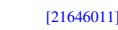
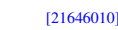
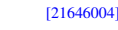


[21646001]



Reports of an economy near recession come as officials prepare a major Communist Party plenum for sometime in the next few weeks .

The meeting is expected to call for heightened austerity for two years .

Some analysts believe China soon will begin relaxing economic controls , particularly by loosening credit .

A dangerous buildup this year of billions of dollars in inter-company debts threatens , if unchecked , to bring the economy to a collapse .

One sign of a possible easing of credit policy was the decision this week of People 's Bank of China , the central bank , to allocate \$ 5.4 billion in short-term loans to pay farmers for the autumn harvest , the official China Daily reported .

But while pumping more money into the economy would bring relief to many industries , it also runs the risk of triggering another period of runaway growth and steep inflation .

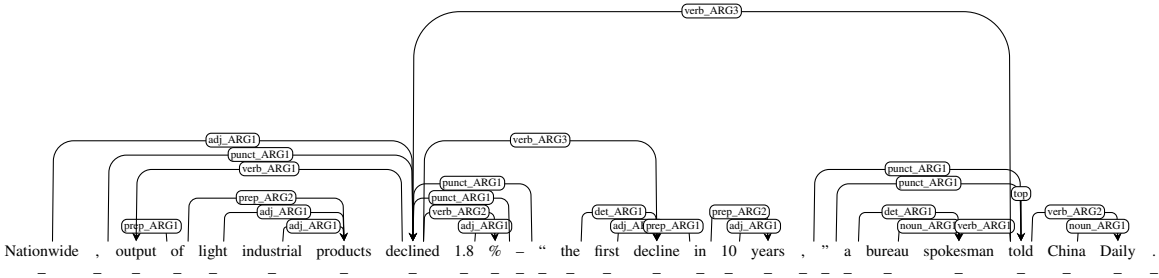
The cycle has been repeated several times since China began reforming its planned economy in 1979 .

And , because China 's leaders have abandoned plans to drastically reform the economy , it is likely to continue , analysts say .

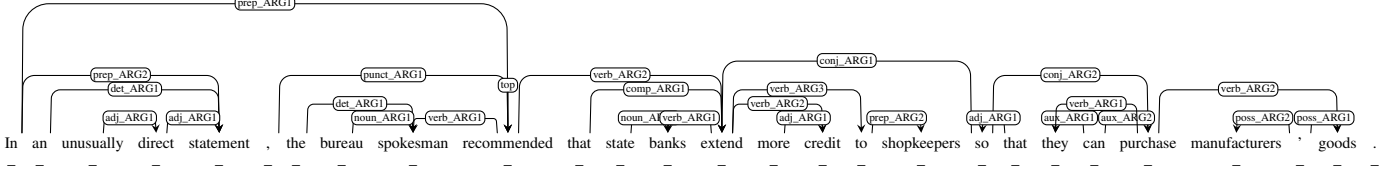
Output declined in several provinces , including Jiangsu and Zhejiang , two key coastal areas , and Sichuan , the nation 's agricultural breadbasket .

Production in Shanghai , China 's industrial powerhouse and the largest source of tax revenue for the central government , fell 1.8 % for the month .

[21646032]



[21646033]



[21646034]

