SPRING FESTIVAL CELEBRATIONS
Welcome to a flowery Spring Festival while bidding farewell to the old.

Photo by Zhang Ming
CPC Maps out Economic Programme

• A decision adopted by the Fifth Plenum of the CPC Central Committee clarifies the difficulties challenging the nation and outlines a three-year programme to put the economy on the right track (p. 4).

Jiang Stresses Education in Patriotism

• Jiang Zemin, the Party's general secretary, says that education in patriotism, national integrity and Chinese history should be strengthened to enhance a sense of pride among students and young teachers (p. 5).

Upholding Public Ownership

• One of the major controversies in China is whether the nation should adhere to public ownership or change it into private ownership. An author argues that only public ownership guarantees genuine democratic freedom, and that China's future lies in adherence to and improvement of this tested system (p. 21).

Balanced Finances—A Major Goal

• To improve China's economy, the nation's finances have to be balanced and its deficits reduced, and the key to attaining these goals lies in developing production and raising economic efficiency (p. 24).

Washington and Moscow Getting Closer

• Because of common interests and mutual needs, the United States and the Soviet Union are increasing their co-operation but remain each other's arch rival (p. 9).

China Leads the World in Hand Surgery

• Hand surgery in China, started from scratch 30 years ago, has reached an advanced international level in lost limb and finger reconstruction and in the variety and effectiveness of methods of transplanting tissue. Restorative surgery is easily accessible across the country through a nationwide network for treatment (p. 21).
Economic Problems Thrashed Out

All Party and government officials should fully understand the seriousness of the current economic difficulties so as to sharpen their sense of duty in the economic readjustment drive, said a decision adopted by the Fifth Plenum of the 13th Central Committee of the Communist Party of China (CPC).

The decision taken last November and made public in excerpts January 16 said that China faced inflation, inbalances in supply and demand, an irrational economic structure and an undesirable economic order despite the enormous achievements made during the 10 years of reform.

National income increased by 70 percent between 1984 and 1988, while total capital investment in fixed assets increased by 214 percent. The cash income of urban and rural residents rose two fold.

To close the gap between supply and demand the state resorted to increasing the deficit and money supply. It amassed an internal debt of more than 80 billion yuan and drew on foreign currency reserves, the plenum said.

Meanwhile, slow agricultural growth and particularly the stagnation in grain production over the past several years, along with excessive industrial growth, resulted in a weak foundation for agricultural development.

Shortages of energy and raw materials, and underdeveloped communication and transportation systems have also hampered industry.

The plenum attributed the difficulties to an earlier overoptimistic analysis of the rural situation and the government's ineffective measures to correct indiscriminate development in the processing industry.

The difficulties also resulted from an incomplete understanding of China's circumstances and economic potential and from impatience for success in economic construction and reform, the plenum said.

The plenum decided to launch a three-year programme, beginning with 1989, to improve the economic environment and readjust the economic order.

The main objectives of the programme include a gradual decrease in the inflation rate; the eventual elimination of financial deficits; an increase in the supply of major agricultural products, energy and raw materials; and the establishment of a macro-economic control system which combines a planned economy with market regulation.

The plenum called on Party and government officials to pay attention to four important aspects of the readjustment drive:

1. to cut overall demand and end the allocation of an excessive proportion of the national income to consumption;
2. to adjust the industrial structure, increase supply and strengthen the economic structure for sustained development;
3. to overcome the serious confusion in the realms of production, construction, circulation and distribution;
4. to deepen the campaign to increase production while practising frugality, and to increase revenue while cutting expenditure.

The plenum said China should pursue long-term, sustained, stable and harmonious development. And it must always give priority to the constant improvement of efficiency in economic matters.

It said that China will further strengthen its agricultural production, which is vital to the stability and security of the country and to its readjustment of the economic structure.

It emphasized that both central and local governments should increase agricultural input. Investment in agriculture should be increased year by year within the budgetary plan of the central government for capital construction and local governments should allocate as much as possible to agriculture from their extra funds.

Large and medium-sized state-run businesses must be allowed to fulfil their role as the backbone of the national economy, the Party decision said.

The development of rural township enterprises should be based on processing agricultural products and local raw materials. They should also utilize their advantages in the labour-intensive production of traditional handicrafts and actively develop products for export. And they should serve as adjuncts to major industries, the decision said.

To control total investment, a large cut will be made in investment in ordinary projects so as to guarantee necessary funds for primary industries. The central bank is urged to exercise strict control over money supply and total credit loans.

The decision reaffirmed that China will continue its policy of opening to the outside world and expanding exchanges in trade and technology with foreign countries during the country's current retrenchment. (A detailed summary of the decision of the Fifth Plenum of the CPC Central Committee will be carried in our next issue.)
Gearing Education To Nation's Needs

China's most pressing task in education is to strengthen ideological work among the teachers and students and effect a sustained, stable and well-balanced development.

This task, according to Li Tieying, minister in charge of the State Education Commission, is based on some basic points learnt from the decade-long reform:
— Priority should be given to education throughout the process of socialist economic development. The Party Central Committee strategy of setting the country's economic development on the track of relying on scientific and technological progress and raising the workers' quality, said Li, is an important supplement to the policy that "education should serve socialist construction and socialism should rely on education." "We should increase our investment in education even if it means to reduce the speed of economic development temporarily," he said.
— It is imperative to uphold Party leadership over education, adhere to the socialist orientation in education and educate the students in Marxism-Leninism and Mao Zedong Thought.
— It is imperative to carry out the principle that education should serve socialist construction and education should be combined with productive labour.
— It is imperative to uphold reform and opening to the outside world in education.

Li Tieying was speaking at a working conference of the State Education Commission held in Beijing on January 17. The conference was addressed by the Party's General Secretary Jiang Zemin, who said that the teaching in patriotism, national integrity and Chinese history should be strengthened to enhance a sense of pride among students and young teachers.

"We must be enthusiastic towards them but strict with them, too," he said.

In his speech to the conference, Chinese Premier Li Peng also said that college and university students should devote themselves to China's construction, have the correct outlook on the world and life and serve the people. Only by joining the workers and the peasants can they become worthy successors to the education.

The premier urged society and governments at all levels to support the development of education by operating schools with the help of people from all walks of life and by improving the teaching and living conditions for teachers.

573 Offenders Set Free

A total of 573 law-breakers who took part in the turmoil which occurred last April and developed into counter-revolutionary rebellion in early June last year have been released recently because during investigations they owned up to their crime and showed a willingness to mend their ways, a spokesman for the Ministry of Public Security said in Beijing on January 18.

The spokesman said that the public security departments have always strictly acted according to law and proceeded from facts in dealing with these law-breakers who took part in the counter-revolutionary riots.

"Our policy," he said, "is to educate anyone who can be educated and temper punishment with leniency."

He hoped that those who took part in the turmoil and counter-revolutionary riots, broke the law and obstinately stuck to the wrong course would understand the situation and repent immediately in order to be granted leniency.

Finance: Tight Control to Continue

China will continue its tight control over finance and credit this year, though its banking situation shows a favourable rebound.

After being briefed on the overall banking situation by officials at a national banking conference that opened January 12 in Beijing, Premier Li Peng urged China's banks to play a still greater role in regulating the national economy.

Li said he greatly appreciated the banking system's efforts last year to help the government control prices, scale down capital construction and bring in a good agricultural harvest.

He said that banks can play the most effective role in regulating the national economy. They are indispensable to the effort to combine a planned economy with market regulation and to improve an overall economic regulation system that will enable China's economy to develop in a sustained, stable and harmonious way, he said.

Li stressed that the issuing of banknotes and loans must not exceed the quotas set for this year. While practising austerity, however, the banks should take a flexible attitude and grant timely credit to large and medium-sized enterprises that are profitable and efficient.

The state will soon publish a list of 200 such major enterprises that banks should support.

The premier said banks should support the adjustment of the country's industrial structure and help enterprises upgrade their technology.
The adjustment and streamlining of the country's rural enterprises will also continue this year and here, too, banks should support profitable and efficient ones by granting them appropriate loans, he said.

Li urged the banks to clear up cash flow difficulties caused by widespread defaulting in payments among various enterprises. This major problem, the result of a sluggish market, requires banks to help commercial departments expand their markets.

Banks should encourage agencies dealing with foreign trade, and commercial and grain purchases to procure commodities that have a ready market and help foreign trade departments export more goods to earn foreign currency.

Premier Li called for redoubled efforts in the modernization of bank management and the professional training of bank employees.

The banking conference, attended by nearly 900 officials from the nation's seven major banking institutions and their local branches, was also addressed by Li Guixian, a state councilor and governor of the People's Bank of China.

He said 1990 would be of crucial importance to China's economic reforms and that the stabilization of banking was a key factor in the development of the national economy.

Last year, the central bank issued only 21 billion yuan of paper money, Li said. That was 19 billion yuan less than the amount prescribed in the state plan.

By the end of 1989, the total amount of currency in circulation was 234.4 billion yuan, 9.8 percent more than in the previous year.

Private deposits in banks last year were up 133.4 billion yuan, the biggest jump in history, the governor said.

"However," he said, "we are still far from the goal we expected to achieve in carrying out the policy of tightening up finance and credit, considering the country's inadequate sources of energy, raw materials and funds."

In the new year, the governor said, basic sectors in the national economy such as agriculture, energy, transportation and the processing of raw materials will be given top priority for loans.

He disclosed that China will promote the use of business bills, increase the proportion of discounts and rediscounts and gradually decrease credit loans.

He also urged that the securing of foreign funds be put under strict state control. He reiterated that China will repay all foreign debts and interest in time, adding that the Chinese banks will, with the approval of the State Administration of Foreign Exchange Control, directly deduct payments from the accounts of those who do not repay their debts in time.

Disciplining Party Members

Chinese Communist Party members must serve the people wholeheartedly and put the interests of the Party and the people above anything else.

On January 17, the Central Commission for Discipline Inspection of the Chinese Communist Party announced the Regulations on the Punishment of Party Members Who Have Violated Socialist Morality. The regulations lay down the following punishments:

— Those who have been sentenced to prison terms or subjected to re-education through labour for seriously violating socialist morality shall be expelled from the Party.

— Those who gain honours, titles, posts or other advantages through cheating shall be warned, removed from their Party posts, placed on probation within, or expelled from the Party according to the seriousness of their cases.

— Those who hold extravagant weddings, funerals or other ceremonies by abusing their power shall be warned or shall be removed from their posts within the Party if the cases are serious.

Those who hold ceremonies by infringing on the interests of the state, the collective and the public shall be punished more severely, and the most serious offenders shall be expelled from the Party.

— Those who fail to fulfill their duty to support dependent family members shall be warned, or, in serious cases, removed from their Party posts.

Those who maltreat or forsake their family shall be removed from their Party posts or placed on probation or shall be expelled in the most serious cases.

— Those who insult or slander others shall be warned, removed from their Party posts, placed on probation within the Party or expelled, according to the seriousness of the cases.

— Those who lodge false charges against others shall be punished according to the seriousness of the cases.

— Those who hold ceremonies by infringing on the interests of the state and the people or people's lives shall be warned, removed from their posts within the Party, placed on probation within the Party or expelled, according to the seriousness of the cases.

— Those who shirk efforts to save endangered property of the state and the people or people's lives shall be warned, removed from their posts within the Party, placed on probation within the Party or expelled, according to the seriousness of the cases.

The regulations also lay down punishments for Party members who act indecently towards or humiliate women, have illegal sex relations or indulge in other immoral behavior.

The regulations were formulated in accordance with the Party's Constitution and relevant state laws and decrees. They were put into force on the day of their
Song Ping Urges the Party to Be Close to the People. Maintaining close links with the people is important for the ideological construction of the Communist Party, said Song Ping, a member of the Standing Committee of the Political Bureau of the Party Central Committee, during an inspection tour of Jiangsu Province between January 7 and 16.

The strength of the Party comes from the people, who are the basis of the Party and the state power, he noted.

Song urged Party committees at various levels to rely whole-heartedly on the working class. This is decided by the nature of the Party and the socialist system of China, he said.

“Our policy must embody the interests of the working class and let as many workers as possible participate in national affairs,” he added.

China, Song said, is straightening out the economy, which is experiencing temporary difficulties, and deepening the reform. In such a situation, he added, it is necessary for Party officials to go among the people, explain difficulties to them, share weal and woe with them and join them in resolving problems.

He asked the Party to sharpen its political awareness of the necessity of fighting against peaceful evolution.

“In recent years, some people advocating bourgeois liberalization at home and hostile forces abroad have never stopped attacking us politically,” he said.

“Some comrades were caught off guard ideologically by this,” Song said. “We must draw this lesson: Adhere to the four cardinal principles, criticize the ideological trend of bourgeois liberalization, and be vigilant against the peaceful evolution schemes of hostile international forces.

“Only in this way can China be sure of marching forward along the path of socialism.”

Shipbuilders in for A Productive Year

Zhang Shou, president of the China State Shipbuilding Corporation, told a national shipbuilding conference on January 14 that China is set to build three large docks at shipyards in Guangzhou, Shanghai and Dalian to raise its annual shipbuilding capacity to 850,000 tons by 1992. The dock in Dalian is expected to be completed in 1992.

Ship repair techniques in major shipbuilding yards are also expected to be updated in the next few years, Zhang said.

Meanwhile, a corporation spokesman announced that China has won new contracts to build six ships for four countries in the past year. The new orders involve tankers, bulk carriers and container ships, totalling a tonnage of 234,000.

In 1989, China exported 24 ships totalling 283,000 tons to 20 countries and regions and US$67 million worth of engines, electronics and machinery for ship use, the spokesman said, and Chinese shipyards repaired 180 foreign vessels.

At the January 14 conference, Zou Jiahua, State Councillor and minister in charge of the State Planning Commission, urged China’s shipbuilders to update technology, export more ships and expand international cooperation.

China’s shipyards should produce more advanced ships to meet the growing demands at home and abroad, he said, and the situation is now favourable because the world shipping market is picking up after several years of recession.

While the shipbuilders should, in the spirit of self-reliance, use more home-made supplementary facilities, he said, they should also bring in modern technology from other countries.

He added that the establishment of enterprise groups can help China’s shipbuilders enter the world market.

Statistics from the China State Shipbuilding Corporation show that China contracted to build more than 2.8 million tons of vessels during the past decade. Now many of the country’s shipbuilding techniques are close to or have already reached world levels.

Land: Up for Lease in China

Can a foreigner lease a piece of land in China? This has become possible since 1987, when the State Council approved land lease on an experimental basis in China’s coastal areas. More than 120 plots of land have been leased in these areas, totalling 700 hectares and earning China 740 million yuan (about US$155 million) in rent.

About 85 percent of these plots are leased to foreign entrepreneurs or joint ventures in China.

This year more land will be offered for lease to foreign capital, and selected cities in most provinces, autonomous regions and municipalities have been empowered to conduct transfer of land-use rights, according to Wang Xianjin, director of the State Land Administration.

To ensure fair competition on the land market, China has adopted the established international practice of auctioning, public bidding as well as direct contract. About 40 percent of the transferred land was leased via auction or public bidding.

Furthermore, 14 coastal provinces, cities and development zones have enacted their own land lease regulations to protect the interests of both the state and the buyers, Wang said.
Spring Festival Celebrated

Spring Festival is a traditional Chinese festival which ushers in the New Year. This January 27 marked the beginning of the year of the Horse and was the first Spring Festival of the 1990s. Numerous activities took place throughout the country to celebrate the festival. On the left is an ice lantern carved in the shape of Yellow Crane Tower which is in Wuhan, Hubei Province. Many fairy tales are associated with the tower. The lantern was exhibited at the Fourth Ice Lantern Art Festival at Longqingxia in Beijing. The other picture shows people performing a dragon dance in Taoranting Park in south Beijing.
The world witnessed many breathtaking changes in 1989, with the cooling down of regional “hot-spots” and drastic changes in Eastern Europe being the most prominent. The result is that international attention is once again focused on Europe.

The United States and the Soviet Union, while willing to encourage the evolution of the European situation, are afraid that they will lose control. Eager to find a solution favourable to both sides, Soviet leader Mikhail Gorbachev and US President George Bush hastily held an informal summit meeting in early December off Malta to discuss the current situation and other issues. After the summit, both declared that the cold war between the East and West was over and that US-Soviet relations had entered a new era of mutual accommodation and co-operation.

Mutual Co-operation

The US-Soviet relationship has changed because, according to Washington and Moscow, the two superpowers have found common ground and identical views on a series of issues, turning their relationship from confrontation to dialogue, to mutual understanding and co-operation. Trust, replacing old suspicions, has began to be established between the two superpowers. This is especially evident in Washington. Bush’s predecessor, Ronald Reagan, regarded the Soviet Union as an “evil empire,” arch rival and threat to US global interests. Gorbachev’s “new political thinking” and related foreign policy adjustments, in Reagan’s eyes, were nothing but a decoy to win a respite to rescue the faltering Soviet economy.

Consequently, the United States had kept a suspicious eye on Gorbachev’s perestroika (restructuring), which, if successful, would enable the Soviet Union to become a stronger rival. Therefore, the Reagan administration had attempted to exhaust the Soviet economy with an arms race, particularly the Strategic Defence Initiative.

After his inauguration as president in January 1989, Bush retained this wary attitude towards Moscow. To re-examine US policy, he conducted a nationwide debate. Several months of observation and deliberation finally convinced him that Gorbachev’s reform was a revolution which, if earnestly implemented, would fundamentally change the Soviet political and judicial systems.

Washington was encouraged especially by Moscow’s about-face in its attitude towards Eastern Europe. When drastic changes took place in Poland and Hungary, Moscow stressed repeatedly that it would not interfere in their internal affairs. Declaring that each country has the absolute right to choose its own political and social system, Moscow did not hesitate to accept the non-Communist government led by Solidarity in Poland, and the major reshuffle in the Hungarian Socialist Workers’ Party and the government. The Bush administration considered this more convincing evidence than the Soviet pullout from Afghanistan in February 1989 that Gorbachev had indeed renounced the so-called “Brezhnev doctrine.”

In light of this, Washington formulated a bold strategy known as “beyond containment” aimed at the Soviet Union and Eastern Europe in the belief that the historic opportunity to bring about a “peaceful evolution” in Eastern Europe, for which it had waited for more than 40 years, had come at long
To implement this strategy, Bush visited Poland and Hungary last July. Later, Bush issued an invitation to Gorbachev proposing an immediate informal summit before the formal one scheduled for this June.

The two countries also have made a breakthrough in their economic relations. In the past, afraid of making the Soviet Union strong, the United States had restricted economic activities with the Soviet Union. At the Malta summit, however, Bush unexpectedly showed enthusiasm for economic cooperation with the Soviets. He offered Gorbachev a long list, which included 16 joint projects centred around economic cooperation. According to Gorbachev, this was the first time that a US president had ever shown interest in conducting economic co-operation with the Soviet Union. He said this question had never been on the agenda at previous summit meetings.

Bush made it clear that the Soviet Union was welcome to join the international community, including participation as an observer at meetings of the General Agreement on Tariffs and Trade (GATT). He also promised that at the formal summit in June a long-term trade agreement would be signed that would grant "most-favoured-nation" status to the Soviet Union, provide loans to Moscow and encourage US businessmen to invest in the Soviet Union. Soon a group of US economic experts will be sent to the Soviet Union. All this points to the likelihood of a rapid expansion in US-Soviet economic ties.

In the field of arms control, both sides have expressed a desire to speed up the pace of disarmament. At the Malta summit, they agreed to accelerate arms control negotiations and even worked out a timetable for several agreements to be reached.

On June 26, 1989 Soviet and US delegations hold the fourth round of negotiations on limiting underground nuclear tests.

First, they will make arrangements for the June signing of an agreement that will cut strategic weapons by 50 percent. Bush offered to drop the long-standing US opposition to the inclusion of mobile missiles and the MX system in the strategic arms talks. He also agreed that both countries' foreign ministers would meet to iron out their differences.

Second, they will conclude an agreement in June that will cut chemical arsenals by 80 percent.

Third, the focus of disarmament will shift to European conventional forces and both superpowers will strive to reach an agreement before the end of the year.

Recently, the Warsaw Pact and the North Atlantic Treaty Organization published their versions of an agreement on European conventional disarmament. The two plans contain similar ceilings on troop levels. Because of the current imbalance, the Soviet Union would have to cut 300,000 troops stationed in Europe, while Washington would need to remove 30,000 soldiers to reach those ceilings.

Washington and Moscow have also reached an understanding on the European question. The interests of both superpowers have been shaken by the rapidly changing situation, and they are concerned with two questions.

One is that the situation in Eastern Europe might get out of control. Although promising not to intervene, both superpowers are seeking to direct the situation in their favour.

The second question is the reunification of Germany, caused by Democratic Germany's opening of the Berlin Wall. This will directly challenge the Yalta settlement established by the United States, Britain and the Soviet Union. Because their interests are similar, the superpowers will co-operate both to prevent the European situation from getting out of control and to maintain the territorial status quo.

Moscow's Concessions

The improvement in superpower relations is the result of adjustments in Soviet policies stemming from Gorbachev's "new thinking."

First, Moscow seeks Western
support to tide the troubled perestroika programme over its present difficulties. Although some successes have been achieved in Gorbachev's political and economic reforms, the Soviet economy has steadily deteriorated.

According to Soviet reports, consumer goods are in short supply and debts continue to mount. Total domestic debt reached 350 billion roubles and the foreign debt was 34 billion roubles (US$54 billion) in 1989. Moreover, unstable social factors, such as unprecedented ethnic unrest, strikes and crime, including prostitution and drug abuse, have increased.

To extricate itself from this predicament, the Soviet Union wants to get support from the West, including "most-favoured-nation" status from the United States and admission to GATT, the International Monetary Fund, the World Bank and other international economic and financial organizations. To achieve these goals US support is necessary.

Second, Moscow seeks to reach a tacit agreement with the United States on Eastern Europe in order to maintain existing borders and prevent the Warsaw Pact from dissolving. Developments in Eastern Europe are still difficult to predict. Although Moscow has said publicly that the East European situation is normal and healthy, it is still worried. It has informed Washington of its intentions and concerns: (1) the Soviet Union will not intervene militarily in Eastern Europe and it recognizes these countries' right to decide their own destinies and social systems; (2) it permits and encourages East European countries to strengthen co-operation with the West as long as they don't violate agreements and treaties reached in the mid-1970s concerning the integrity of existing borders as well as documents of the Conference on Security and Co-operation in Europe; (3) it favours diluting the military nature of the Warsaw Pact and NATO and disbanding these two organizations when conditions are ripe. But under present conditions Moscow requires East European nations to remain in the Warsaw Pact; (4) it hopes the United States maintains a restrained approach to changes in Eastern Europe and does not try to tempt the new governments away from existing alliances.

In general, Gorbachev has tried to formulate principles that both Moscow and Washington can follow so that the East European situation can be controlled within limits acceptable to both the Soviet Union and the United States.

Third, the Soviet Union seeks to control contacts between Eastern and Western Europe in order to avoid a situation where they might combine to exclude the superpowers.

Because of the rapid changes in Eastern Europe, increased contact between Eastern and Western Europe has been irresistible. This would further enhance the concept of a "Europe for the Europeans" and weaken both Soviet and US influence. So it is no surprise that Gorbachev has said repeatedly that Moscow does not want to exclude the United States and Canada from the "all-European home." Moscow wants the United States to persuade the West European countries to adopt "suitable" policies towards Eastern Europe in order to avoid changes in existing European boundaries. During the Malta summit, Gorbachev said that any artificial attempt to speed up the German reunification process would only threaten reform in many European countries and make further changes more difficult.

Fourth, the Soviet Union wants to accelerate the disarmament process because of the urgent need to divert resources to its struggling economy. It plans to reduce military spending by
INTERNATIONAL

8.5 percent in 1990 — from 77.3 billion roubles in 1989 to 70.9 billion. The military’s share of the gross national product will be cut by up to 50 percent by 1995. The proportion of non-military production by the defence industry is to rise from 46 percent in 1989 to 50 percent this year.

A precondition for the continuation of this process is that the United States reduces its military spending and signs a series of disarmament agreements with the Soviet Union. Gorbachev is so eager for an agreement on a 50-percent cut in strategic weapons that he has made concessions on strategic defence weapons and sea-launched cruise missiles and also expressed willingness to dismantle the Krasnoyarsk radar station, which Washington had claimed violated the anti-ballistic missile treaty. Likewise, he agreed to Bush’s “open skies” proposal to permit each side to make overflights of each other's territory in order to monitor compliance with arms treaties, and even endorsed the concept of open seas, continents and space.

Washington’s Response

As early as Reagan’s second term in office, the United States had begun to change its policy towards the Soviet Union. Strains in US-Soviet relations had been easing since Reagan and Gorbachev met in Reykjavik in October 1986, especially after the signing of the intermediate nuclear forces (INF) treaty. The Bush administration’s Soviet policy is an extension of Reagan’s. Its fundamental considerations are as follows:

First, the United States should actively support Gorbachev to ensure implementation of the “beyond containment” policy, which was first put forward by Bush in his May 13, 1989 speech. During the latter half of 1989, the Soviet economy worsened and great changes unfolded in Eastern Europe. Gorbachev was in a sorry plight. Both the US government and the public maintained that the United States should co-operate more with the Soviet Union, especially in economic matters, to give Gorbachev a help. A public opinion poll conducted by the Associated Press in November 1989 showed that 57 percent of those polled believe the Soviet Union did not pose the primary threat to US security. Hard-liners within the US government also changed their attitudes towards Gorbachev. Just before the Malta summit, US Defence Secretary Richard Cheney said the military threat posed by the Soviet Union was now weaker than at any time in the past 15 years.

The Bush administration maintains that the longer Gorbachev’s term of office lasts, the stronger his influence on reform will be. It also feels that Gorbachev’s fate will affect not only the future of Soviet reform, but also the future of reform in Eastern Europe. The administration also maintains that the United States should take “bold actions” to help Gorbachev surmount his difficulties and direct Soviet reform to develop favourably for the United States.

Second, the United States should co-operate with the Soviet Union in a joint effort to maintain the status quo in Europe and influence the future of the two Germanies. With the German Democratic Republic opening its border, the Federal Germany’s wish to unify the two Germanies gets stronger daily. In November, West German Chancellor Helmut Kohl announced a 10-point plan proposing the two
Germanies move towards a confederation. This caused much anxiety to all European countries. Although the United States welcomed Kohl's plan, it is afraid of the reappearance of a strong and unified Germany, which would spoil its interests in Europe. Washington maintains that Western Europe's approach to the Eastern bloc must be moderate, or the interests of the entire Western world will be affected. It favours neither an integrated Europe, nor a unified Germany. Therefore, it sees the need to reach a tacit agreement with the Soviet Union on the future of Europe and to maintain the existing military alliances.

Third, the United States should make use of Soviet compromises over disarmament to reach arms control agreements in its favour. Since the signing of the INF treaty, the Soviet Union has made further concessions in arms control. The United States wants to reach a new disarmament agreement with Moscow as soon as possible to save money. The US Congress is also demanding a reduction in military spending because of the United States' huge trade and budget deficits. Cheney recently announced that the United States would reduce military spending by 3 percent or US$10 billion in fiscal 1990. He also said the United States would reduce its military expenses by US$180 billion over five years beginning in 1992.

Fourth, the United States has attempted to force the Soviet Union to make more concessions in the third world. The Bush administration has been quite dissatisfied with the Soviet presence and intervention in the third world, particularly Soviet military aid to the Afghan government and Nicaragua. In Malta, Gorbachev made clear to Bush that the Soviet Union would suspend its military support to Nicaragua. He also said that Moscow agreed a coalition government should be formed in Afghanistan with the participation of all parties concerned, although he expressed the hope that any coalition would include the current president, Najibullah. This shows that the United States has won another round in regional problems.

**Far-reaching Influence**

Changes in US-Soviet relations will have a major impact on the international situation and the world order.

While the superpowers' military confrontation will continue to ease, political, economic and ideological conflicts will certainly become more complicated.

Western countries are taking advantage of the current trend of detente, Moscow's economic difficulties and unrest in Eastern Europe to enhance their position. Due to the shift in the balance of economic forces and strategic interests, contradictions between the United States, Western Europe and Japan will inevitably arise. Western Europe is trying to draw the East into an integrated Europe in order to reach the goal of a "Europe for the Europeans," with the West having the dominant role.

Although the United States supports West European infiltration of the East, Washington wants to maintain its own leading position in Western Europe. Thus Washington and Western Europe are struggling for dominance in Europe. Washington advocates Neo-Atlanticism and wants NATO to continue to play its role. It also wants to establish a treaty relationship with the European Community that would be conducive to the maintenance of Washington's leading role. But the European Community hopes to strengthen co-operation with the European Free Trade Association, to incorporate some East European countries into a European free trade region and eventually make them part of an integrated Europe. Thus Europe could strengthen its position as one of the powers in the emerging multipolar world.

Japan, with its financial strength, is seeking to play an important role in global financial institutions and is striving for a corresponding political position. Economic contradictions between the United States and Japan have extended to the political field. More and more Americans believe that the economic threat from Japan is more imminent and real than the threat from the Soviet military machine.

With Europe once again becoming the major arena of rivalry between the superpowers, other regions will appear relatively calm and stable. The overall Soviet foreign policy is one of detente and continuing retreat from the third world. In the Asia-Pacific region, it will improve its ties with Japan, South Korea and the Southeast Asian countries.

But US-Soviet relations in the post-Cold War period have not reached the level of all-round cooperation. The United States and the Soviet Union still contend as rivals and their power politics continue to exert a negative influence on the world. Washington and Moscow represent opposing social systems and head the NATO and Warsaw Pact military alliances. As their geopolitical position declines in the new multipolar world, they will try to maintain their superpower position through co-ordination and co-operation. They will also try to manipulate world affairs and their allies' actions, either openly or from behind the scenes. The world is still shrouded in the shadow of power politics.
Latin America Enters the 1990s

by Li Zhimin

Latin America, with a population of 430 million, is facing a serious challenge as the world moves into the 1990s accompanied by tremendous changes in global politics and the economy. At a summit meeting held last October, the heads of eight Latin American countries expressed alarm that Latin America has been declining in the past decade. They warned that the 1990s will be the last chance for Latin America to revitalize its economy before entering the 21st century, and that the only way was to accelerate integration in the region.

Latin American countries began to develop earlier than other third world countries. The region's general economic strength and per capita income were higher than those of the Asian and African regions. Latin America's gross national product per capita in the 1970s increased by 40 percent, but fell sharply in the 1980s. Per capita income in 1988 was 7 percent lower than that of 1980.

Many factors have contributed to the decline.

Major Latin American countries have been pursuing inappropriate macroeconomic policies. They borrowed a huge number of low-interest foreign loans to support the rapid growth of their economies. An increase in international interest rates and a sharp drop in the prices of primary products—80 percent of Latin America's exports are primary products—dealt a heavy blow to Latin American countries.

When some Asian-Pacific countries were concentrating on developing the export of manufactured goods, most Latin American countries were still satisfied with their home-oriented production, and their exports focused on traditional products. As a result, their ability to adapt their economies to changes in the international market is weak.

At present, the world's economic pattern is undergoing tremendous changes. By 1992, 12 West European countries will form a single, unified market; economic integration between the United States and Canada is developing; in Asia, a new economic group with Japan as the centre is emerging; and West European countries will be more interested in Eastern Europe owing to the changes now taking place in that region.

Some Latin American observers maintain that in the 1990s the United States, Western Europe and Japan will ignore Latin America and pay more attention to the Soviet Union, China and East Europe. Latin American leaders fear that in the 1990s the region will decline even further.

Latin American countries have a similar history, and most of the residents speak the same language. As early as 100 years ago, some Latin American authorities put forward the proposal of integration. For years, integration has been a banner held high by Latin American politicians.

In the 1960s and 1970s, several organizations were set up to serve the aim of integration, and achievements were made in developing regional trade. However, after the debt crisis broke, all countries began to reduce imports and increase exports to those countries or regions that had a strong payment ability. In 1988, imports and exports among Latin American countries were only 15.5 percent and 10.6 percent respectively of the region's total imports and exports that year. Integration was close to a standstill.

Although each country has its own difficulties, to view the region as a whole, Latin America has great potential for further development. In its northern part, Mexico and Venezuela have petroleum; and in its southern part, Argentina and Uruguay are strong in grain and beef production. Chile and Bolivia are rich in mineral resources while Brazil has industrial strength. If all Latin American countries would unite and supplement each other, their future would be bright. The eight-nation group includes Latin America's major countries Argentina, Brazil, Columbia, Mexico, Peru, Venezuela, Uruguay and Panama and more than 70 percent of the continent's population. It is possible to realize integration in the region if these countries make joint efforts.

Recently, the group's foreign, economic and planning ministers gathered in Argentina's capital, Buenos Aires, to discuss specific steps towards integration. Their discussions produced significant results.

The determination of the eight-nation group to rejuvenate Latin American integration undoubtedly raises great hopes for the region.
Upholding Socialist Public Ownership

by Jin Jian

China’s historically mandated system of public ownership, the foundation of the socialist system, has achieved enormous successes over the past 40 years. These successes have been ignored by the handful of people, however, who attempted to transform our system of public ownership into private ownership and who have revealed their capitalist stand. The genuine guarantee of democratic freedom is clearly public, not private, ownership, and so China’s future lies in adherence to and improvement of its particular form of socialist public ownership.

The Chinese people, who have been building socialism for 40 years, know full well that public ownership is the foundation of the socialist system and that, now to uphold socialism is to uphold the leading position of public ownership. Failure to do this would mean a change in the direction of China’s socialist construction and reform and the forfeit of the fruits the Chinese people had won in their revolution and construction.

In recent years, international reactionary forces have increasingly pushed the idea of a “peaceful evolution” in the socialist countries while domestic bourgeois liberals have raised the cry of “privatization.” A manifesto of such views, “China’s Hope—Declaration on the Private System,” came out shortly after the Beijing turmoil began in April 1989. The authors of the “declaration” fabricated a variety of charges against public ownership and incited people to “quickly sound its death knell,” thus revealing their central goal of establishing capitalism in China. The “declaration” contained the major political and economic programmes of those responsible for the turmoil and counter-revolutionary rebellion.

Why Public Ownership Is Best for China

One charge listed in the “declaration” against public ownership was that it transcends the law of historical development. According to Marxist theory on social development, the five forms of society—primitive, slave, feudal, capitalist and communist—appeared one after the other. How then, they argue, could semi-colonial and semi-feudal China skip past the stage of fully developed capitalism and effect a direct transition from a new-democratic to a socialist revolution?

After the Opium War in 1840, as a result of imperialist invasions, feudal China was gradually reduced to a semi-colonial, semi-feudal, poor and backward country. In order to plunder China of its raw materials, dump commodities, and grab its cheap labour, the imperialist powers competed with one another to build ports, railways, factories and commercial enterprises in China; they thereby stimulated the development of national capital, created a bourgeoisie and a proletariat, and generated new productive forces. The former relations of production became increasingly serious obstacles to the development of new productive forces, and sharp national conflicts and class contradictions laid the groundwork for the inevitable social revolution independent of man’s will. China’s big bourgeoisie attached itself to international capital, while the national bourgeoisie was economically and politically too weak to carry the anti-imperialist and anti-feudal revolution through to the end and build China into a developed capitalist country. The difficult task of the new-democratic social revolution fell therefore to China’s working class, the main social force representing new productive forces. It was the most important force for the spread of Marxism-Leninism, for the emergence and growth of the Chinese Communist Party, and for the final victory of the proletarian revolution. The victory in the Chinese people’s revolution was, in the final analysis, the inevitable result of the contradiction between the productive forces and the rela-

China’s hope lies in continuing its socialist public ownership.... Only thus can economic and social advance be guaranteed.
tions of production, as well as the inevitable result of social developments in China.

After the victory in the Chinese revolution in 1949, the People's Republic, built on the shambles of old China, had a very low level of productive forces. Can this be used, however, as a basis to argue, as is done in the "declaration," that the choice of socialist public ownership, made shortly after the founding of New China, transcended the law of historical development?

The argument does not hold up to scrutiny. The fact that China, in the initial period of the People's Republic, chose socialism and not capitalism, was a result of the domestic and international environment of the time. Before liberation, bureaucrat-comprador capital accounted for 66 percent of the country's industrial capital, and 80 percent of its industrial, mining, communications and transportation fixed assets. If the bureaucrat-comprador bourgeoisie had been allowed to continue its control over the country's economic life-line, it would have been impossible to defeat the imperialist forces in China and thoroughly do away with China's colonial and semi-colonial society. There was no alternative other than to transform the bureaucrat-capital into a socialist public economy. With a strong state-owned economy, it was possible to unify state finances, concentrate resources, overcome many serious obstacles, defend the country's hard-won unification and security and restore and develop the national economy in a planned, systematic way. At the time, the national capitalist industry and commerce displayed a positive role, but if, in the early period of the People's Republic, we had not implemented a comprehensive policy to utilize, restrict and transform them, it would have been impossible to eradicate class oppression and exploitation, and to establish the socialist system. Likewise, if we had not carried out the socialist transformation of agriculture and handicrafts industry, the former backward, decentralized and small-scale production would not have been able to meet the needs of social-

ized mass production, and it would have been impossible to liberate the productive forces. The country's economic construction, especially industrialization, would have been out of the question. Despite certain drawbacks and shortcomings in our work over the years, it is a credit to the correct guideline and policies of the Chinese Communist Party that transformation of the means of production from private ownership to the socialist system of public ownership was completed in just seven years.

The idea of the historical developments in leaps and bounds as explained by Marx. Historical developments of various countries are always very complicated and historical leaps in development are not rare. After the disintegration of the primitive commune society, for example, Greece, Rome and other countries, in conformity with the general laws of the development of human society, established a slave society. The Germanic people, on the other hand, after migrating to the Danube River valley, directly established a feudal serf society without having instituted a state based on slavery. To take another example, while most European countries went through medieval feudal societies, the United States skipped over similar historical stage before directly establishing a capitalist society.

Similarly, China also took a historical leap after the founding of the People's Republic when it transcended the historical stage of capitalism and set up the socialist system, a step which embodied the necessity of historical development and not the subjective idea of any one person.

Public Ownership Releases Productive Forces

Another charge cooked up by the authors of the "declaration" against public ownership was that "public ownership restricts the development of productive forces."

Practice is the sole, correct criterion for judging the truth and so it is instructive to examine the past 40 years of socialism in China before passing judgment. After the establishment of the
socialist system, industrial and agricultural production underwent all-round development, and the country's economy was greatly strengthened. In 1988, the gross national product (GNP) was 12 times that of the first years of the People's Republic; the original value of industrial fixed assets increased some 50 times over that of 1949; the proportion of industrial output value climbed from 25 percent of the total product of society to 61 percent; the problem of feeding and clothing the 1.1 billion Chinese people was solved, and both the material and cultural living standards of urban and rural residents were demonstrably raised.

Practice has proved that the social and economic levels of old and New China are poles apart, and that the socialist system of public ownership has dramatically liberated the productive forces. Moreover, if we had been able to avoid the serious mistakes of the "great leap forward" in 1958, prompted by an eagerness for quick success and of the "cultural revolution" (1966-76) which both ignored and destroyed the development of the productive forces, we would have achieved even greater successes. The avoidance of such mistakes would have given the superiority of the socialist system still greater play.

How is it, however, that the socialist system of public ownership can promote the development of China's social productive forces?

First, socialist public ownership provides a powerful motive force for the development of socialist production. Capitalist private ownership predetermines that the motive and aim of capitalist production is to generate the greatest possible profit for those in control of the means of production. Since it reduces labourers to a position of the oppressed and exploited, there is limited enthusiasm for production on their part. Socialist public ownership, replacing a system of exploitation, brought about a fundamental change in the social status of labourers. The socialist system gives full consideration not only to the interests of the state and the collective but to the interests of the individual; it consists of both political and economic motivating forces and gives full play to the enthusiasm, initiative and originality of the labourers.

Second, public ownership of the means of production makes it possible for the state, the representative of the people, to develop production through a unified, coordinated programme and, with limited economic strength, to focus its funds on the construction of key projects, thus promoting social production in a sustained, steady and harmonious manner.

As is well known, after only three years of economic rehabilitation, in 1953, the newly founded state of China began the large-scale economic construction of the First Five-Year Plan. At that time, when the economic base was extremely weak, public ownership was the only means possible to pool as much of the country's human power, material and financial strength as possible for the smooth completion of some 10,000 projects (694 of which were large industrial projects), thus laying the initial foundation for China's socialist industrialization. Moreover, it was because of our steadfast effort to keep socialist public ownership in the dominant position and the state-owned sector in the leading, position that an independent, modern industrial system was established and that the initial prosperity of socialist China was achieved during the relatively short time span of 40 years.

Third, socialist public ownership eliminated the relations of exploitation which prevailed under private ownership and made it possible for social products to be distributed according to the principle of "to each according to one's work and more pay for more work." Under such a principle of distribution, labour is the yardstick for measuring not only the labourer's contributions to society but also the share of consumer goods he deserves, a method which has greatly stimulated enthusiasm. Public ownership combined with such a distribution system sweeps away the means by which the rich and the poor become poles apart, and makes it possible for every person to be on the road towards affluence and to see their living standards improve as production develops. It should be noted that the phenomenon of "everyone eating from the public pot" still prevails in many localities, and that some departments and units are still plagued by low efficiency, serious waste, short-sighted production and management, and the stifling of labourers' enthusiasm. However, the emergence of these phenomena has nothing to do with socialist public ownership. They only suggest that the economic system of socialist public ownership needs to be improved and that some of our practices fall out of step with
China’s Arts and Crafts

China’s traditional arts and crafts enjoy a long history. The works published in this pictorial are selected from a national exhibition at the newly built China Arts and Crafts Gallery. The works demonstrate the outstanding worksmanship of China’s traditional artists and craftsmen. The uniqueness of these objets d’art, which exude distinctive national flavour, are created by the use of new techniques and materials. Some works here are exemplary of an endless array of beautiful art commodities produced for tourists from at home and abroad.

1. A jade replica of Taishan Mountain, one of China’s most famous mountains.
2. The newly built China Arts and Crafts Gallery.
3. Colour-glazed porcelain vases.
4. An ivory-carved boat in the shape of twin phoenixes.
5. A bamboo-woven imitation of the Qin Dynasty terra-cotta horses and carriages.
6. Fashionable batik clothes.
7. Lacquerware cupboard in the form of original antiques.
8. Rattan-woven animal shaped fruit baskets.
10. A bird-shaped cloisonne cup.
11. A woollen dragon tapestry.
13. A tapestry and woodcut.
14. A skilful Sichuan embroiderer at work.
15. Some Shaanxi Opera faces.
16. A jade plaque inscribed with dragons whirling about in the sky.
17. Qin Dynasty terra-cotta warriors: a replica (right) and those in their original form (left).
18. A decorative pottery sculpture.
China's Arts and Crafts
socialist public ownership.

A Guarantee of Democracy and Freedom

Authors of the "declaration" branded public ownership as "a cradle of autocratic dictatorship," "a hotbed of corruption," and "soil that breeds bureaucracy." They even went so far as to assert that under public ownership "there was no freedom of action or of choice," and "if the basic evil of public ownership was not wiped out, it would be impossible for China to have true democracy and freedom."

According to their logic, there was no alternative but to turn to capitalist private ownership for democracy and freedom because of the current lack of it under the socialist system.

Is capitalism the Garden of Eden as its proponents claim? The answer is a firm no because capitalism, built on the economic basis of private ownership, is the breeding ground of bribery, corruption and bureaucracy. Indisputable proof of this is the frequent occurrence of such scandals as bribery and corruption. In capitalist countries, democracy and freedom are indeed pleasant to the rich but quite discomforting for the poor. The bourgeois democratic system, no matter which form it takes or to what extent it develops, is, in the final analysis, intended to protect the ruling position and order of the bourgeoisie.

"The right to make choices" is, literally, a patent bought and owned by the capitalists. At present, when the monopoly capitalist class possesses the lion's share of the means of production and social wealth, so-called universal suffrage is no more than a guarantee for the monopoly capitalist class to choose their favourite political representatives to run the country on their behalf. The general election that takes place once every several years is nothing short within a competition of the meddied class, and an opportunity for power-wielders to maintain their oligarchic rule.

In China, the establishment and development of public ownership of the means of production and the elimination of an exploiting class and of the system of exploitation has made the people masters of the country and society. As such, they enjoy the wide-ranging right to run the state's economic, cultural and social affairs according to law. This is, in essence, different from bourgeois democracy and other exploiting classes' democracy based on private ownership. Therefore, the process in which the Chinese people establish a social pattern of socialist public ownership in place of private ownership is one in which they are gradually strengthening and developing a socialist democracy.

Since the founding of New China 40 years ago, especially since 1979, the political system of socialist democracy, the system of people's congresses and the system of multi-party cooperation and political consultation led by the Chinese Communist Party have been improved step by step. The people exercise their right to run the country through the National People's Congress and its local equivalents which they themselves elect. In addition, various systems to ensure grass-roots democracy and supervision have been established. Through such means, the Chinese people have taken an active part in the running of the state and the nation's political life. As socialist democracy develops and the socialist legal system improves, China's socialist political democracy will be gradually institutionalized and implemented according to law, and the people's rights will be legally protected. The Constitutional stipulation that "all rights of the People's Republic of China belong to the people" is making itself felt throughout society.

We must admit, however, that such phenomena as corruption and bureaucracy do exist in our society. This is partly because our society, born out of a semi-feudal and semi-colonial society, still has many traits and mores of the former society. It is also because China now at the primary stage of socialism has much to improve in the socialist relations of production and to eliminate the defects in some of the management systems, organizational forms and work methods. Corruption and bureaucracy, therefore, need to be dealt with resolutely. Maintaining and strengthening socialist public ownership will provide an important means by which to correct such defects.

Where is China's Hope?

The Chinese people still have a fresh memory of the time when the means of production were under the control of the exploiting classes, when the Chinese society was ridden with economic recession, social unrest and cultural stagnation, and the working people, at the mercy of others, had to toil like beasts of burden.
Today, if we hadn’t kept socialist public ownership in its dominant position but, instead, fallen back to the capitalist road advocated by the authors of the “declaration,” a polarization between the rich and the poor would have certainly returned to China. Also, at the same time as a “middle class” was bred and supported by the blood and sweat of the labouring people, the majority of the members of society would inevitably be reduced to slaves of both foreign capital and a domestic exploiting class. No Chinese would like to be in such a position again.

China’s hope lies in continuing its system of socialist public ownership and its gradual improvement through deepening reform. Only in this way can both economic growth and social advance be guaranteed, and the people’s position as masters of the country be consolidated. At the present stage, China’s socialist public ownership is not perfect. This is because any new form of ownership takes time to develop to maturity. Over several centuries of capitalist private ownership, the methods for privatization of the means of production have been changed and readjusted many times even though the basic nature of private ownership has always remained the same. Socialist public ownership in China has only a history of 40 years. It is unrealistic, therefore, to expect it to mature over so short a period of time. Public ownership differs also from its private counterpart in the way it operates. Whereas private ownership relies mainly on intrinsic economic law to spontaneously drive social production forward, public ownership guides social production through scientific prediction.

Restricted by a host of factors, it is difficult, if not impossible, to be 100 percent accurate in all scientific predictions; errors are unavoidable. The years before 1978 saw quite a bit of biased thinking, misunderstanding and mistaken action in regard to the question of ownership. We added many principles superfluous to the definition of socialist public ownership, additions which changed its originally intended meaning and intrinsic nature. For example, we unduly stressed that public ownership should be "pure and big" and "of a more developed socialist nature." The result was that the consequent transformation of the relations of production went far beyond the level of development of the existing productive forces. Another example was our belief that overcentralized economic management and direct state management over enterprises were the only way to realize socialist public ownership. We ignored market mechanisms and by doing so deprived enterprises of production and management autonomy. These misunderstandings and mistakes weakened to a degree the internal dynamics of the public-owned sector and consequently prevented socialist public ownership from exerting its advantages to the full.

Since 1979, the Central Committee of the Chinese Communist Party, realizing that China was still at the primary stage of socialism, conducted many important reforms in regard to the composition of ownership and the forms best suited to realizing socialist public ownership. On the premise that the public-owned sector remains in the dominant position, China currently allows the individual and private sector to develop in those areas where the socialization of production is at a low level. Sino-foreign joint ventures and wholly foreign-owned enterprises can be established to supplement the socialist public sector. Moreover, the government has devoted itself to transforming the overcentralized economic management system and properly separating ownership from management power in the hope of bringing the public sector in line with the requirements of a socialist planned commodity economy. All these efforts have greatly promoted the development of production. The past decade of reform has proved that such a form of ownership, with a dominant public sector supplemented by a private sector, is in keeping with China’s actual conditions and the current level of development of its productive forces. The reforms have also proved the rich variety of forms of socialist public ownership and the compatibility of public ownership with the commodity economy. So long as the form for realizing public ownership is chosen scientifically and properly, public-owned enterprises can definitively demonstrate their efficiency, dynamism and vigour.
China's Hand Surgery Leads the World

by You Housheng

China's first hospital to specialize in hand surgery officially opened in Helie Township, the suburb of Wuxi City, Jiangsu Province, on September 18, 1989. Its location in a rural township indicates that China's rapidly developing expertise in hand surgery has begun to spread nationwide.

Before the founding of the People's Republic of China in 1949, hand surgery in China was nonexistent. With the rapid economic development in the 1950s, however, hand-injury patients increased dramatically. The then president of the Beijing People's Hospital Meng Jimao, a noted orthopaedic expert, was the first to suggest that a hand surgery specialty be established and that the training of surgeons be undertaken.

In 1958, Meng translated and published an Australian book entitled Hand Surgery and Recovery, the earliest translated work on the subject in China. In 1959, when Beijing Jishuitan Hospital, one specialized in orthopaedic research, was set up, Meng, as its first president, together with his student Wang Shuhuan, established China's first department dealing with hand surgery.

Soon afterwards, under Meng's auspices, China's first publication on hand surgery, Early Treatment of Hand Injury, was compiled and published, and became an important guide for specialists in the field at the time. From then on, despite numerous difficulties and limited reference books, China's hand surgery has made tremendous progress.

Milestone

A surgical milestone was accomplished in 1963 when Chinese doctors successfully rejoined the severed hand of a 27-year-old Shanghai machine tool factory worker.

On January 2, Wu Cunbo's left hand was severed in an industrial accident. Chen Zhongwei, Qian Yunqing and other specialists of the Shanghai No. 6 People's Hospital successfully reattached his hand after a seven and a half hour operation.

Before this, although experimental research on severed limb surgery in foreign countries had some 60 years of history, success was chiefly accomplished with animals and very rarely with human patients.

In 1966, the Shanghai No. 6 People's Hospital co-operated with the No. 9 People's Hospital to again successfully reattach severed fingers. The operation was of particular importance because it used for the first time a telescope to the power of six to examine blood vessels of only 1mm as they were rejoined.

These two achievements indicated that China's medical research had entered advanced international ranks in the field of micro-surgery, particularly regarding surgical operation on nerves and blood vessels, and in the principle of treatment for wounds, preservation of severed limbs, protection against infection, anticoagulant and other techniques.

Bold Initiative

During the 1970s, great surgical progress was made a second time thanks to the creativity and initiative of the late Professor Yang Dongyue.

In the last century, despite the fact that specialists from many countries had endeavoured to completely reconstruct broken hands, thumb recon-
struction still remained a difficult problem.

Professor Yang Dong-gyue of the Shanghai Huashan Hospital discovered by chance that even though the second toe of some patients extended out beyond the other toes, it had no influence on their ability to walk. He wondered if the "surplus" toe could be used to replace lost fingers. The accidental discovery sparked a new direction in his thinking.

After six years of preparation, in 1966, Yang, in co-operation with the Shanghai Zhongshan Hospital, undertook a surgical operation to use toes to replace lost thumbs. It was the first operation of its kind in the world and after 23 hours, its success was announced.

In 1977, Professor Yang published the account of 40 successful hand surgery cases in China Surgery Magazine, the number of which was more than the total operations recorded by foreign medical magazines that year. Yang's rare method of operation was a shining chapter for China's record of hand surgery.

On October 1978, using Professor Yang's research as a starting point, Yu Zhongjia, director of the orthopaedic department of the Shanghai No. 6 People's Hospital and head of a hand surgery research group, made another breakthrough. After repeatedly comparing the blood vessel structure of the hand and the foot, they designed an artificial palm bone made of a titanium alloy for patients whose hand had been severed at the wrist. Using this material as a base, they painstakingly reattached the blood vessels, nerves, muscles and skins to the tissue of the forearm. In this way, a "China hand," capable of movement and sensation, was built.

In 1982, at the 7th International Micro-Surgery Symposium held in Lyons, France, Yu Zhongjia's report was heralded as the most important step forward in hand surgery since the successful attachment of severed limbs. It was praised as the "shining pearl of micro-surgery."

Recent Achievements

The 1980s was a fruitful period for hand surgery in China.

At the International Orthopedic Symposium held in Beijing in June 1984, a Chinese naval doctor's report of his successful reconstruction of one patient's nine fingers won warm applause from domestic and foreign experts. The doctor was Professor Cheng Guoliang of the Hand Surgery Centre of the No. 401 Navy Hospital in Qingdao, Shandong Province.

As of now, some 800 finger transplant operations, with an internationally high success rate of 91 percent, have been done at the No. 401 Hospital. In January 1980, a young woman of an aquatic breeding farm in Qingdao lost her left wrist and palm when they were mangled by a kelp cutting machine. Cheng's bold method and skillful operation resulted in the reconstruction of part of her hand—he rejoined two fingers picked up from the kelp pond to her forearm, thus restoring some of her hand's functions.

The success of this surgical technique presented new options for the reconstruction of serious hand's injuries and wrote still another chapter in the International record of hand surgery.

In January 1986, headed by the well-known orthopaedic expert, Professor Lu Yupu, the No. 4 Army Medical University's Xijing Hospital successfully re-joined, in the first operation of its kind in the world, ten severed fingers. In the same month, the PLA No. 86 Hospital successfully carried out the same operation and, again, for the third time, in March 1988, the Shenyang Medical College's Central Hospital successfully rejoined all ten fingers of both hands.

In 1986, the Helie Township Hand Surgery Treatment Centre in Wuxi (the predecessor of the Wuxi Hand Surgery Hospital) helped reattach the fingers of a four-year-old patient which had been severed from the hand some 56 hours earlier, breaking China's previous world record of 16 hours.

Started from scratch 30 years ago, hand surgery in China is now at an advanced international level in lost limb and finger reconstruction, and in the variety and efficiency of transplanted non-static tissues. Today, transplant and reconstruction technology for broken limbs and fingers is easily accessible in all parts of China and a nationwide treatment network centring around Shenyang, Beijing, Tianjin, Shanghai, Wuxi, Guangdong, Qingdao and Xian has been formed. Overall, more than 1,000 outstanding hand surgery specialists are involved.
Yan Hongchen and Syringomyelia

Syringomyelia has long been regarded as a serious and debilitating disease for the polio-like symptoms of muscular atrophy, and paralysis results in the complete loss of ability to work when the case is full-blown. The search for a cure of syringomyelia, thus, has been a focus of research in both Chinese and foreign medical circles.

Good results were obtained in the effort by Professor Yan Hongchen of the Changchun College of Traditional Chinese Medicine who invented a series of Chinese medicines with 98.5 percent clinical effectiveness.

Spinal cord, located in the human body's vertebral canal of the vertebral column and about 45 centimeters long, is part of the central nervous system. It is composed of 31 vertebrae and is made up of pairs of spinal nerves which extend from every vertebra and lead to skin, muscle and internal organs. On one direction, they pass the sensation of pain and temperature onto the brain, and, in reverse, pass messages from the brain to all parts of body and organs; in this way, control is maintained over such activities as walking, eating and passage of waste and urine through the body.

Syringomyelia is caused by a cavity which appears at the centre of spinal cord and which numbs the corresponding spinal nerves, and results in the various symptoms. For instance, if the cavity occurs in the thoracic vertebra, muscles on the back will possibly wither, the back will curve or bend towards the left or right, and the fingernails will become stiff and rough. Some patients will experience sunken eyeballs and shrunk pupils. If the cavity grows at cervical vertebra, syringomyelia is evidenced by atrophy of the tongue, dysphasia, loss of pain, temperature flushes in the face and tremor of eyes. Syringomyelia can also cause incontinence of faces and urine, leg paralysis and a variety of other neurological disorders.

Yan Hongchen was born into a poor family in northeast China. As a young man, he learned Chinese medicine from his father and by teaching himself with the aid of ancient Chinese medicine books. In 1959, he taught at the Changchun College of Traditional Chinese Medicine after he finished his advanced studies there.

Yan met many syringomyelia patients during his teaching, medical practice and scientific research. The patient's pain moved Yan to conquer the difficult and complicated disease by means of traditional Chinese medicine. At first, he tried to strengthen the stomach but it failed to generate the desired result. In 1973, he turned to the method of strengthening the kidney to make up for spinal cord, a method which proved to be effective. On this basis, the research team he headed developed brain-beneficial medicines with 80.7 percent clinical effectiveness. This achievement won Yan the silver award of the Third National Invention Exhibition held in September 1989 and the third prize of the Chinese National Medicine Administration in December 1988.

In August 1988, together with other researchers, Yan set up a spinal cord disease hospital, the first of its kind in China, attached to the Changchun College of Chinese Medicine. At the same time, they set up the Jilin Research Centre for Spinal Cord Diseases and used the brain-beneficial medicine series for 200 patients. After two to three months, results were effective in 98.5 percent of patients, 23 patients were cured and 103 showed signs of improvement.

One example was that of a young worker who suffered from syringomyelia for four years and who had atrophy of his left hand. After a 13-day treatment, the hand had demonstrable recovery. Another example was a 50-year-old woman from Yingkou County, Liaoning Province, who also had syringomyelia for four years. Her left chest, back and arms were paralyzed. She lost complete pain and temperature sensation and had night sweat. After 20 days of treatment, however, the left arm regained its pain sensation and after 30 days, the night sweat disappeared. Ninety days later, except for the index finger of her left hand and her left shoulder, all paralysis had disappeared.

Yan is a 54-year-old burly fellow with a square face and prominent cheekbones. He not only fulfills his professional posts, but is also socially active. He is deputy to the Sixth and Seventh National People's Congress (NPC), a permanent member of the central committee of the Chinese Peasants' and Workers' Democratic Party. But Yan is serious about his social activities. When he joined the Chinese Peasants' and Workers' Democratic Party, he had intended to take the opportunity for more study and political participation in order to contribute to society. At NPC meetings, he has proposed several motions on behalf of his constituency to the State Council. In Jilin Province, he goes to the countryside and areas inhibited by minorities with other members of the Chinese Peasants' and Workers' Democratic Party and offers voluntary medical treatment and information services to the elderly, women, children and teachers in primary and middle schools. Yan is willing to do something practical as an intellectual and also to display the advantages of multi-party cooperation and of the Chinese Peasants' and Workers' Democratic Party.

Still, Yan is not content with his medical achievements. He is making a further effort with his colleagues to study the way the syringomyelia operates and he wants to continue his research on other spinal cord diseases.
Balance of Finances: A Major Goal

by Chi Haibin

China's financial situation is a matter of concern to both economists and the general public. Over the last ten years, China's revenue has increased 2.22 times while expenditures have increased 3.31 times, which have promoted economic construction, improved people's living standards and helped implement the policy of reform and opening to the outside world. At the same time, however, problems and difficulties have cropped up for a variety of reasons. The most obvious difficulty is the fact that of the ten years of reform, nine resulted in fiscal deficits. The accumulated red ink amounted to 64.8 billion yuan, more if domestic and foreign debts are added. These annual deficits have combined to push up the rate of inflation, the economic malaise which has so hampered the steady development of China's economy.

Achieving balanced finances and gradually eliminating the deficit, therefore, are among the major objectives of China's three-year programme of economic improvement and rectification. In 1990, a tighter fiscal policy will be put into effect, as will measures to reduce deficit. The key to eliminating the deficit and balancing finances lies in increased production and improved economic efficiency along with a gradual rise of the proportion of financial revenue in the national income. The current level is 19.2 percent, very low in terms of comparable items, and a higher figure of 25 percent is forecast if efforts are made over a period of several years.

Raising the proportion of financial revenue in the national income, thus, requires a national effort. The first requirement is to maintain a proper rate of economic growth. In accordance with the country's industrial policy, the existing industrial structure and product mix should be readjusted while China promotes scientific and technological progress and improves enterprise management. In this way, supplies can be increased along with better economic efficiency. This is the material foundation for improving the overall financial situation because abundant social wealth can make it easier to increase the proportion of financial revenue in the national income.

Second, tax collection and tax management is to be strengthened in a bid to stop tax evasion and increase state revenues. At present, 90 percent of China's financial revenue comes from taxes, so tax revenue is of key importance to the state. Tax evasion, however, is now quite serious and every year more than 10 billion yuan in taxes escapes collection. In 1990, while resolving the problem of unfair income distribution through taxation measures, China will strengthen its tax collection and management to increase revenue.

Third, the contract responsibility system is to be improved and the distribution of funds between the state and the enterprise readjusted. In a move towards financial decentralization, China will reduce taxes for some enterprises to strengthen their financial base. This is both necessary and correct. The current problem is that the contract responsibility system is imperfect. At the same time, the negative offshoot of price reform has been that a considerable sum of money is not retrieved. Too great a reduction in taxes has also weakened the state's macro-control on the economy. The distribution of funds between the state and the enterprise, therefore, requires an increase in the state's share of the enterprise's profit. The required base figures and ratio of turn-over will be raised for those enterprises whose contracted base figure and turn-over are too low. Active efforts should be made to develop various contract forms to correctly handle the distribution relations between the enterprise and the state, so that the contract system can be made more scientific and be standardized.

Fourth, the economic order, especially in the circulation field, is to be rectified. At present, China's economic order in this field is chaotic. Some enterprises, taking advantage of the "double-track" system, the coexistence of state planned price and market price, engage in various forms of illegal business in order to make exorbitant profits. In addition, there is enormous waste in the production, construction and circulation fields. Efforts are required to eliminate illegal activities and improve manage-

The author is vice-minister of Finance.
ment so as to regain revenue lost in the circulation channels and to eliminate or reduce waste.

Fifth, enterprise losses should be gradually eliminated and price subsidies reduced because they are too heavy a burden for China's economy. Business losses and subsidies together account for 90 billion yuan every year, about one third of China's total annual financial expenditure. The reasons for these problems include an irrational price structure, as well as poor enterprise management and the state's overgenerous coverage of residents' welfare funds. Therefore, measures must be taken to help those trades and enterprises which suffer losses to improve their management, tap their full potential, reduce and gradually eliminate losses. At the same time, along with price and other structural reforms, subsidies should be reduced.

If the above-mentioned measures can be fully implemented, the proportion of financial revenue in the national income will gradually increase within a few years.

China will continue to tighten its financial expenditures in 1990. The scale of capital construction investment and increases in the consumption fund will be kept under strict control. In short, a national life of austerity will be practised over the next few years. In 1990, the new principles outlined above will guide the distribution of finances so as to guarantee key construction projects such as energy, transportation and raw materials and thus ensure the development of agriculture, education and science and technology. At the same time, while guaranteeing expenditure for debt repayment, expenditure in other areas will need to be curtailed.

In summary, the elimination of financial deficits and an increase in the proportion of financial revenue in the national income, requires readjustment of the excessive decentralization of finances which occurred over the past few years. While continuing to implement the policy of reform and opening to the outside world and to revitalize the micro-economy, China will strengthen its macro regulation and control. An appropriate combination of the two approaches will guarantee a long-term, steady and harmonious development of China's economy.

---

China's First Law on Rallies and Demonstrations

by Our Staff Reporter Wu Naitao

China's first Law on Assemblies, Processions and Demonstrations, adopted at the 10th Session of the Standing Committee of the Seventh National People's Congress (NPC) held in late October 1989, safeguard citizens' right to rally and demonstrate. It also ensures the smooth development of socialist democracy, a strengthened socialist legal system and socialist modernization.

In late spring and early summer last year, the Beijing turmoil affected some of the country's other big and medium-sized cities and caused heavy losses. Although the disturbance had an international background and domestic social basis, one can see from the way it developed that there were a few people who, taking advantage of the student movement, instigated the masses to create social turmoil. They attempted to oppose and subvert the current government by means of rallies and demonstrations. They abused the freedom and rights provided by the Constitution to put pressure on the government. To ensure, therefore, that the citizens' legal right to rally and demonstrate is protected as well as to prevent those with ulterior motives from taking advantage of these activities to create social disturbance and impair the basic interests of both the country and the people, it became necessary to formulate a new law.

Protection and Limitation

As China is now at the primary stage of socialism and in a period full of changes, the building of democracy...
should be carried out in an orderly, legal process. Particularly, the relatively radical means of expressing the people’s will by such actions as mass rallies and demonstrations demand both protection and restriction by law.

According to China’s Constitution, citizens of the People’s Republic of China enjoy freedom of speech, publication, rally, association and demonstration. At the same time, however, the Constitution stipulates that when exercising these rights, citizens of the People’s Republic of China must not injure the interests of the country, society and collective nor the legitimate freedom and rights of other citizens.

Giving full expression to the spirit of the Constitution, the law, embodying both protection and restriction, specifies the content, time, location, route and other items regarding a rally or demonstration.

In protecting citizens’ rights, the law stipulates that people’s governments at all levels shall provide protection for those who want to exercise their right to hold a rally or demonstration. The competent authorities must not turn down applications for a rally or demonstration unless they violate the relevant regulations. If the organizers object to the decision or changes made by the competent authorities, they can appeal to the local people’s government for reconsideration. Police should take necessary measures to stop or even forcefully disperse those who obstruct and disturb a rally or demonstration. During a rally or demonstration, the competent authorities shall be in charge of the maintenance of traffic and security. Along with ensuring the citizens’ freedom to gather and demonstrate, the law also requires citizens to fulfill some obligations and responsibilities. This is to prevent the abuse of freedom and rights. For instance, when the competent authorities find that an application violates certain basic principles specified in the Constitution, or is harmful to public security and social order, they are empowered to reject it. The law has articles specifying how to deal with and punish those involved in illegal rallies and demonstrations held without the approval of the authorities concerned.

These restrictions are necessary for maintaining public order and ensuring the smooth progress of a rally and demonstration.

**Process of the Law’s Formulation**

Much research has been carried out in the past decade in the formulation of this law. Early in 1979 the legislative Commission of the National People’s Congress first drafted the law. In 1982, after the new Constitution was made public, the Ministry of Public Security continued the work of research and drafted the law under the guidance of the Chinese Communist Party’s Central Committee and the State Council. The Draft Regulations on Citizens’ Rallies and Demonstrations came out in September 1985 and was modified as the draft Law on Rallies and Demonstrations after a wide solicitation of opinions. Seeing that national legislation was not ready to be finalized, however, 17 provinces, municipalities directly under the central government and autonomous regions such as Beijing, Shanghai, Guangxi, Guandong and Guizhou successively issued their own local decrees and rules on rallies and demonstrations. In June 1988, referring to the experiences of the 17 areas, the Ministry of Public Security made a further modification to the draft before it was submitted to the State Council for examination. The State Council solicited opinions and suggestions from the Chinese People’s Political Consultative Conference (CPPCC), various public organizations, Beijing colleges, ministries and commissions under the State Council and the central institutions of political science and law. Many important revisions were made and the draft improved.

At the 10th Session of the NPC’s Standing Committee, deputies frankly expressed their opinions about the draft which, after a great deal of modification, was submitted to the session for approval. Most deputies thought such a law necessary because it was important for China’s construction of a democratic and legal system. They said the modified draft embodied the principles of China’s Constitution. By emphasizing the proper handling of the relations between demo-
cracy and law, protection and limitation, they noted, the law contributes to the development of socialist democracy and the maintenance of the country's stability and unity as well as to the prevention of bureaucratism. They suggested that the draft be passed as soon as possible because it was fair and reasonable with clear and succinct articles based on a wide solicitation of opinions. Some deputies advised that further modification be made. A few other deputies thought that the condition necessary for passing such a law during this session was not in place.

Deputy Yang Lieyu, vice-chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party, who made many suggestions on the draft, expressed satisfaction with the draft. In his opinion, after such a broad discussion and after having heard so many positive opinions, the draft was ready for enactment. Deputy Li Yining, an economist, said that the masses would accept the law, realizing that it would protect their rights and maintain the country's long-term stability. Deputy Liu Yandong, of the secretariat of the Youth League's Central Committee, said the law should be passed and put into effect as soon as possible so that it might benefit society's stability and development. At present, Liu added, because some young people still have confused ideas about democracy's objectives and its specific process, there is a disparity between their democratic demands and their understanding of the democratic process. The law, however, according to Liu, will play a positive role in their education and in enhancing their understanding.

Overseas Regulations for Reference

The law drew on useful aspects of similar overseas laws. The constitutions and specific laws of various countries and regions feature necessary provisions on the premise that the basic rights of citizens to rally and demonstrate are protected.

In the United States, Great Britain, France, Japan and the Federal Republic of Germany, the declaration must be announced 48 hours earlier than the actual rally and demonstration; in Great Britain, six days; in France, three to five days; while in the District of Columbia, USA, it is 15 days and in New York City, 36 hours. In China, the stipulations require five days.

Does a rally or demonstration invariably need the permission of responsible institutions? It depends on different countries and regions. Generally speaking, there are two ways. One is that after the declaration, even though it is not granted, the rally or demonstration may still be held as planned, if the responsible institutions do not explicitly prohibit it. This is true in Great Britain, France and the Federal Republic of Germany. The second is that only after the declaration is approved can the rally and demonstration legally be held, as in the United States, Japan and China's Taiwan Province. China's law on rallies and demonstrations has adopted the second method.

In order to maintain public security and public order and to protect other citizens' freedom and rights, specific limits on rallies and demonstrations are stipulated in Western capitalist countries and in Taiwan Province. Generally speaking, there are limitations on the nature and content of a rally or demonstration. For example, violence is forbidden and any rally or demonstration must not obstruct traffic. There are also a limit on the time, site and route of a demonstration, and a restriction on a demonstration's objective, organizers and participants.

In addition, the responsible institutions are empowered to reject an appeal for a demonstration, to limit and change a demonstration's time, site and route, to curb, suspend or disperse a demonstration and to arrest those who disrupt the demonstration in defiance of orders.

There are also specific stipulations on punishment of those who violate the rules and regulations on rallies and demonstrations.

In conformity with China's specific conditions, the Law on Assemblies, Processions and Demonstrations has corresponding stipulations.
Gas-Powered Bus in China

FROM THE CHINESE PRESS

JINGJI RIBAO
(Economic Daily)

Can automobiles be powered without gasoline? Scientists of different countries in the world are now studying this question from various angles.

In China, the first batch of buses powered by compressed natural gas has recently been successfully refitted and had positive results in trial tests in Sichuan Province, an area abundant in natural gas. After more testing of compressed gas stations, refitted buses and the complete sets of compressed natural gas equipment, Sichuan plans to introduce natural gas-powered buses in 1990.

The initial success of this scientific research not only helps ease the shortage of gasoline in Sichuan Province, but highlights a bright future for the development of natural gas buses in China.

Actually, buses which used natural gas as fuel appeared in China 40 years ago. Even now, such buses which carry a large gas tank on their tops are seen in Zigong City, Sichuan Province. Because the gas tank is under low pressure and has such small quantity of gas, the travel distance is limited. A large tank creates a big resistance to forward motion, limits the speed of bus, causes difficulties in loading and unloading, and cannot be used by trucks.

Engineers and technicians, however, have devised new ways to replace gasoline with gas. They use cylinder to contain highly pressured natural gas. Compared with gasoline buses, such buses have many advantages: a large decrease in exhausts; lower cost than that of gasoline; and the service life of bus can be extended.

China is rich in natural gas. There is a great amount of gas reserves on both the mainland and continental shelf. Sichuan Basin's natural gas output amounts to 40 percent of the country's total. With conditions in place for comprehensive utilization of natural gas and developing natural gas automobiles, the province has become an important natural gas industrial base.

An official of the Sichuan Energy Conservation Office said that the key technology for pressuring natural gas has reached international advanced standards of the mid-1980s.

(V November 17, 1989)

Villagers on Quest for Knowledge

RENMIN RIBAO
(People's Daily)

Menkouzhai is a village much like any other village in China except for one important feature—its people have a burning desire to read.

There are 197 people of the Bouyei nationality living in 42 households in the village, located in Huayan District of Anshun City in Guizhou Province in south China.

Although the people are not well off financially, everyone has enough to eat and clothes to wear. The village engages mainly in grain production, develops fish breeding and poultry raising, and sells vegetables in the big cities.

But when the work day is over the secret competition among families begins in earnest. The belief is that "the more scholars above junior middle school level, the more honourable the family."

Therefore, reading is very much in vogue among the villagers. Parents are urging their children to read; older brothers and sisters help younger siblings to study and read; even lovers encourage each other to read.

Gambling and crime are virtually unknown in the village because village youth spend their evenings studying, reviewing and reading.

One farmer, Lou Yongxian, a father of three, said: "I will support my children to go to school even if I have to pull a cart."

As well as planting and breeding pigs and chickens, Lou often spends his spare time in Anshun City pulling a cart. His oldest child is now in a secondary technical school, his second child is in a middle school and the third is in a primary nationality school.

Every year since 1978, village students have passed the entrance examinations of secondary technical schools or middle schools. And now, two-thirds of the 42 households have "scholars." Villagers have found that with their improved education level, more and more residents have a knowledge of the law.

(November 29, 1989)
1989: Tightened Goods Inspection

Zhu Zhenyuan, director of the State Administration for the Inspection of Import and Export Commodities (SAIIEC), recently said that the Chinese commodity inspection authorities examined a total of 1.02 million batches of import and export commodities in 1989. The commodities were valued at US$47.9 billion, an increase of 11.8 percent over 1988; the inspected goods made up about 63 percent of China's total imports and exports. More than 30,000 batches of export goods worth more than US$700 million were found to be substandard, a 0.69 percent increase over 1988, while some 15,000 batches of imported goods worth US$5.4 billion were also found to be below par, 2.1 percent decrease.

Of exported goods, the quality of 15 commodities, including clothing, household electrical appliances, aquatic products, fodder, oil, machine tools and their implements, improved steadily. Problems were found in other export commodities. For example, some canned food was found to be below the international sanitary standard; some export coal was found to be of poor quality because of serious impurities; cashmere, honey and some other products were, sometimes, found to be adulterated.

Zhu stressed that these problems in quality occurred mainly in the first half last year, and the situation has since changed for the better because of the effective measures adopted by the Chinese inspection departments for quality control, and specifically by placing on a list those poor quality export goods which need inspection.

The quality of some imported goods, including machinery and electronic products, complete equipment, household electrical appliances, pig iron, timber, plywood, pesticide and paper, has improved; problems were found, however, in the quality of such commodities as cotton, coal, chemical fertilizer and chemical materials. For example, some imported chemical materials and palm oil were found to be adulterated with rubbish or water. The American plastics imported last year by the central China city of Wuhan, east China province of Zhejiang and north China city of Tianjin, were found to be substandard, some even mixed with waste film, plastic odds and ends, cement, sand and stone. Sichuan Province imported from Italy 23 pieces of production equipment worth US$930,000 last year, only three pieces were up to standard, however.

In 1989, Chinese commodity inspection authorities checked the draft, capacity and flow rate of 4,220 vessels, inspected another 4,296 vessels, examined 25.26 million tons of goods, went over 2,406 batches of damaged and substandard goods and 6,600 containers.

To meet the requirements of the Provision of the International Sea Transportation of Hazardous Goods, which will become effective as of January 1, 1991, the inspection authorities have strengthened the inspection of hazardous goods for export via sea transport. They inspected a total of 10,228 batches of such goods, an increase of 23 percent over 1988.

In 1989, the SAIIEC expanded its ties with international appraisal certificate organizations such as the United States' UL and the Federal Republic of Germany's TUV. In addition, China's tractor inspection laboratory has been examined and approved by the Organization of Economic Co-operation Development (OECD). In the future, Chinese-made tractors to be exported through the care of the laboratory will be recognized by OECD member countries.

Apart from branches in Thailand and Hong Kong, the China Commodity Inspection Corp. set up the Brewen Co. Ltd. in Federal Germany, and the CIC Co. Ltd. in the Philippines in 1989. It also plans to establish inspection companies in Singapore, Australia, Bangladesh and other countries in 1990.

by Yao Jianguo

Export Centres In Shandong

Four export processing districts will be set up in the cities of Zibo, Weifang, Weihai and Rizhao in Shandong Peninsula to develop technology- and knowledge-intensive industries and engage in exports. The four districts will use locally generated funds for development and have the power to handle imports and exports independently, said an official from the co-ordinating office of the opening districts in Shandong Province.

The Zibo export processing district will be set up 1.5 kilo-
metres east of the urban center with a planned area of four square kilometres. Its proximity to the Qilu Petrochemical Industrial Company will present convenient communications and complete water and electricity supply facilities. More than 100 industrial enterprises and scientific research units in the district will be export-oriented with the emphasis on the development of petrochemical, pharmaceutical and fine chemical industries; the district will be gradually developed into a specialized processing district for the chemical industry.

The Weifang export processing district with a planned area of 5.2 square kilometres will also be established near the city. A 33,000-volt substation has already been set up in the district; a highway connecting Yantai and Weifang traverses through it and forms an "industrial corridor" between the two areas.

The Weihai export processing district, an area of 3.5 square kilometres, will be in the southern industrial part of the city. It will concentrate on developing industry and high-tech trades along with tourism and commercial services. It will emphasize light industry, food processing, rubber, sea chemical industry and aquatic farming.

The Rizhao export processing district is planned for 8 square kilometres in the eastern part of the city which abuts the Shijiu Harbour and Yanzhou-Shijiu Railway. It will be divided into light and heavy industries, and develop electronic, food processing, textile, arts and crafts, metallurgy and construction materials.

Currently, construction of infrastructure facilities has begun in an area of 1.2 square kilometres in the Rizhao export processing district. The other three districts are currently in the planning stage. Shandong Peninsula, China's largest, is located between the Yellow Sea and Bohai Sea. In March 1988, it was named by the state one of the five coastal open districts. Shandong Peninsula consists of the six opening cities of Qingdao, Yantai, Weifang, Zibo, Weihai and Rizhao, and 44 other cities and counties under their jurisdiction.

Methods for Customs Exemption

A new method to exempt certain import and export commodities from customs examination was ratified by the State Administration for the Inspection of Import and Export Commodities at the end of last year and will be put into effect for on a trial basis of April 1, 1990.

Under the method, certain import and export commodities on the inspection list or regulated by commodity inspection department undergo examination according to some laws and rules and can be exempt from customs examination upon the request of their consignees or consignors if they meet one of the following conditions:

• International prize-winning quality commodities in the past three years.
• Commodities approved by China's inspection departments or approved by some international organizations whose quality has remained stable for years.

Commodities, the quality of which, at the factory and after inspection by the department concerned, is 100 percent guaranteed for three consecutive years and are popular with consumers.

In addition, certain goods to be imported and exported in a limited amount, such as exhibits, presents and sample products, can be exempted from customs examination after an application is made and a permit is issued by the department concerned to the local inspection department. However, those products which affect national security and people's health cannot enjoy the same privileges.

Applicants for exemption from customs examination should make a written application to the inspection departments, along with award certificates, attestation certificates or quality certificates. After approval, they will be given certificates of exemption. The certificate is valid for two years.

Applicants who are permitted to import or export commodities free from customs examination are under the supervision of China's commodity inspection departments. Every six months, they should report the commodities' production and quality, and should not alter their function or structure during the exemption period. If so, they should once again go through procedures for exemption.

by Kou Zhengling
The People's Bank of China will issue a new set of two gold and two silver coins to mark the 40th anniversary of the founding of the People's Republic of China. The obverse side of each of the four coins is inscribed with the national emblem as a symbol of the unity of all the country's nationalities. The reverse side of one of these coins portrays the late Chairman Mao Zedong declaring the founding of the People's Republic of China on the rostrum of Tiananmen (Gate of Eternal Peace). The reverse side of the other three is each cast in the images of cranes, a symbol of good luck; doves, symbolizing peace; and flying hawks.

Year of the Horse Souvenir Coins Issued

According to the Chinese lunar calendar, 1990 is the Year of the Horse and a set of souvenir coins, two groups of nine coins, sold by the China Gold Coin Incorporation (CGCI), have been issued in commemoration.

The first group has six coins, including an 8-gram gold coin, a 15-gram silver coin, a 5-ounce gold coin, a 5-ounce silver coin, a 12-ounce gold coin and a 12-ounce silver coin. The obverse pattern is a full view of the Grand Mansion in Qufu, Shandong Province. The reverse is inscribed with the images of Galloping and Watering Horses created by China's modern painter the late Xu Beihong.

The second group consists of three coins, including a one-ounce gold coin, a one-ounce silver coin and a one-ounce platinum coin. On the obverse side is China's national emblem decorated with peony patterns and the reverse pattern is an adaptation of the traditional Chinese painting Fine Horses by China's modern painter the late Zhang Daqian.

The CGCI deputy manager Han Ping said that souvenir coins for the Year of the Horse are the tenth set in a series which represents the 12 animals used to symbolize the year in which a person is born. Earlier, the incorporation issued souvenir coins in 279 varieties of seven categories such as rare animals, historical figures, sports, great events, landscapes, religion and China's animals. It has the most varied selection in the world.

Ms. Han said that her incorporation was established in 1979. Before 1988, China issued 300,000 ounces of gold coins annually, and has since issued 370,000 ounces of gold coins. Before 1989, it had issued 300,000-ounce silver coins annually. It is expected to be increased to some 600,000 ounces of silver coins in 1990. They will be sold to North America, Western Europe, the Middle East, Japan, Singapore, Taiwan and Hong Kong.

By use of special technology and with their beautiful shape and high quality, Chinese souvenir coins have enjoyed a good reputation on the international souvenir coin market. The souvenir coins for the Year of the Dog, for example, won the best Krone prize in the 1982 international gold coin competition. Both Panda gold and silver coins and Marco Polo souvenir coins won the 1983 best gold and silver coins prizes along with prizes for historical significance. All the souvenir coins issued by China before 1988, have won the 1988 Asian prizes. Moreover, Chinese souvenir coins are now becoming treasures for collectors nationwide. Beginning in 1990, China expects to issue souvenir coins of cultural personages throughout the world.

by Kou Zhengling

News in Brief

Sponsored by the China International Culture Exchange Centre and the China Association of Oriental Culture Studies, the Seminar on Economic Cooperation and Development in Northeast Asia was held in Beijing on January 16-17, 1990. At the meeting, more than 40 experts from China, the Soviet Union, Japan and South Korea exchanged views on economic development and co-operation in this region.

The Lunbini Sugar Refinery which China helped to construct for Nepal was formally turned over to the latter on January 24; this is the 17th project China helped build for the country.

Ground was broken in May 1987. The project has a designed daily capacity of processing 1,000 tons of sugarcane and turning out 12,000 litres of ethyl alcohol. A 3,000-kw power station was built to supply power for the plant.

The Jialing Machinery Plant in Chongqing, Sichuan, reported a record-high 29.4 million yuan in its motorcycle output value last year. The plant and its director, Hao Zhenkun, were thus cited by the Ministry of Machinery and Electricity as one of the nation's best plants and managers for the year 1989. A new motorcycle model, JH125Y, is due to come off the assembly line this year.
College Students Challenge Scientific And Technical Difficulties

China's first Challenge Cup exhibition of scientific achievements by students from 52 colleges and universities was held recently at Qinghua University in Beijing, China's most prestigious science and technology university.

On display were 323 inventions and 107 academic papers that filled two large halls in the university's main building. They attracted many visitors, including teachers, students and responsible people from state enterprises, scientific research institutions and township enterprises. The host school won the Challenge Cup and the Central China Science and Engineering University, the Beijing University of Science and Technology and the Beijing Aeronautical and Astronautical University also won good marks.

The exhibits covered many fields in science, technology, agriculture and medicine. More than half of them consisted of electronic products. Scientific and technological authorities said that most of the products had practical value and sources said that 10 percent had attained or were applying for patents.

The students who participated in the exhibition had carried out experiments in their spare time. Many of their inventions not only solved practical problems but also successfully addressed theoretical issues.

Among the products, a cosmetic, created by Liu Yi, a student at the Light Industry School of Hunan Province, was especially eye-catching. If one uses the product for one week, the epicanthic fold of eyelids can be temporarily created by Liu Yi, a student at the University student Chen Yi and

his classmates is one of the key items in the Seventh Five-Year Plan of the State. Equipped with the PL-Talk language programme invented by Lu Qiang and Zhong Wei of the Beijing Aeronautical and Astronautical University, the micro-computer becomes a capable teacher that can design exercises and check results. The computer is already popular in many schools.

A temporary clinic in a corner of the exhibition hall attracted many visitors. The “doctor” was the Human Body Channels and Collaterals Mediator, invented by Xia Chongjiang of the Central China Science and Engineering University. Xia created the mediator on the basis of traditional Chinese medical theory combined with the methods of acupuncture and electric shock therapy.

Through a set of harmless electrodes, an electric pulse coordinated with a time sequence is directed at channels and collaterals related to diseased areas. The treatment is effective for conditions such as constipation and gastric disorders. A female student from the Beijing Medical College who suffered from indigestion received treatment at the clinic. According to her, the treatment was not painful and she only felt a slight tingling. More than 20 people received the treatment during the exhibition and many have recovered or are recovering. The patient to the invention has been bought by the Yanan Medical Instrument Factory in Wuhan and it will soon be put on the market.

According to incomplete statistics, more than 20,000 scientific and technological items were completed in universities and colleges during the summer of 1988. Among these, 3,000 have been bought by production units. Ten items have filled in gaps in China's economy and 22 have received state patents. Their direct and indirect economic value reached 60 million yuan.

Living Buried With Dead 5,200 Years Ago

A discovery made by archaeologists from the Nanjing Museum has revealed that burying the living with the dead was a common practice 5,200 years ago. The evidence was found at an ancient burial site in Jiangsu Province.

The tombs in Huating Village also yielded Dawenkou Culture (4,300-2,500 BC) pottery and jade-ware, according to Huang Xianghong, an anthropologist at the Shanghai Natural Museum.

The discovery was made during the Nanjing Museum's second expedition to the area since initial findings in 1987. In about two months 40 ancient tombs, including five large ones, were excavated.

In several of the large tombs remains of immolated human beings were found. In tomb No. 60, a man around the age of 30 and wearing a delicate jade necklace was buried with more than 60 pieces of pottery. Apart from a pig and a dog buried at the dead man's feet, there were four other human skeletons, male and female adults and two children, one aged 10-12 and the other 6-7. In tomb No. 50, a 25-year-old man was buried with two children at his feet, one about 10-11 and the other 8-7. The sex of the children has yet to be determined.

Human sacrifices were also found in tombs Nos. 10, 18, 34 and 35. This form of burial and
the contents of the tombs showed that human sacrifices for important tribal leaders were very common even though slavery was still at its infant stage.

A large percentage of the pottery unearthed from the tombs was of Dawenkou origin including a thick-walled urn, a blue-patterned jar and ding with carved legs. Ding is a kind of cooking vessel with two loop handles and three or four legs. The Dawenkou was a New Stone Age Culture in the lower reaches of the Huanghe (Yellow) River. It is named after Dawenkou Village in Taian County, Shandong Province, where ruins were discovered in 1959. One of the unique features of the culture was that its people customarily pulled out one of their teeth upon reaching marriageable age.

Other objects, such as tripods, pots and loop-handle pots bearing the mark of the Songze (3,900-3,300) and Liangzhu (3,300-2,200 BC) cultures were also discovered. A large number of decorative and ceremonial jade objects belonging to the Liangzhu Culture were unearthed. The Songze and Liangzhu cultures were both located in the middle and lower reaches of the Changjiang (Yangtze) River during the New Stone Age, the Liangzhu evolving from the Songze.

These discoveries prove that the ancient people of the Shandong area and the dwellers of the middle and lower reaches of the Changjiang River began to have frequent communications 5,200 years ago. Huang Xianghong said that this excavation made two significant breakthroughs: the discovery of Liangzhu jade-ware and the discovery of plentiful skeletal remains of immolated humans.

by Lou Linwen

Pyramid-Style Structure Discovered

A large, 5,000-year-old pyramid-like structure has been discovered on the Niuliang River in western Liaoning Province.

The building, the first of its kind discovered in China, consists of a man-made earthen mound almost 40 metres in diameter. Around the base are large stones that extend the diameter to 60 metres. The area of the whole structure is almost 10,000 square metres.

Discovered along with the building were large tombs of the leaders of the primitive Hongshan Culture society and exquisite jade articles. These discoveries have provided rich, first-hand material in the ongoing search for China’s cultural roots.

Scholars from the United States, France, Japan, India and other countries concluded after an on-the-spot investigation that the Hongshan remains rank with the pyramids in Egypt in international importance.

The Hongshan Culture was an important part of the Neolithic culture in north China. Among the artifacts already discovered have been stone implements and pottery. The pottery is decorated with the character Zhi.

Other Hongshan remains have been found at the sacrificial site at Dong Shanzui. It is 60 metres long and 40 metres wide. To the south are a group of stone buildings symmetrically arranged on an east-west axis.

More than 20 incomplete pottery statues were found at the site. These included two small figurines of pregnant women. One of the figures, now missing its head and arms, has clear sexual characteristics. The other, missing the lower part of its body, is clothed and in a sitting position. Jade decorations, including two dragons, were also discovered.

by Feng Jing
In order to promote the tourist industry, Jiangsu Province, in east China, a fertile land abundant in natural resources, plans to introduce five new tourist packages geared to foreign tourists.

The “Emperor Qianlong’s Route” South of the Changjiang River. Qianlong who reigned during the Qing Dynasty (1644-1911) was one emperor who loved to travel. During his 60-year reign he made six inspection tours south of the Changjiang (Yangtze) River, visiting such famous towns as Nanjing, Zhenjiang, Yangzhou, Wuxi and Suzhou, all noted for their wonderful gardens, cultural relics and historic sites. This package will lead tourists along the same route taken by Emperor Qianlong, provide historical anecdotes about his life, give visitors a sampling of imperial cuisine and allow tourists to see China through the eyes of the emperor. The route, filled with interesting sights, is quite comfortable. One can choose any of the famous cities south of the Changjiang River and decide how long in each city you would like to stay.

Coach Tours. The tourist cities in Jiangsu Province are close to each other and connected by a network of good roads. This is a convenient way to sightsee and leaves one free of restrictive schedules. Travel from one city to another only takes about one or two hours.

All coaches are imported, large, luxury models that can seat up to 50 passengers. They are equipped with air conditioning, toilet and luggage facilities.

Spring Tour South of the Changjiang River. The climate in Jiangsu is pleasant, especially between the winter and spring. Those taking this tour are guaranteed a visit to a special location for a sampling of the local cuisine and to receive a souvenir given by the local travel service. The tour is two grades, standard and luxury, dependent on the accommodations and food requested. There are 13 tourist cities in Jiangsu Province among which travellers can choose to visit.

Study Tours. The study tours are for both the old and young. For older travellers, there is the opportunity to learn about China’s ancient history, its culture and art, and get an overview of the Chinese traditional method for keeping in good health and prolonging life. These tours are of benefit for both knowledge and health. A certificate of completion is issued at the end of the course.

For those on the study tour, in addition to visiting various schools, they can take part in various gatherings such as field track competitions and other matches, exchange ideas and study painting and calligraphy techniques, visit history museums and learn a little about particular periods of Chinese history. There will also be plenty opportunity to roam about scenic lakes and mountains.

The number of participants for a study group is not limited. Special transport will be provided between cities. In all, tourists can visit 10-15 schools in Jiangsu Province.

Painting & Calligraphy Study Tour. Jiangsu has a long history of painting and calligraphy and boasts many famous painters who held important positions in Chinese art history. Those on this study tour will be able to appreciate the original works of these famous calligraphers and painters created during the various dynasties by viewing the inscriptions which are preserved in various locations, and through discussions with modern-day calligraphers and painters. There will also be the opportunity to assist in setting up calligraphy and painting exhibitions.

In addition to the above, beginning in 1990, an “International Tablet Forest” will be held in the Jiaoshan Tablet Forest, Zhenjiang, and the Zhanhuu Tablet Gallery, Nanjing, at which famous calligraphers from various countries can erect tablets with their own biographies engraved on them. Tourists are invited to bring their own calligraphy or write them on the spot so that they also can be inscribed on tablets.

Jiangsu Province, located in China’s east, next to Shanghai, is one of China’s most important tourist areas. The province contains 13 unique tourist cities, seven of which are famous nationwide for their history and culture. The area is rich in natural and man-made beauty, temples, mausoleums, terra-cotta warriors and horses, castles of many hundreds years old, unique ancient gardens (typical of those south of the Changjiang River) and a variety of folk culture and customs. Jiangsu has many mountains and beautiful rivers and is known for its “water” villages. Prior to the development of this tour, the province had already opened up more than 20 special tourist packages such as the ancient Grand Canal, “water” village customs south of the Changjiang River, miniature landscape appreciation, angling and cuisine, the ringing of temple bells on lunar New Year’s Eve, Mid-Autumn Festival activities, the Jinling lantern festival in Nanjing, the art festival in Nantong and other interesting activities.

by Yao Jianguo
Papercuts for Horse Year

According to the traditional Chinese lunar calendar, the year 1990 is the year of the horse, represented here by some folk horse papercuts.
Plum-Brand glassware has enjoyed a 36-year history of export to more than 80 countries and regions. With improved technology, new variety, better style and packaging, our company's products receive favourable comments from consumers wherever they are sold.

Now the assortment of Plum-Brand Glassware include the following products:

1. Machine-moulded products: These include various kinds of cups, beer glasses, teacups, drinking glasses, milk glasses, ashtrays, sugar bowls, glass bowls and coffee cups.

2. Machine-blown cups: These include plain-glass cups, printed glass cups and carved cups in various styles, volumes and models.

3. Broad assortments of individually blown products: These include plain-glass cups, carved cups, scenic patterns, colourless wine glasses, colourless cut glass vases, jacketed vases, colourless beer sets, seven-piece drinking sets of cups and vessels.

With varied models, new styles, bright colour and high transparency, the various kinds of glassware are ideal for big or small banquets, restaurants, bars and family use. In addition to the above-mentioned goods, customers can also choose from and order the products made by the Tianjin Light Industrial Products Import & Export Corp. that offers sales services and can also process goods according to buyers' samples (including designs).

Tianjin Light Industrial Products Import & Export Corp.
Address: 164 Liaoning Road, Tianjin, China
Cable: "INDUSTRY" Tianjin
Telex: 23142 TJIIP CN