258 industrial enterprises where key reorganization had to be conducted in succession. Of these, 100 were large and medium-sized enterprises, accounting for 67.1 percent of the total number of large and medium-sized enterprises. Some of these enterprises were advanced units and some others were backward units. Although these enterprises accounted for only 7 percent of the total number of state-run local enterprises throughout the province, their total output value and profit accounted for 67 and 75 percent respectively of the total value and profit of the whole province.

Paying special attention to these enterprises was tantamount to paying special attention to the focal point of industrial enterprises in our province; and a good grasp of the reorganization of these enterprises would bring about a marked change in the industrial situation throughout the province. Practice has proved that doing a good job of the overall reorganization of the enterprises is an important way of improving the management of enterprises, doing a good job of industrial production and improving the economic results. Viewed from the 20 enterprises in Taiyuan which underwent reorganization, with the exception of 5 advanced enterprises, most of the others were enterprises where a lot of problems existed and the reorganization of which were very difficult. In the course of reorganization, they put the stress on improving the economic results. Some started with strengthening labor discipline and some with the responsibility system, while most of the others started with the reorganization of the leading bodies. They grasped the principal contradiction in light of the practical conditions in production and conducted reorganization and administration accordingly, thus bringing about marked changes in the features of the enterprises. In the first 5 months of this year, the amount of losses incurred by 11 enterprises dropped by 89 percent; their total industrial output value increased by 36.41 percent compared with the same period of last year and their profit increased by 99 percent.

The key to good reorganization of enterprises lies in good readjustment of the leading bodies of the enterprises. Whether or not the leading bodies of the enterprises are strong and powerful has a direct bearing on the production of the enterprises. Without a leading body which is powerful, which has a high sense of dedication and responsibility and which ensures a powerful command system of production, it is impossible to do a good job of production and construction. In the course of reorganization of enterprises, the CCP committees of various levels started with the building of leading bodies and the ideological and organizational reorganization of the enterprises and, on the basis of conducting criticism and self-criticism, rectifying the ideological method and conducting investigation to understand the real situation, strengthened and readjusted some leading bodies which were weak and lax, which had an unhealthy style of work and which did not have strong combat effectiveness. This made it possible for the leading bodies of enterprises to strengthen unity, improve work style and increase combat effectiveness. The Taiyuan electrolytic aluminum factory was an enterprise which suffered losses. From January to April this year its losses amounted to 600,000 yuan. After the readjustment of the leading body, all members of the CCP Committee united in struggle and, together with the masses, succeeded in breaking down production barriers. It took them only 1 week to solve the knotty problem of long standing characterized by the broken circuit of 309 small bus bars in the electrolytic grooves, thus plugging the great loophole of wasting 250,000 kwh of electricity every month. The consumption of electricity dropped from 20,800 to 17,500 kwh per ton of aluminum. The losses in May dropped from 380,000 yuan in April to 80,000 yuan. It managed to get a profit of 100,000 yuan in June, thus, with one action, putting an end to the long-standing situation of losses.

At the recent provincial forum on the reorganization of enterprises, it was explicitly stipulated that, in the future, the system of checking on cadres in enterprises, corporations and the departments responsible for the work, including

the functionary offices, should take practical achievements in production as a major standard. For example, in various aspects, such as improving the economic results, reversing losses, increasing profits, improving quality, reducing consumption of material and energy, increasing variety, improving labor productivity and arousing the initiative of staff and workers in managing enterprises by democratic means, the cadres who can go on advancing and developing should be considered competent cadres or cadres who conform to the requirements of the current modernization drive. Conversely, those cadres who have attempted nothing, accomplished nothing and failed to make any improvements after a series of tests in work should be regulated. The forum also called on the leading cadres at various levels to have strong will and devote a lot of time and energy to having a down-to-earth work style in order to do a good job in production.

In the course of reorganization, the various enterprises instituted and improved the principal rules and regulations with the economic responsibility systems as the core so that the management and order of the enterprises started to embark on the normal track. In studying the advanced experience of the capital steel works, the Taiyuan steel works laid stress on improving the economic results and, by centering on the central task of the enterprise, fulfilled economic responsibility at every level. They adopted two "account books," namely, a plan for checking and a plan for increased production, in accordance with the general objective of production for the whole year and fulfilled the fixed targets of production, the guaranteed targets and the terms of cooperations from one level to another. In fixing the targets of production and guarantee targets, it persisted in proceeding from the actual situation so as to achieve the objective of being advance and rational. It also divided the economic responsibility systems at every level and fulfilled it down to every individual in order to link the task one accomplished with material reward. This further aroused the initiatives of the numerous staff and workers and promoted the development of production. In the first half of this year, the steel works succeeded in producing more than 50 percent of its five major products. On the basis of a sustained profit increase in the past few years, its profits increased by over 10 percent compared with the same period of last year and the increase was more than 5 million yuan. What was more gratifying was that, with the improvement in operation and management, the steel work delivered to the state in the first half of this year 41.9 million yuan of profit, an increase of 33.4 million yuan over the same period of last year.

Practical experience shows that production is the central link, leadership is the focal point and the management is the basis. With an excellent situation in industrial production in the first half of this year, so long as we remain sober-minded, succeed in grasping the central link, making clear the focal point and strengthening the basis, make persistent efforts, keep forging ahead, consolidate and add to our achievements, overcome the weak links, and continue to make tremendous efforts in improving the economic results, a prospect of stable, healthy and sustained development will certainly emerge in the industrial production in our province in the second half of this year.

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BRIEFS

HEILONGJIANG PRODUCTION INCREASE--Industrial and communications enterprises in Heilongjiang Province have achieved initial results by vigorously consolidating enterprises and upgrading economic returns. In the first half of 1982, they scored a 7.4 percent increase in total output value over that of the corresponding 1981 figure; an 18.9 percent increase in profits; a 30.1 percent increase in profits handed over the state; and an 8.5 percent increase in product sales. [SK120534 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 11 Jul 82]

HENAN URBAN COLLECTIVE INDUSTRY--The Henan Provincial Government recently held on-the-spot meetings in Zhoukou Prefecture and Anyang Municipality on urban collective industry. The meetings pointed out that in urban collective industry, the province must unswervingly continue to implement the principle on vigorous development which has been formulated by the provincial CCP committee and the provincial government. Over the last 3 months, relevant departments in the province have attached importance to and strengthened leadership over collective industry and solved many problems concerning production, supply and marketing. By the end of May, the province had set up new 338 enterprises which have offered jobs to 13,040 workers and developed some 1,100 new products. From January to May this year, the province's collective industrial output value was 11.35 percent more than in the corresponding period of last year. The meetings pointed out that judging from the whole province, urban collective industry has not developed evenly and some places and departments have not sufficiently understood the significance of vigorously developing urban collective industry. To varying degrees they have attached more importance to enterprises with the ownership by the whole people and less to those with the ownership by the collective, and more to large factories and less to small ones. All this has affected the development of the urban collective industry. The meetings demanded that leading comrades at all levels mobilize all walks of life and trades to support substantial development of urban collective industry. [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 11 Jun 82 HK]

XINJIANG PRODUCT QUALITY DECLINES--In view of the declining quality of some industrial products in the region, the Xinjiang Regional Economic Committee issued an urgent notice on 28 June, demanding that all subordinate departments, bureaus, companies, factories and mines immediately make arrangements for a large-scale inspection of the quality of products in order to quickly improve this situation. The notice pointed out that on the whole, the situation of

industrial production is very good. However, problems still existed in industrial production from January to May this year. The quality of many products in this period was poorer than in the corresponding period of last year. The notice reiterated that in the future, it is necessary to conduct an all-round examination of the enterprises. Although the enterprises which still disregard the quality of products and attach importance to an increase in output, have increased production, they cannot be regarded as having fulfilled their production quotas. Moreover, in accordance with the State Council's relevant regulations, it is necessary to reduce the amount of their bonuses accordingly. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 4 Jul 82 HK]

LIAONING INDUSTRIAL PRODUCTION INCREASE--Liaoning Province scored a great achievement in its semianual industrial and communications production. The semiannual industrial output value increased 8.3 percent over that of the corresponding 1981 period, setting a record and fulfilling 51.2 percent of annual plan. Heavy industry began to be restored in the province. Semiannual output value increased 6.7 percent over that of the corresponding 1981 period. Production of mining and petroleum equipment and agricultural machinery increased over 30 percent; the metallurgical, petroleum, chemical, building materials, coal and electric power industries showed great increases. [SK070754 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Jul 82]

HEILONGJIANG LIGHT INDUSTRY--The output value of the first light industrial departments in Heilongjiang Province increased 12.8 percent in the first 6 months of 1982 over 1981. Profits made during this period increased 15.6 percent over 1981. [SK092220 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 8 Jul 82]

XINJIANG INDUSTRY--Total value of industrial output in Xinjiang in the first half of the year showed an 8.6 percent increase over the same period last year, and amounted to 48.16 percent of the year's plan. Output of 51 out of 80 major products rose. Output value of the light and textile industries rose by 15.71 percent compared with the same period of last year. Production of coal increased by 150,000 tons, oil by 80,000 tons, processed oil by 110,000 tons, and electric power by 920 million kwh compared with the same period last year. Heavy industry started to rise from its decline. Total value of output in the first half of the year showed a rise of 2.99 percent compared with the same period last year. Output of 21 main products including electricity, steel, rolled steel, sulphuric acid, synthetic ammonia, chemical fertilizer, tires, hand-guided tractors and auto parts increased by over 10 percent compared with the same period last year. [HK120208 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 7 Jul 82]

NEI MONGGOL INDUSTRY--Ulanqab League in Nei Monggol Autonomous Region made good progress in industrial production. The league's industrial output for the first half of 1982 was valued at 40.2 million yuan, 58.69 percent of the annual plan. This is an increase of 14.3 percent over the corresponding 1981 period. [SK092216 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 8 Jul 82]

SHANDONG INDUSTRIAL OUTPUT--In the first half of 1982, Shandong Province increased output value by 8.47 percent over the corresponding 1981 period, 50.89 percent of the annual plan. Of the province's 30 key products, 18 increased in output and 15 fulfilled over 50 percent of the annual plan. The output of bicycles, sewing machines, cotton yarn, cotton cloth and plastic and daily products also increased in varying degrees. [SK132240 Jinan Shandong Provincial Service in Mandarin 2300 GMT 11 Jul 82]

GUANGDONG BOOSTS INDUSTRIAL PRODUCTION--The total industrial output value of Guangdong Province from January to May this year was 12.9 percent more than in the corresponding period of last year. The amount of profits of state industrial enterprises in this period was 11.7 percent more than in the same period last year. Although some places were hit by extraordinarily big floods and railroad transport was suspended for 12 days in May, and although the total industrial output value of the whole province in May was 1.4 percent less than in April, it was still 10.4 percent greater than in May last year. The amount of profits of state industrial enterprises in May was 3.9 percent more than in April and was 10.6 percent more than in May last year. The amount of profits submitted to the state in May was 30 percent more than in April and was 20.9 percent more than in May last year. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 17 Jun 82 HK]

HEILONGJIANG MACHINERY INDUSTRY--The machinery industry in Heilongjiang Province, which slumped in the past few years because of inadequate production assignments, prefulfilled production plans for the first half of 1982. Output value for this period increased 6.2 percent over that in the corresponding 1981 period. Profits handed over to the state increased 66.9 percent over the corresponding 1981 figure. The machinery industry has vigorously developed new products and improved product quality. Over 200 machinery enterprises in Harbin, Qiqihar, Mudanjiang, Jianmusi and other places trial-produced 71 products worth 260 million yuan, accounting for over 22 percent of the annual tasks. [SK112209 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 10 Jul 82]

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FOREIGN TRADE

MANY BENEFITS SEEN FROM USE OF FOREIGN CAPITAL

Tianjin TIANJIN RIBAO in Chinese 6 Apr 82 p 5

[Article by Gu Chuan [6253 0025]: "Making Use of Foreign Capital Is an Important Way of Transforming Existing Enterprises"]

[Text] The technological transformation of existing enterprises is an important measure in enhancing economic results and a strategic task in achieving the four modernizations. The technological transformation of existing enterprises should be achieved mainly through self-reliance. The sources of capital should come mainly from internal accumulation, but it is also necessary, in accordance with the principle of equality and mutual benefit, to actively make use of foreign capital and import suitable advanced technology.

The existing 400,000 industrial and communications enterprises are the advance bases of China's economic development. For a long time in the past, however, owing to neglect of equipment renewal and very little scientific and technical exchange with other countries, only a number of them had advanced technical equipment. The majority had only outdated equipment. According to analyses by departments concerned, equipment in China's machine building industry is mostly at the technical level of the 1950's; most equipment in the light and textile industries was made in the 1940's and 1950's, and over 20 percent of them is obsolete. The situation in the other branches is more or less the same. It is estimated that about one-fourth of the equipment in the fixed assets of existing enterprises urgently needs to be renewed and transformed. A tremendous amount of capital is needed to transform such a great deal of technical equipment (including testing and measuring instruments) in phases and according to priorities. China is in the midst of readjustment and is short of capital. It is, therefore, necessary to actively make use of foreign capital and import suitable advanced technology and key equipment. This is an important way to achieve the technological transformation of existing enterprises and should receive great attention.

Since the 3d Plenary Session of the 11th CCP Central Committee, Tianjin has conscientiously carried out the party Central Committee's policy of opening up to foreign countries. Through the Tianjin branch of the Bank of China, the Tianjin International Trust and Investment Corporation, and foreign trade departments, Tianjin has used \$110 million foreign investment for over 120 projects. Most of the capital was used to transform old enterprises. Except

for a very few projects, investment for each project was around \$1 million and the project cycle was generally 3 years. A look at the projects now in full and partial operation shows that the results were good, making this a good beginning.

1. The use of foreign capital promotes the technological transformation of existing enterprises. In the past 3 years, Tianjin, using foreign capital, has carried out transformation in the cotton textile, woolen textile, knitwear, printing and dyeing, and garment industries, bringing about marked changes and a fairly great improvement in technology in these old enterprises. The garment industry of Tianjin used to be made up of small factories with simple and crude equipment, low-quality products and low labor productivity. Since 1978, the textile industry has several times utilized foreign capital totaling \$4.45 million, supplemented by renminbi, and imported several thousand pieces of special equipment, which were used to comprehensively transform seven shirt factories and the No 16 Garment Factory, which makes western suits, and to effect key equipment renewal in 28 other enterprises, including a pajama factory. The transformed enterprises account for 70-80 percent of the industry and have formed 7 specialized production lines. The rpm of sewing machines rose from 3,000 to 5,000-6,000. The rate of sleeve stitching and form fitting rose from 250 and 400 pieces per machine per day; buttonhole lockstitching and sewing have been completely mechanized. Product quality has improved and variety has increased, enhancing competitiveness on the international market so that export volume has rapidly increased. Compared with pretransformation figures, the total garment output for 1981 rose 82 percent, export volume rose 1.6 times, profit rose 1.8 times, foreign exchange income from exports amounted to \$50-60 million. From 1978 to 1981, the entire garment industry realized a total of 170 million yuan in profit, equivalent to 3.3 times the net value of the industry's 1981 fixed assets, and 10.78 times the capital used for importing the equipment.

2. It accelerates product renewal and increases export. Some of the old enterprises, by importing technology and key equipment with foreign capital, have been able to improve product quality, increase new products and varieties, and enhance the competitiveness of export items. The variable capacitors manufactured by the No 2 Radio Components Factory used to be of only two grades, and the quality did not measure up to foreign market needs. Since 1978, the factory has been processing imported materials for a U.S. company and developing new products using the samples, technology, and testing instruments provided by the company. It can now produce variable capacitors needed by foreign countries, and their quality is of international standard.

3. Some postponed construction projects are saved by combining the use of foreign capital with readjustment. The methane chloride project of the Dagou Chemical Works was listed as a postponed project in 1979. Methane chloride is in great demand domestically and abroad. Since postponement, the factory had to spend 500,000 yuan a year in maintenance. To put the project into production as quickly as possible, the Tianjin International Trust and Investment Corporation, after receiving approval, raised \$6 million, converted it to 10 million yuan in renminbi, and turned it over to the chemical works for investment in the project. Construction of the project resumed in 1980 and will be completed this year, when it will go into production and yield results.

4. It improves enterprise management, raising the caliber of management. The No 5 Garment Factory, after importing equipment to meet the requirements of modern production, selectively adopted some scientific methods of management in foreign enterprises and drew up over 70 rules and regulations. Orderly management has contributed to a higher caliber of scientific management of the enterprises.

Practice proves that using foreign capital to carry out technological transformation of existing enterprises requires less investment, produces quick results, and the capital is more easily paid back. The practice is of benefit to us. Yet some comrades are apprehensive and dare not use it. For example, some people think the use of foreign capital conflicts with self-reliance. This is wrong. There is no doubt that in building socialism we must persist in the principle of self-reliance. But we must not understand self-reliance as self-sufficiency, thinking that the less foreign economic relations we have the more self-reliant we are. Opening up to foreign countries, developing international economic cooperation and technical exchange, helping supply each other's needs, learning from other's strong points to offset one's weaknesses, in order to promote China's economic growth--all this is self-reliance. Other people are afraid to take risks. There is no need to feel this way. In the past, in our construction we relied on the government to allocate funds without having to pay them back, and we all "ate from the same big pot." Now, in using foreign capital, the principle is that we must pay back what we borrow (or practice unified borrowing and unified payback), and we must assume economic responsibility. We are breaking away from customary practices and are not going to "eat from the same big pot" anymore but do things according to economic laws. As long as we make feasible studies, carry out all required work in our own country, understand the conditions of using foreign capital, have the ability to pay back, and are strict about examination and approval procedures, there should be no risk in using foreign capital.

At present, the capitalist economy is in a stage of "stagflation" with surplus capital seeking outlets, so the international market conditions are favorable for our use of foreign capital and our import of technology. Recently the party Central Committee relaxed the policies concerning foreign capital for coastal cities. The situation is excellent. As long as we further liberate our thinking, free ourselves from the restraints and influence of the economic idea of self-sufficiency, be bold, steady, and down to earth in our work, we can utilize more foreign capital and use it well, accelerate the technological transformation of existing enterprises, and contribute to modernizing our country.

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FOREIGN TRADE

PROCESSING IMPORTED RAW MATERIALS FOR EXPORT STRESSED

Guangzhou GHANGZHOU RIBAO in Chinese 22 Apr 82 p 4

[Article by Xu Jiaopeng [6079 2403 7720]: "Developing the Processing of Imported Raw Materials and Expanding Export Trade"]

[Text] Processing imported raw materials into finished products for export is an important and effective way to conduct international trade.

There are several reasons why we must energetically promote the processing of imported raw materials. First, every country needs to import certain resources to make up its own deficiencies. While we should rely mainly on our own resources in our economic development, it is also essential to use foreign resources. Processing imported raw materials is an important way to make use of foreign resources to expand our export trade and promote the domestic economy. Second, processing imported raw materials brings such economic benefits to the country as increased foreign exchange income, tax revenues, and production profits. In the past 2 years, the country earned an annual net total of over \$3 billion in foreign exchange from this practice. Tax revenues and production profits have greatly increased. Processing imported raw materials also increases employment opportunities; there are about 3 million people in Guangdong Province engaged in this line of work. It also supplies urgently needed materials for industrial and agricultural production in order to develop commodities needed by markets at home and abroad. This is the way Guangdong Province develops some of its commodities purchased for export in large volumes--drawnwork, rattanware, fishing nets, clothing, cotton knitwear, steel furniture, and nylon umbrellas. Also, the imported raw materials bring in supplies that replenish the domestic market. Third, processing imported raw materials will help to gradually change the structure of export products. In the past 2 years, export products made from imported raw materials accounted for about 40 percent of the commodities purchased for export. This percentage is still not high enough. Large and medium-sized coastal cities should raise the percentage to 50 to 60 percent, or even higher. The percentage for Guangzhou last year, about 35 percent, was rather low. In short, processing imported raw materials has great prospects. Guangzhou, especially, should go all out to develop it because the city has a good industrial base, a fairly high level of production technology, abundant labor, is situated on the coast and is close to Hong Kong and Macao, and therefore is conveniently located for import-export activities and oceanic shipping.

How can processing imported raw materials be further developed? It is important to select the right items for processing so that the products will have good markets and bring in more foreign exchange. Products made from imported materials must meet the needs of the international market and should be fairly assured of a buyer's market and consumers. It is therefore more important to implement the principle of "production according to sales," that is, to make sure, as much as possible, that there are importers or contracts before importing materials and then processing them according to specifications. To this end, foreign trade departments should do a solid job of surveying the demand on the international market, find out what products we are able to process for export, find out whether there is a stable source of supply of imported materials, and promptly provide this information to production departments. It is also important to thoroughly investigate domestic conditions for processing products for export, including equipment, technical capability, fuel, electric power, etc., making sure we have the required ability to do so. It is also important to pay attention to economic profits and to go ahead with the projects only when the overall balance is favorable to the country. Priority should be given to products with low cost and high profit in terms of earning foreign exchange. Products which show an apparent but false loss and which are profitable to the state in the final balance, should be developed moderately. Products which entail a true loss should not be developed.

Import procedures should be simplified to ensure prompt supplies and undelayed production. In the past, import procedures were complicated and time consuming, especially for large amounts of materials which had to be imported through a superior or another department. This often delays production and prompt fulfillment of contracts. While a strengthened leadership, unified dealing with foreign countries, and a certain degree of centralization are needed, it is also important to streamline procedures so as to coordinate imports and exports as much as possible, and guarantee prompt supply, smooth production, and undelayed export.

Tax and profit rates should be readjusted rationally so that export products will not be subject to false losses and will become more competitive. In the past, some processed products for export favored the country in the total balance, but repeated taxation and a fairly high rate of in-hand profit from production turned them into "loss" products. They became less competitive and some were even forced to withdraw from the international market. To change this situation completely, we must reform the system, and this includes the formulation of a rational system of accounting. Prior to this, we must, under unified leadership and taking into consideration the interests of the country as a whole while giving consideration to all sides, coordinate the relationships between the financial, industrial, and foreign trade departments, and rationally readjust taxation and profit as much as possible. The government has decided to exempt customs duties and import industrial and commercial taxes on all raw materials, semifinished materials, auxiliary materials, parts and spares, accessories, and packaging materials imported for use in processing products for export. Products still subject to "loss" with duty and tax exemptions may also be exempt from industrial and commercial taxes levied in the last phase of production and also some unreasonable intermediate-link

industrial and commercial taxes. All departments concerned should work together to implement these measures which are beneficial for the processing with imported materials and avoid unnecessary wrangling.

Foreign exchange should be used correctly and profits allocated rationally so as to mobilize initiative on all sides. At present, Guangzhou has ample foreign exchange for use in processing imported materials. We must improve the management of the retained portion of foreign exchange, using more of it for processing imported raw materials so that the foreign exchange used will continue to revolve and increase in value. It is also important to correctly distribute the economic profits resulting from processing imported raw materials and exporting finished products, making sure that the government and local enterprises will recover the foreign exchange they spend, and the increased value of the foreign exchange will be distributed on a rational basis.

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LABOR AND WAGES

ROLE OF LABOR SERVICE

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pp 36-42

[Article by Fang Minsheng [2455 3046 3932]: "On the Role of Service in the Process of Social Reproduction"]

[Text] With the development of science and technology, a great change has taken place in the role of labor service in social economic life, labor service not only comprises an important component of the living needs of the people, but it is also an indispensable supplement to the process of production. Hence, it has developed rapidly. This tendency has also appeared in our country. The circles of economists at home or abroad are probing into this new economic phenomenon from different angles. In accordance with the movement of the process of social reproduction, this article will take "labor service" as an economic category and make an investigation of it, to expound on its nature, character and role as well as its development trends.

I. The Significance and Classification of Labor Service

Labor service is an economic activity which is carried out by some people by means of active labor in order to satisfy the special needs of others. In his works, Marx usually called physical labor service. Marx said: "Generally speaking, the word service only means the special use value created by this kind of labor. It is the same as the special use value provided by other commodities. However, the special use value of this labor herewith has the special name of 'service', because labor is not used as a material but as a service activity." ("Theory of Surplus Value" "Collected Works of Marx and Engels" vol 26; I, p 435) However, according to my opinion, only the concept of "labor service" can fully reflect the character of economic activity. There are two reasons for this: First, the concept of "service" can be understood in a broad sense, including the activities in the field of construction of the superstructure. Marx said: "The entire so-called serving class, from the shoeshine boys to the king, all of them belong to this sector." ("Theory of Surplus Value" "Collected Works of Marx and Engels" vol 26, I, p 463) Obviously, there are many "services" which have exceeded the limit of economic activities, such as the state organ, police, army and lawyers whose activities are not included in the labor service departments. Second, seen from the traditional concepts, interpreting the so-called labor services as the traditional

concepts, interpreting the so-called labor services as the traditional service trades, such as hotels, food and drink businesses, public bathhouses, barber shops, laundries and repairing trades is a narrow view. In modern society, the labor service departments far exceed the limit of the traditional service trades, and includes much labor which offers service for production purposes. Therefore, I advocate using the term "labor service" to reflect the economic activity performed by some people through the form of active labor to satisfy the needs of others.

Labor service, as an economic activity, can, according to its characteristics of satisfying demand, be divided into five categories as follows:

First, the labor services which directly serve production (by using technical research, computing centres, information centres and communications services) are represented by L1.

Second, the labor services which indirectly serve production (scientific research, education and public health protection) are represented by L2.

Third, the labor services which only serve the needs of commodity circulation (commercial enterprises, finance and advertising) are represented by L3.

Fourth, the labor services which satisfy the goods and material needs of consumers (food and drinks, hotel, laundry, barber shops, photo studios, bathhouses and other repairing trades) are represented by L4.

Fifth, the labor services which supply nonmaterial consumption (cultural recreation and so on) are represented by L5.

These five categories of labor services vary in characteristics and roles as well as their position in the process of value formation. A concrete analysis of these should be made.

II. Labor Service Constitutes an Important Component Party of People's Daily Necessities

The production of goods and material constitutes the basis of life and existence of human beings. But the needs of people have various aspects. Apart from the food, clothing, housing and transportation there are medicine, knowledge, recreation and so on. Referring to the content of consumer goods, Marx pointed out: "At any time, in consumer goods, except for commodity consumer goods, a certain amount of service is included." ("Theory of Surplus Value" "Collected Works of Marx and Engels, Vol 26; 1, p 160) Hence, the consumer goods which are required by the people should include products of labor service.

Actually, under the circumstances of a commodity economy, the consumer goods, existing in the material form, cannot, from their production to their consumption, develop without labor service. This is because there is a middle link between the social products and final consumption. That is the course in which people process and sort out the goods and material by means of active labor. Although this labor service cannot increase material wealth, it is a

necessary process before the goods and material are delivered for consumption. The cotton cloth which we make from cotton yarn cannot be turned into clothing for people's consumption without the labor service offered by the dressmakers. Only by the labor of cooks can the nonstaple foodstuffs in great variety be served to the people and so on. This can be seen in our life. However, this middle link is usually overlooked in the study of reproduction. Seen in terms of capital circulation, $W' \text{ minus } G'$ indicates that the products are realized and that the movement of currency capital has completed a process of circulation. But in actual life, the W' does not even enter the process of consumption. The finished products must undergo a labor service process before they can be delivered for final consumption. Let us take the L as labor service and CM as final consumption. The consumption process is also included in the process of social reproduction and the movement of product W should be: $W' \text{ minus } C' \dots W' \text{ plus } L \dots G' \text{ minus } CM$. Hence, it is necessary to see the whole and the continuous development of the social products (W) as we [as published] as the final consumption (CM) through the links of that chain, that is all types of labor services in the process $G' \dots \text{plus } L \dots G' \dots CM$.

In the course of social economic development, the required quantity of labor service products is increasing considerable. The main reasons are: first, the consumption structure has changed due to the increased earnings of the residents. In recent years, the wages of staff and workers were increased, the prices of farm sideline products were readjusted to some extent, the distribution of bonuses was increased by a certain proportion and the masses income was raised. Consequently, some change has taken place in the corresponding consumer structure. According to the typical report from the commercial departments, the consumer structure in 1979 compared with that in 1977 is as follows:

	1977	1979
Total consumption	100	100
Food	59.9	56
Clothing	11.5	16
Daily necessities	14.1	18
Nonmaterial consumption	14.5	10

The above data indicate that even though the present eating level is still very low, after the income increased, the expenses begin to move toward the daily necessities. When the daily necessities are initially satisfied, it will move toward nonmaterial consumer expenses. The development of the tourist trade since 1980 is a symbol of the trend toward nonmaterial consumption.

Second, scientific and technical development has caused a change of the consumer structure. This is because this development requires high levels of cultural and technical skill and it needs more people to be engaged in the labor service for educational work and to increase the $L2$. Owing to the scientific and technical development, the residents have purchased a large number of advanced and durable consumer goods and thus a number of repairmen are required for their home equipment. Thus the labor service, $L3$ has increased. At the same time, due to scientific and technical development, the labor productivity rate is raised by a great extent and the working hours of the staff and workers

are generally shortened. This enables them to have more time to spare for making trips or for participating in recreation activities. Thus, the demand for L5 is raised. Owing to these reasons, the work which was originally done by the laborers themselves, is socialized, and becomes independent labor service enterprises.

Under the socialist system, the labor services which are indispensable in the people's lives has a particularly great significance. This is because, in the socialist society, laborers commonly share the means of production. The common goal of social production and the direct goal of producers are joined together. Its only aim is to satisfy the daily increasing consumer needs of the people.

The movement of each part of the socialist organic whole is subordinated to this goal. Therefore, satisfying the needs of the people in regard to labor service products becomes, an important part of the socialist economic target and it reflects the fundamental character of the socialist economy. As socialism is a new society with a high level of civilization, where the laborers want to achieve the liberty of overall development, it is not only necessary to raise the material living standards of the people, but also to raise their cultural level. Raising their cultural, scientific and technical levels, particularly depends on the labor service of the intellectual circles. If we only pay attention to material production and underestimate the labor service, it will be impossible to comprehensively achieve the target of socialist production. Then, it will only be indulging in idle talk about socialist construction with a high level of civilization. Therefore, the "labor service" should be investigated through the socialist economic targets.

III. Labor Service Constitutes an Indispensable Supplement to the Process of Social Production.

People's lives need labor services. The process of production which supplies people with goods and materials also should be supplemented by labor services. The more production is socialized, the more labor service play an even more important role in supplementing the process of production.

In modern production, the information constitutes an important factor which enables the process of reproduction to run smoothly. This is because all the enterprises have linked their production through the entire society. When the level of socialization increases, these links become more closely related and more complicated. Any change in social economic life will affect the process of enterprise reproduction. Therefore, all the enterprises are seeking prices on the market while arranging their production. Judgments are made based on big quantities of information. Information becomes the first point in the process of production. Under these circumstances, new labor service departments have appeared, such as the "information industry" department, used by the public, which collects, delivers and analyses information and provides the production and sale departments with same. At present, this information industry is taking shape in our country. It can be expected that the "information industry" will become an important link in the process of social reproduction. Neither the production nor the circulation will ever deviate from the information provided by the information industry. Such information services,

like the labor in the process of direct production, constitute the "blood circulation system" in material production. The information will play an even more important role in a socialist economy which has the planned economy playing a leading role. A scientific economic plan is always based on a great amount of information. It is impossible to have a workable plan without reliable information. The information labor service is essential to the process of socialist reproduction.

The finished social products have to undergo the process of labor service before they enter into final consumption. This is also true of the daily necessities and the means of production. Before entering into productive consumption, the means of production needs a series of processing by labor services such as to cut and grade rolled metal, to pack products in small quantities, to grade and to select commodities, to match materials and so on. This is the labor service which directly serves the goods and materials and it is a continuation of the process of production. With the development of material supply technology tends to become more specialized day after day and the range of service becomes more extensive. The labor service not only serves the middle link located between the production and consumption but also provides upkeep and maintenance service for the supports in the process of entering into consumption. The specialized labor service which offers goods and materials with technology, speeds up the $W' - G'$ movement and makes the products more marketable and at the same time, accelerates the movement of $W' - PM$ and $W'a \dots P \dots W'$. Thus the means of production is immediately put into the production process and thus, it shortens the production period and the time for the production and circulation of social goods, speeding up the process of social reproduction.

Under the modern conditions, there are numerous labor services in the direct process of production. Apart from "information industry" and service which offers technology for goods and material supply, there are various services which provide the production enterprises and the united organizations with production organization and technology, and consultancy and management. We call them "business services". In the developed capitalist countries, these sort of "business service" organizations are quite popular and are tending to rapidly increase. In China, various types of consultancy service companies have already appeared and will develop gradually by forming a comprehensive system of business services.

IV. Labor Service Constitutes an Important Factor Which Affects the Quality and Quantity of the Labor Force

Labor service also displays its role in the process of social reproduction by affecting the labor force.

The overall quantity of social production is decided by the number of the labor force engaged in the production and the labor productivity of each laborer. The labor productivity is the result of the common role played by the objective and subjective factors. The status of technical equipment of the enterprise and the natural conditions constitute the objective factors which affect labor productivity. These can be ignored. The subjective factors which affect labor productivity are: the skill level, the labor intensity, the

laborer's physical strength and the level of intellectual development. These three factors are greatly affected by the labor service. The development of labor service has made things more convenient for the laborers' life by shortening the household labor hours and increasing leisure time. The development of tourist and cultural recreation trades have established the conditions for giving relief to their tiredness and to the load on their mind. This enables them to rapidly recover from fatigue after intense labor. There is no doubt that this will facilitate the labor productivity. The most important thing is that owing to the labor service, the quality structure of the labor force has tended to becoming more perfect and the other two factors will play a more important role in the production.

In modern society, only with the active participation of labor service can the skill of the labor force be fostered. First of all, it is the educational labor services which directly foster the skilled laborers required by the national economic departments. According to Soviet Union statistics, from 1961 to 1975, 80.1 percent of the total amount of national income was earned by raising the labor productivity, 43 percent of which was earned by improving the technical equipment and 37.1 percent by enhancing the personnel education and skill level. In 1975, by spending one ruble on educational development, a profit of 4.13 rubles was made in national income. (Soviet Union's VOPROSY EKONOMI No 9, 1977) This indicates that the educational labor service had directly improved the labor force quality by creating more material products for the society.

As to building up the laborers' strength, apart from guaranteeing the daily necessities, it mainly depends on the labor services which offer medical treatment and health protection by improving their living and working conditions, reducing the sick rate and raising the level of health of the staff and workers. According to China's statistics, in 1979, there were 31,090,000 staff and workers in the state-owned enterprises and the overall labor productivity of the personnel was 11,790 yuans. The year-round working days were estimated at 305 days and daily productivity was 38.67 yuans. If the sick rate and the absence rate were cut down by one day for each person on average, this would mean an increase of 12 billion yuan.

V. Role of Labor Service in the Formation of Commodity Value

While probing into the role of labor service, it is natural to put forward the question of whether the labor engaged in the service can create value. Opinions on this are widely divided among the academic circles. Some comrades hold that only the laborers engaged in the production of goods and material can create value. On the other hand, some others consider that all labor services are creating value. They say: "The previous theory of labor value only included the theory of commodity value, which meant that it had a certain limit." They suggested that it should be supplemented and perfected by adding the "theory of labor value." (He Xiaofeng: "An Initial Exploration of Labor Service Value" JINGJI YANJIU No 4, 1981) I consider both these theories to be lopsided. This is because the first one only sees the wealth of material created by the labor engaged in industrial and agricultural production and denies the fact that a portion of labor from the service department is condensed in the material products. The last one sets the value of labor service against

the theory of labor value and believes that apart from the theory of labor value, there exists the "theory of labor service value." Actually, this is a misunderstanding of Marx's; he never denied that labor service constituted a source of value. By expounding why labor service could create value, quite the contrary to the "limitations" so-called by some comrades, Marx expounded everything on the basis of the theory of labor value. Marx discovered the fact that a portion of labor from the service department was reflected in the material products. On the other hand, the labor service which is not directly reflected in the material products will never create value. Marx noted: "A portion of the so-called nonproductive laborers is reflected in the use value of materials. This use value can also be converted into a commodity ('a marketable commodity')." Here it mainly refers to the tailor, cook and mechanical repairer. "The said personnel have the capability of producing commodities by adding value to their labor object. However, they constitute a small number of nonproductive laborers." "Another viewpoint holds that there is a portion of pure service (which does not adopt the form of material objects, is not material independently existing but a part of those providing service and does not form part of the value. This is different to commodities)." Such is the labor of singers.

"Some services which are engaged in the training and maintenance of labor ability, reforming of labor ability and so on, ...such as the service of school teachers, ...the service of doctors, ...these services should be added to the production cost of labor ability or to the cost of reproduction." However, "the labor of doctors and teachers does not directly create funds to pay them for their remuneration, despite the fact that their labor is generally included in the production cost of the funds that create the total value, or in other words, it is added to the production cost of labor ability." That is to say, the service charges for the teachers and doctors should be included in the value of labor force, but their labor service itself by no means creates value. "All artistic and scientific products, books, drawings, carvings and so on, are included in these material products, only if they are manifested as material." (See Marx: "Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26, I, pp 156-165)

These few quoted passages have clearly indicated that starting from the point of labor value, Marx adopted an attitude of scientific concrete analysis in approaching the process of value formation.

Naturally, the theory of labor value of Marx is due to be developed and completed in the course of practice. The service departments were underdeveloped at the time when Marx lived. They made up a very small proportion of the entire national economy. Therefore, it was impossible to make a full analysis of the labor service departments. Just as Marx said: "All the manifestations of this in the field of capitalist production are insignificant in comparison with the whole of production. Hence, they can be completely ignored." (Marx: "Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26, I, p 443) Now, the situation has radically changed. At that time, labor service only constituted domestic servant labor, their labor service products were only "capable of being converted into commodities", but actually they were not "commodities". Now, these services have been separated from household labor

and become a special trade. Labor service products have also become real commodities. Hence, the labor services fixed on material products have turned into sources of value. In addition, the number of services which appear in the form of intellectual labor are increasing daily. Importance should be attached to the role of labor service in the process of value formation. Furthermore, the amount of consumer goods which exist in the form of labor service account for more than the total amount of consumer goods. It is also necessary to make an accurate analysis of the pure labor service. According to the above service classifications, we will make separate investigations on the role which labor services play in the formation of value.

L1 stands for the labor services which directly serve production. After their labor process is completed, labor service does not form material products, but constitutes a portion of the total labor consumed in the process of material production. Marx wrote: "As the characteristic of coordination develops in the process of labor, the concept of labor production and those who undertake it such as the production workers must also be expanded." (Marx: "Das Kapital," People's Publishing House 1975 edition (same hereafter), vol 1, p 556) Some people mostly do manual work, some do mental labor and others are administrative personnel, engineers, technicians, and so on. Some are supervisors or do very simple and rough work. But they "constitute various labor abilities for the general production machine and directly participate in the formation of commodities in different ways." (Marx: "The Result of the Direct Production Process," People's Publishing House, p 106) Therefore, the intellectual and physical laborers of L1, the same as the production workers which are directly engaged in the production of material products, add their labor to commodity value. Their labor achievements are integrated with the means of production and labor force, making a new material product.

L2 is the labor service which indirectly serves production. This labor service is indispensable to the production and reproduction of labor force. Referring to doctor's service changes, Marx remarked: "They may be included in the cost for repair of labor capacity." (Marx: "Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26, I, p 159) Some labor service plays a direct role in labor force and an indirect one in production. Because labor force itself is still only a sort of latent potential, it can only be reflected and turned into actual productive force in the process of labor. Science, technology and education can only at this moment be transformed into productive force. Hygiene and health protection also can only at this moment give play to their role of promoting productive force. This indicates that education and science, and hygiene and physical culture and not be directly transformed into material products. Both of them must go through an intermediate link. This is the process of labor force. In this process, the cost of L2's labor service should be figured in the value of labor force (if the labor force constitutes a commodity). The value which is figured in the end products, can only constitute the new value created by the laborers (V plus M). The source of these service expenses belong to the redistribution of national income. The labor service of L2 does not create value itself.

L3 consists purely of the labor service needed in commodity circulation. From the viewpoint of the reproduction process, this type of labor service "performs certain necessary functions", "he works like anyone else, but the content of his labor can neither create value nor products." (Marx: "Das Kapital," vol 2, p 149). The costs of these departments constitute the only expenses of circulation deducted from the total social product. It belongs to the nonproduction cost. Commercial staff and workers are also engaged in transportation over short distances or of small quantities, including the bundling up and packing of commodities. This labor is the continuance of the material productive labor in the circulation of production. Furthermore, this labor is less important and constitutes a subsidiary portion for the commercial personnel, particularly, the operational personnel of retail sales enterprises who make up the majority of the entire labor. They are principally in charge of receiving the customers by displaying, explaining and helping them to select commodities or to calculate, to receive payment and then complete the change of the commodity form. This is purely commercial labor and "society does not get any extra products or value from their labor." (Marx: "Das Kapital," vol 2, p 149) The viewpoint which holds that: "All the labor of the commercial department personnel constitutes the labor for material production" (Yang Baikui: "The Labor of Commercial Department Personnel Is Material Production Labor," JINGJI YANJIU No 4, 1980) does not tally with the facts.

L4 is the labor service which satisfies material consumption. The contents of this type of labor service are very complicated. Each of them have their own different character. It is necessary to make a careful analysis: (1) Some labor service belongs to the processing and service of products from the beginning of the finished products to their final consumption. Actually, this labor service supplements the process of production. The labor [words indistinct] as the same character [words indistinct] not attract travelers if the arrangements and services of the hotel personnel were unavailable. So it could not be a hotel but a building only. (2) Some labor service is engaged in repairing material consumer goods for the consumers, ranging from small things like shoes and umbrellas to big ones such as domestic electrical appliances, including even house repairing. Though this labor service is completed after the products have been in the consumption field and remained for a certain period of time in the process of consumption, the use value of these products is restored by their labor service, so it is equal to the addition of a new product. Hence, this labor service possesses the character of industrial production. (3) Although some labor service is realized in the service trade, their labor is no different from the labor in a factory and it is figured in the commodity value. Laundries, photo studios and the catering trade fall into this category. (4) Consumption of some goods and materials is characterized by the protection of labor force such as barbers and baths. The cost of these labor services can be added in the "expenses in the repair of labor force", which possess the same character as hygiene and health protection, But it cannot directly create value. In the process of value formation, this service plays the same role as L2. The labor service of L4 should be included in the material production department except for that in Section (4).

L5 is the labor service which supplies nonmaterial consumption. This mainly consists of cultural recreation. This labor service possess the characteristic that is products cannot be separated from its labor activities. It leaves no

tangible result after the service that exists separately from the performers of the service. The link of this labor service with material production is not like that of science, education and hygiene, since it neither creates material products nor creates value. The incomes of the laborers in these departments, regardless of the payments made by the spectators, are allocated by state finance and are generated from the products and value created by the laborers from the departments of material production and some labor service departments.

This analysis which we have made is by no means groundless. It is drawn from a great deal of actual economic facts. It also tallies with Marx's theory of labor value. Therefore, I hold that the traditional method for calculating national revenue should be reformed. Most of the labor value which is indicated in L1 and L4 should be included in the national revenue. Thus the annual national revenue corresponds to the total value recently created by industry, agriculture, transport and communication, posts and telecommunications and a portion of the labor service departments (L1 plus L4(1-3)). This is the conclusion we have drawn from the study of the role of labor service in the process of the formation of commodity value.

VI. Stipulation of the Quantity of Labor Service

The stipulation of the quantity of service includes two aspects, that is the proportion that the labor service comprises of the total labor of society; and the amount of demand for every type of labor service.

The main factors which decide what proportion labor service comprises of the total labor of society are: (1) The labor productivity in the field of material production is the basic prerequisite which decides the proportion of the labor service departments. This is because the activity of any service department needs a certain number of implements and materials as well as a certain quantity of daily necessities required by the laborers. These materials and products are provided by the material production departments. The increased number of labor service departments cannot exceed the capability of supplying these material products. (2) The proportion of consumption funds in the distribution of national revenue constitutes an important factor which decides the amount of investment in the labor service departments and the amount of increase in employment. If the accumulation is increased by a considerable proportion in the distribution of national revenue, then, a big quantity of material products are bound to be used in capital construction and the development of labor service is then limited. After the proportion of consumption is increased, the labor service departments will be accordingly developed. (3) The need for labor service is directly decided by the level of income of the laborers. If earnings are increased, then, the capability for labor service expenditure is raised, labor services are urgently needed and the content of services will become more substantial. On the contrary, if earnings decrease, there is no need to seek for services on the market if one can serve oneself. (4) Labor service development depends on the cultural level of a country, and there is generally a direct correlation between the two. If the cultural levels of a country is high, the investment in scientific research and education will be increased and the ability for cultural and artistic appreciation will also be raised. There will be an urgent need for labor service to provide cultural and scientific knowledge. The proportion of labor service in the total social labor is the result of the combined role played by these factors.

The main factors determining the amount of demand for every type of labor service are: (1) consumption structure--all types of labor service should correspond to the needs for all types of consumption; (2) Labor efficiency of all types of labor service--the amount of labor service needed under conditions of manual operation and mechanization and automation, is evidently not the same. (3) It depends on the form of operation; in commerce, there are more enterprises with combined operations, so there can be less service personnel. The more specialized shops and retail networks there are the more need there is for shop assistants; the more flexible the operations are the more consumers there will be and the faster the service trade will develop. (4) The requirement for labor services is also determined by the extent of population density. Speaking of service efficiency, the extent of population density and the required number of service personnel are in an inverse ratio. Speaking of the items that need service, these items and the extent of population density are in direct proportion. (5) The labor services are greatly affected by the people's habits and customs. Any change in the amount of labor services should take the habits and customs of the people as well as their interests and hobbies into account.

The labor service department is an economic department which needs to be vigorously developed. There are various new and flourishing trades that need to be opened up. This requires scientific calculation and the adoption of correct general and specific policies in order to meet the daily increasing needs of the masses of people and to speed up the development of the socialist economy.

CSO: 4006/549

TRANSPORTATION

BRIEFS

SHANDONG HIGHWAY BRIDGE--A highway bridge spanning the Huanghe River section in Shandong Province was formally opened to traffic on 14 July. The highway bridge is located in northern Jinan, is 2,023.44 meters long, 19.5 meters wide, and has five bridge openings. The longest span is 220 meters. The dead-weight tonnage of the bridge is 218 tons. It is the longest prestressed concrete highway bridge in our country. On the morning of 14 July, the Shandong Provincial People's Government held a ceremony to mark its opening to traffic. Su Yiran, secretary of the provincial CCP committee and governor, cut the ribbon at the ceremony. Song Yimin, deputy governor; Wang Zhongyi, vice director of the communications department and responsible comrades of the Jinan Municipal and Dezhou Prefectural CCP committees attended and addressed the ceremony. [Jinan Shandong Provincial Service in Mandarin 1100 GMT 14 Jul 82 SK]

SHANDONG PORT INSPECTING OFFICIALS--Shandong Province's Qingdao frontier inspection station, which is charged with the task of inspecting and protecting the foreign steamers berthed at Qingdao port, has strengthened education in party's policies and anticorruption among cadres and policemen to enhance their consciousness of resisting and opposing the corrosive influence of bourgeois ideology. In the first 6 months of this year, these cadres and policemen refused to read and take obscene magazines, novels, pictures and other articles given them by foreign sailors, thus being greatly respected by foreign sailors. [Jinan Shandong Provincial Service in Mandarin 1100 GMT 14 Jul 82 SK]

JILIN TRANSPORTATION--The foreign trade departments at all levels throughout Jilin Province have done a good job in transporting commodities for export in 1982 with the assistance of railway and port offices. The freight volume of exported commodities reached 264,000 tons, an increase of 73.9 percent over the corresponding 1981 period. [SK212238 Changchun Jilin Provincial Service in Mandarin 1100 GMT 20 Jul 82]

NEI MONGGOL TRANSPORT VOLUME--In the first half of this year, highway transport departments throughout Nei Monggol region achieved a relatively good economic result. The volume of road freight transport was 15.2 million tons and that of passenger transport was 12.5 million people. It is estimated that transport companies subordinate to the league and municipal authorities may net a profit of 1.47 million yuan, an increase of 2.6 million yuan over the corresponding 1981 period and diverting deficits to profits. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 12 Jul 82 SK]
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GENERAL

BRIEFS

GUIZHOU ECONOMIC COOPERATION MEETING--A Guizhou provincial meeting on economic cooperation which was held by the provincial people's government and which lasted 8 days concluded on 6 July. The meeting stressed that in future cooperative work with foreign countries, it is necessary to adhere to the principle of unified planning, unified external work, unified management, making overall plans and taking all factors into consideration. It is also essential to bring the advantages of this province into play and to promote the development of industrial and agricultural production. [HK090243 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 6 Jul 82]

HEILONGJIANG COMMUNE-RUN ENTERPRISES--Commune- and brigade-run enterprises in Heilongjiang Province created 406.1 million yuan of output value from January to May, surpassing by 12 percent the previous record. [SK030808 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 2 Jul 82]

GUANGDONG COMMUNICATIONS WORK CONFERENCE--From 28 June to 4 July, the Guangdong provincial communications department held a conference in Guangzhou on communications work. Attending were some 220 responsible comrades of prefectural, municipal and county communications bureaus, prefectural and municipal economic committees, road bureaus, motor transport companies, safety supervision and administration centers and all subordinate units, organs, departments and offices of the provincial communications department. Vice Governor Li Jianan and Provincial Economic Committee Vice Chairmen (Wei Zhendong) and (Ye Xiangrong) attended and spoke. In the light of the actual situation of the province, this conference laid stress on discussing the documents on improving and strengthening road transport management, strengthening road control and maintenance, strengthening urban and rural traffic safety and developing the municipal and county subordinate collectively owned transport enterprises. These documents will be further supplemented and revised and reported to the provincial people's government for approval and enforcement. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 5 Jul 82 HK]

JILIN COMMUNE-RUN ENTERPRISES--Commune- and brigade-run enterprises throughout Jilin Province made continued progress in the first half of 1982 thanks to implementation of enterprise consolidation. By the end of June, the output value had reached 500 million yuan, 43.1 percent over the corresponding 1981 period. Meanwhile, these enterprises netted 43.34 million yuan of profit, 16.7 percent over the corresponding 1981 period. [SK220419 Changchun Jilin Provincial Service in Mandarin 1100 GMT 21 Jul 82]

HEILONGJIANG ENTERPRISE DEVELOPMENT--As of now, Heilongjiang Province has had more than 65,500 households which engage in industrial production and various business, a 10-fold increase over the number in 1979. There are 81,500 employees. Those individually owned industrial enterprises and commercial firms include food, repair service centers, handicraft and small-scale delivery jobs. They play an active role in enlivening rural and urban markets to counter the short supply of state and collective enterprises and satisfy the needs of the people. Over 60,300 business and service networks have been established throughout the province after individually owned enterprises have sprung up like mushrooms. [SK132243 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 12 Jul 82]

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