



Unity Means Power

An Interview with Li Rongrong, Chairman, State-Owned Assets Supervision and Administration Commission of the State Council

EDITORS' NOTE After graduating from Tianjin University with a bachelor's degree in electrochemical engineering, Li Rongrong served successively as a worker, Workshop Chief, Deputy Director, and Director of a factory. He was appointed Vice Chairman of Wuxi Municipal Economic Commission, Jiangsu Province, and proceeded to hold the posts of Director of Wuxi Municipal Light Industry Bureau, Chairman of Wuxi Municipal Planning Commission, and Vice Chairman of Jiangsu Planning and Economic Commission. In February 2001, he was appointed Chairman and Party Secretary of the State Economic and Trade Commission (SETC). In addition to his responsibilities as Chairman of the State-Owned Assets Supervision and Administration Commission of the State Council (SASAC), Li is Party Secretary of the SASAC's Communist Party of China (CPC) Committee and a member of the 16th and 17th CPC Central Committee.

INSTITUTION BRIEF Authorized by the State Council in March 2003, in accordance with the Company Law of the People's Republic of China and other administrative regulations, the State-Owned Assets Supervision and Administration Commission of the State Council (SASAC) guides and pushes forward the reform and restructuring of state-owned enterprises (SOEs); appoints and removes top executives of enterprises, and evaluates their performance through legal procedures, either granting rewards or inflicting punishment based on their performance; and directs and supervises the management work of local state-owned assets according to law.

How were the 152 SOEs under the SASAC affected by the recent earthquake? How is the relief work being conducted at the moment?

Sichuan is the headquarters site for three central SOEs, as well as the subsidiary and branch location for more than 50 central SOEs. Casualties and losses among the ranks of SOE workers alone exceeded 3,000 people as of May 22, 2008. According to the central SOEs' own assessment, the earthquake caused between CNY 26 billion and CNY 28 billion in direct losses. Combined with indirect losses, that figure could be over CNY 50 billion. SOEs affected by the disaster divided their time between organizing self-rescue efforts and helping local governments carry out relief and rescue work. Nationwide, SOEs have actively engaged in operations to help minimize the casualties.

As China's national economic backbone, how will the SOEs best utilize the overall planning mechanism to help get themselves and the country through this crisis?

This disaster tested our country's organizational and coordination abilities. Our central SOEs, including local enterprises, were highly praised by our leadership and the public for their efficiency in heading rescue efforts under the direction of central and local government. An hour after the earthquake struck, we received a report from our local SOE requesting aid. We quickly coordinated with periphery SOEs, and six of them immediately responded by sending six rescue teams, who were at the scene within twelve hours. A portion of the group set up self-rescue work, while the majority hurried off to save students.

At that time, heavy lifting equipment was needed most. We could see and hear the people buried underneath, but couldn't dig them out. Without delay, China Railway Engineering Corporation sent the necessary equipment to the scene, and also helped to rescue people along the way. Time is critical in such a dire situation, and many people's survival hinged on a difference of hours or minutes. More than 40 people were saved on the first day.

We were able to provide shelter for our SOE staff because our organizational network was already in place. Regardless of which society you are from, an established organization brings strength and ability. When the moment of truth strikes, it is critical to have an organization in place, and it should be a powerful one.

You once said that the SASAC's most important functions are its ability to control, influence, and motivate. How are these features represented in its response to this disaster?

It's obvious that nobody wants a disaster. However, if there is one, the central SOEs will be fully committed to emergency rescue work. We set guidance "to save lives at all costs." As of May 27, 2008, the SOEs donated CNY 3.2 billion, deployed 10,000 personnel, and contributed over 2,000 large-scale machines. If you add materials, our assistance exceeds CNY 7.5 billion.

The central SOEs' actions directly impacted the overall rescue situation. The central SOEs brigade spent seven hours crossing terrain to get to the most severely affected areas and restoring connections to the outside world. Some people spent over 80 hours working nonstop. Driven by their spirit and persistence, they were lifelines for the victims. We led through every step. Many times, we accomplished tasks before the local government had a chance to get started. We were the first to implement a victim resettlement plan and supplied free food and much-needed daily necessities before assembling tents. Also, we built shelters and provided medicine and disinfection supplies before anyone else. The central SOEs formed teams to go anywhere, anytime we were needed. The local governments needed this strength.



In the planned economy 30 years ago, each person belonged to an organization that would take care of him or her. Now, after market economy reform, there are state-run and private enterprises. Still, there exists the phenomenon of unattached individuals who are unaccountable to anyone. What concerns do you have for this group? Since the previous organizational structure has disappeared, how can the government take care of people in this category?

This is indeed a weak link. A planned economy and a market economy are different systems. Yet, one cannot say that a market economy lacks organization; it has a different form of organization. A planned economy relies on a precise plan; a market economy relies on the legal system. We must utilize lawful regulations to realize the strength of the market economy. During the transition from a planned to a market system, China did not have established legal standards and relied on the SOEs. I'm not saying SOEs will exist forever, but they must exist in the interim stage. They are needed to successfully complete the integration of a market economy.

Every society should have a precise organization to respond to risks. We regulated prices during the Sichuan earthquake, as well as the 2003 SARS crisis. We either had to increase production speed and supply, or rely on commodity reserves. If neither can be ensured, government intervention is the only solution. Thus, the government must have a means for regulation. Otherwise, it will be difficult to deal with even small-scale fluctuations, let alone deal with catastrophes.

Concerning socialized management, we must first look to the organization. Each government depends on the framework of an organization during an emergency. No man can deal with such a catastrophe alone. Especially when rebuilding the disaster area, it is not a matter of months, but rather years. We need to rely on sound organizations and institutions to communicate information and solve numerous problems in the resettlement process. People trust the authority of organizations rather than a single person. This is the key point.

In terms of disaster intensity and relief, and the participation of the SOEs and the public, how is the Sichuan earthquake different from other calamities you've experienced? What profound changes in Chinese society do these differences reflect? What has moved you the most?

The greatest difference is China's demonstration of enhanced national strength. Our

Chinese rescue workers and military come together to transport an injured man from amidst the rubble.



Entire neighborhoods were flattened, creating mountains of debris meticulously sifted for survivors by the People's Armed Police.

economic power and ready infrastructure was brought into full play. The present conditions are much better than those during the Tangshan earthquake. This time, we reacted promptly and were well organized, which is essential when responding to an emergency. This also summarizes my feelings about how we handled the snow and ice disaster earlier this year. From the state to the local level, the leading cadre personally led the way.

At the same time, we saw the true meaning of the saying "unity means power," as exemplified by the disaster relief work, the people, and the manifestation of their love for mankind. The volunteers' engagement has far exceeded that of the 1976 Tangshan earthquake. The public has shown their compassion and kindness through their generous help with disaster relief. This kind of strength from the people is unprecedented. In the disaster area, I saw some 18-year-old rescue soldiers who almost moved me to tears. I urged their leaders to treat them as if they were their own children, and have the young workers call home daily to report their safety.

This incident has allowed us to be aware of the fact that our society is now even more open. Donations from all over the world are already approaching over CNY 40 billion. This is evidence of a new stage. No matter how much one donates, benevolence is respected equally. A farmer carried a basket of cucumbers to the stricken area and that basket contained all of his harvest. I think his donation is priceless.

As for assistance from the SOEs to the quake-hit areas, we have provided manpower as well as materials. However, we advocate that enterprises consider their financial situation as regards monetary donations, and set no fundraising quotas. Enterprises with higher profits have donated more than those with heavier development tasks. Our donations add up to a huge amount, but nearly half is from individuals. This pragmatism and rationality indicate that

the leaders of the central SOEs have a more profound understanding of their responsibility to society. For SOEs, the greatest responsibility is to provide consistent returns to society by increasing their profits, paying sufficient taxes, and offering more job opportunities. This is crucial for our nation and people.

Lastly, the transition in media coverage is regarded as a turning point for China. CCTV provides instant coverage to the event. This point has received great praise and support from our leadership. Media transparency and timeliness have helped to improve China's image in the international community. This change has a lasting effect, and sets a standard for Chinese government supervision.

In the face of such a great catastrophe, China has shown the world a new level of social responsibility. How do you think this will influence the development of Chinese society and its SOEs in the long run? How can the enthusiasm expressed in the rescue work be channeled effectively into more enduring concern for society? Lastly, what does all this mean for rebuilding Sichuan?

In my opinion, citizens represent an essential and great power. People handle matters not because they are told to, but rather because they know in their hearts that it is the right thing to do. The rescue work shows that our time spent emphasizing social responsibility has not been wasted.

Before the earthquake, society would criticize those born in the '80s and '90s as self-centered and irresponsible, but they comprise most of our volunteers and have done an amazing job. The central SOEs outside the stricken areas set up their own young leagues that would hurry to the assigned areas at any time, which shows their sense of belonging to a larger "family." This is a result of our continuous publicity about civil responsibility over the past few years. Such awareness should be nurtured in the central SOEs, so that they will more actively perform their social responsibility.

We can make it, as long as we spare no efforts in promoting high ethical standards. A great nation means responsible citizens. It takes more effort to have such citizens than a single generation of leadership can provide. Now that we have put forth a vision of a harmonious society, leaders should continue to strengthen citizens' sense of social responsibility to bring such a society into existence.

One of the major functions of the SASAC is to assess the SOEs. With the promotion of enterprises' social responsibility and civic awareness as an important goal, what mechanisms should the government establish to encourage enterprises to make a greater contribution to society and to assume more social responsibility on the basis of being accountable to shareholders and investors?

One of the indexes for enterprises to fulfill their social responsibility is to ensure profits and consistent sound development, including energy saving and emission reduction, as well as environmental protection. As listed companies, those enterprises' top responsibility is to be accountable to their investors and shareholders, and to avoid any negative effect on

their development from donations. Without any mechanisms, it will be difficult for them to carry out more socially benevolent tasks on this basis.

I believe our government is certain to complete the mechanism of encouraging enterprises to repay society, step by step. For example, relevant mechanisms should be perfected to support charitable activity through policies, including those concerned with taxation. Charity is a business of cumulative efforts. Incentive policy can draw more enterprises and individuals into action. In this way, we can get past all kinds of difficulties more quickly and easily.

Furthermore, such a mechanism should ensure that enterprises, individuals, and society share common protection, which will provide help for this entire nation and its people. Even when you are not involved in any disaster, you can still feel secure, in the sense that you will be looked after in adversity.

What new meaning should leaders attach to the concept of "leadership" in rescue and resettlement work in the future? What do you think of the Chinese leaders' performance in the face of such a catastrophe? To prepare for disasters, how can the leaders transform the rescue-work-related enthusiasm of enterprises and society into consistent and efficient resettlement work? Recalling this painful experience, what lessons has this catastrophe taught us?

Leaders should be responsive, decisive, and farsighted. They should also have commanding and organizing abilities to control emerging situations. Good leaders can organize rescue efforts once they receive news of a disaster; they can start arranging resettlement during the rescue stage, and can begin to plan the future life of victims during the resettlement. The victims cannot sleep in tents day after day. Leaders' foresight can spare the victims from more suffering. In addition, leaders should put themselves in the shoes of the victims. This is the same theory I used in implementing work safety in SOEs. I always tell leaders to think of their workers as part of their family, and to think about how it feels to have untouched dinnerware on the table for those who you've lost for good.

Our entire leadership responded swiftly and was efficient in its organization efforts. Timing is critical when saving lives during emergencies. We learned some lessons when Hunan was hit by icy rain and hazardous freezing conditions, which enabled us to respond promptly this time. Our leadership has good qualities, considering they focused on their job and kept their work in order, even though family members of some leaders were suffering in this disaster.

As for lessons learned, I think it is still about having a scientific outlook on development. Humankind must follow the laws of nature. Those who go against these laws will certainly get punished.

In your last interview with LEADERS magazine, you were asked what the name Li Rongrong stood for, and you answered, "Responsibility." Today, after the catastrophe, what do you expect people to think of Li Rongrong as Chairman of the SASAC?

A person who can be trusted and can bring great hope to others.☺