President Chiang Kai-shek's Statement Issued on February 3, 1953, Concerning That Part of President Eisenhower's State of the Union Message Bearing on Instructions to the U.S. Seventh Fleet *

Following the outbreak of hostilities in Korea as a result of Communist aggression in June, 1950, the US Government gave orders on June 27 to its 7th Fleet to prevent attack on Taiwan and obtained cooperation of my Government in refraining from military operations against the mainland. Since the participation in aggression in Korea of the puppet Peiping regime in November 1950, I have repeatedly maintained in public statements that the limitation placed by the United States Government on the operations of our armed forces should be withdrawn. During the past two years Soviet Russia and the puppet Peiping regime have stepped up their aggressive actions and have thus made themselves the common enemy of the United Nations. It is time that we recognize that both in principle and in fact, the above mentioned limitation on the operations of our armed forces should no longer be allowed to continue. Therefore, I am of the opinion that President Eisenhower's decision to lift the limitation on the operations of our armed forces is not only judicious but militarily and morally sound.

The Government of the Republic of China, and, I am sure, its 450 million people unanimously welcome such a decision. While our own plan for fighting Communism and regaining the mainland will necessarily form, in my opinion, an important link in the general plan of the free world to combat world-wide Communist aggression, I would like to assure our friends abroad that the Republic of China will not ask aid in ground forces from any nation to achieve our own goal. In fact, China has never made such an appeal nor has China ever cherished such illusions.

I, therefore, feel that this decision on the pan of the United States Government should also have the unanimous support of all freedom-loving peoples who realize the danger of Communist aggression and are prepared to resist it. It is my conviction that only through giving unanimous support to the moral force of such a decision can all freedom-loving countries hope to achieve by degrees a solidarity necessary for arresting the aggression of international Communism. It is only when the Communist aggressors are made to realize that aggression does not pay that we may hope to restore peace and security to the world.

*Following are the relevant passages of President Eisenhower's State of the Union message bearing on instructions to the U.S. Seventh Fleet, February 2, 1953:

In June 1950, following the aggressive attack on the Republic of Korea, the United States Seventh Fleet was instructed both to prevent attack upon Formosa and also to insure that Formosa should not be used as a base of operations against
the Chinese Communist mainland.

This has meant, in effect, that the United States Navy was required to serve as a defensive arm of Communist China. Regardless of the situation in 1950 since the date of that order the Chinese Communists have invaded Korea to attack the United Nations forces there. They have consistently rejected the proposals of the United Nations Command for an armistice. They recently joined with Soviet Russia in rejecting the armistice proposal sponsored in the United Nations by the Government of India. This proposal had been accepted by the United States and fifty-three other nations.

Consequently there is no longer any logic or sense in a condition that required the United States Navy to assume defensive responsibilities on behalf of the Chinese Communists, thus permitting those Communists, with greater impunity, to kill our soldiers and those of our United Nations allies in Korea.

I am, therefore, issuing instructions that the Seventh Fleet no longer be employed to shield Communist China. This order implies no aggressive intention on our part. But we certainly have no obligation to protect a nation fighting us in Korea.

The Land-To-The-Tiller Act

(Passed by the Legislative Yuan on January 20, 1953 and promulgated by the President of the Republic of China on January 26, 1953, Taipei, Taiwan)

Chapter 1. General Provisions

Article 1 - For the implementation of the policy of "The-Land-To-The-Tiller", this Act is hereby adopted.

Matters which are left unprovided for in this Act shall be governed according to provisions of the Chinese Land Law and other related laws.

Article 2 - The responsible organs for enforcing this Act shall be the Ministry of Interior for the Central Government, the Land Bureau of the Department of Civil Affairs for the Provincial Government, and the hsien (or, municipal) government for the hsien (or municipality).

Article 3 - After this Act goes into effect, the present Land Commission in each hsien (or municipality) government and in each township government shall assist in the execution of this Act.

Article 4 - The term "present tillers", as used in this Act, shall mean tenant farmers and farm hands.

Article 5 - The term "cultivated land", as used in this Act, shall mean privately owned paddy field and privately owned cultivated dry land.

Article 6 - The term "landlord", as used in this Act, shall mean a landowner who rents his land to other person or persons for cultivation Any land, which the owner does not till by himself or which is tilled largely by the owner's farm hands, shall be deemed to be tenant land, except that portion under the owner's own cultivation. However, orchards, tea plantations, land used for growing industrial materials or land under mechanical cultivation, and land under reclamation, though operated by farm hands, shall not be considered as tenant land.

A landowner, or his dependents who entrust his land to others for cultivation because he or his dependents are in military service, shall be considered as owner-cultivators during the service period.

Article 7 - The landlord from whom land shall be purchased for this "Land-To-The-Tiller" program by the Government or by whom part of his land may be retained in accordance with this Act shall be the landowner who has been registered as chief of his house hold in the government land cadastral as of the first day of April 1952. Land transfers effected after April 1, 1952, shall not be recognized except for the following:

(1) Land transferred by act of succession.

(2) Land transferred as a result of Court decision made prior to the effective date of this Act.

(3) Land purchased by its present tiller or tillers.

(4) Land expropriated by the Government in accordance with law.
Chapter II. Government Purchase of Cultivated Land

Article 8 - Tenant cultivated land of the following categories shall be purchased by the Government for re-sale to the present tiller or tillers:

(1) Land owned by the landlord in excess of the retention acreage prescribed in Article 10 of this Act.

(2) Land under joint ownership.

(3) Private portion of any land owned jointly by private individuals and government agencies.

(4) Land under government trusteeship.

(5) Land owned by private individuals or family clans for purposes of ancestral worship and land owned by religious institutions.

(6) Land owned by Zen-Min-Hui and land owned by other juristic persons and corporate bodies.

(7) Land which the landlord does not wish to retain and requests the government to purchase.

The land referred to in Sections (2) and (3) above may be retained, upon Government approval, by its lessor in accordance with the retention standards set forth in Article 10 of this Act, if the lessor is in a condition of ole age, widowhood, orphanhood, or disabled and depends upon the land for his livelihood; or if a joint ownership of the land originally under individual ownership is created by act of succession with the joint owners being husband and wife, or brothers and sisters of blood relationship.

The retention acreage for land owned for ancestral worship and land owned by religious institutions referred to in Section (5) above, shall be twice as much as the retention acreage allowed for individual landlord. However, the right to retain such land shall be accorded only to those ancestral worship bodies and religious institutions which are already established prior to the effective date of this Act.

Article 9 - Cultivated land of the following categories shall not be subject to purchase by the Government under this Act, when approved by the Provincial Government:

(1) Tenant land within the pronounced area of city planning.

(2) Newly reclaimed land and land on which crop harvests are obviously unreliable.

(3) Land used for experiment, research, or agricultural extension purposes.

(4) Land required for educational and charity purposes.

(5) Land required by public and private enterprises for growing necessary raw materials.

The Provincial Government, in granting the approval, shall report such approval to the Executive Yuan.

Article 10 - After the effective date of this Act, the acreage of tenant cultivated land to be permitted to be retained by a landlord shall be 3 chia of paddy field of 7th to 12th grade, inclusive. Retention acreage for paddy field and dry land of other grades shall be converted according to the following scales:

(1) Every ½ chia of 1st to 6th grade inclusive, of paddy field shall be equivalent to 1 chia of 7th to 12th grade inclusive, of paddy field.

(2) Every 1½ chia of 13th to 18th grade inclusive, of paddy field shall be equivalent to 1 chia of 7th to 12th grade inclusive, of paddy field.

(3) Every 2 chia of 19th to 26th grade inclusive, of paddy field shall be equivalent to 1 chia of 7th to 12th grade inclusive, of paddy field.

(4) Every 1 chia of 1st to 6th grade inclusive, of dry land shall be equivalent to 1 chia of 7th to 12th grade inclusive, of paddy field.
(5) Every 2 chia of 7th to 12th grade inclusive, of dry land shall be equivalent to 1 chia of 7th to 12th grade inclusive, of paddy field.

(6) Every 3 chia of 13th to 18th grade inclusive, of dry land shall be equivalent to 1 chia of 7th to 12th grade inclusive, of paddy field.

(7) Every 4 chia of 19th to 26th grade inclusive, of dry land shall be equivalent to 1 chia of 7th to 12th grade inclusive, of paddy field.

The land to be retained shall be examined and defined by the Township Government Land Commission according to the above scales of retention, with the results thereof reported to the Hsien (or Municipal) Government Land Commission for clearance and then forwarded to the Hsien (or Municipal) Government for approval. The Land Commissions, in making the examination and clearance, may set the actual retention acreage at 10% more or less than the prescribed scales, as may be necessitated by the shape and terrain of the land in question.

A landlord who does not wish to retain the land may request the Government to purchase such land.

Article 11 - In case a landlord's holdings consist of land leased out and land under self cultivation, the retained portion of the land leased out, together with the acreage of land under self cultivation, shall not exceed the retention limit referred to in the previous article. If the acreage of land under self-cultivation already exceeds the retention limit, no portion of the land leased out shall be retained by the landlord.

Article 12 - One year after the effective date of this Act, the present tiller, if he wishes to purchase the landlord's retention land referred to in Article 10 of this Act, may request the Government for loans. Procedures for granting such loans shall be formulated by the Provincial Government and shall be submitted to the Executive Yuan for approval. When a landlord wishes to sell his retention land, the present tiller on such land shall have the first priority of purchase. The purchase price of such land shall be negotiated by the parties concerned, or decided by the ruling of the Land Commission in case the negotiation fails.

Article 13 - Houses, drying grounds, ponds, swamps, plants, trees and sites thereof which are accessory to the land under government purchase and are used by its present tenant farmer shall be purchased by the Government together with the land.

The purchase price of the above accessory properties and their sites shall be appraised by the Township Government Land Commission, agreed upon by the Hsien (or Municipal) Government Land Commission, and approved by the Provincial Government. The purchase price of such accessory properties and their sites shall be included in, and paid together with, the purchase price of the land. When local custom requires no compensation for such accessory properties, the local custom shall prevail.

Article 14 - The purchase price of the land shall be 2.5 times the volume of its total annual main crop yield as determined by the land grade.

The total volume of the annual main crop mentioned above shall be calculated according to the standards as appraised and approved in various localities during the 37.5% rent reduction program period.

Article 15 - The purchase price for the land shall be paid for by thirty per cent in government enterprise stockshares and seventy per cent in land bonds in kind.

Article 16 - Land bonds in kind shall be issued by the Provincial Government in accordance with law. It shall bear interest at the rate of 4 per cent in kind per annum and shall be redeemable in 20 semi-annual equal installments including interest except for Penghu

Hsien where the principal and interest of the bonds shall be repaid in 10 annual equal installments. A bond holder shall be exempt from paying stamp tax and interest income tax on the bond. The actual handling of the issuance, redemption, and interest payment of the land bonds shall be entrusted to the Land Bank in the province.

Article 17 - The procedures for government purchase of cultivated land shall be as follows:
(1) The hsien (or municipal) government shall investigate the land to be purchased, prepare an inventory book thereof, and announce it to the public for a period of 30 days.

(2) Upon discovering any errors in the inventory book, the owner of the land which is to be purchased by the government, and other parties concerned may, within the stipulated period of public announcement, request the local government to correct the errors.

(3) After the expiration of the period of public announcement, this hsien (or municipal) government shall notify the landowner to surrender, within a prescribed period, the ownership certificate and other relevant documents. If the landlord fails to surrender such certificate and relevant documents, they shall be declared null and void.

(4) The landowner, after surrendering the ownership certificate and relevant documents, or after such certificate and relevant documents have been declared null and void, shall take the purchase price in accordance with this Act. For any landowner, who fails to take the purchase price within a prescribed period, the government shall, according to law, deposit the price in the local court.

The procedures for the purchase of accessory properties and their sites, referred to in Article 13 of this Act, shall be the same as those mentioned above.

Article 18 - Other rights originally created on the cultivated land shall be liquidated after the purchase of the land by the Government in accordance with the following provisions:

(1) Rights of servitude and superficies shall be transferred together with the land.

(2) Rights of perpetual lease or mortgage shall automatically become null and void; but such rights shall be compensated and paid for to the holder thereof by the hsien (or municipal) government on behalf of the landowner, in stockshares and land bonds, from the amounts to be paid to that owner as the government purchase price for the land, in the same ratio of stockshares to land bonds as the landowner receives. However, the price paid for the liquidation of such rights shall not exceed the total purchase price of the land in question.

Chapter III. Re-sale of Government Purchased Land

Article 19 - Cultivated land purchased by the government shall be re-sold to the present tiller. The accessory properties and their sites purchased together with the land referred to in Article 13 of this Act shall also be re-sold to the present tiller.

Article 20 - The re-sale price of the land shall be computed according to standards set up in Article 14 of this Act. The re-sale price, together with the price of accessory properties and their sites, shall bear interest at the rate of 4 per cent in kind per annum. Beginning from the season, in which the land is purchased, the purchaser shall pay the price and its interest in twenty semi-annual equal installments in kind, or in those land bonds in kind falling due in the same period. The average annual burden to be borne by the purchaser shall not exceed the burden on the same grade of land presently borne by the tenant farmer under the 37.5 % rent reduction program. The purchaser may pay a part or the whole of the price and interest in advance. Measures encouraging such earlier payment shall be formulated by the Provincial Government and shall be submitted to the Executive Yuan for approval.

Article 21 - Procedures for re-selling the cultivated land purchased by the Government shall be as follows:

(1) The hsien (or municipal) government shall investigate the names and status of the present tillers to whom the land is to be sold, and shall compile a purchasers' list thereof.

(2) The purchasers' list shall be examined by the Township Government Land Commission, agreed upon by the Hsien (or Municipal) Government Land Commission, and shall be announced by the Hsien (or Municipal) Government to the public for a period of 30 days.

(3) Upon discovering any errors in the purchasers' list, the purchaser and other parties concerned may, within the stipulated period of public announcement, request the local government to correct the errors.
(4) The land purchaser shall submit a purchase application within 20 days after expiration of the period of public announcement. The hsien (or municipal) government shall, after examining the application, notify him to accomplish the required procedures of purchase within a prescribed period and to pay the first installment of the purchase price.

(5) Any purchaser, who fails to observe the provisions in Section (4) of this Article, shall lose his right of purchase.

Article 22 - After the purchaser completes the purchase procedures, the hsien (or municipal) government shall register the transfer of the ownership title and shall issue a land ownership certificate to the purchaser.

In registering the ownership title transfer referred to in the preceding paragraph, the land-purchaser shall be exempt from property transfer tax and witness fees.

Article 23 - The Government should, after selling the land to the present tillers, establish a special production fund from which to extend cheap loans to them in order to improve land use and to increase farm production.

Article 24 - The Government should, after selling the land, encourage the purchasers to operate the land on a cooperative basis with improved techniques.

Article 25 - Through proper channels, the purchaser may request the Provincial Government to grant reduction or exemption of the unliquidated portion of the purchase price on the land he has purchased, when such land has lost, due to force majeure, a part or whole of its usability.

Reduction or exemption of the purchase price as approved by the Provincial Government under the preceding paragraph shall be reported annually to the Ministry of Interior for reference.

Article 26 - After investigation and approval by the Government, the purchaser may be allowed to postpone for one payment period or periods the installment payments of the purchase price when, during such periods, the land has suffered seriously from catastrophe or harvest loss. Immediately after expiration of the amortization period of the total purchase price, the installment payments thus postponed shall be made up in the same number of payments as those for which postponement in payments was granted.

Article 27 - Installment payments of the principal of the land bonds and interest that fall due shall be paid to the bondholders through the Land Bank from the installment payments of the purchase price and interest paid by the land purchasers. However, they may be paid from the "Land Bond Redemption Guaranty Fund" under one of the following conditions:

(1) When the purchaser is permitted to reduce or to postpone the amount of payment or to be exempt from payment.

(2) When the land purchaser defaults in the payment of the price.

The measure for establishing the Guaranty Fund shall be formulated by the Provincial Government and shall be submitted to the Executive Yuan for approval.

Chapter IV. Restrictions and Penal Provisions.

Article 28 - Any purchaser who has acquired land under this Act shall not transfer the land to any other person before the purchase price is fully paid; transfer of land, after its purchase price is fully paid, shall be permitted only when the transferee can till the land himself or can use it for industrial purposes.

Article 29 - In the event that the purchaser cannot till the land himself before its purchase price is fully paid, he may request the Government to purchase the land for re-sale to other farmers. The Government shall in such case, reimburse to the purchaser in one lump sum the purchase price already paid.

Article 30 - The Government shall take back the land sold to a purchaser and confiscate any purchase price already paid, if he is found to have committed any of the following:

(1) Used the name of another person to purchase the land;

(2) Leasing out the land after purchase;
(3) Failure to make an installment payment for more than four months after falling due.

Article 31 - Any person committing any of the following acts shall be punished by the Court for a term of imprisonment not to exceed three years:

(1) Interference with the purchase of land by the Government under this Act by violence, duress, or fraud;
(2) Interference with the re-sale of land under this Act by violence, duress, or fraud;
(3) Damaging the land subject to government purchase under this Act to such extent as to render it unusable or less productive;
(4) Demolishing or removing the properties accessory to the land subject to government purchase under this Act.

Article 32 - Any purchaser who fails to pay any installment that falls due, shall be fined according to the following scales:

(1) A fine of 2% of the installment amount for a delay of less than one month;
(2) A fine of 5% of the installment amount for a delay of over one month but less than two months;
(3) A fine of 10% of the installment amount for a delay of over two months but less than three months;
(4) A fine of 15% of the installment amount for a delay of over three months.

In addition to provisions in Article 30 of this Act, any purchaser who fails to pay any installment for more than four months shall be reported to the Court for enforcing payment.

Chapter V. Supplementary Provisions

Article 33 - Regulations governing the implementation of this Act shall be formulated by the Provincial Government of the province wherein this Act shall be effective and shall be submitted to the Executive Yuan for approval.

Article 34 - The disposition of private cultivated land located within the area of such municipality as is under the direct jurisdiction of the Executive Yuan, shall follow the same procedures as provided in this Act for other areas.

Article 35 - The area in which this Act shall be effective shall be decided and promulgated by the order of the Executive Yuan.

Article 36 - This Act shall become effective on the day of its promulgation.

**Regulations Governing The Issuance Of Land Bonds In Kind, Taiwan Province**

(Passed by the Legislative Yuan on January 20, 1953 and Promulgated by the President of the Republic of China on January 26, 1953, Taipei, Taiwan)

Article 1 - For the purpose of implementing the Land- To-The-Tiller Program in Taiwan, the Central Government hereby authorizes the Taiwan Provincal Government to issue, in accordance with the present Regulations, bonds entitled "Land Bonds in Kind. Tai wan Province" (hereinafter referred to as the bonds) to be used for paying for the land to be purchased by the Government from land lords according to law.

Article 2 - The bonds shall be issued according to areas with each hsien (or municipality) as one area; and the name of each hsien (or municipality) shall be stamped on the bonds for that area.

The Yangmingshan Administration area shall be included in the Taipei Hsien area.

Article 3 - The procedures for issuing the bonds, the amortization of principal and the payment of interest shall be entrusted by the order of the Provincial Government to the Land Dank of Taiwan.

Article 4 - The commodity that the bonds may stand for shall be one of two kinds of food crops, namely, rice or sweet potatoes:

http://www.taiwantoday.tw/fp.asp?xItem=145844&CtNode=2229
(1) The amount of rice bonds to be issued shall be for 1,260,000,000 kilograms to be used for paying for paddy fields purchased by the Government, including double-crop land, single-crop land, "weather-depending field" and rotation land (including land within the special irrigation areas).

(2) The amount of sweet potato bonds to be issued shall be for 440,000,000 kilograms to be used for paying for dry land purchased by the Government.

The two kinds of bonds as referred to above shall be issued in 1953 at face value by the Provincial Government.

Article 5 - The bonds shall be secured by the proceeds from the re-sale to the tenants of government purchased land in accordance with the Land-To-The-Tiller Act and shall be further guaranteed by the Provincial Treasury of Taiwan.

Article 6 - The Provincial Government shall, in accordance with Article 27 of the Land-To-The-Tiller Act, set up a Land Bond Redemption Guaranty Fund for the bonds. The fund shall be kept in custody by the Land Bank of Taiwan and with the approval of the Provincial Government, used for making payments to landlords in case the land purchasers delay in installment payments or are exempt from making such payments for the land they have purchased due to crop failures or other causes.

The procedures for setting up the Guaranty Fund shall be formulated by the Provincial Government and shall be approved by the Executive Yuan.

Article 7 - The face value of the rice and sweet potato bonds shall be of six denominations respectively: 50 kilograms, 100 kilograms, 500 kilograms, 1,000 kilograms, 5,000 kilograms, and 10,000 kilograms for rice; and 100 kilograms, 500 kilograms, 1,000 kilograms, 5,000 kilograms, 10,000 kilograms, and 30,000 kilograms for sweet potatoes.

Article 8 - The bonds shall be in the form of bearer bonds.

Article 9 - The bonds shall bear interest at the rate of 4 per cent in kind per annum.

Article 10 - The principal of the bonds together with interest shall be amortized in 20 equal installments in 10 years. For Penghu Hsien, it shall be amortized in 10 annual installments. The schedule of amortization of principal and payment of interest is shown in the attached table.

Article 11 - The principal and interest of the bonds shall be paid, upon maturity, to the bondholders as follows:

(1) Rice bonds shall be paid in rice. However, rice bonds intended to pay for the government purchased rotation land (including land within the special irrigation areas) shall be paid in cash by converting the rice into cash at the current market rice price in the locality at the time of maturity of the Installment.

(2) Sweet potato bonds shall be paid in cash by converting the sweet potatoes into cash at the market sweet potato price at the time of maturity of the installment.

The principal and interest in cash referred to above shall be paid through the local branches of the Land Bank of Taiwan and the principal and interest in rice shall be paid by the Provincial Food Bureau upon request of the Land Bank through local warehouses designated by the Bureau. The quality of rice to be paid for the rice bonds shall be in conformity with the standards as set up in the Regulations Governing Inspection and Collection of Land Tax in Kind in Taiwan.

Article 12 - The current price of rice and sweet potatoes referred to in the preceding article shall be decided by the hsien (or municipal) government on the basis of average wholesale quotations in important rice-producing townships in each hsien (or municipality) during a period of 10 days starting from the twentieth day before the beginning of the first day of collecting the installment purchase price paid by the land purchasers in that hsien (or municipality).

Article 13 - The Lane Bank of Taiwan shall make public announcement of the date for the beginning of making installment payments of the principal and interest of the bonds one month before the date of maturity of the bonds for that period.

Article 14 - The bondholder entitled to cash payment shall collect the principal and interest upon presenting the matured bonds within a period of three years. Bonds whose principal and interest are to be paid in rice shall be collected by the
bondholders by presenting Citizen's Certificate within six months after maturity. Failure to collect such rice within this period shall result in payment in cash according to Article 12 of the present Regulations.

Article 15 - The bonds may be transferred and sold in the open market and may be used as a guaranty for public obligations. The bonds maturing in any year may also be used for paying in that year the purchase price for land located in the hsien (or municipality) wherein they are issued.

Article 16 - Holders of the bonds shall be exempt from paying stamp tax and interest income tax on the bonds.

Article 17 - Any act of counterfeiting or tampering with the bonds shall be punished by the court according to law.

Article 18 - The present Regulations shall become effective on the day of promulgation.

**Regulations Governing The Transfer Of Government Enterprises To Private Ownership**

(Passed by the Legislative Yuan on January 20, 1953 and Promulgated by the President of the Republic of China on January 26, 1953, Taipei, Taiwan)

Article 1 - Transfer of government enterprises to private ownership, unless otherwise provided for by law, shall be conducted according to provisions of the present Regulations.

Article 2 - The term "government enterprises" referred to in the present Regulations shall mean the following enterprises:

(1) Enterprises solely financed and operated by the Government.

(2) Enterprises jointly financed and operated by governments on various levels.

(3) Enterprises jointly invested in and operated by civilians and governments in accordance with special laws establishing such enterprises.

(4) Enterprises jointly invested in and operated by civilians and governments in accordance with the "Law of Corporation" where the government capital exceeds 50 per cent of the total capital value of each of the enterprises.

Article 3 - Enterprises of the following categories shall be operated only by the Government or governments and shall not be transferred to private ownership under the present Regulations:

(1) Enterprises directly affecting the national defense and military security.

(2) Government monopoly enterprises and enterprises possessing monopolistic nature.

(3) Enterprises for large-scale operation of public utilities or for other specific purposes.

Article 4 - The governing organs of the Government to which those enterprises operated by governments on various levels are responsible, shall, except for those enterprises provided for under Article 3 of the present Regulations, adopt either one of the following two formulas to work out plans and budget estimates for transferring such enterprises and shall submit the plans and estimates through proper channels to their superior organs for approval and action.

(1) Sale of government stocks in one operation or installments:

(a) Any enterprise solely invested in and operated by the Government or jointly invested in and operated by governments on various levels shall first revalue its capital value and the government stock invested in such enterprise shall then be sold either in one operation or in installments until all the stock is sold. After sale, an enterprise which was not originally incorporated as a corporate body shall be reorganized according to the "Law of Corporation".

(b) Any enterprise jointly invested in and operated by the Government or governments and civilians shall first revalue its capital value and the government stock invested in such enterprise shall then be sold to the public either in one operation or in installments until all the government stock is sold.

(2) Sale of one or more factories or the entire enterprise by auction in accordance with law.
Article 5 - Before auction of government enterprises, a Revaluation Committee shall be organized jointly by the governing organs of the Government and other government agencies concerned. The revaluation shall be made on the basis of the following standards:

(1) Original capital value.

(2) Current capital value.

(3) Possible profit returns in the future.

Article 6 - The transfer of government enterprises to private ownership shall be valid only when the transfer of such enterprises is to the ownership of Chinese citizens or overseas Chinese or foreigners who are citizens of the countries, with which the Republic of China has concluded agreements for private investments.

Article 7 - The government stock of any enterprise sponsored and partially invested in by the Government or governments and of any one created by further investment by other government enterprise or enterprises from their earnings may be sold and transferred to private ownership according to, mutatis mutandis, the provisions of the present Regulations.

Article 8 - The sale proceeds of government enterprises transferred to private ownership shall be used specifically for production and reconstruction purposes.

Article 9 - The present Regulations shall become effective on the day of promulgation.

The Blind Man's Idea of the Sun

There was a man born blind. He had never seen the sun and asked about it of people who could see. Someone told him, "The sun's shape is like a brass tray." The blind man struck the brass tray and heard its sound. Later when he heard the sound of a bell, he thought it was the sun. Again someone told him, "The sunlight is like that of a candle, and the blind man felt the candle, and thought that it was the sun's shape. Later he felt a (big) key and thought it was a sun. The sun is quite different from a bell or a key, but the blind man cannot tell their difference because he has never seen the sun. The truth (Tao) is harder to see than the sun, and when people do not know it they are exactly like the blind man. Even if you do your best to explain by analogies and examples, it still appears like the analogy of the brass tray and the candle. From what is said of the brass tray, one imagines a bell, and from what is said about a candle one imagines a key. In this way, one gets ever further and further a way from the truth. Those who speak about Tao sometimes give it a name according to what they happen to see, or imagine what it is like without seeing it. These are mistakes in the effort to understand Tao.

—Su Tung-p'o (Lin Yutang, The Wisdom of China and India, p. 1067)