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China Report

ECONOMIC AFFAIRS

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14 May 1984

CHINA REPORT

ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

ZHAO, REAGAN SIGN COOPERATION AGREEMENTS

OW301341 Beijing XINHUA Domestic Service in Chinese 0908 GMT 30 Apr 84

[Text] Beijing, 30 Apr (XINHUA)--Premier Zhao Ziyang and President Reagan signed in Beijing today the "Agreement Between the Government of the People's Republic of China and the Government of the United States of America on Avoidance of Double Taxation and Prevention of Tax Evasion" and the "Plan To Implement in 1984 and 1985 the Cultural Agreement Between the Government of the People's Republic of China and the Government of the United States of America." The Chinese and American Governments also signed the protocol on cooperation in the field of management of industrial science and technology and the protocol on cooperation in the field of scientific and technical information; and initiated the Sino-U.S. agreement on cooperation in peaceful uses of nuclear energy.

President Li Xiannian attended the signing ceremony.

At the signing ceremony, Premier Zhao Ziyang said: All the agreements and protocols signed today are significant achievements. The peoples and the economic, cultural and scientific and technological circles of both countries will feel happy about this.

He said: "Mr President, I deeply appreciate the spirit of mutual respect and mutual benefit which you have repeatedly emphasized during your visit here. Several other important agreements are now under negotiation between the departments concerned of the two countries. I believe problems can be solved so long as both sides conduct consultations in the spirit of mutual respect and mutual benefit. In this way, China and the United States can carry out better cooperation in many areas."

In his speech, President Reagan said: "The relationship now developing between China and the United States has become one of the major events in foreign affairs since World War II. Today, we are taking further steps to strengthen relations between the two countries. This kind of relationship is based upon the common principle of mutual respect and mutual benefit."

He said: "We will sign some new accords. The accords will facilitate trade and investment, enhance exchanges of personnel and ideas between the two countries, and help expand vistas for working together to develop China's

nuclear energy and satisfy China's pressing need in training skilled managerial personnel."

President Reagan said: "During this visit, we have not only further experienced the Chinese people's solicitous hospitality, but also deepened your understanding of China's ancient but great culture. Now, millions of other Americans will be able to see the artistic and cultural achievements of the Chinese people. This makes me very happy."

President Reagan said: "Let us hope that, as contacts grow between the Chinese and American people, each of us will continue to learn about the other and this important new friendship of ours will mature and prosper."

The Sino-U.S. agreement for cooperation in peaceful uses of nuclear energy was initiated by China's Commissioner of Science and Technology Jia Weiwen and U.S. Ambassador-at-Large Richard Kennedy, who made a special trip to Beijing.

The Sino-U.S. protocol on cooperation in the field of management of industrial science and technology was signed by Zhang Yanning, vice minister of the Chinese State Economic Commission, and Lionel Olmer, U.S. undersecretary of commerce.

Also Chinese State Councilor and Foreign Minister Wu Xueqian, Chinese State Councilor and Minister of Finance Wang Bingqian, U.S. Secretary of State George Shultz and others.

CSO: 4006/496

NATIONAL POLICY AND ISSUES

BRIEFS

INDUSTRIAL, COMMERCIAL ENTERPRISES REGISTERED--Beijing, 11 Apr (XINHUA)--China now has 1.44 million registered and licensed industrial and commercial enterprises employing 103.62 million people. This was disclosed by Ren Zhonglin, director of the State Administration for Industry and Commerce, at a meeting which ended here early this week. There are also 1,140 registered joint ventures, Chinese and foreign cooperative enterprises, independent foreign enterprises and resident offices of foreign enterprises. More than 500 are joint ventures and Chinese-foreign cooperative enterprises. Speaking at the first national conference on economic trial law, Ren Zhonglin said that industrial and commercial enterprises were registered and managed as laid down by the State Council. Registration confers legal status and helps business at home and abroad. State Council regulations cover Chinese and foreign industrial and commercial enterprises and provide for the registration both of joint ventures using Chinese and foreign investment and of permanent offices of foreign enterprises. All enterprises in industry, communications and transportation, building, commerce, foreign trade, catering, tourism and handicrafts must be registered. [Text] [OW111055 Beijing XINHUA in English 1040 GMT 11 Apr 84]

CSO: 4020/114

ECONOMIC PLANNING

MEETING HELD ON DEVELOPING SOUTHWEST REGION

OW201302 Beijing XINHUA in English 1213 GMT 20 Apr 84

[Text] Guiyang, April 20 (XINHUA)--The resource-rich yet economically-underdeveloped southwest China provinces of Sichuan, Guizhou and Yunnan, Guangxi in south China and the city of Chongqing have agreed on extensive coordination to develop the region into a modern economic base within 15 to 20 years.

In a five-day meeting which ended here yesterday, leaders of these localities decided that the region would have a powerful energy industry, a heavy industry with high grade products and diverse varieties, a light industry with distinctive local features capable of meeting the needs of its 200 million people, and developed forestry and animal husbandry based on self-sufficiency in grain.

The meeting came as a result of visits earlier this year by general secretary of the Chinese Communist Party Central Committee Hu Yaobang and Premier Zhao Ziyang to the region aimed at promoting its economic cooperation.

More than 200 contracts for cooperation items were signed during the meeting, according to the meeting's spokesman. These include the building of highways and railways, utilization of waterways, restoration and development of traditional economic ties in the region, development of foreign trade, building of Liupanshui coal center and Panzhihua and Kunming iron and steel projects, accumulation of funds, training of personnel, and technical exchanges.

The region embraces an area of 1,376,000 square kilometers with a population of more than 200 million. It has rich deposits of coal, iron, phosphorus, aluminum, lead, zinc, copper and tin. Its deposits of vanadium and titanium account for over 80 percent and 90 percent respectively of the nation's total.

The region has a prospective hydropower capacity of more than 280 million kilowatts, or 43 percent of the national total.

But these resources have not been sufficiently tapped, and agriculture still accounts for about 45 percent of total industrial and agricultural output value. The gap between the region and the more developed coastal areas has been widening as the latter's economies have been soaring in recent years with the adoption of more flexible policies.

Experts here believe that the coordinated development of the region will prove a powerful means to narrow the gap with the coastal areas.

CSO: 4020/114

ECONOMIC MANAGEMENT

XIZANG'S YIN FATANG ON DEVELOPING ECONOMIC WORK

HK270956 Lhasa Xizang Regional Service in Mandarin 1130 GMT 25 Apr 84

[Text] On the morning of 25 April, Yin Fatang, first secretary of the regional CPC Central Committee, gave an important speech on behalf of the committee at the second enlarged plenary session of the third regional CPC Central Committee. Comrade Yin Fatang said: In order to continue to vigorously push the work in Xizang forward and thus enable our people to become rich as soon as possible, we should first pay great attention to the following four words: change, flexibility, enliven and reform.

By change, we mean that we should change our guiding thoughts, development goals, production policies, economic management, and leadership methods. The party committees and government at all levels must be clear about the necessity of regarding economic work as the key and focus their efforts on economic work. They must make all people very interested in economic work and give rise, throughout our region, to a general mood of society characterized by everybody showing concern about the economy and every household thinking about ways to improve economic conditions. Anyone who has become rich should be honored and anyone who becomes rich earlier than others should be regarded as representative of the advanced productive force in the new period and must be respected, praised and rewarded.

By "flexibility," we mean first of all making flexible our guiding thoughts, and thus enabling the masses of people to have a free hand in opening up various prospects for developing production and becoming rich through hard work. We should continue to make our economic policies more flexible, guarantee the decisionmaking power of our peasants and herdsmen in carrying out their production, continue to implement the policy of letting our economy rest and build up its strength, and continue to make more flexible the responsibility system, with the system of assigning all-round responsibility to households as its major form. Beginning from this year, the duration of the contracts assigning all-round responsibility for land and livestock can be extended to more than 30 years. We should allow people to consign contracts for all-round responsibility for land and livestock to other people, to take animals from the collective as loans from the collective and later repay these loans in animals and keep the surplus number of suckling animals, and to take animals from the collective as private property by paying certain sums of money. We should allow our peasants and herdsmen to move their labor force and funds

freely and to run various kinds of small mines. We should make efforts to support various kinds of specialized and key households and economic combinations and thus enable a part of our people to become rich earlier than others. We should allow our enterprises to have major decisionmaking power. In the future, our enterprises will be empowered to dispose of their funds after payment of taxes and profit delivery, to recruit, employ and punish their staff and workers, and to carry out transtrade and transarea business. As the saying goes: It is impossible to enliven economy without developing commerce. In order to develop our economy, we must satisfactorily grasp the important link of circulation. We should thoroughly open our fairs, allow people to carry goods a long distance away for sales, and allow peasants and herdsmen inside and outside our region to bring their food grain to cities and carry out commercial and other undertakings there.

In his speech, Comrade Yin Fatang pointed out: Reform is an inevitable trend and there will be no way out for us if we do not carry out the reform. There is a problem of reform in our economic structure, management, personnel system, wage and bonus systems, and pricing system. We should carry out, in the light of our region's special conditions, a series of reforms of which the starting point should be to increase work efficiency and economic results and which should be centered on economic construction.

Comrade Yin Fatang said: While satisfactorily grasping economic work as the key aspect of our work, we should also strive to build a socialist spiritual civilization with distinguishing Xizang nationalities features. We should make our spiritual civilization serve our economic development, the 1.8 million of people of Zang and other minority nationalities, and the vast rural areas.

[HK270958] Comrade Yin Fatang said: Since, in our economic field, we allow a part of our people to become rich earlier than others, in our educational field, we should also allow a part of our people to become people of talents earlier than others. We should strengthen our basic education and raise the quality of our education. In developing our education, we should switch from pursuing an increase in the number of students to pursuing an improvement in the quality of our education. We should greatly esteem and scientifically carry on and develop the culture and art of the Zang nationality. We should conscientiously carry on and develop, under the precondition of adhering to the socialist orientation, the fine tradition and distinguishing features of the culture and art of the Zang nationality.

Moreover, Comrade Yin Fatang said: In order to actually develop our region's economy and culture and to make our people rich, we need a political situation with long-term stability and we should unite with all forces that can be united with, give play to the role of all positive factors, and thus form a tremendously great contingent for this work. Therefore, our party should go all out, and pay great attention to and earnestly and satisfactorily do the work related to the united front, nationalities and religions. The person-ages in our nationality and religious circles have certain ties with the masses of people. In doing our work in such a special area as Xizang, we should always and everywhere think about the 1.8 million people of the Zang

nationality in Xizang, the development of Xizang's economy, and the general goal of making Xizang people rich as soon as possible. This is the starting point and goal for the work of every party member and cadre.

In his speech, Comrade Yin Fatang called on the party committees at all levels to adapt themselves to the requirements of the new situation and tasks, to break away from the old conventions, to overcome the workstyle of generalization in exercising their leadership, and to develop the spirit of daring to think, to act, to shoulder responsibility, and to blaze new trails. They should overcome the bureaucratic workstyle of delay and shifting responsibility in making decisions, avoiding all risks, attempting nothing and accomplishing nothing, and refusing to shoulder responsibility and establish the job responsibility system in order to heighten people's spirit of devotion to the revolution and people's sense of responsibility. They should raise their work efficiency, achieve unity and good coordination in doing their work, consciously shoulder responsibility for their work, and match their deeds to their words.

In his speech, Comrade Yin Fatang called on cadres in all sectors and trades to satisfactorily carry out their study, centered on our economic work, to work hard to probe the way to make money, and thus gradually to switch from being professionally incompetent to being professionally competent.

He said: Now that we have clarified our goal and definitely formulated our policies, the decisive factor is the organization of our work and the key is to implement our policies and to be able to do our work soundly. The party organizations at all levels throughout region, particularly the party and government leaders at all levels, should conscientiously study and profoundly and correctly understand the spirit of the Xizang work forum and promptly explain and publicize this spirit in order to make it known and understood by everybody. They should unite and lead the people of all nationalities throughout our region to strive together to realize the goal of developing Xizang's economy and doubling the actual income of our peasants and herdsmen in 3-5 years.

The session was presided over by regional CPC committee Secretary Yangling Doje. Attending the session were regional CPC committee responsible comrades Redi, Duojiecaidan, Ba Sang, Song Ziyuan, Wang Xinquan, Duoji Cairang, Cao Xu, Jiangchunluobu, Li Wenshan, Danzeng, and Hu Songjie; regional CPC advisory committee responsible comrades (Zhang Shangning), (Liu Ruizhou), and (Zhang Zhenwen); regional CPC Discipline Inspection Committee responsible comrades Zhao Yuntang and (Yuki Zemi); and responsible comrades in various regional departments Li Benshan, Xukang Tudengnima, Buduoji, Langjie, Peng Zhen, Yang Zongxin, Pu qiong, (Wu Changxi), (Jiang Hongquan), (Zhang Fengbiao), (Liu Yongkang), (Gao Changjin), (Zhang Jinshan), (Han Wulong), (Zhang Zhen), (Zheng Ying), and Jinzhang Jianzan Pingcuo.

CSO: 4006/497

ECONOMIC MANAGEMENT

OUTLOOK SEES FALLING ENTERPRISE PROFITS, INCREASED COSTS

Taiyuan JINGJI WENTI [PROBLEMS IN ECONOMICS] in Chinese No 11, 25 Nov 83 pp 15-18

[Article by Run Wuhung [7032 2976 1347], vice governor of Shanxi Province:
"Consolidate Enterprises in Earnest and Improve Economic Results"]

[Text] The consolidation of enterprises is a basic task in improving enterprise quality and enhancing economic results. Whether this work is well done or not affects not merely the survival of enterprises but also the steady and healthy development of China's economy, the vigorous development of the economy in the 1990's and the attainment of the goal of quadrupling the gross annual industrial and agricultural output value by the end of this century. Therefore, we must carry out in earnest the directives of the Party Central Committee and the State Council on the consolidation of enterprises, making enhancement of economic results a general goal, demonstrating a spirit of reform in carrying out an all-round consolidation of enterprises and redoubling our pace to improve quality and to consolidate speedily the existing enterprises well.

After over a year of consolidation, the industrial enterprises of our province have made fairly good achievements. The enterprises undergoing priority consolidation last year have completed a systematic consolidation in the "five areas of work" and are entering into a check-before-acceptance stage. As of today, 62 enterprises, including 46 enterprises operated by prefectures and municipalities or units at a higher level, have passed the checkup and have been accepted, representing 17.8 percent of prefecture-operated and municipality-operated industrial enterprises or enterprises at a higher level which have been singled out for priority consolidation. The consolidation of enterprises has promoted an enhancement of the economic results. Statistics compiled by the 20 industrial enterprises which have been checked and accepted and which are operated at the level of prefectures and municipalities or at a higher level have shown that in the January-July period of this year, there was an increase of 18.3 percent in the gross industrial output value of these enterprises, 4.4 percent higher than the state-operated industrial enterprises in the local areas; an increase of 16.6 percent in revenues from sales, 6.4 percent higher than the state-operated industrial enterprises in the local areas; an increase of 27.9 percent in realized profits, 10.9 percent higher than the state-operated industrial enterprises in the local areas; and an increase of 8.8 percent in profits turned over to

the state, 1.4 percent higher than the state-operated industrial enterprises in the local areas, as compared with the same period of last year. The work of consolidation, extending from key points to areas, has unfolded on an all-round basis. This situation as a whole is good, but developments are not quite even and the effect are not good enough. Economic results, though increased, are still lagging behind those of the advanced provinces and municipalities. Many indicators still lag behind the average national level. Presented now for discussion are some preliminary ideas on how to do a good job in the consolidation of enterprises, how to upgrade enterprise qualities and how to improve economic results.

I. Study in Earnest "Deng Xiaoping's Selected Works" and Take Further Steps to Straighten out the Ideology Guiding the Consolidation of Enterprises.

The publication of the "Selected Works of Deng Xiaoping" is an important event in the political life of the people of the whole nation. To study well the "Selected Works" is of great significance in the strengthening of the unity of thinking in the entire party. In the "Selected Works," Comrade Deng Xiaoping in connection with the disruptions of the "Gang of Four" talks relatively more about the question of consolidation and presents a series of brilliant expositions along this line, which have had a direct guiding significance in the current work of consolidating the enterprises. As early as September 1975, Comrade Deng Xiaoping pointed this out: "At present, there exists in all quarters a question of consolidation. Agriculture needs consolidation. Industry needs consolidation. The policy on literature and the arts needs consolidation. Readjustment also means in effect consolidation. It is through consolidation that we can find a solution to the question of the rural areas, the question of the factories, the question of science and technology and the question, in all areas." ("Selected Works of Deng Xiaoping," p 32)

The consolidation of enterprises is an objective requirement for the realization of the magnificent strategic goal set forth by the 12th National Party Congress. It was proposed at the 12th National Party Congress that a general goal of struggle in China's economic reconstruction be to strive to achieve, on the premise of a continual improvement in economic results, a quadrupling of the gross annual national output value of industry and agriculture by the end of this century. This is a great and Herculean task. Industrial and communications enterprises are a main force in accomplishing this task. Nevertheless, China's enterprises, viewed from their existing quality, are far from being able to adapt themselves to the requirements of this task. A review of the situation of industrial and economic developments in recent years has shown more clearly the question of unadaptability. In 1980, when the Party Central Committee adopted important measures for readjusting the proportions in the national economy, the output value of light industry in our province was up 13 percent over 1979, but that of heavy industry dropped by 2.5 percent; in 1981, when the readjustment was continued, light industry increased by 10.1 percent, but heavy industry decreased by 6.1 percent. The situation in these 2 years indicated a tremendous growth in light industry and a decline in heavy industry. In this readjustment of proportions in the national economy a big growth in light industry was inevitable and correct, but

a continual and sharp decline in heavy industry showed that there were some problems. In that period of time, if the service orientation of heavy industry had been changed and if marketable products had been produced, the output value of heavy industry could have avoided a decline, and it could even have achieved growth. Because of a lack of clear understanding and because of ineffective measures, particularly heavy industry's lack of flexibility, its unadaptability to the needs of readjustment and its inability to turn around and make changes, a fairly large number of the enterprises ended up in an "impasse," for their production tumbled significantly. This explains that the quality of enterprises was not high and that the ability of enterprises to meet an emergency was not strong. Early this year, the state adjusted the prices of chemical fibre products and raised the prices of cotton and other raw materials. This readjustment of prices was a correct measure adapted to market changes. Through strengthening management and administration, tapping latent potential, increasing the output of marketable products and upgrading economic results, enterprises must make up the reduced revenues caused by price changes. However, a vast majority of the textile enterprises were not able to achieve this goal, a fairly large number of enterprises saw their profits sharply plunge down and individual enterprises even incurred deficits. This was another manifestation of the low quality of enterprises and of their poor performance in coping with changes.

In the past, our enterprises organized production basically in an even and well-balanced environment, making profits by relying on low-priced raw and processed materials, on cheap farm produce and sideline products and on relatively low wage outlays. A large portion of the profits was the transfer of value from raw and processed materials as well as from farm produce and sideline products. This unreasonable situation is now undergoing a change. It is necessary that the prices of raw and processed materials, farm produce and sideline products, as well as the wages of staff and workers, be raised higher, that competition in markets be intensified and that the prices of a portion of the products be further reduced. Our enterprises are facing a grave challenge, a new change involving how to improve quality. We ought to be able to withstand the challenge, to maintain normal production and to increase profits in the ever changing economic activities. Today, a very important question is the consolidation of enterprises and the improvement of enterprise quality. By proceeding from our efforts to reach the height of the magnificent goals set forth by the 12th National Party Congress, we must truly recognize the importance of consolidating enterprises, achieve unity of thinking and actually quicken the pace of consolidating enterprises.

II. Lay Hold of the Key Issue of Consolidation of Leadership Groups.

Whether the consolidation of enterprises can be done well depends first and foremost on the possibility of establishing a revolutionized, young, intellectual and professional leadership group. If a leadership group of this type can be established, consolidation will produce instant results, and achievements will come out of consolidation. Otherwise, enterprises cannot be consolidated well. By targeting consolidation of leadership groups as a point of penetration, and by laying a firm hold on the consolidation of the various quarters, the Taiyuan Electrolytic Aluminum Plant made a change in

enterprise backwardness within a short period of time, thus creating a highly convincing typical example. In the 24 years since its founding, this plant incurred losses in 19 years, with the amount of the deficits totaling 18.39 million yuan, since it was a deficit-incurring plant with serious and long-standing problems. In the condition of this plant's loss of 570,000 yuan again from January to April 1982, the Taiyuan Municipal CPC Committee restructured the leadership groups of the plant. After assuming office, the new leadership groups secured a firm hold on consolidation of the various aspects of the work of the enterprise, and this produced prompt results. In May 1982, deficits were reduced. By the end of the year, deficits were transformed into profits amounting to 976,800 yuan, which made up for losses incurred in the first 4 months of the year and which brought about a net profit of 406,800 yuan. From January to July of this year, the plant achieved profits totaling 995,000 yuan, completed its annual play by 103.65 percent and turned in to the state profits and taxes 150 percent more than in the corresponding period of last year. This plant already passed the stage of being checked and accepted. Practice has shown that by grasping this key issue of the consolidation of enterprises, the other aspects of the consolidation of enterprises can be promptly carried out with fast results. Therefore, the consolidation of enterprises means first of all the consolidation of the leadership groups of the enterprises.

In the enterprises of our province which had been consolidated at a relatively earlier date, the leadership groups after consolidation have changed their organizational structure and improved their quality. According to statistics compiled by 39 consolidated large and medium backbone enterprises, the leadership groups of the enterprises after the completion of consolidation have achieved a reduction in personnel by 30.2 percent, a fall in the average age from 54.1 years of age in the past to 48.4 years of age at present, a rise in the number with a college education from 28.4 percent in the past to 59.8 percent at present and an increase in the titles for technical and professional personnel from 15.2 percent in the past to 40.2 percent at present. Also perfected more than ever before is the leadership system. Experiences in the preceding stages of work are summed up mainly in the following three areas. The first is to act in line with the criteria of the "four modernizations," sticking firmly to the mass line, making individual visits, conducting public opinion polls or using other methods, heeding the opinions of the masses and organizing the masses to recommend wise and capable people for posts, so that leadership groups can make readjustments and establish themselves on a reliable mass foundation. The second is to overcome the phenomenon of avoiding seeing each other and pulling each other's legs through collective evaluation and joint checkup by departments of organization, departments in charge and investigation teams staying at selected grassroots units to gain firsthand experience for guiding overall work. The third is to entrust, in accordance with the provincial CPC committee stipulations, the enterprise leadership groups at all levels with principal powers for evaluation of the enterprise leadership cadres, thus reducing the administrative levels of investigation and approval and simplifying the procedures of investigation and approval to a certain extent. All these realistic and feasible practices, should be carried on persistently and developed

continuously until they have attained perfection. And it is on this foundation that we must restructure and establish step by step a new system for the management of cadres.

To do a good job in the consolidation of the leadership groups of the enterprises, specific attention should be focused on three areas of our existing work: First, it is necessary to continue weeding out the ideological influences of the leftists; to shatter the thinking of using seniority and ranks as a yardstick for measuring everything, of regarding cadres as holding lifelong jobs, of despising knowledge and belittling the intellectuals; to follow firmly the "four modernizations" criteria and boldly reinstate men of talents; and to promote to leadership posts the middle-aged and young technical and managerial personnel possessing both ability and political integrity plus organizing ability. As was pointed out by Comrade Deng Xiaoping, "party committees and organizational departments at all levels are expected to make a significant change in this issue, to achieve resolutely an ideological emancipation, to surmount rings and rings of barriers, to get rid of old restrictions and conventions, to reform outmoded organizational systems and personnel systems boldly, to foster energetically, dig out and to employ men of talent and to wage a firm struggle against all phenomena of repressing and wrecking men of talent." ("Selected Work of Deng Xiaoping," p 286) Through consolidation, members of the leadership groups of the enterprises are required not only to meet the requirements of political conditions, number of personnel, age and educational level but also to arm their specialized professions with a relatively complete set of equipment--cadres possessing scientific and technological skills, cadres familiar with political work and cadres doing managerial and administrative and logistical work who form a "four modernizations" group that is truly ambitious and dedicated and capable of playing an organizing and leading role, of fighting in unity and of opening up a new horizon in the building of the four modernizations. Second, after the new leadership groups of the enterprises have been fitted out, the leadership organs at a higher level must trust them. The party committees of the enterprises shall make definite decisions on leadership groups of the low-ranking units of the enterprises in compliance with the demands of the central authorities on power expansion, and it is no longer necessary for leadership organs at a higher level to run the whole show, so that incurring losses to work through delay can be avoided. Third, the work of making arrangements for the elderly comrades should be done well. This is an important aspect of the consolidation of leadership groups that cannot be ignored. Elderly comrades are a precious wealth of our party and state. In the years of wars, in the years of peace, in the chaotic years when the Gang of Four was running wild and in the course of shattering the Gang of Four and implementing the principles and lines adopted since the 3d Plenum of the CPC Central Committee, a vast majority of them have stood at the forefront, making tremendous contributions to the party and the people and scoring immortal achievements. Now, in order to ensure that there is no lack of successors to carry on the cause of the party and to keep it thriving and prosperous, some of the elderly comrades have stepped down of their own accord, thus showing once again their noble moral character and their lofty Communist ideals. We must hold the elderly comrades in esteem, learning from them and making good arrangements for their political as well as material and cultural life, so that they may happily spend their remaining years. A

number of the elderly comrades who are relatively healthy should step back to the second line and be given appropriate work to do, so that they may continue to bring their functions into play.

III. Do a Good Job in All Aspects of Consolidation Centering on the General Goal of Improving Economic Results.

Improvement of economic results is a starting point and a lodging place of the consolidation of enterprises. It is a general goal. The effectiveness of the work of consolidating an enterprise is judged by whether its economic results have been improved. The various aspects of work involving the consolidation of enterprises must proceed from a basis closely related to the general goal of improving economic results. Consolidation will lose its significance if it deviates from this general goal.

First and foremost, it is necessary to consolidate further and perfect the economic responsibility system. A vast majority of the enterprises in our province have established an economic responsibility system, which has marched one giant step forward in systematization and legalization, after the use of tax payments as a substitute for profits was officially made a system in explicit terms. We must rigidly put into effect the stipulations governing the use of tax payments as a substitute for profits, correctly handle the relations between the state and the enterprises and achieve a better unification of responsibilities, rights and profits. At present, much remains to be accomplished in the economic responsibility system of the enterprises, where problems lie chiefly in the imperfection of the system and in the basic work of enterprise management lagging behind the system. Examples are the lack of a rigid norm of management, the appalling waste of raw and processed materials and the inefficient implementation of some of the formulated systems. In the establishment of sound systems and in the thorough implementation of systems, we must push the economic responsibility system one step forward.

Second, we must have the courage to face up to hard facts and do a good job in the consolidation of labor organizations. At present, problems of enterprise labor management lie chiefly in labor chaos, organizational irrationality, overstaffed organizations, superfluous staff, diminishing discipline and low labor efficiency. The consolidation of labor organizations must start primarily with the simplification of organizational setups and the reductions of administrative structures. The creation of enterprise organs must proceed from the principle of meeting the needs of the enterprises themselves, and it is necessary to strive to be small in number but highly trained, to avoid forcibly seeking absolute unanimity between the higher command and the lower echelons and to let enterprises make decisions on their own. In order to meet the needs of enterprises switching from "a pattern of pure production" to "a pattern of production and management," the number of staff members doing scientific research and working in management and administration should be appropriately increased. In some enterprises the number of product salesmen should also be increased and the work of market information strengthened. In general, enterprise personnel and composition must meet production needs. At present the situation is tightening up in the first line but slackening

down in the second line, which is not appropriately staffed and which has had a serious and extravagant waste of manpower. To cope with this problem, we must intensify the political-ideological work and heighten the consciousness of the staff and workers, meanwhile adopting on the one hand the economic measures of encouraging staff and workers to go to the first line of production and implementing on the other hand the administrative measures of imposing necessary punishments on those who have disobeyed job assignments by sending them to the first line of production. Workers hired beyond the requirements of plans, with the exception of only the fixed number of staff members truly essential to production, should be resolutely dismissed.

Finally, on the basis of consolidating the labor organizations, restructuring the composition of enterprise personnel and administering properly the fixed number of staff members, effective measures should be adopted to tighten up the management of fixed production quotas. Today, the fixed production quotas of the various enterprises in our province are generally set at a low level. Some enterprises have even fixed their own production quotas without seeking approval from the high authorities. The production quotas fixed in this way differ immensely from the criteria of fixed quotas promulgated at the provincial and ministerial level. This state of affairs is not permissible and should be promptly altered. Production quotas of the enterprises should be determined and fixed not only in accordance with the criteria of fixed production quotas defined by the responsible and supervisory departments but also in light of the highest level of the past records of one's own enterprise and with the advanced records of the enterprises of the same trade. A distinctive feature of this type of fixed production quota is that it is an equalitarian and advanced one. With this type of fixed production quota, it becomes truly possible to carry into effect the principle of distribution according to work to raise labor productivity and to improve economic results.

IV. Consolidate Enterprises with a Spirit of Reform.

The consolidation of enterprises being carried into effect today is a constructive consolidation. By constructive consolidation is meant the attainment through consolidation of a new improvement of the enterprises on their original foundation. A constructive consolidation is in itself an embodiment of the contents of reform. In consolidation there is reform, which is used to enhance consolidation. This is a major distinctive feature of our current consolidation of enterprises. Therefore, in the consolidation of enterprises, it is necessary to keep reform running through the entire process of consolidation of enterprises. Therefore, in the consolidation of enterprises, it is necessary to keep reform running through the entire process of consolidation and penetrating every aspect of consolidation.

Reform means blazing new trails. Using the spirit of reform to consolidate enterprises means emancipating oneself ideologically, shattering old regulations and restrictions, proceeding from reality and having the courage to do something unconventional and unorthodox, to probe and explore and to open up a new road of socialist enterprise management compatible with China's national conditions and characteristics.

Reform of the composition of products is an important content of the reform carried out during consolidation. A reasonable composition of products is a foundation upon which enterprises realize normal production. It is also a foundation upon which enterprises smoothly carry out consolidation work. An unreasonable composition of products, an abnormal enterprise production and an uneasy feeling among the people, all these make it difficult for consolidation to go on and for economic results to improve, even if consolidation has been carried into effect. At present, the unreasonable composition of products is a relatively salient problem. Some products, though finding markets already reaching saturation points and consumer needs already changing, are still being produced by enterprises as usual. Other products, though temporarily listed as products in short supply, will also face a market problem from a long-term point of view. Therefore, after consolidation of the leadership groups of enterprises, it is necessary to study and reform promptly the composition of products. Reform of the composition of products must take into account not only market supply and demand at the present time but also market supply and demand several years or decades ahead, and it must focus attention not merely on domestic markets but on international markets as well, so that the composition of products may have stronger adaptability. In reforming the composition of products, the Taiyuan Pharmaceutical Factory adopted a measure of "three tops and one transformation," that is, top variety (what others have not, we have); top output (what other have, we have more); top quality (what others have in quantity, we have in quality); and transformation (switching to production of the right kind of marketable products). In the rapidly changing market conditions, they maintained a sustained growth in output and in profit. In order to enhance the capability of enterprises to meet an emergency and to speed up the reform of the composition of products, it is essential that in the course of consolidation we must still focus attention on the technological reform of enterprises--by equipping enterprises step by step with new facilities, new technology and new materials and by correspondingly stepping up the technological and professional cultivation and the training of staff and workers.

In the consolidation of enterprises, positive efforts should be made to reform the unreasonable economic management system. In recent years, we have made some reforms in the unreasonable economic management system, implemented the economic responsibility system, carried into effect the planned and guided market regulative role and achieved the reorganization and merger of enterprises, etc. These reforms, though partial and exploratory, have attained relatively good results. The task of reforming the economic system is an arduous one. At present, when conditions for a full-fledged reform are not yet ripe, we can only carry out a partial reform in integration with consolidation. This is not just possible but extremely necessary as well. The consolidation of the economic responsibility system with the ranks of enterprises, for example, is today still without a finalized pattern. In order to consolidate, it is necessary to proceed from the realities of the enterprises themselves, to probe and explore positively and to put reforms into effect. Perfection of the economic responsibility system must ultimately be realized through consolidation and reform. The other aspects of reform, such as the reform of the cadre system and the reform of the labor wage system, should also be carried out step by step.

This year is a year of crucial importance to the consolidation of enterprises. It is necessary to lay a firm hold, to secure a firm grip, to achieve results through grasping and to improve enterprise quality and economic results through consolidation, thereby making possible a relatively dependable guarantee of achieving a vigorous development of the economy in the 1990's and of attaining the goal of quadrupling the gross annual output value of industry and agriculture by the end of this century.

12315

CSO: 4006/244

ECONOMIC MANAGEMENT

XINHUA VIEWS INFORMATION GATHERING IN PRC

OW231333 Beijing XINHUA in English 1316 GMT 23 Apr 84

["Information, a Catch-Word in China"--XINHUA headline]

[Text] Beijing, April 23 (XINHUA)--Chinese factory executives and other business people have come to see the value of information.

Thanks to timely information obtained, the Shanghai watch industry has secured a competitive position by producing lady's watches, calendar watches and medium-sized watches and reducing the production of men's mechanical watches.

Thanks to market information, nine enterprises in Hohhot in Inner Mongolia have found an outlet for their products.

Thanks to information, 75,000 tons of vermicelli produced in Fuyang Prefecture in Anhui Province have been sold.

"Information" has become a catch-word in factories, shops, transportation companies and even in rural areas. Timely information is described as the "golden wings" for invigorating business management.

An information network is taking shape in both central economic and financial departments and local industrial and commercial enterprises. Even the much-talked-of specialized families in rural areas have established their own information networks.

The information network of the Ministry of Commerce and the People's Bank of China is busy exchanging market information and directing production and construction. The information center of the Textile Ministry is monitoring changes in buying trend for ten major products. The computerized information network of the Metallurgy Ministry is gathering and feeding information about production and marketing of products by China's major iron and steel companies.

Of the 29 provinces, municipalities and autonomous regions, seven have set up information gathering organizations and the rest have all begun gathering and studying economic information in one form or another.

Research units and colleges in the capital and elsewhere vie with each other to offer courses in information gathering and processing. The press has launched more than 30 newspapers and bulletins solely devoted to economic information.

But information gathering and processing largely remain at the initial stage. A considerable part of the work is done by manual process. Even the primary information delivering facility--the telephone--is lacking in many parts of the country, and overburdened where it exists.

More and more micro-computers have been put to use, but only in isolated cases instead of forming a network.

However, a good start has been made and modernized information networks are one way, say experts.

CSO: 4020/114

ECONOMIC MANAGEMENT

SHANGHAI SYMPOSIUM ON ECONOMIC RESPONSIBILITY SYSTEM

Shanghai SHANGHAI KUALJI /SHANGHAI ACCOUNTING/ in Chinese No 12, 25 Dec 83

/Article compiled by Ge Wenju /5514 2429 5468/: "The Implementation of an Economic Responsibility System Is an Effective Measure for Improving Economic Results; the Shanghai Accounting Society Research Committee on Enterprise Economic Responsibility Systems Held Its First Symposium"/

/Text/ The enterprise economic responsibility system under the guidance of the national plan, through close cooperation of responsibility, authority and profits, is a production, management and administration system that compells enterprises and their workers to continually improve economic results. It is the opposite of the system "all eating from a common pot;" once it appears, it gives rise to a strong vitality, is praised as a new path for competently managing socialist enterprises and has been widely welcomed and quickly propogated. In order to summarize experience and probe problems, the Shanghai Accounting Society established a special research group for economic responsibility systems within enterprises. On September 28 they held their first symposium and carried out preliminary discussions in the following four problems.

1. They explored, in carrying out methods of managing economic quotas at authorized levels in different industries, how to determine economic responsibility while at the same time not engage in an overelaborate philosophy.
2. They studied how to determine the center of responsibility with an enterprise's departments and sections.
3. They studied how to carry out internal accounting for an enterprise and analyzed the pros and cons for using bonds, cashier's checks and other methods to settle accounts.
4. They studied the mutual relationship between economic responsibility systems and systems of personal responsibility and how economic responsibility systems can be combined with making check ups and giving rewards.

An Account of the discussion follows.

1. We Must Engage in the Management of Economic Targets at Authorized Differentiated Levels

The economic responsibility system of each section, department and worker of an enterprise must, within the limits of their control, determine the

targets to be assessed. Based on this, by means of breaking down layer by layer and implementing level by level, it must link up economic goals with economic responsibility and cause there to be a relationship between economic responsibility and profits.

Comrade Wang Xueting /3769 1331 1656/ of the Shanghai Number One Radio Factory spoke first, and he introduced the results of his factory of starting, in 1981, to carry out goals for costs, profits and measures. In the past few years this has caused actual economic results to exceed the demands of the nation's tasks. He said that in competently managing goals, responsible management at different levels is the key. For example, the targets for cost are the responsibility of the finance section, and it is the responsibility of the finance section to delegate the targets to sections and departments, the sections break them down to teams and groups, and the teams and groups, when conditions permit, break down the targets to the individual level. Breaking down targets makes clear the economic responsibility, but the number of targets delegated cannot be excessive. Comrade Bao Huiting /7637 1920 1656/ of the Xinyue Instrument Plant thinks that the targets handed down must be few and of high quality. He feels that of the targets handed down, the target for cost is key. Comrade Cheng Qilu /4453 0366 1462/ of the Shanghai Number Five Steel Plant feels that if the higher levels have technological economic targets, then the lower levels, must have clearly defined tasks. After a target is broken down at every level, it cannot be considered excessive for a large enterprise with tens of thousands of employees to create hundreds of thousands of targets; this is not very much when considered on the per-person average. Comrade Wang Wenbin /3769 2429 1755/ does not agree that we should carry out so many targets. Recalling the history of economic responsibility systems being inspired by agricultural production responsibility systems, he said; how many targets did villages have in carrying out production responsibility systems? How many targets do capitalist enterprises have? Capitalists have only one goal in the management of targets, and that is to earn great profits, Huang Hualin /7806 5478 7792/ feels that having only a target for profit is not enough, because for some responsible departments and individuals, we are only able to hand down targets for work and are powerless to hand down targets for profits. The discussion of these problems, due to time constraints, could not be fully developed. One view, however, was common, and that was that under the premise of clearly delineating economic responsibility, we must strive to simplify and examine targets and avoid getting loaded down with trivial details.

We Must Establish a Center for Responsibility Within Enterprises

Comrade Wang Xueting of the Shanghai Number One Radio Factory feels that each department in the factory must consider the improvement of economic results as the key: based on the main functions of the department, determine the center of responsibility. For example, profits are the key responsibility of the finance section. Sales

revenue is the main task of the planning management section. The supply section is mainly concerned with the problems of the cost of raw materials purchases and timely supply. The labor and wages section mainly manages the number of workers and labor productivity. The motor division concentrates on both the economic results of the unit wage and cost rates and technological measures. Comrade Bao Huiting feels that the key to assessing responsibility can still be determined in light of weak links. Comrade Wang Wenbin pointed out that promoting and improving an economic responsibility system is a task of the entire plant, and that profits are a central responsibility of the entire factory. Each department starting out from this point, must assume its own responsibilities. For example, the responsibility of the capital construction section is not only to complete a few capital construction projects, but it is also important for it to pay attention to the investment results from capital construction.

III. It is Inadvisable to Seek Arbitrary Uniformity of Methods of Accounting Within Enterprises

Since we have promoted an economic responsibility system, the work of accounting within enterprises has been carried out more extensively and in more detail. Some use internal accounting prices to carry out book accounting. Some settle accounts with bonds and cashier's checks. Some large enterprises have even established internal banks to handle internal accounting work. When analyzing the pros and cons of each accounting method, people felt that the advantages of using bonds and cashier's checks are that they are visual, clear, easily grab the attention of the leaders and are easy to control. Their weak point is that they are troublesome. If they are extensively used in the large cycle of an enterprise's production, then the numbers are excessive, it is troublesome to handle each item and they increase the volume of work. Thus, it is inadvisable to seek some arbitrary uniformity (in accounting methods; the method to be used must be determined from actual circumstances.

IV. A Personal Responsibility System Must Be Combined With Rewards

At present, in most enterprises carrying out an economic responsibility system, a personal responsibility system is used as a basis, and the two systems are combined. For example, people determine the post, the post determines the responsibility, the responsibility determines the quota, the quota determines the work points, and the points determine the bonus. The Shanghai Number Five Steel Mill, based on the different characteristics of the posts, supplements this theoretical model with a few specific methods. For example, for independent operators the method is the volume of work determines the work points; collective operations employ different coefficients for different posts; for auxiliary work they employ a method of auxiliary work quotas; for office workers they use a variable work point method synthesizing personal responsibility, economic responsibility, target assessment,

and individual personal benefits in one system. Some comrades more directly call the aforementioned combined economic responsibility system and personal responsibility system a positional economic responsibility system. Comrade Zheng Jiaoben /6774 2403 2609/ of the Number Three Chemical Machinery Plant feels that the personal responsibility system is qualitative and the economic responsibility system is quantitative. An enterprise's economic responsibility system is the economic task that an enterprise bears for society. An economic responsibility system is the basis for scientific management, and it is not merely meant to solve the problem of the distribution of bonuses. He points out that currently a few units have problems in their implementation mainly because the problem of qualitative management of the enterprise up to today has not been solved and the standardization of management also has not been satisfactorily resolved.

Comrade Bao Huiting feels that the problem of competently determining economic targets lies in clearly defining personal responsibility. Only when the economic responsibility system has been established based on the personal responsibility system can we then avoid inter-departmental wrangling. Comrade Wang Wenbin feels that currently the biggest obstacle to industry's economic responsibility system is that the problem of distribution has not been solved. He says that if the production responsibility system of agriculture had not been coordinated with the reform in the distribution system, it could not have achieved such good results. Currently, industry economic responsibility systems make an issue out of a bonus of only approximately two months wages, but this constitutes only 15-16 percent of a worker's annual income. The difference between people's bonuses is also small, and on the question of reward and punishments, mostly they only reward, never punish. Comrade Bao Huiting has similar feelings. He thinks that the distribution of benefits and the problem of bonuses have not been satisfactorily resolved, this can limit the effect of the economic responsibility system to the point of affecting its livelihood.

Comrade Bao Shengren /0545 0581 0088/ of the Housing Electric Fan Plant pointed out the difficulties that his plant faced in the process of implementing an economic responsibility system. 1. How could they embody advanced and rational responsibility targets? There are many departmental goals and the difference between the easy and difficult targets is great. 2. How should they strict inspect and criticize? In the targets that are not completed in actual work, there are really many objective factors, and if they actually made strict deductions according to targets, then the difference between bonuses and wages could achieve a 1:2 ratio. This way is both unmanageable and irrational. In making an assessment, it is easy to check the quantity and difficult to judge the requirements of responsibility. They require that departments make self-criticisms, and many departments cite examples and think of fundamental accomplishments. These are collected at the end of the month, and there are hundreds upon hundreds with no way to check them. Departments that were fairly modest originally speak of both successes

and deficiencies, and the result is that they make a deduction. After many times, they also change " . " He feels that egalitarian ideology seriously hinders the true implementation of distribution according to labor. They feel that most middle-level cadres in engaging in a bonus coefficient would be unwilling to take on more for fear that the work would be difficult. Yet there is also a problem in not engaging in a coefficient: individual technical workers feel that bonuses will be the same in any case, and would rather go see a gate and take care of a bicycle than be cut off from their technical work posts. After this, with an intimate knowledge, Bao Shengren said: an economic responsibility system must still be established on the basis of a political responsibility system. Only after making clear the relationship of the state, the enterprise and the individual and establishing a comprehensive point of view can we free ourselves from striving for the fraction and striving for bonuses, and change to seeking the gaps and striving to make a contribution.

V. We Must Continually Improve the Economic Responsibility System

Most of the comrades feel that the economic responsibility system is a production management system that arouses the enthusiasm of enterprises and workers and that is an important system that promotes the transformation of an enterprise from production to management and that takes economic work and puts it in the track of the improvement of economic results being the key. Even though in method it is not altogether perfect, the results are not ideal and there are troubles in promotion, yet it is still an effective method for overcoming the social maladies of egalitarianism and "all eating from the common pot." Thus everyone placed their hopes on this and were willing to put forth their own efforts to continually improve this system.

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ECONOMIC MANAGEMENT

HENAN HOLDS MEETING ON TOWN, TOWNSHIP ENTERPRISES

HK271333 Zhengzhou Henan Provincial Service in Mandarin 1230 GMT 26 Apr 84

[Excerpts] At the provincial meeting held yesterday in Zhengzhou on town and township enterprises, the provincial CPC committee and provincial government pointed out that leading comrades at all levels must earnestly study this year's documents No 1 and No 4 of the CPC Central Committee, realize that the self-supporting and semiself-supporting rural economy are transforming into relatively large-scale commodity production, fully understand the important role of developing town and township enterprises in promoting the development of commodity production, and strive to create a new situation in the province's town and township enterprises.

Since the 3d Plenary Session of the 11th CPC Central Committee, particularly as a result of the implementation of the 1983 document No 1 of the CPC Central Committee, town and township enterprises have further developed. By the end of 1983, there were a total of some 62,000 town and township enterprises in the province. About 1.72 million people were employed by these enterprises, accounting for 6.8 percent of the total rural laborers. The total output value of the enterprises was 4.6 billion yuan, making up 22.5 percent of the total agricultural output value.

Over the past few years, the province has made remarkable achievements in developing town and township enterprises, but it still has a long way to go as compared with some advanced provinces. The total output value of the province ranks 10th in the country, but the average per capita output value is lower than the average national level. The national average per capita income of town and township enterprises is 76.9 yuan, compared with the provincial figure of 45.7 yuan. Therefore, we must emancipate our minds, speed up our work, and catch up with other provinces.

Yesterday morning, all the 480 participants, who are responsible comrades from provincial, prefectural, city and county leading organs, listened to a speech delivered by Provincial Vice Governor Ji Hanxing on speeding up to create a new situation in town and township enterprises.

All the participating comrades will study and implement the spirit of the report by the Ministry of Agriculture, Animal Husbandry and Fishery on creating a new situation in town and township enterprises, which was transmitted by the CPC Central Committee; sum up and exchange experiences; and study and work out various policies and measures for creating a new situation in town and township enterprises in the province.

FINANCE AND BANKING

RESTRUCTURING OF CHINA'S BANKING SYSTEM

Beijing JINGJI RIBAO in Chinese 28 Jan 84 p 1

[Article by reporter Gao Yongyi [7559 3057 3015]: "Yao Yilin [1202 0181 2651] and Tian Jiyun [2944 4764 0061] Discuss Restructuring of China's Banking System"]

[Text] The first meeting of the Board of Directors of the People's Bank of China was recently held in Beijing. It was attended by Vice Premier Yao Yilin and Tian Jiyun, who also made important statements.

Yao Yilin stated that in view of the acute shortage of construction funds in our country, the decision has been made by the State Council for the People's Bank of China to assume exclusively the functions of a central bank so as to strengthen centralized control of funds and overall balance and to serve better the four modernization projects of construction. The request was made by Vice Premier Yao Yilin that in carrying out the decisions of the State Council, the People's Bank and the various specialized banks should show firmness in taking proper steps to carry forward the major reforms in the banking system.

In addressing the meeting, Tian Jiyun pointed out that in its capacity as a central bank, the People's Bank of China is to be placed under the direction of the State Council and that it is to assume the function of exercising control over the financial institutions of the entire nation. Its one mission is to centralize its energy in studying and carrying out the macroscopic financial policy of the entire nation, strengthening control over credit loan funds, maintaining the stability of the currency and making better use of credit loans as an economic lever so as to promote the four modernization projects of construction. Thus, the relationship between the People's Bank and the specialized banks is that between the leader and the led insofar as banking operations are concerned, but not that between a superior and subordinates in the administrative sense. According to a decision made by the State Council, the People's Bank is to use mainly economic control over the specialized banks and other financial institutions according to the law in the planning and the management of funds.

Tian Jiyun emphasized that as a central bank, the People's Bank must have adequate funds under its control and that it must strengthen its centralized

control over funds. Although control does not mean rigid control, the People's Bank must, under the guidance of the national plan and policy, fully develop the functions of specialized banks.

He further pointed out that in view of the fact that the various reforms have yet to be completed, many problems will have to be solved by the adoption of administrative measures. The purpose of setting up a board of directors of the People's Bank is to bring about a merging of economic and administrative measures.

The meeting was presided over by Lu Peijian [0712 1014 0313], chairman of the Board of Directors of the People's Bank of China. A report was made by Loi Hongru [0491 7703 0320], vice chairman of the Board of Directors, on the situation regarding the implementation of the "Decision Concerning the Specific Functions to Be Performed by the People's Bank of China as a Central Bank" issued by the State Council.

Participants at the meeting included Lu Peijian, chairman, Board of Directors, People's Bank of China (president, People's Bank of China); Liu Hongru, vice chairman, Board of Directors (vice president, People's Bank of China); and members of the Board of Directors (listed in the order of the number of strokes in their surnames): Wang Weicai [3769 0251 2088], director, State Foreign Exchange Control Bureau; Zhu Tianshun [2612 2944 7311], vice president, People's Bank of China; Qiu Qing [6726 2532], vice president, People's Bank of China; Chi Haibin [6688 3189 3453], vice minister of finance; Li Fei [2621 7378], vice president, People's Bank of China; Chen Li [7115 4539], president, Industrial and Commercial Bank of China; Shang Ming [1424 2494], adviser, People's Bank of China; Fang Weizhong [2075 4850 0022], deputy director, State Planning Commission; Jin Deqin [6855 1795 3830], president, Bank of China; Wu Boshan [2976 0590 1472], president, People's Construction Bank of China; Yan Ying [7051 7336], deputy director, State Economic Commission; Han Lei [7281 7191], president, Agricultural Bank of China; and Wang Weicai, concurrently secretary general.

It is learned that the work of the Board of Directors is mainly that of deliberating and discussing major problems in the financial field and that the day-to-day work is to be handled by the People's Bank of China as authorized by the State Council.

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CSO: 4006/342

FINANCE AND BANKING

CIRCULATING FUNDS PLACED UNDER UNIFIED BANK MANAGEMENT

Chengdu SICHUAN RIBAO in Chinese 23 Jan 84 p 1

[Article by Shen Renhang [3088 0088 5300]: "The Unified Management of Circulating Funds by Banks Represents a Major Reform"]

[Text] In order to strengthen the management of funds and to upgrade the standard of the enterprises, the State Council has decided that the circulating funds of the state enterprises, which used to be managed by the Ministry of Finance and allocated separately by the Ministry of Finance and the banks, are to be placed under the unified management of the banks. This represents a major reform in the circulating-funds management system and an important aspect of the reform of the economic system. Over a long period, the circulating funds needed for the production operations of the state enterprises were allocated separately by the Ministry of Finance and the banks. This double-track method for the allocation and management of funds was well suited to the financial management system of unified receipts and payments that was in force at the time and was instrumental in promoting the development of production and the opening up of the avenues of circulation. In the course of the last few years, however, the enterprises, as a result of a series of readjustments and reform measures adopted by the state, have acquired more power over their finances and the income of the people has increased. While the funds allocated by the state treasury have been reduced, the amount of credit loan funds allocated by the banks has continued to rise. Thus, the banks have in reality assumed major responsibility for the allocation of circulating funds. Under such circumstances, it is obvious that the continued practice of putting the management of circulating funds separately under the Ministry of Finance and the banks as in the past would not serve to reverse the present situation marked by an excessive amount of circulating funds tied up by the enterprises, the slow turnover rate of circulating funds and the low standard of effectiveness. By putting circulating funds under the unified management of the banks, it would be possible to eliminate problems posed by the multiple management of funds, the dislocation between management and supply, the unrealistic relationship among responsibility, power and profit and the practice of eating out of the same pot. It would also encourage the enterprises to conserve the use of funds and to increase their economic effectiveness.

After this significant decision was made known by the State Council, the governments at various levels in our province promptly adopted the necessary measures for its implementation. The banks, planning commissions, economic commissions, the financial departments and the concerned departments of the enterprises at various levels addressed themselves assiduously to the task of establishing cooperation and coordination among themselves and of making overall arrangements and plans. Prompt action was also taken by the overwhelming majority of state industrial and commercial enterprises to check and verify the inventory of funds and supplies. However, there are still certain comrades who have yet to appreciate fully the significance of this reform and who are dubious about its merits. Some comrades fear that as a result of this reform, the banks would be the only dispensers of funds and that if they should exert too tight a control, the enterprises would be put in a difficult position. This view is held mostly by comrades in certain industrial and commercial enterprises and in the responsible departments of the enterprises. In our opinion, this concern is uncalled for. After the circulating funds are put under the unified management of the banks, the banks no longer have to resort to the old method of checking funds in determining the quota of loan funds under their control. Instead, they can decide on the amount of circulating funds put to use on the basis of the plan handed down by the state for the turnover of circulating funds and extend production (commodity) turnover loans on the basis of the amount of sales. That being the case, so long as there is an increase in production and sales, the amount of circulating funds allocated to the enterprises will increase correspondingly. This has to a large degree eliminated the contradiction of "setting a rigid quota and an unlimited amount of production" and of precluding any possibility of change over a number of years once the amount of funds has been set. Thus, those enterprises which put a premium on speed and effectiveness and which organize production and circulation according to the needs of society no longer have to face the prospect of being saddled with difficulties even when funds are allocated only by the banks in the days to come. It is true that this change will exert a certain pressure on the few enterprises which, as a result of engaging in production in a blind manner and of turning out low-quality and high-priced commodities, contribute to the overstocking of supplies and the wastage of funds. It is also true that as a result of this pressure, these enterprises can expect to be confronted with difficulties in the days ahead. However, a certain amount of pressure can be turned into a motive force which impels us to improve the way our work is being done. If the hard-pressed enterprises would take stock of their actual circumstances and put the overall production and circulation links in good order, they can, by improving the administration standard of their operations, expect better times to come.

The unified management of circulating funds by the banks, wide-ranging as it is, is a highly political matter and a heavy responsibility. Faced with this new responsibility, the comrades working in the banks must shore up their confidence and go all out in the performance of their duties. The various enterprises and their competent departments, must, while accepting the supervision and control exercised by the banks, also develop their initiative and hold themselves responsible for exercising proper control over their own circulating funds. The concerned departments must, under the unified leadership of the local governments, take the initiative in

establishing adequate cooperation and coordination with the banks to ensure the success of this reform. In keeping step with the unified plan, we must waste no time in harnessing our energies in doing a good job in "double checking," that is, in thoroughly checking and verifying the funds allocated to the enterprises by the state and in thoroughly checking the supplies stockpiled by the enterprises in order to lay a sound foundation for this major reform.

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CSO: 4006/342

FINANCE AND BANKING

BRIEFS

TIANJIN TREASURY BOND PURCHASE--As of 24 April, Tianjin Municipality subscribed 101.18 million yuan of the state bonds, a 2.1 percent increase over the central assignment. Of this sum, units across the municipality subscribed 48.51 million yuan of treasury bonds, an 0.52 percent increase over the state assignment, and individuals in both urban and rural areas subscribed 12.67 million yuan of bonds, a 3.58 percent increase over the state assignment. [Excerpts] [Tianjin City Service in Mandarin 0030 GMT 26 Apr 84 SK]

CSO: 4006/495

INDUSTRY

BRIEFS

LIAONING INDUSTRIAL, COMMERCIAL TAXES--In the first quarter of this year, Liaoning Province collected 1,322,410,000 yuan of industrial and commercial taxes, showing an increase of 243 million yuan, or 22.6 percent, over that of the corresponding 1983 periods. This year, the province's industrial and commercial taxes and the income tax of state enterprises will amount to more than 90 percent of the province's revenue. Successful tax collection is important to fulfill the provincial revenue task and fundamentally improve the financial and economic situation. [Excerpts] [Shenyang LIAONING RIBAO in Chinese 6 Apr 84 p 1 SK]

SHANXI CHEMICAL FERTILIZER OUTPUT--Over the past few years, chemical fertilizer enterprises across Shanxi Province have scored marked achievements in switching losses to profits. In 1979, these enterprises suffered a 27 million yuan loss. As of the end of 1983, they earned 50.59 million yuan of profits. During the January-February period this year, they earned 8 million yuan of profits. [Excerpt] [Taiyuan SHANXI RIBAO in Chinese 12 Apr 84 p 1 SK]

SHENYANG RURAL INDUSTRY--Shenyang, 22 Apr (XINHUA)--Northeast China's Shenyang City, a heavy industrial center, has sent more than 500 middle aged and young cadres and technicians to the countryside to help with the development of local industries. This is part of the city's effort to promote rural commodity production, which is believed to be an alternative to reaches for Chinese peasants. There are more than 3,000 rural enterprises in the city's suburbs, many of which lack necessary technical and managerial personnel. All the 507 cadres and technicians were selected from large and medium-sized enterprises, research institutes and colleges. They are supposed to work there for a period of two years, with full pay in their own units and plus additional floating rate paid by the rural enterprises in which they work. Those with housing difficulties may get help with the rural enterprises and buy houses in the city. The move is also regarded as a measure to train cadres and technicians for future use. [Text] [OW221050 Beijing XINHUA in English 0808 GMT 22 Apr 84]

CSO: 4020/114

CONSTRUCTION

NANFANG RIBAO: CALLING TENDERS IMPROVES CONSTRUCTION INDUSTRY

HK300840 Guangzhou NANFANG RIBAO in Chinese 24 Apr 84 p 1

["Short" commentary: "A Major Reform"]

[Text] A long-standing tough problem in the handling of capital construction projects is that these projects require long construction periods and are expensive, thus they tend to yield poor economic results. Practice shows an effective measure to change this state of affairs is to invite tenders for these projects. This can be taken as a substitute for the previous method of assigning these construction tasks by the state through administrative channels.

In our province, the Shenzhen Special Economic Zone has been the first to adopt the method of inviting tenders for capital construction projects. That is an important reason why the speed of construction in Shenzhen ranks first in the country. Since the latter half of last year, Guangzhou City has also tried this method in a number of construction projects and has achieved satisfactory results in a short period. Construction costs and construction periods of these projects have been markedly cut down and economic results have markedly improved.

In the past 30 years and more, we only assigned capital construction tasks to construction companies through administrative channels. This formed a practice of "eating from the same big pot" in the construction trade, since a construction company could wait for an assignment without making efforts. In these circumstances, the construction companies lacked the necessary impetus and vigor in their work. They felt no qualms about their low technological level and poor economic results. After the method of inviting tenders is adopted, if a construction company remains in such a situation and does not try to improve its technology and productivity, it will fall into a passive position or will even find no way to continue to exist in the competition.

Through inviting tenders for a construction project, the user unit can contract the project to a construction company which can handle the project at a low cost and in a short period and can accomplish the project with high quality. This thus insures that the state construction projects can be accomplished at a high speed and with high quality so as to yield quicker and better returns on investment. At the same time, the invitation of tenders

brings about competition between the construction companies which all have to enhance their competitive power, and this will effectively promote their internal reforms. For example, construction companies will pay more attention to overcoming the drawbacks caused by the practice of "eating from the same big pot" and will more seriously implement the economic responsibility system to insure better economic results. They will also pay more attention to the training of workers so as to enhance the technical quality of the enterprises.

Although the conditions in Guangzhou City and other localities in this province are different from those in Shenzhen, the adoption of the method of inviting tenders is an inevitable tendency in the construction industry throughout the province. Recently, the provincial authorities concerned and Guangzhou City decided that it is necessary to gradually create conditions for promoting the successful experience of inviting tenders for construction projects and to remove various obstacles to the adoption of this method. It is expected that with the gradual popularization of the method of inviting tenders for construction projects, the pace of urban construction in Guangzhou City will be greatly speeded up, and the level of construction technology will be greatly improved. The construction industry will take on a new look.

CSO: 4006/495

CONSTRUCTION

TIGHTER CONTROL TO BE PUT OVER CAPITAL CONSTRUCTION

Harbin HEILONGJIANG RIBAO in Chinese 16 Feb 84 p 1

[Article by Wei Xigen [5898 6932 2704], Zhao Baoren [6392 1405 0088] and reporter Yu Shanzhi [0060 0610 0037]: "Construction Banks at All Levels Are Asked to Keep Capital Construction Investments under Control and to Exercise Supervision over the Proper Use of Funds"]

[Text] It has been learned from a meeting of the construction banks throughout the province that plans have been made to increase the amount of capital construction investments by 10 percent this year over last, that the amount ranks third among all the provinces of the nation and that it is the largest ever for the province.

At the meeting, the construction banks at various levels were asked to do a good job in the three following areas:

First, funds are to be supplied in strict accordance with the plan and the scale of capital construction investments is to be kept strictly under control. The banks are firmly to dissuade, put a stop to and refuse allocations of funds for construction projects in excess of the area, the standard and the amount of investment set forth in the plan. They are, in accordance with new provisions handed down by the state, to exercise control over the funds raised by the various departments and units themselves for capital construction. In other words, investment funds raised by the various departments and units themselves for capital construction must be deposited in the construction banks under special accounts. Such funds must first be deposited in the banks before approval is granted, and a approval must first be given before the funds can be put to use. The plan for this year stipulates that for capital construction projects, use can only be made of funds deposited in the construction banks the previous year and prior to the end of June 1984 and that funds deposited in the latter half of the year cannot be used during the current year.

Second, an effort must be made to ensure the successful completion of key construction projects. The number of key projects for this year has shown an increase compared to last year. Listed in the national plan are 47 large and medium-sized projects, 5 of which have been given the green light by the state to begin construction within a certain time limit. The

construction banks must actively participate in the drawing up of plans, ensure the supply of funds and exercise supervision over their proper use. As for the setting up of major programs and the necessary preparatory work, the construction banks must participate in studying and assessing the feasibility of the projects and offer recommendations on which decisions may be made by the state.

Third, an effort must be made to reduce the cost of construction and to increase the effectiveness of the investments. In view of the trend whereby the cost of construction will go up year after year and the estimate of the cost of construction projects will exceed the limit, an effort must be made to strengthen the work of estimating and checking the cost of capital construction projects and the budget for the construction work. Payments must be firmly rejected for excessive estimates and figures and expenditures in violation of financial and economic regulations must not be verified as correct.

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CSO: 4006/342

CONSTRUCTION

BRIEFS

KEY CONSTRUCTION WORK GROUP--The provincial people's government has recently decided to establish a provincial leading group for key construction work. Vice Governor Liu Junjie has been appointed head of the leading group. In the meantime, the provincial government has issued a circular which urges all localities to adopt appropriate measures to strengthen their leadership over the province's key construction work. This year, the province has 37 key construction projects, among which 7 are projects of the state. The circular urges all localities to send work teams to propagate among the masses living near the key construction work sites the significance of the construction work in developing the province's as well as the nation's economy. All localities should mobilize the masses to show solicitude and support for the key construction work. The circular stresses: On key construction work, we must persist in reform and be bold in innovation. We must insure that we will get the best economic results for our investment. We must set up an examination system, and seriously examine the budgetary estimates and the budget. We must actively carry out the contract system in new projects as well as pilot projects. We must adopt the method of bidding. The enterprises in charge of projects should implement the responsibility system, and state clearly the responsibility of each staff member. At the same time, we must strive to heighten the standard and to modernize the key construction work. [Text] [HK300632 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 28 Apr 84]

CSO: 4006/495

DOMESTIC TRADE

ZHANG JINGFU ON PRICE WORK

Beijing JIAGE LILUN YU SHIJIAN [THEORY AND PRACTICE OF PRICING] in Chinese
No 6, 20 Nov 83 pp 1-3

[Article by Zhang Jingfu [1728 0513 1133]: "Talk Given at National Price Work Experience Exchange Conference"]

[Text]

Comrades:

This has been a very good national conference on the exchange of price work experience. It has affirmed the results accomplished in the work of the previous period, summarized and exchanged experiences and cited the advanced collectives and advanced workers. A conference of this nature by the [organizational] system involved in prices was the first one since the founding of the People's Republic. It was a conference with a great deal of significance. As a result of this conference, our work on prices will be further pushed forward. I sincerely express my warm congratulations to the participating comrades and, through all of you, I want to extend my cordial regards to the large number of hardworking personnel involved in price work. I want to talk about three points.

The first point is that the work of the pricing departments has had some very good results. This is also shown by the many good experiences presented for exchange. The results of our work on prices are concentrated in three areas.

The first area is in the readjustment of irrational price systems. Since the beginning of 1979, we have determinedly and thoroughly carried out the decisions of the 3d Plenary Session of the 11th CPC Congress and raised the procurement prices of agricultural products by a relatively large margin. The overall level of procurement prices for agricultural products in 1982 was 41.6 percent higher than in 1978. In that year, the benefits received by the peasants from the increase of prices reached 26 billion yuan. This had a gigantic effect and far-reaching influence on developing the production initiative of the vast peasant population and on pushing forward the prosperous development of the agricultural economy. At the beginning of this year [1983], an overall readjustment was made in the prices of textile

products. Because of the correct strategic decisions made by the party Central Committee, appropriate measures taken and joint efforts by the comrades, work has progressed very smoothly and reflections from the various areas have been relatively good. In the last few years, continued readjustments have also been made on many irrational prices of heavy industrial products and light industry products. They have also produced an active promotional influence on the readjustment and development of the national economy.

We all know that the reform of irrational pricing systems is an essential condition to smoothly push forward the four modernizations construction and it is an important component for the reform of the entire economic system. It has been more than 4 years since the announcement made in the April 1979 work conference of the party Central Committee that we "must make a total readjustment of the entire pricing system." During this period, the pricing departments have conducted in-depth investigations and studies on problems of direction, policy, principle and planning in price reforms and have done a great deal of work. Some improvements have been made on the irrational conditions of the pricing system. However, from the viewpoint of developing the economy and reforming the system, it is necessary and also possible that a bigger step be made in pricing reform than in the past few years. On this problem, there must be a sense of urgency.

In order to carry out reforms, the pricing departments should actively proceed with investigations and studies and present truly workable plans on a timely basis. However, on the question of when to carry out a reform, the pricing departments cannot make the decision themselves. The decision must be made by the State Council based on the economic situation of the country. The price readjustments of important commodities also require certain economic conditions. Consequently, the pricing departments must not be blamed if some price reform measures cannot be carried out immediately. Of course, the pricing departments must have a proper attitude on reform. They must actively and voluntarily do more work and present their ideas.

Next, the basic stability of the market prices has been maintained. In the past few years, important readjustments have been made in our economy, relatively large red figures have appeared in our state finance and the prices of many important industrial and agricultural products have increased. Despite this grim situation, a basic stability in market prices has been maintained, and this has not been very easy. At present, some cadres and masses are not very satisfied with the pricing departments. Seeing certain prices rising on the markets, they blame the pricing departments for not having managed the prices well. This is because they do not understand the working conditions of the pricing departments. In reality, the pricing work personnel are making an effort to stabilize market prices almost all the time and through every possible means. If it had not been for the diligent work of the vast numbers of pricing personnel, I am sure the increase in prices in our country would be more serious than it is now. In the area of price stabilization, the comrades on the pricing work front have indeed made their contributions.

The third area is in the initial reform of the price control system. On the prerequisite of persisting with planned prices as the principal emphasis, the policy of negotiated procurement and negotiated sales has been reinstated and developed. There has been a gradual relaxation on small industrial products and the practice of establishing prices through negotiations between enterprises has been put into effect. The practice of floating prices has also been put into effect for some commodities. In the case of country fair trading, the practice of free prices has been maintained with persistence. The flexible, multiple forms of price management is an important area in thoroughly carrying out the policy of opening to the outside and vivifying the internal economy. It is very favorable to developing the economy and vivifying circulation. There is currently a confused understanding that only the practice of free prices will vivify the economy and that price control will stifle the economy. My view is that we cannot treat vivifying the economy and controlling prices as two opposing positions. In practicing socialism, we must persist with the principle that planned economy is the principal emphasis and market regulation plays the supporting role. If we give up planned economy and allow prices to be freely determined entirely, there is a possibility that we would deviate from the socialist direction. As Comrade Deng Xiaoping has said many times, we must have two hands, one hand to persist with the policy of opening to the outside and vivifying the internal economy, and the other to determinedly deal a blow to criminal economic activities. Recently, he has also pointed out that we have several experiences that we continue to affirm. One is that we must persist with the principle of planned economy as the principal emphasis and market regulation as the supporting role. The other is that we must strengthen financial and economic discipline under any circumstances. From problems which have occurred on the market during this period of time, it also shows that the more we want to vivify the economy the more we must strengthen price management. We must strictly control those behaviors which disregard the total state interest, are against state policies, deal a blow to the state plans, destroy financial and economic discipline and which harm the interest of the masses by wantonly raising or lowering prices. These are the essential conditions to truly vivify the socialist economy.

I have discussed above the principal accomplishments of pricing work. They are the result of the party leadership and the efforts by the many cadres in pricing work. They are the direction of the main stream and should be affirmed. However, this is not to say that there have not been mistakes and problems. We should realize that the progress of our pricing work has not been rapid and, in some areas the work is still relatively passive and still cannot meet the needs of development. It is hoped that all of you will conscientiously summarize your experiences and further strive to do well in your work.

The second point is that the tasks faced by the pricing departments are extremely heavy. Since the 3d Plenary Session of the 11th CPC Congress, we have brought order out of chaos in our leadership ideology. We are determined to eliminate the "leftist" errors which have long existed in our economic work. We are persisting with seeking truth from facts, emphasizing working according to the laws of economics and paying important attention

to the effects of the law of value. At the same time we are adopting necessary administrative procedures, we are better utilizing the economic measures and we are using this economic lever of price to serve production and circulation. With further implementation of the policy of opening to the outside and vivifying the internal economy and continued and deeper reform of the economic system, the economic leverage effect of price is being given more and more attention and it is developing more and more importance in production, circulation, distribution and consumption. The pricing front is faced with a heavy task that is unprecedented. First, it is necessary to more actively reform irrational price systems. Right now, the negative effect of irrational prices on economic development is extremely notable and the need to readjust irrational prices is becoming more urgent each day. This year's readjustment of prices of textiles was a relatively large battle. The preparatory work took more than half a year and persons participating directly in the price readjustment work numbered nearly 10,000. From now on, we still must carry out some important price reforms and there is a great deal of work which the pricing departments must do. Second, the basic stability of market prices must continue to be maintained and price supervision and investigation must be strengthened. Currently, a great deal of the contradictions between the overall interest and the individual interest and between arrangements of macroeconomic planning and departmental, local and enterprise benefits are reflected in prices. The practice of wantonly raising and lowering prices, which is against the pricing policies, continues to occur. The phenomenon of driving up prices by individual industrial and commercial businesses occurs regularly. The tasks of supervision and investigation are unprecedentedly heavy. Also, strengthening pricing legislation, reforming the price control system, implementing the policy of price according to quality thoroughly, and improving the various price differential and price comparison policies are all current problems urgently requiring solution. A maximum effort by comrades on the price front to better and more rapidly solve these problems will have a very large promotional impact on the economic construction of our country. It is hoped that all of you will clearly recognize the situation and spontaneously shoulder this gigantic and glorious task. What needs to be specially emphasized here is the hope that comrades of various locations and various departments will all show care for and support the work of the pricing departments. This is not only because their tasks are extremely heavy, their organizational structure is not sufficiently complete, their personnel are relatively limited and their work is very difficult, but also because commodity prices reflect advantages and disadvantages for various areas and any price readjustment will necessarily lead to increased economic benefit for some units or some people and reduced economic benefits for other units or some other people. For this reason, it will easily lead to dissatisfaction, reproach or even criticism of the pricing departments. The pricing departments are situated in the focal point of contradictions and the difficulty of their work is very great. The various levels of leading comrades should care for their work and should support their work and should show understanding for their difficulties. The various departments should support the pricing departments voluntarily and cooperate with them to make proper price arrangements.

The pricing departments should also correctly implement policies, operate according to principle, achieve a comprehensive balance, coordinate the interest of various areas and actively support the work of various departments.

The third point involves a hope for all of you.

Comrade Mao Zedong once said: labor heroes and model workers must play three roles. The first is taking the lead. The second is being the backbone. The third is being a bridge. (His talk during the conference of labor heroes and model workers of the Shannxi, Gansu and Liaoning border region in 1945) You are the advance representatives of the price front and should also play these three roles. Speaking of the present, it is first necessary to conscientiously study the "Selected works of Deng Xiaoping" and take the lead and be the backbone for the thorough practice of the spirit of the party Central Committee's working conference. The "Selected Works of Deng Xiaoping" reflects systematically that Comrade Deng Xiaoping is a representative of the party's correct leadership. By studying this volume conscientiously, we can better understand the [party] line and the various principles and policies established since the 3d Plenary Session of the 11th CPC Congress and more spontaneously maintain uniformity with the party Central Committee politically. At present, the entire party is studying the "Selected Works of Deng Xiaoping." It is hoped that you will take the lead to study it well and also push all the comrades on the price front forward in actively participating in this study. The study must be related to the realities of pricing work, it must be conducted along with reflection on the pricing work of the past few years and with summarizing past experiences and lessons learned, and it must also be united with the thorough implementation of the spirit of the party Central Committee's working conference. In accordance with the spirit of this conference, the recently called national price work conference decided to confront three things on a priority basis during the second half of this year. One is to carry ever further the work of curbing wanton raising of production materials prices. The second is to thoroughly implement the policy of concentrating financial resources and materials for guaranteeing priority construction projects by correcting irrational prices. The third is to strive to maintain the basic stability of market prices. I hope you will unite whole body of all price work personnel and spur them on in striving to thoroughly carry out the spirit of the party Central Committee's working conference and in actively completing the various tasks established by the national conference on prices.

A pricing department is a comprehensive department which has close relationships with the production, circulation, distribution and consumption links. To properly accomplish price work, one must be possessed with essential production knowledge and professional knowledge. Consequently, in addition to the need to take a firm hold on the study of political theories, I hope you will also take the lead in professional and cultural studies.

A great majority of the comrades sitting here are fighting in the front line of price work. Being deeply involved with the actual work in the field

and being close to the masses are the important bridge and link for the leading bodies to understand the actual conditions and to understand the thinking of the masses. They are also the bridge and link for the propaganda of the state's pricing policy among the masses and for the firm implementation of this policy in the basic levels. Since the pricing problem is directly related to interests of immediate concern to the vast masses and it is related to the economic benefit of all enterprises, it is a matter that all of them are very much interested in and it also very easily leads to various different opinions. Consequently, I hope you will act as good bridges. This is extremely important in making policy decisions, in directing our work, in uniting the masses and in educating the masses.

Comrades! The political situation and economic situation in our country are both very good. Our socialist modernization construction is advancing full steam ahead. In the four modernizations construction, the pricing departments are shouldering a glorious and important task, their burden is heavy and their road is long, and there are bright prospects for accomplishments. The State Council is placing in you a very high expectation. The comrades on the price front must further vitalize their spirit and have the daring to persist with principles and the courage to carry out reforms in order to make greater contributions to socialist construction!

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CSO: 4006/251

FOREIGN TRADE

DENG XIAOPING'S VIEWS ON SPECIAL ECONOMIC ZONES REPORTED

HK160742 Beijing ZHONGGUO XINWEN SHE in Chinese 0250 GMT 15 Apr 84

[Text] Beijing 15 Apr (ZHONGGUO XINWEN SHE)--Wang Zhen, who accompanied Deng Xiaoping on an inspection tour of Guangdong, Fujian and Shanghai between late-January and mid-February, said: "Comrade Deng Xiaoping was very happy to see scenes of prosperity during his inspection tour of several special economic zones. Looking at it now, the road to running special economic zones is correct, which he mentioned on several occasions. We will build special economic zones into windows of technology, management, knowledge, and the open-door policy, making them play a still greater role in the modernization of our country."

Wang Zhen told a journalist of the weekly LIAOWANG his impressions on accompanying Deng Xiaoping on his inspection tour of the special economic zones. The No 16 issue of the magazine, available tomorrow, carries Wang Zhen's impressions of the tour. He said, "During the inspection, Comrade Deng Xiaoping proposed further emancipating the mind concerning the open-door policy, in view of actual conditions. During his stay in Shenzhen, he said, 'It is necessary to have a university in Shenzhen which can be run by overseas Chinese or foreign entrepreneurs with Western science and management, and which should be larger in scope than the existing university in Shenzhen.' Speaking of absorbing foreign funds to build hotels in the Shenzhen and Zhuhai special economic zones, Comrade Xiaoping said while in Shanghai that Shanghai could follow suit, build more such hotels, and step up the pace in construction."

Wang Zhen said further: "Accompanying Comrade Deng Xiaoping on the inspection tour of three special economic zones (Shenzhen, Zhuhai, and Xiamen), I have acquired some perceptual knowledge of the special economic zones. The guiding idea of the Central Committee is quite explicit, namely, we are not going to draw back, but rather advance in building special economic zones. However, we are not opening the door wide enough." "During the recent inspection, Comrade Deng Xiaoping again put forth some important ideas concerning the further implementation of the open-door policy of our country. Most of the important proposals recently put forth at the forum on coastal cities on opening 14 coastal cities are based on Comrade Deng Xiaoping's opinions."

CSO: 4006/496

LABOR AND WAGES

BRIEFS

SHANXI PER CAPITA INCOME--According to statistics released by the Shanxi Provincial Conference on the rural final accounts of distribution, in 1983, the per capita income of Yanbei, Taiyuan, Datong, and Yangquan cities and prefectures registered more than 300 yuan. The 19 counties and districts of these cities and prefectures scored their per capita income of more than 300 yuan, which surpassed the 1982 number by more than 100 percent. Zuoyuan County scored a peak of 614.3 yuan in this regard. Communes across the province, which scored a per capita income of more than 300 yuan, totaled 375, and which scored a per capita income of more than 500 yuan totaled 44. The province also increased number of brigades that scored a per capita income of more than 300 yuan from 1,181 in 1982 to 5,877 in 1983. [Excerpts] [Taiyuan SHANXI RIBAO in Chinese 10 Apr 84 p 1 SK]

SHANXI INCOME STRUCTURE CHANGES--According to statistics compiled by the department concerned, Shanxi Province scored great increase in 1983's income earned from diversified economic production of forestry, animal husbandry, and industrial sideline undertakings. It also scored great reduction in its agricultural income. The proportion of income earned from grain production declined from 62.4 percent in 1982 to 52.4 percent in 1983. The proportion of income earned from cash crop production surpassed the 1982 figure by 10 percent. The proportion of income earned from animal husbandry production increased from 1.5 percent in 1982 to 4.7 percent in 1983; income earned from forestry production, from 2.2 percent in 1982 to 2.3 percent in 1983; and income earned from industrial sideline production, from 25 percent in 1982 to 33 percent in 1983. [Excerpts] [Taiyuan SHANXI RIBAO in Chinese 13 Apr 84 p 1 SK]

CSO: 4006/497

TRANSPORTATION

NEW RAILWAY TO BEGIN OPERATION IN QINGHAI

OW220924 Beijing XINHUA in English 0756 GMT 22 Apr 84

[Text] Xining, April 22 (XINHUA)--The Xining-Golmud railway in Qinghai Province, one of the highest railways in the world at an average altitude of 3,000 meters above sea level, will be put into regular service on May 1.

The 834-kilometer railway has been in trial operation for five years. Linked with the country's rail network through the Lanzhou-Golmud line, it handles 87 percent of the grain, oil and articles of daily use to Tibet.

The railway crosses Qinghai's Qaidam basin to reach the city of Golmud, a transportation hub in the center of the province, where the Qinghai-Tibet and the Qinghai-Xinjiang highways join.

Construction of the railway has enabled Qinghai and Tibet to have closer contact with China's inland provinces and promote economic development of the Qaidam basin, known as a "treasure bowl" with vast untapped mineral resources.

The Xining-Golmud railway has a 90-kilometer section built across Qarham, China's largest salt lake, which covers an area of 5,856 square kilometers. The lake bed is dry with a 17-centimeter thick fossil salt surface. There are many hollows in the lake and a number of sections are spongy and soft. Geologists from China's Academy of Sciences and other research units have been working since 1959 to discover these hollows by using sound waves and fill them up with sand. The roadbed was laid using stones and gravel, and dense sand columns were inserted in five kilometers of spongy, powdery sand sections to increase bearing capacity. Special anti-corrosive paint was used for the bridges and other building materials in the salt lake section.

The five-year trial run has proved that the measures taken by the scientists and engineers will be adequate.

CSO: 4020/114

TRANSPORTATION

RAILWAYS TO LINK COPPER CENTER WITH OTHER AREAS

OW200915 Beijing XINHUA in English 0721 GMT 20 Apr 84

[Text] Nanchang, April 20 (XINHUA)--A 530-kilometer railway to link Guixi, China's future leading copper producing center now under construction, with a communication hub in neighboring Anhui Province, is nearing completion.

Scheduled to open to traffic on June 1, the railway will run from Guixi to Wuhu, a Yangtze River port on the Wuhu-Nanjing railway. The Guixi-Wuhu railway will alleviate the tension in transport in Jiangxi and the neighboring provinces of Jiangsu and Zhejiang, which are among the economically developed areas in China.

This is part of Jiangxi Province's railway building program aimed at establishing closer ties with the country's railway network to cope with the needs of economic development. Fourteen thousand builders are working at railway construction sites in the province.

Full-scale construction has begun on a new 163-kilometer railway between Jiujiang County in northern Jiangxi Province and Daye, an iron mining center near Wuhan, capital of Hubei Province located along the north-south Beijing-Guangzhou railway. Scheduled for completion in 1986, the railway will also help speed the transportation of goods both into and out of Jiangxi Province.

Expansion of five railway stations will be completed this year on the Jiangxi section of the Zhuzhou-Hangzhou railway, a trunk line linking eastern and southwestern China, and two sections of the railway will be double-tracked, bringing the total length of double-track sections to 56 kilometers.

With a state investment of 200 million yuan (about 100 million U.S. dollars), a marshalling yard is being built at Yingtang, a railway hub in Jiangxi. Upon its completion in 1987, it will have a handling capacity of 6,000 cars a day as against 3,000 at present.

Other projects to be completed this year includes a 44-kilometer feeder line in eastern Jiangxi. The projects will improve transport in the copper mining area in the eastern part of the province.

CSO: 4020/114

TRANSPORTATION

MARINE TRAFFIC ACCIDENTS DROP IN FIRST QUARTER

OW190859 Beijing XINHUA in English 0804 GMT 19 Apr 84

[Text] Beijing, April 19 (XINHUA)--China's marine traffic order is improving, with traffic accidents down by 7.78 percent in the first three months of this year, according to the harbor superintendency of China.

The number of shipwrecks dropped 17 percent in the period, the superintendency added.

It attributed the improvement to enforcement of the marine traffic safety law which came into effect on January 1, 1984.

In order to ensure safety, the superintendency has issued more than 100,000 copies of the law to Chinese commercial, fishing and naval vessels, as well as foreign ships calling at Chinese ports.

Departments of public security, fisheries and ship inspection have been mobilized to examine shipboard fire control and lifesaving facilities. Sea patrol and inspection have been intensified.

China now has 110 coastal patrol and inspection boats, and another six are under construction. Harbor superintendency and administration have increased their communications and observation facilities.

The Shanghai harbor superintendency has set up two safety inspection posts on the Huangpu River and the Yangtze estuary to examine ships and fine violators of the marine traffic safety law.

Marine traffic accidents in the Shanghai area fell 13.3 percent in the first quarter of this year from the same period of last year. Deaths were down 88.2 percent and financial losses 92 percent.

Qinhuangdao harbor, the third largest in the country, has expanded and segregated anchorages for oil tankers, bulk carriers and small vessels. The same system will be adopted this year in Zhanjiang harbor in Guangdong Province and Dalian harbor in Liaoning Province.

Traffic dividers have been introduced since last February on a 12-kilometer waterway in Dashanshan, Dalian. This has helped prevent collisions in the narrow channels.

Marine traffic control centers will be built in key harbors.

Qian Yongchang, vice-minister of communications, said that "although we have done a lot to improve marine traffic order and safety, the results are still not satisfactory enough."

As the fog and typhoon season had set in, he urged harbor superintendency and administration to improve management and institute the responsibility system and try their utmost to cut down ordinary accidents and put an end to disastrous ones.

CSO: 4020/114

TRANSPORTATION

BRIEFS

LIAONING INTERNATIONAL AIRPORT--The expansion work of the Zhouzhuizi international airport in Dalian began on 22 April. The main runway is expected to be completed by the end of 1984. The expansion of this airport will enable the landing of the Boeing 747 airliners and the opening of international routes to Japan, Hong Kong, and other countries. [Summary] [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 23 Apr 84 SK]

LIAONING SHENYANG-DALIAN HIGHWAY--The Liaoning Provincial Government decided early this year to invest 820 million yuan in the reconstruction of the Shenyang-Dalian Highway to triple its capacity and to turn it from a second-grade highway into the longest first-grade highway of China. The reconstruction project covers expansion of the width of the highway from 9-12 meters in most parts to 25 meters, and the building of 50 large and medium bridges over Taizi He, Hun He, Sha He, Daqing He and Pulandian Bay. The reconstructed highway will have four lanes for cars with a designed per-hour speed of 80-120 km. Its 24-hour capacity will be 25,000 cars. The highway is 400 km long which passes through Shenyang, Liaoyang, Anshan, Yingkou and Dalian Cities and more than 10 districts and counties and links the Bayuquan, Yingkou and Dalian ports. [Summary] [Shenyang LIAONING RIBAO in Chinese 10 Apr 84 p 1 SK]

CSO: 4006/497

GENERAL

FURTHER DEVELOPMENT OF ECONOMY IN SMALL CITIES, TOWNS

Shenyang SHICHANG ZHOUBAO in Chinese 31 Jan 84 p 1

[Article by Liu Lu [0491 7627]: "Economic Development in Small Cities and Towns Calls for Further Policy Relaxation"]

[Text] During the concluding discussion at a meeting convened on January 24 by the provincial party committee on the work being done in the rural areas, Dai Suli [2071 5685 3810], secretary of the CPC Liaoning Provincial Committee, made known several decisions reached by our province to relax its policy further with a view to developing economic construction in the small cities and towns.

Comrade Dai Suli stated that economic construction in the small cities and towns is called for not only to enliven the rural economy and to develop the production of commercial commodities but also to establish socialism with special Chinese features and that it necessitates a further relaxation of policy to encourage the large and medium-sized cities to disperse and transfer their products and technology to the rural areas so that their industries may be developed at a rapid pace.

According to comrade Dai Suli, the newly established enterprises should set up factories in the small cities and towns if it is at all advisable to do so, and favorable treatment will be given to investment, the supply of raw materials and transportation. Encouragement is to be given to the dispersal or transfer of factories, workshops and products from the large and medium-sized cities to the small cities and towns through financial support and the granting of favorable terms in taxation, credit loans and profit retention. Scientific and technical personnel and staff workers in the large and medium-sized cities who are willing to work in the small cities and towns will not be required to change their residence registration. Furthermore, they are to be paid an additional grade in floating wages. If they should quit their jobs within a period of 8 years, their floating wages are to be rescinded. However, if they should quit after 8 years, they will be permitted to retain their additional grade in wages. Their normal salary increases and promotions are not to be affected. The titles of technical workers are to be determined the same way that they are in the large and medium-sized cities. At the same time, the peasants are to be encouraged to work and to engage in business in the small cities and towns. They are

to be permitted to settle in the small cities and towns and to be responsible for their own grain rations. The industrial and commercial administrative departments should adopt various ways and means to encourage the peasants to go to the small cities and towns to set up businesses and workshops collectively or individually. The construction departments are to encourage the peasants to erect buildings, warehouses and processing factories collectively or individually and offer them the necessary assistance. The collective enterprises in the small cities and towns are to make the peasants feel welcome to become shareholders and to make investments collectively or individually on a voluntary and mutually beneficial basis and to protect their legitimate interests.

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CSO: 4006/342

GENERAL

PEASANTS NEAR CHONGQING WORK IN RURAL INDUSTRY

OW231131 Beijing XINHUA in English 1037 GMT 23 Apr 84

[Text] Chongqing, April 23 (XINHUA)--More and more peasants in China's countryside are giving up farming to start industries, restaurants, hotels and commercial business in rural towns where services are insufficient.

In Chongqing, Sichuan Province, over 120,000 peasants on the city's outskirts who would otherwise not have enough work to do in the fields are working in rural industries, services and commodity transportation, bringing prosperity both to themselves and to urban people.

The city has opened nine wholesale centers for agricultural and sideline products and 162 rural fairs in the city proper and allocated over 350 buses to carry the peasants and their goods every day. Local banks are providing them with loans and commercial departments with market information.

In Baxian, a suburban county with a population of over one million, where arable land averages about one mu (15 mu equals one hectare) per person, over 7,300 rural families have gone into business in small towns.

For example, peasant Liu Wenjun and five others opened a leather shoe plant able to produce over 300 pairs a month. The products have sold well inside and outside Sichuan Province.

Peasant Cao Jun in Baijie Township opened a photo studio for the local people who had to travel some distance to have a picture taken in the past.

The business of such undertakings in Baxian totalled 15 million yuan (about 7.5 million U.S. dollars) in 1983, yielding 370,000 yuan in taxes to the state.

CSO: 4020/114

END