

Facing economic uncertainty, China retreats on reform

By Charles Hutzler
The Associated Press

SHANGHAI, China — With global financial turmoil battering its traditional trading partners and threatening its growth, China is rethinking its ambitious embrace of free-market reforms, launched with great fanfare over the past year.

Chinese leaders have backpedaled on policies to privatize state industries, delayed plans to encourage home ownership and slowed measures to overhaul the financial sector — bowing to pressure from conservative communists and the newly dispossessed working class.

But in a sign of the unease the midstream policy shift has created, it is not on the publicly announced agenda of the Communist Party's closed-door Central Committee meeting, which began Monday. Agricultural reform is.

Still, reform reassessment is considered a likely topic during

the three-day meeting of China's 344 most influential politicians.

Government policy advisers insist China's 20-year economic reform effort goes on. But the communist leadership — never fully enamored of capitalism — has drawn comfort from moves by Malaysia and Russia to seal their economies from what they consider the excesses of unfettered global markets, Chinese media and policymaking sources say.

"The Communist Party normally does not announce that it has changed its policies or recognized its mistakes," said Pan Wei, an expert on Chinese politics at Peking University.

"When they hold a plenum, there has to be a pronouncement. Some problems, the ones that are relatively easy to resolve, they'll talk about. The ones that are hard, even if discussed, won't be easily resolved," Pan said.

Premier Zhu Rongji, No. 3 in the party and the leader most closely

associated with the reforms, began signaling a retreat in speeches last summer. Months of bad economic news showed Asia's financial torpor was squeezing exports and foreign investment and dragging down China's growth below the 8 percent target.

Plans to end subsidies for public housing this year and sell smaller state industries were abandoned. This was because of pressure from local officials and fear of discontent among laid-off state workers — projected to number 15 million this year, by one conservative economist's count.

By August, the State Economic and Trade Commission, Zhu's top economic regulatory body, directed government agencies to be more careful in shedding smaller state enterprises.

That was followed by limits on the outflow of already tightly controlled foreign exchange, price floors for automobiles and other glutted goods made by state com-

panies, and measures to increase lending by state banks already teetering from bad loans. A senior U.S. trade official has warned of a trade war if China locks out foreign investors from barely open telecommunications and pharmaceuticals markets.

Conservatives crowded at the rollback on state enterprises. In a rare display of agreement with Zhu's policies, the orthodox communist magazine *Quest for Truth* called the directive "on target."

"Obviously, this storm will set off state enterprises as an act of privatization," one article said. "If continued, it would threaten the existence of the state-controlled economy, the position of public ownership, the interests of the working masses and the foundation of socialism."

Economic threats from abroad have bolstered the influence of conservative economists, who want the Central Committee to make up for lost foreign invest-

ment and exports by endorsing a program to stimulate domestic demand. Under one plan by Hu Angang, an economist whose views Zhu is said to favor, imports would remain strictly limited as long as exports do not recover.

News going into the plenum has strengthened their hand: Customs officials reported that exports dropped 6.7 percent in September from a year earlier, and have risen an anemic 3.9 percent for the year so far, compared with 21 percent for all of 1997.

"What was wrong was the expectations. The central government was trying to do something in three years. The local governments were rushing. But the reality is you need a longer time to achieve reform," said Fan Gang, an economist at a think-tank run by one of Zhu's policy research offices.

"The proposals are still there, but now they have to work out the real problems," Fan said.

Explosion at illegal fireworks plant destroys two blocks in Mexico

By Adolfo Garza
The Associated Press

TULTEPEC, Mexico — A gas explosion set off a pile of gunpowder used to make illegal fireworks Tuesday, obliterating a two-block area of this central Mexican town, killing at least 10 people and wounding dozens.

Rescuers said they expected to find more bodies as they picked through the collapsed houses in Tultepec, a town 20 miles north of Mexico City known for its homemade fireworks.

Angry residents, apparently fearful that the explosion would

lead to a crackdown on illegal fireworks, blocked journalists trying to enter the affected area. They said a minor gas explosion had occurred and that there was nothing to see.

But the smell of gunpowder was strong, and television images taken from a helicopter showed a two-block section of town entirely leveled by the blast.

Many blocks away, shattered glass still covered the street and people who live as far as three miles away reported hearing the blast. A crater indicated the site of the explosion.

"It was like a bomb," said Alejandro Garcia, a 33-year-old local businessman who lives six blocks away.

Dozens of soldiers filed through the area, assault rifles drawn. Neighbors, firefighters and paramedics picked through collapsed houses, looking for survivors and bodies.

Mexico state Gov. Cesar Camacho Quiroz said at least 10 people died — including a 10-year-old boy — and 27 were hurt. But a paramedic at the scene, who spoke on customary condition of anonymity, said he had counted

14 bodies, and that at least 45 people were injured.

Gen. Francisco Fernandez Solis, general director of public safety, gave the death toll at 10 but said: "We expect to find more when we clear the rubble."

He confirmed that the explosion was of gunpowder.

"The explosion was started by a gas tank leak," he said. The tank exploded and set off a large pile of gunpowder.

Mexico's largest television network, Televisa, interrupted its regular programming to broadcast

live from Tultepec for at least four hours without interruption.

Many residents in Tultepec produce fireworks illegally in their homes. Residents said the explosion occurred in the main gunpowder stockpile for all of the fireworks factories in the area.

In June 1997, an explosion in a Tultepec home producing illegal fireworks killed three people. And in December 1988, a Mexico City marketplace where illegal fireworks were sold exploded and set off a string of fires, killing 62 people and injuring 83.

IF YOU THINK CARRYING A BRIEFCASE IS WHAT IT'S ALL ABOUT,

SEE IF YOU HAVE WHAT IT TAKES TO CARRY THIS.

*It's tough work to become a leader in the corporate world. It's even tougher to be a leader in our company. It takes strength, wisdom and determination. These aren't easy characteristics to develop. But if you're willing to try, then Officer Candidates School (OCS) is your chance to perfect these skills and become an Officer of Marines. See **Marines** if you've got what it takes to carry the title — United States Marine Officer. *The Few. The Proud. The Marines.**

www.Marines.com
MARINE OFFICER

For more information on non-obligatory officer program, see Captain Nathan Maker at the EMU today or call (541) 758-0835.

Great Stuff for your Halloween Fun

SCREAMING MIMI'S

782 Blair Blvd.
(in the 8th Street Plaza, 8th & Monroe)
338-0340

Used clothing for women, men & children, gifts & novelties, wigs and some new clothing, jewelry & accessories.

Going Away? Don't forget to bring a friend!

Cheap tickets. Great advice. Nice people.

50% off great travel packs! Eurailpasses issued on the spot! Plan early for Thanksgiving!

Council Travel
CIEE: Council on International Educational Exchange

877 1/2 East 13th Street, Eugene
1222 East 13th Street, EMU Building, Univ. of Oregon, Eugene [541]-344-2263
www.counciltravel.com

ODE CLASSIFIEDS... YOUR CAMPUS MARKETPLACE