



CHINA SOARING AGAIN IN REFRESHING REFORM

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Survive in Revolution, Succeed in Reform

The Third Plenary Session of the 18th CPC (Communist Party of China) Central Committee will be held tomorrow. ^[1] A new round of reform is approaching. At this moment, the clock of history should be turned back to the year 1993.

In 1992, Deng Xiaoping, chief architect of China's reform and opening up, directed the confused Chinese reform with his extensive tolerance as a great statesman during his inspection of the south, making the firm decision that China should unswervingly promote its reform with no way out backward. Reformative thought has been unified within the ruling party the year after, clearing up the political disagreement, realizing the reform situation, and establishing the reform scheme.

The Third Plenary Session of the 14th CPC Central Committee was held in the November of 1993, and examined and approved the *Decision of CPC Central Committee on Some Questions Concerning the Establishment of a Socialist Market Economic Structure* after consideration, which firmly consolidated the process of China's reform and opening up starting from the Third Plenary Session of the 11th CPC Central Committee in 1978, having completely turned over a period of hesitation and negation about the reform, and opened up a favorable new situation for China's sustainable development in 20 years hereafter.

History strides forward into the year 2013.

The CPC held the transitional 18th CPC National Congress in 2012. The energy of China's reform and opening up almost reached the peak before and after the congress. Such energy concentration was not only the corollary of China's GDP leaping to the world's second, but also the result of China facing a "deep-water zone" in the reform and opening up with both bright prospects and present difficulties. It was also promoted

[1] This article was published on November 8, 2013.

by objective situation of people longing for change, people seeking further progress, and the country developing.

During the reform and opening up, the public has good reasons to expect each third plenary session of the CPC Central Committee: because it is always the meeting about the layout of reform and opening up, because the previous seven third plenary sessions have all presented a new look of the reform, because this third plenary session is poised for take-off, all of which arouse the political imagination about the Third Plenary Session of the 18th CPC Central Committee among the public.

Complying with people's aspiration and will, the Party and government leaders spare no efforts to create the social atmosphere, echoing the enthusiasm for reform and opening up. The society's response is extremely positive and enthusiastic, with overall reform schemes provided by different think-tanks. The public are expecting that the Third Plenary Session of the 18th CPC Central Committee will bridge over the disagreements, gather all the reform resources, solve the institutional bottleneck, start the sustainable development, and create a bright future.

Beautiful hopes are always born from harsh reality. We have to admit that the current reform and opening up is far behind that in the 1980s when reform just started. Reconstructing the social atmosphere for reform and opening up becomes the top priority. Additionally, the outer growth condition of China's economy has been worsened since the financial crisis in Europe in 2008; the weak domestic demand, imbalanced structure, constraint measures and extensive economy all make it hard to carry on. Whether China will firmly and unswervingly follow the path of reform and opening up with increasingly conspicuous conflicts in the period of social transformation like unfair distribution, social imbalance, the dilemmas, and the difficult reform situations becomes a great doubt among people.

Just at this moment, the Third Plenary Session of the 18th CPC Central Committee will be held. Impressing people with its arrangement of the reform, and its presentation of powerful approach to the reform and opening up as always, the third plenary session is sure to draw



people's attention.

35 years ago, the Third Plenary Session of the 11th CPC Central Committee brought China out from the turbulent situation, and started the great modernization course of the country that was behind the world process. Hereafter, reform has accompanied China's development and rejuvenation.

35 years after, the Third Plenary Session of the 18th CPC Central Committee will push an overall reform. Various critical reform schemes under discussion are sure to push the country to an irreversible modern track, promoting China into a smooth condition for modern development. The modern rebirth of the country started with revolution and succeeds in reform.

Ren Jiantao, Professor and doctoral supervisor at the School of International Studies at Renmin University of China

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Journey of Reform

We can know our destination by reviewing our past. The Third Plenary Session of the 11th CPC Central Committee, which pushed the history forward, started the reform 35 years ago. Every “third plenary session” henceforth all followed this tradition, pushing the reform deeper and broader. Delicate but profound changes have been taking place in all aspects in China, such as the social formation, administrative mechanism, economic system and ideology.

“Journey of Reform” sorts out the important threads of reform in China, taking each third plenary session as the start time of a five-year unit. This part explains the seven major influential reform themes in China, including land reform, special administrative region test (SAR test), financial reform, reform of state-owned enterprises, development of private enterprises, new rural construction and administrative reform. Let’s go back to those exciting glorious days as we recall from the memory of the reform.



Xiaogang Village Started the Great Land Reform

[Files]

The Third Plenary Session of the 11th CPC Central Committee

Time: December 18 to 22, 1978

Attendance: 169 members and 112 alternate members of CPC Central Committee

Main content: Completely negate “two whatevers”, reestablish the ideological guidelines of emancipating the mind and seeking truth from facts; shift the focus of the Party and state work to economic construction; implement reform and opening up policy. The meeting passed the *Decisions of CPC Central Committee on Several Issues Concerning Accelerating Agricultural Development*.

Significance: The approval of the *Decisions of CPC Central Committee on Several Issues Concerning Accelerating Agricultural Development* aroused the enthusiasm of hundreds of millions of farmers.

18 farmers from Xiaogang village in Fengyang, Anhui Province signed a life and death document about the all-round responsibility system of collective land with empty stomachs on November 24, 1978.

What they broke was the pot system of people's commune, which had lasted for 20 years.

The Third Plenary Session of the 11th CPC Central Committee was held in less than a month, which approved two documents related to agriculture. For the first time it proposed to develop various forms of responsibility systems, including the “responsibility system of paying remuneration according to output”, which laid a vision for future land reform in rural areas.

Data shows that in the year of land distribution when farmers worked individually, the total grain output in Xiaogang village reached



66,500 kg, which equals the total sum of grain output from the year 1966 to 1970. The gross income of agricultural and sideline production of the whole team reached 47,000 yuan, more than 400 yuan per capita, which was 18 times of that in the last year.

The second year, Anhui Province started the experimental promotion, where household farm output quotas were fixed. Deng Xiaoping encouraged such practice in 1980. In 1984, the rural household contract responsibility system was adopted nationwide.

This system does not change land ownership, farmers contracting land as a family unit and contributing grain as agricultural tax and retention.

The rural household contract responsibility system, which gained the acceptance of Deng Xiaoping, mobilized the energy of Chinese farmers who were under constraint for as long as 30 years. The total output of grain increased from 304.75 billion kg in 1978 to 407.3 billion kg in 1984 due to this change.

There was no certain legal rule about the contract period at first. In 1984, the CPC Central Committee put forward that the land contract period would remain for 15 years unchanged, and in 1993 the Committee extended it for 30 years. Under the *Law on Land Contracting in Rural Areas*, which came into effect on January 1 of 2003, the contract period of arable land is 30 years.

Stepping into the new century, the Central Committee has removed the overall agricultural tax and distributed farm subsidies. The advantages of rural household contract responsibility system were at this time pushed to extremes.

However, problems came out anyway. Except plantation, farmers could hardly gain any other profit from the land as the land is not their own property and they could not use it for mortgage, which made the life of most farmers still very poor.

The 1982 *Constitution* addressed that all city land should be returned to the state, while the rural land should be returned to the community. The state land in cities and towns could be transferred through bid, auction, listing and other procedures to obtain massive

funds, while the collective land could only be transformed to state land if necessary, which caused instability factors. Statistics show that there are almost 4 million cases caused by land acquisition, and more than half of the group accidents are related to land requisition and demolition.

Villages in some places tried to avoid “nationalization” and developed personally “limited property houses”. At the meantime, many farmers choose to come into and work in the cities, leaving plenty of cultivatable land uncultivated.

The transfer of rural land has gradually become a consensus. In 2007, the state council made Chongqing a pilot site for comprehensive reform of coordinated and balanced urban-rural development. Henceforth, Chongqing has been exploring rural land circulation patterns.

In 2008 before the Third Plenary Session of the 17th CPC Central Committee was held, Hu Jintao, general secretary the CPC Central Committee, took a special trip to Xiaogang village. He said that farmers should be allowed to transfer contractual right of land in various ways to develop moderate scale management.

The Third Plenary Session of the 17th CPC Central Committee held hereafter established the general policy of rural land circulation, giving farmers more sufficient and guaranteed contractual right of land, which is the second major reform opportunity the village faced since “all-round contract”.

This document of the Central Committee also compelled the innovation for the agricultural management mechanism and accelerated the transformation of agricultural management methods, which is called the “new land reform”.

After five years, expectations for rural land reform heated up again, allowing collective land into market transaction, which is also considered as one of the key breakthroughs of the reform.

Recent reports claimed that relevant departments had made detailed proposals on the compensated transfer system of rural commercial collective construction land and other problems.



Foundation work was in process. Since the beginning of 2011, many ministries and commissions have registered the right of the construction land collectively owned by the farmers, farmland and the undeveloped land. At the moment, right registration in every province has almost finished.

(*Beijing News* reporter: Song Shijing)



Born in the Third Plenary Session

Li Baoguo

Birth Date: December, 1979

Birth Place: Fengyang County, Anhui Province

Identity: Leader of a villager group of Xiaogang village

Seeking for New Road of Reform

December 31, 1979, Li Baoguo's father who had gone out begging returned home before it was dark, just in time for Baoguo's birth.

His father named him Baoguo to coordinate with his brother's name Baoqiang. The names of the two brothers reveal the wish of the seven-people family: a powerful country would increase the living conditions of its people.

In order to keep alive, 18 farmers in Xiaogang village signed the life and death document. With the Third Plenary Session of the 11th CPC Central Committee drawing to a close, the system of fixing farm output quotas on the household basis was formally established, blessing Li Baoguo's family with 19.6 mu life-saving farmland.

Villagers who had gone out begging came back one after another.

Li Baoguo said that the harvest at that time was almost 100 kg / mu. Li Baoguo's parents stated, even keeping the grain for the family, they would still make almost 1,000 yuan by selling the rest to the grain

supply center, which was a significant income since 10 yuan was enough to buy two big bags of meat and vegetables.

The first thing Li Baoguo's father did with this income was to change the leaky thatch roof to tiles. For the Spring Festival of 1980, the family even had pork, fruits, peanuts and sugar.

In 1983, the family had their first electric appliance—a double-cassette recorder and a 14-inch black-and-white television of Panda brand the next year.

Nowadays, the only passage to outside world in this village has changed from a dirt road to a cement road, and the thatched cottages have changed into lined three-story corniced houses with whitewashed walls and colored glaze tiles. After land transactions, farmers rented their land to enterprises and took up animal breeding themselves.

Unwilling to lag behind, Li Baoguo rented his land of nearly 20 mu to an enterprise at the price of 875 yuan / mu, while he took up timber business himself. "I bought a car with an income of 70,000 to 80,000 yuan last year."

There is still one thing Li Baoguo worries about at present—enterprises in the village only use the land but rarely employ the villagers who Li Baoguo wants to retain, but he has not figured out a solution.

(Beijing News reporter: Fan Chunxu)

Chronicle of Reform Events (December 1978–September 1984)

- In January 1979, China and the US established formal diplomatic relation. On that day, the American government proclaimed that they would withdraw their army from Taiwan.

- In May 1979, six ministries and commissions approved Shougang and other enterprises as the first batch of pilot organizations



for the national reform of the economic system, implementing the profit retention system.

- In April 1980, General Administration of Customs stipulated that Taiwan products bought from Taiwan public or private enterprises would be free of import duty, and commodities exported from Chinese mainland to Taiwan would be free of export duty.

- In May 1980, Guanhan County Party Committee in Sichuan Province established a pilot reform of the people's commune system at the people's commune in Xiangyang, canceling Xiangyang people's commune and reestablishing the Party committee and people's government of Xiangyang Town.

- In August 1980, Deng Xiaoping delivered the speech—*Reform of the Leading System of the Party and State*, which has become the guiding principles of China's political system reform.

- In January 1981, the new *Marriage Law* was put into effect, for the first time taking incompatibility, without any political characteristics, as a legal condition for divorce.

- In July 1981, the State Council spelt out that individual economy is a necessary supplement to state-owned and collective economy. Sand City in Hubei Province was taken as the first pilot city for the reform of the economic system in the country.

- In 1982, Deng Xiaoping met with the Prime Minister of UK—Mrs. Thatcher. In August 1981, Deng Xiaoping put forward the “one country, two systems” policy for the first time.

- In September 1982, the 12th CPC National Congress was held. Deng Xiaoping put forward for the first time a brand new topic—“building socialism with Chinese characteristics” in his opening speech.

- In September 1982, the 12th CPC National Congress made the implementation of family planning the basic state policy, which, two months later, was written into the newly modified *Constitution*.

- In February 1983, the song “Township Love” sung by Li Guyi at the first Spring Festival Gala became an approval of social breaking away from the old concepts.

- In September 1983, the State Council decided to change the

functions of People's Bank of China which should focus on performing functions as the central bank and stop managing industrial and commercial credit or deposit business.

- In June 1984, the State Council forwarded the request for the instruction from the Ministry of Education, deciding to first approve 22 key higher education institutes to set up graduate schools.



Special Administrative Regions (SAR) Shine in China like Stars

[Files]

The Third Plenary Session of the 12th CPC Central Committee

Time: October 20, 1984

Attendance: 321 members and alternate members of CPC Central Committee

Main Content: *Decisions of CPC Central Committee on the Reform of the Economic System* was passed, shifting the reform center from countryside to the city. It pointed out that commodity economy is what China implemented and that the leadership system of enterprises should be changed.

Significance: It is a programmatic document to direct China's economic system reform, which stipulates the orientation, nature, task, policies and guidelines of the reform.

In October 1984, the Third Plenary Session of the 12th CPC Central Committee discussed and deployed the overall restructuring of economic system focusing on the cities. At this moment, the SAR testing in some cities had been explored for almost five years. In the same year, the SAR testing was expanded to 14 coastal cities.

SAR is a window which was at first just for introducing development funds and learning advanced techniques. However, when people did things according to the market rules, it triggered this overall reform nationwide.

History turned back to the 1970s when there were lots of people fleeing from Luofang village, a poor fishing village across the river in Shenzhen to Hong Kong. The local average incomes of the two places were 134 yuan and 13,000 yuan respectively.