

Vol. 29, No. 16 April 21, 1986

北京周报

A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

## China's Economy to Take New Paths

中华人民共和国第六届全国人民代表大会第四次会议

China Urges USSR, US  
to Halve  
Their Nuclear Arms





Science and medical workers taking a radiation measurement with the model.



Putting on the finishing touches to the skeleton and viscera.

## Human Model to Help Medicine

China succeeded in manufacturing an anthropomorphic dummy in 1984. Made with macromolecular materials which have the same response to radiation as human organs, the model can play vital role in studying radiation protection, radiodiagnosis and tumour treatment.

*Photos by Liu Guanghua and Mo Yan*

## SPOTLIGHT

One last check before putting it to use.



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### COVER: The Fourth Session of the Sixth National People's Congress in progress.

Photo by Wang Xinqing

## HIGHLIGHTS OF THE WEEK

### Premier Zhao's Report at the NPC

■ Full text of his report on the Seventh Five-Year Plan, which Premier Zhao Ziyang delivered at the National People's Congress (centrefold). Two *Beijing Review* reports on the recent NPC and CPPCC National Committee sessions—one on the newly adopted Civil Code General Principles, the other on discussion of problems in the reform, education, laws and the construction of socialist culture and ethics (p. 16 and p. 18).

### Chinese Statement on US Attack on Libya

■ A Foreign Ministry spokesman condemned the United States for worsening the situation in the Mediterranean and called on the parties concerned to exercise restraint (p.7).

### China Urges US-Soviet Nuclear Weapon Cuts

■ Although the superpowers both called for 50 percent reductions in their nuclear arsenals, their plans differ from the Chinese proposal first issued in 1982. The goal of the Chinese plan included the eventual prohibition of nuclear weaponry (p.14).

### Southeast Asia Stands Behind Kampuchea

■ The representatives of the Association of Southeast Asian Nations applauded the eight-point proposal of Democratic Kampuchea recently unveiled at a Manila meeting. The ASEAN delegates said Hanoi's rejection indicates a lack of sincerity towards a political settlement of the Kampuchean issue (p. 10).

### Re-education for Juvenile Delinquents

■ The increase in delinquency among Chinese youth over recent years has greatly concerned responsible government organizations. A current multi-faceted drive to prevent and control the socially rooted problem focuses on re-educating the youths and reintegrating them into society rather than just punishing them (p. 20).

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# Meeting People's Growing Cultural Needs

by Dai Yannian

**M**ost ordinary Chinese, who formerly had limited cultural activities to attend, now have more opportunities to go to plays, movies, dances and other activities. There are now more than 50,000 cultural centres in China, almost double the figure of five years ago.

Like many other countries, China's cities also have modern cultural facilities, as well as professional theatrical companies and artists who enjoy worldwide reputation. These things alone, however, are far from enough, because China's goal is to enable its 1 billion people to enjoy rich and healthy cultural lives, which is an indication of socialist civilization.

China's farmers make up 80 percent of its population. The saying, "wielding hoes during the day, nibbling *wotou* (steamed corn bread) after returning home, and falling onto their pillows at night," accurately portrays the former monotony of rural life. In those days when farmers still worried about having enough food, cultural activities were not their concern. In the past few years, however, as a result of the invigorated rural economy brought about by the reform, and because farmers now have enough money for food and clothing, they have developed a desire for cultural activities.

The government cultural departments, the Communist Youth League organizations and trade unions have done a lot of work aimed at expanding mass cultural activities. In 1981 and 1983 the Party Central Committee issued successive directives, calling on Party committees at all levels and relevant departments to strengthen this work.

With the development of the

rural economy, some villages have gradually grown into towns or townships, which are the politico-economic and cultural centres of the countryside. These township cultural centres include cinemas, theatres, sports grounds, reading rooms, recreational rooms and science and technology activity rooms, and attract many farmers from the surrounding villages. In regions where popular cultural activities are well-organized, there are cultural rooms and other small recreational places in ordinary villages.

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***D**uring the last few years, many recreational centres have been set up in both the urban and rural areas. In addition to popularizing culture, China still must raise its cultural standards before it can meet the people's growing needs.*

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In the cities, in addition to the auditoriums of some government institutions and people's organizations, which are open to the public to make up for the shortage of cinemas and theatres, many neighbourhoods and residential areas also set up cultural stations, "children's homes," "children's orchestras" and "elderly recreational rooms." In industrial enterprises and mines, there are also many cultural palaces, libraries and sports grounds.

Specialized cultural households have also emerged as new popular cultural establishments in the last few years. As the development of rural commodity production has promoted the division of labour in

society, the emergence of specialized economic households has hastened the appearance of specialized cultural households. In Linqu County in Shandong Province, one farmer has expanded his photo studio into a video-recording studio. So far, he has recorded more than 20 films depicting the meritorious deeds of the county's advanced workers. The films have been shown in many of the county's villages, and five of the films have been chosen for broadcast by the province's television station. Another farmer in a mountainous area carves out potted landscapes and rockeries from stones to beautify the environment. His work is so ingenious and skilful that he was asked by many units and farmer families to make potted landscapes and rockeries.

These specialized cultural households have also set up groups in calligraphy, painting, book and newspaper reading and opera performances. There are more than 10,000 such full- or part-time specialized cultural households in Shandong Province, more than 50,000 in Hebei Province and many in other places, all of whom are paid for their talents. As the prospering farmers are willing to pay for their cultural and artistic enjoyment, the specialized cultural households, which have increased their incomes by virtue of their special skills, also like to go in for cultural work. Specialized cultural households, which have expedited the development of popular culture, complement the efforts of the state and the collectives.

Following the principle of serving the people, China's professional art troupes often perform for workers and farmers at industrial enterprises, mines and





villages; publishing departments print reading materials needed by the people; televisions are common in homes in large and medium-sized cities and have begun to enter farmer households. Many workers, farmers and particularly young people, however, are not content with watching performances, reading books and appreciating paintings; they want to engage in creative writing and perform themselves. China now has about 2 million amateur performers and 300,000 aspiring amateur writers and artists. Some of their short stories, novels, songs, photographs, paintings, etc. have been awarded in competitions.

Healthy and rich cultural activities benefit the people both physically and mentally. Some people, however, concentrate on pursuing economic gains, pander to vulgar tastes and circulate trash, and thus poison the minds of the people. To check this trend, it is highly necessary for the departments concerned to tighten control over such things.

Much work remains to be done in order to spread cultural activities among the masses at the grassroots level across the country. And it will be even more arduous to do so in the border and mountainous areas, which are especially economically and culturally underdeveloped. On the basis of popularization, attention should be paid to raising standards before we can meet the people's growing cultural needs.

## EVENTS/TRENDS

# NPC Gives Go-Ahead to 5-Year Plan

**T**he Fourth Session of the Sixth National People's Congress (NPC) ended in Beijing on April 12 with a clear message to the nation: Work together with concerted efforts to fulfil the Seventh Five-Year Plan (1986-90) for social and economic development and to build socialism with distinctive Chinese characteristics.

The session, held in the Great Hall of the People, adopted a resolution endorsing in principle the Seventh Five-Year Plan and Premier Zhao Ziyang's report on the plan.

The resolution holds that the plan's guidelines and policies are correct and that the various tasks set forth in the document are ambitious enough to quadruple the country's industrial and agricultural output by the end of the century, yet cautiously realistic and tangible.

The resolution calls on the people to give priority to top-to-bottom reforms in the economy, science and technology and education.

The session also endorsed the General Principles of the Civil Code, which will come into force next year, the Law Governing Compulsory Education, to go into effect as of July 1, and the Law Governing Enterprises with Foreign Capital, to become effective the day it is published.

At the session NPC deputies also adopted a resolution expressing appreciation of the work by the NPC Standing Committee since the last session and by the Supreme People's Court and the Supreme People's Procuratorate over the last year.

Among other things, deputies also adopted a State Council plan for economic and social development in 1986 and a state budget for the coming year. The session

empowered the NPC Standing Committee to examine and endorse the country's final 1985 accounts.

At the suggestions of Premier Zhao Ziyang, the session also appointed 61-year-old Qiao Shi the State Council's fifth vice-premier. The appointment of Qiao, who is concurrently a member of the Politburo and secretariat of the Party Central Committee and secretary of the Central Political and Legal Commission, is intended to strengthen the State Council leadership over the country's legal work.

Song Jian, a 54-year-old specialist in cybernetics who is currently minister in charge of the State Scientific and Technological Commission, was appointed state councillor.

The session also elected 86-year-old Chu Tunan vice-chairman of the Sixth NPC Standing Committee. Chu is a leader of the China Democratic League. At the session five additional members were elected to the NPC Standing Committee.

**Major Amendments.** After negotiation and debate during the panel discussions, NPC deputies agreed on a number of major amendments to Premier Zhao's report on the Seventh Five-Year Plan.

Many deputies, especially those from the country's leading grain-producing provinces, strongly advocated that the government increase investment in agriculture and pay more attention to grain production. This demand is now amply reflected in the amended report.

A major point concerning ideology, culture and theory was added to the report, calling on the



nation's theoreticians and social workers to devote themselves to the promotion of socialist ethics. Regarding philosophy and other social sciences, particularly economic theories, the report urged that theory be closely linked with practice; that the basic theory of Marxism be applied to find solutions to major problems arising from the modernization process; and that great efforts be made in practice to enrich and develop Marxism.

The revised report gives more

attention to assisting areas inhabited by ethnic minorities and under-developed regions. Accordingly these areas will receive more funds, materials and technological assistance for their efforts to shake off poverty by relying on their own efforts.

Other amendments to Zhao's report include:

—Strengthening research in the theory of teaching science and improving the curricula, teaching methods and textbooks.

—Taking steps to establish a

system under which scientists and technicians are entitled to continue their education to upgrade their skills.

—Using taxation as a lever to readjust the income levels of various strata of society.

—Fully respecting and ensuring the power of industrial enterprises to make their own decisions.

—Paying due attention to existing problems in the current economic work. ■

## CPPCC: Think Tank For Nation's Future

A major hallmark of China's political system is that a National People's Congress session is accompanied by a session of the Chinese People's Political Consultative Conference (CPPCC), during which participants representing the various democratic parties and people's organizations give constructive criticism to the country's work and come up with recommendations on how to improve the work.

During this session, participants attended the NPC session as non-voting delegates, heard and discussed Premier Zhao's report on the Seventh Five-Year Plan and other reports, while voicing their opinions and giving suggestions.

A resolution passed by the session points out that as an organization of the patriotic united front of the Chinese people, the CPPCC represents a major venue for developing socialist democracy in the country's political life, and that with its vast body of experts in various fields and its links among the people, the CPPCC will continue to play an important role in economic development and the promotion of socialist culture and ethics.

The session called on all CPPCC members to assist the government in implementing the Seventh Five-Year Plan and to dedicate themselves to the economic reforms, the efforts to enliven the home economy and open to the outside world, expand their ties with compatriots in Taiwan, Hong Kong and Macao and overseas Chinese, promote the peaceful reunification of the motherland, and to develop the people's diplomacy aimed at promoting friendship and understanding with people in other countries.

The session added three vice-chairmen to the CPPCC National Committee: Wang Enmao, chairman of the Party advisory commission of the Xinjiang Uygur Autonomous Region; Qian Xuesen, a celebrated scientist; and Lei Jieqiong, a renowned woman sociologist and vice-chairwoman of the China Association for Promoting Democracy. ■

## Hu Gives ANC China's Support

China's will fight alongside the international community striving to end the racist rule in South Africa, Chinese Communist Party leader Hu Yaobang said recently in Beijing.

At a meeting on April 11 with a delegation from the African National Congress of South Africa, led by its Secretary-General Alfred Nzo, Hu, general secretary of the Communist Party of China, said the Chinese government and people would continue to give their full support to the struggle in South Africa against the racist apartheid rule.

"The people all over the world are concerned about and respect your struggle," Hu said. "Most countries and international organizations and people stand by your side."

South Africa's racial discrimination is "too dark and ruthless," and goes against the trend of human development, Hu added.

A rally to support South African people's struggle was held on April 3 by the Chinese Association for International Understanding, the Chinese People's Association for Peace and Disarmament and the Chinese People's Association for Friendship With Foreign Countries. More than 1,000 participants gathered at the Nationalities Palace of Culture in Beijing to pledge support for the South African people in their struggle for racial equality and against apartheid.



## Yugoslav Leader Confers in Beijing

**A**fter completing talks with three top Chinese leaders, Yugoslavian President Radovan Vlakovic left China for Belgrade on April 8.

Vlakovic, the first Yugoslav head of state to visit China since the late President Josip Broz Tito came to China in 1977, arrived in Beijing on April 2 for a seven-day formal visit at the invitation of Chinese President Li Xiannian.

During an April 4 meeting, Deng Xiaoping detailed China's current policies to his Yugoslavian guest. Deng said the current economic reforms and open policy would not lead the country off the socialist path. All the policies adopted by China in recent years, Deng said, served two purposes. One was to adhere to the socialist road, and the other was to oppose hegemonism and safeguard world peace.

"As long as China, with its 1 billion population, pursues socialism and peace, it will make great

contributions to mankind. If China were to embark on the capitalist road or practise hegemonism, it would be disastrous for mankind," he said.

Deng briefed the guests on China's ongoing economic restructuring, which he said was designed to help build socialism with China's own characteristics.

In another meeting with Vlakovic the same day, Party General Secretary Hu Yaobang said two trends were rising in the present-day world—Dialogue between nations and the economic reforms in socialist countries. Although some countries have engaged in dialogues "only reluctantly," Hu said, "past experience has shown that only through dialogues can confrontation be avoided. Those bent on confrontation and arms race are courting trouble." Hu also noted that "without reform, socialist country cannot make progress."

In reply, Vlakovic said he shared both leaders' views, declaring that China's adherence to the socialist road would have a great impact on the world.

Deng Xiaoping meets Radovan Vlakovic.



## US Attack on Libya Condemned

The spokesman of the Chinese Foreign Ministry issued on April 15 a statement on the renewed US attack on Libyan territory. The spokesman said:

"In the small hours of the 15th, US military forces in the Mediterranean once again attacked the territory of the Socialist People's Libyan Arab Jamahiriya, thus drastically worsening the situation in the Mediterranean and the Middle East. The Chinese Government expresses its deep concern and anxiety and condemns such an act of attacking the territory of another state and encroaching upon its sovereignty in violation of the norms governing international relations.

"The Chinese Government has always opposed and condemned all forms of terrorism and opposed the use of terrorist means in carrying out political struggle. At the same time, we are against the encroachment upon the territory of a sovereign state under the pretext of striking terrorism.

"We have always been in favour of seeking a fair and reasonable settlement of differences among states through peaceful dialogue. The use or threat of force could only further complicate an issue rather than facilitate its settlement. We ask the US Government to stop forthwith its encroachment upon the territory and sovereignty of Libya and call on the parties concerned to exercise restraint, cease hostilities and avoid the further deterioration of the situation in the interest of the maintenance of peace and stability in this region."



During a meeting on April 3, President Li Xiannian and his Yugoslav counterpart both expressed confidence in the expansion of friendly ties between the two countries.

Total trade between Yugoslavia and China last year reached a record high of US\$189 million, a US\$69 million increase over 1984. Since 1983 the two countries have signed 40 contracts on industrial co-operation. And earlier this year, Smelt, a leading Yugoslav firm specializing in engineering technology and equipment for industrial plants, opened a representative office in Beijing. The company also signed a contract with a Chinese Company for the establishment of a refinery in Guangdong Province. When completed, the refinery will become the largest industrial-project run jointly by Yugoslavia and China with an annual capacity of processing 2 million tons of oil.

## Plan Sets Targets For 3 Econ Belts

While promoting economic co-operation and exchanges

among the country's numerous enterprises, China will work to develop three economic belts each with its own characteristics (see map).

Accordingly, economic growth in the eastern coastal areas will be speeded up over the next five years and throughout the 1990s, the development of energy and raw materials will be boosted in the central and inland areas, and preparations are under way to further open up the western region.

"This inter-regional co-operation will cut administrative red tape, avoid mismanagement from above and rationalize the overall use of funds, materials, equipment, technology and labour," *People's Daily* said in a recent editorial.

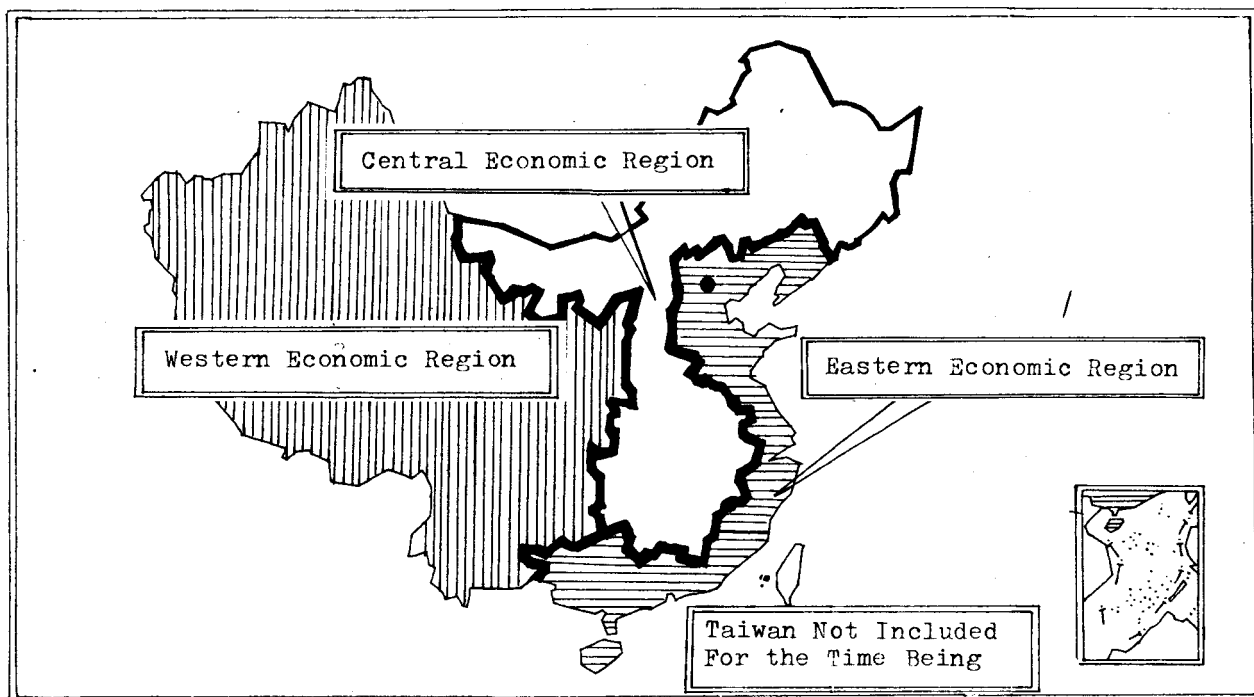
According to China's Seventh Five-Year Plan (1986-90), adopted at the Fourth Session of the Sixth National People's Congress which ended last week, the eastern region includes the three big cities of Beijing, Shanghai and Tianjin. It covers more than 1.3 million square kilometres and has a population of about 400 million.

The central region stretches

north from Inner Mongolia to eight other provinces and autonomous regions, covering 2.7 million square kilometres with a population of 370 million. And the western region covers 5.3 million square kilometres in which 230 million people reside.

Because of different geographical features, there have been discrepancies between China's regional development. The densely populated coastal area has become the most developed in the country. Its infrastructure, technology and management are better facilitated, yet the region is handicapped by an insufficient supply of materials and land for expansion. Meanwhile, in some inland areas, technology is underdeveloped but there is all the room necessary to expand.

The new plan, outlining economic targets for the three regions, stipulates that the eastern coastal region should focus its economic growth on the technological modernization of traditional industries and existing factories. It should also develop high technology and quality consumer goods, and modernize its old industrial cities such as



Shanghai, Tianjin, Shenyang and Dalian.

During the next five years, China will step up construction of its four special economic zones and 14 open port cities in the eastern region. According to the plan, "they should become China's bases for trade with other countries, train senior engineers and managerial staff, and supply new technology, consultancy and information to other parts of the country."

Meanwhile, the central region will step up development of energy sources (electricity, coal and oil), non-ferrous metals, phosphorus and building materials. The region's coal output is expected to exceed 600 million tons a year by 1990, up 24 percent from 1985.

Between 1986 and 1990, the western region will devote its major efforts to expanding agriculture, forestry, animal husbandry and transport. It will also tap its energy and mineral resources and promote processing industries. New railway lines connected to central and eastern China are scheduled for construction, and road construction has also been placed on the agenda. Civil aviation is due for expansion in Xinjiang, Qinghai, Yunnan and Tibet.

The plan has also suggested the establishment of energy and mineral development zones along the middle and upper reaches of the Huanghe (Yellow) River and the upper reaches of the Changjiang (Yangtze) River. ■

## Dalai Welcome, Says Bainqen

**T**he central authorities and the Chinese people always welcome the Dalai Lama—the Tibetan living Buddha who fled the region in 1959—to return home.

Bainqen Erdini Qoigui Gyaincain, who is vice-chairman of the National People's Congress

Standing Committee and honorary president of the China Buddhists Association, told a group of journalists from Hong Kong and Macao on April 7 that the Dalai Lama could come back "whenever he feels his misgivings are gone. But he must abandon activities for an 'independent Tibet.'"

"If he insists on going for an 'independent Tibet,'" the Bainqen Lama added, "We will have nothing in common with him. Everything else can be easily settled if he recognizes China's unification."

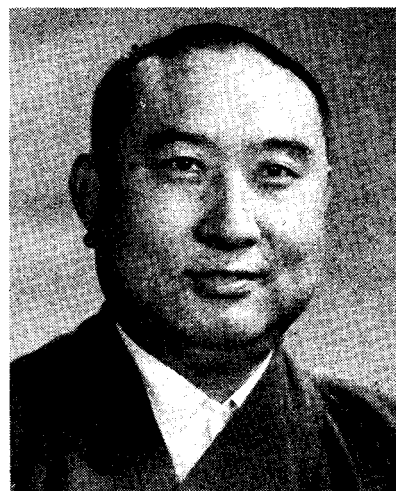
Bainqen said Party and government leaders had repeatedly told representatives sent by the Dalai Lama, who now lives in India, that the Dalai was welcome to return to China. If he came back to live, he would enjoy the same political treatment and living conditions as he did before he fled to India in 1959. If he decides to come back, the Bainqen Lama said, the Dalai Lama could issue a brief statement to the press, and it would be up to him to decide what he would say in the statement.

The Bainqen Lama said that other Tibetans living abroad are welcome to return to China for a visit or to settle down. "They are free to go abroad again if they wish to," he said.

"I hope all Tibetans abroad stop the manoeuvres for an 'independent Tibet' which are detrimental to the interests of the Tibetan people and the large family of all Chinese nationalities," he said.

Bainqen went on to say that those who attempted to use Tibet's democratic reform to discredit China's concept of "one country, two systems" were making a far-fetched comparison. "This is a misinterpretation and an excuse found by some people to oppose the correct policy of 'one country, two systems,'" he added.

He told Hong Kong and Macao journalists that Tibet's democratic reform and the concept of "one country, two systems" were two



entirely different issues that should not be mixed up.

He recalled that there was no such concept at all in 1951, when the central government and the Tibet local government signed an agreement on the liberation of Tibet. "Under the agreement," he said, "Tibet's previous social system would have to be reformed. But how to carry out the reform involved consultation with leaders of the local government and residents."

He also said the agreement was faithfully executed after Tibet's liberation. The central authorities adopted a cautious attitude towards Tibet's democratic reforms and announced in 1956 that Tibet would not be required to carry out the reforms during the period of China's Second Five-Year Plan (1958-62).

However, a handful of Tibet's upper-class elements launched an armed rebellion in 1959. "Their aim was to drag Tibet away from the motherland," he said. "This act ran counter to the phrase of 'upholding the unification of the motherland' as provided in the agreement."

He told reporters the Tibetans strongly demanded an end to the serf system after the rebellion was put down in 1959, adding that if Tibetans had not expressed such a demand, democratic reforms would not have been carried out then. ■



ASEAN

## Supporting Kampuchean Peace Plan

*During a meeting with representatives of Democratic Kampuchea early this month, representatives of ASEAN member nations backed the new Kampuchean proposal which, if accepted, would be conducive to peace and stability in Southeast Asia.*

On April 3-4, senior officials of the coalition government of Democratic Kampuchea visited Manila and held talks with their counterparts in the Association of Southeast Asian Nations (ASEAN) on the settlement of the Kampuchean issue.

The Kampuchean visitors consisted of Khieu Samphan, vice-president of Democratic Kampuchea, Boun Say, member of the Co-ordination Committee for Finance and Economy, and Prince Norodom Ranariddh, son and personal representative for President Norodom Sihanouk and commander-in-chief of the national army. The eight-point proposal put forward by the Kampuchean coalition government for a political solution to the Kampuchean problem was explained in detail to the ASEAN representatives. At the end of the two-day session the representatives announced their full support of the proposal, declaring it was fair and practical.

The seven-year Vietnamese invasion of Kampuchea has wrought unprecedented havoc to the country. But this proposal does not demand war reparations from Viet Nam. It only requests that the Vietnamese government negotiate with the coalition government of Democratic Kampuchea to discuss the process of troop withdrawal. The proposal allows the Vietnamese troops to withdraw in two phases within a definite period of time.

The Heng Samrin faction is merely a puppet regime created at Vietnamese instigation, yet the

proposal has not excluded it. In a spirit of national reconciliation and unity, the proposal would allow Heng Samrin and his clique to join in the negotiations with the coalition government after Viet Nam concluded its first stage of troop withdrawal. It also would allow Heng Samrin to join a four-party coalition government headed by Norodom Sihanouk as president and Son Sann as prime minister. Each of the four factions would have equal rights as a

political force in the national community.

The proposal again stipulated that Kampuchea would be restored as an independent nation, united in her own territorial integrity, having a liberal democratic regime, the nation would become a peaceful, neutral and non-aligned territory without any foreign troops on her soil. It also indicated Democratic Kampuchea was willing to sign a non-aggression and peaceful coexistence pact with Viet Nam.

The ASEAN representatives backed the proposal because it would benefit all sides—both Kampuchea and Viet Nam, as well as the peace and stability of the Southeast Asian region.

The ASEAN representatives stated that Hanoi's rapid rejection of such a reasonable proposal was irrational and dangerous. The Vietnamese accusations that the proposal was a "farce" aimed at

## Patriot Backs Latest Proposal

Hoang Van Hoan, Vietnamese patriot and elder statesman now living in China because of his disagreement with the ruling Hanoi clique, has expressed support for the recent Democratic Kampuchean proposal to end the country's current conflict with a political solution.

Hoan urged acceptance of this proposal in a message to the organizing committee for the observance in Japan of International Kampuchean Day on April 13, traditional New Year's Day for the Kampuchean people.

The war against Kampuchea, noted Hoan in the message, not only has brought about enormous disaster to the people in that country, but also caused grave repercussions to the Vietnamese people. Hanoi should immediately end the war and withdraw all its troops from Kampuchea so that the people there can manage their own affairs, he demanded.

Hoan pointed out the recent proposal by Democratic Kampuchea provided a sound basis for solving the Kampuchean problem. It conforms to the fundamental interests of the Vietnamese and Kampuchean people, as well as to the desires of people around the world, he said. "It is my sincere hope that in this International Year of Peace all people in the world who love peace, freedom and justice will work together to bring about the realization of this proposal so as to contribute to peace in Southeast Asia and throughout the world."

"defaming" Viet Nam and "halting the rapid-growing tendency for dialogue in Southeast Asia" were denounced by the ASEAN members. Thai Deputy Prime Minister and Foreign Minister Siddhi Savetsila said Viet Nam's quick rejection of the proposal proved it had no intention of peacefully settling the Kampuchean issue. Thailand's foreign ministry spokesman pointed out that Viet Nam rejection was utterly unjustifiable, and that it indicated Viet Nam wanted to tightly control the three Indochinese countries. Malaysian Foreign Minister Ahmad Rith-auddeen said Viet Nam's refusal to negotiate with the coalition government of Democratic Kampuchea constituted a stumbling block that could prevent the realization of peace in Kampuchea and in Southeast Asia.

Meanwhile, during the current dry season, the three party armed forces have not only stepped up guerrilla warfare on the main battlefield in the Tonle Sap area, but they have also expanded it into the area around Phnom Penh and east of the Mekong River. Recently the armed forces of the coalition government of Democratic Kampuchea launched a joint operation in Battambang City, causing heavy casualties to the Vietnamese occupation troops. Their victory underlines what wonders the armed forces under the three parties of democratic Kampuchea can do once their actions are well co-ordinated.

It has been reported that the number of casualties inflicted on the Vietnamese and puppet troops in the course of this dry season far exceeded those during any of the previous dry seasons. At the same time, the incidence of desertion, mutiny and revolt among the Heng Samrin troops has mounted. As vice-president of democratic Kampuchea Khieu Samphan pointed out, the Kampuchean coalition government did not put forward this proposal from a

position of weakness, but rather from strength.

Recent developments show that, while the forces of democratic Kampuchea are making

progress, they are still willing to propose a settlement that involves the Heng Samrin faction—thus demonstrating their sincerity towards peace.

Tang Tianri

## SOUTH AFRICA

### Emergency Lifted, Violence Mounts

*A month has passed since South African President P. W. Botha claimed that racial unrest had eased enough to lift the 229-day-old emergency law. It appears Botha's assessment was wrong.*

**M**ore than 2,000 young South African blacks were waiting outside a courthouse about 200 miles east of Johannesburg for the trial of eight of their friends to begin when South African police opened fire leaving two teenagers dead and 81 others wounded.

Johannesburg lawyer Lawrence Tonkin, who had tried to stop police from shooting, later said in a statement to the bar association (the professional council of lawyers) that there was "no apparent justification" for the attack. The police had not been given orders to disperse the crowd, nor did they use tear gas before they opened fire, he said.

Tonkin said when he arrived at the courthouse in Kabokweni in White River to represent the eight, accused of taking part in a riot, he saw a young crowd, some of them armed with sticks. "The crowd was very angry," he said.

Tonkin was trying to calm tensions by arranging talks between the young people and the police when the latter opened fire. "After the shooting, the area was littered with groaning pupils. I was deeply shocked by what happened and burst into tears," Tonkin said. He said it was his duty to publish his eye-witness account of the incident.

It has become apparent that the South African authorities have clamped down on black protestors even more after lifting the state-of-

emergency law on March 7.

A black school teacher pointed out recently, "Little changed when the emergency was declared and little will change now that it is gone. They have enough laws that let them do what they want anyway."

The unabated racial turmoil in South Africa has amply justified this statement. More than 171 people died in political violence in South Africa last month—the highest monthly toll in the last 19 months.

According to the South Africa Institute of Race Relations, which has been monitoring casualties since the current wave of unrest began in September 1984, the total death toll at the end of last month stood at 1,416.

At least 19 people have been killed in politically-related violence so far in April, boosting the total death toll to 1,435.

The institute said the average daily death rate from the beginning of 1986 to the lifting of the state of emergency in South Africa on March 7 was 3.8. It has since risen to 5.6.

The emergency law was only lifted nominally. Police and army units are still in black townships and the suppression of blacks continues. Many are still behind bars and bans on anti-apartheid organizations and political meetings are still in force.



On March 26 police opened fire on some 5,000 blacks protesting the arrest of their children in Bophuthatswana, killing 11 people and wounding at least 37 others. They arrested more than half of the demonstrators.

On the same day, 19 people were killed in other incidents bringing the day's death toll to 30, the most in a single day in more than a year and a half.

Two French doctors, who showed reporters slashes on their arms and backs, said they came upon police beating about 20 blacks and pleaded with them to stop. Instead, the two said they were arrested, whipped and beaten up.

Witnesses said police continued to assault residents for hours after the shootings.

Two journalists at the scene said police dragged people from surrounding homes and beat them to the ground with whips and rifle butts. The injured were assaulted by police as they waited to be taken to local hospitals, they said.

David Sekonde, 18, told lawyers who visited the scene after the incident that he and a friend had run for safety into a nearby house. "My friend ran into a toilet. When I came out to look for him, he was shot dead. The bullet had gone between his eyes."

Black leader Ernest Malgas recently commented that "the so-called lifting of the state of emergency means nothing to us because the same government has again given police more power."

In the black townships of Guguletu, outside Cape Town, and in Brighton in Port Elizabeth, 50,000 mourners on March 15 defied bans on political speeches and held up anti-government placards at a service for 13 people who had been killed by police. Many of the coffins were draped with flags of the African National Congress.

The Rev. Wesley Mabuza said at the service that "the black man has become like an angry elephant. He has been patient for a

long time. Our patience is exhausted."

Another speaker said "we are not here to mourn, but to take further the spear of liberation."

Edgar Ngoyi, president of the United Democratic Front Coalition, told the crowd at Brighton that the government was now seeing "how the people destroy the system day by day. No longer are we prepared to wait for Botha to make changes in our country."

On March 24 blacks began a consumer boycott of white-owned businesses to protest the continued presence of South African troops in black townships, the dismissals of black workers, high rents and the banning of student organizations.

Blacks will resume a consumer boycott of white businesses in Port Elizabeth in mid-April. A similar four-month boycott last year was

a serious financial blow to white shopowners.

About 1,500 delegates representing black teachers, parents and students adopted on March 30 a resolution at a conference held in the port city of Durban calling for a nationwide school boycott and a general strike from June 16 to 18 to commemorate the 10th anniversary of the Soweto Uprising in 1976, in which more than 170 blacks were killed.

The National Forum, an alliance of black resistance organizations, also called on March 29 for two general strikes and boycotts of schools and white shops for four days in May and 11 days in June.

Under such circumstances, neither harsh measures nor minor reforms will silence the opposition.

by Wang Nengbiao

## CENTRAL AMERICA

### Peace Proposal — US Out of Region

*Foreign ministers from South and Central America met in two sessions to search for solutions to the Central American dilemma.*

**P**ace—no outside intervention—in Central America. This is the plea issued by Latin American countries that concluded on April 7 two simultaneous emergency meetings held in the troubled Central American region.

The special session of the Latin American Parliament in Guatemala and the Panama foreign ministers meeting of 13 countries, including those of the Contadora Group and its supporting body, the Lima Group, were held at a time when the White House was doing its best to railroad through the US Congress a bill granting US\$100 million in aid to Nicaragua's anti-government forces, while stepping up military action there.

US President Ronald Reagan

plunged himself into the White House bid, writing letters and giving speeches towards this end. The Reagan administration even described the Nicaraguan troops' pursuit of the anti-government forces as an "invasion" of Honduras that almost triggered a large-scale clash between the two neighbouring countries. This went hand in hand with joint US-Honduran military exercises in Honduras held to cope with any "aggression by a neighbouring country."

With such development, the Latin American Parliament unanimously adopted the "Guatemala statement" on April 5 which blasted the Reagan administration and some US Congress members for their open interference in the

affairs in Nicaragua. It warned if there was an armed intervention in the Central American country, the Latin American Parliament would "act in defence of the independence and freedom of the country in question."

The foreign ministers meeting in Panama, though falling short of a resolution on the issues of arms reduction and a ban on international military exercises because of differences of opinion, has issued the "Panama communique" worked out by the participating Contadora Group and the Lima Group. It said the escalation of military moves and the increase in border clashes over the last few weeks have intensified disputes in Central America. It proposed to conclude negotiations on a draft Central American peace treaty by June 6 in an effort to establish peace and security in the region.

"Only through peaceful channels or negotiations can Central American problems be solved permanently. No outside force is allowed to launch aggression against any Central American country—this is the conclusion reached at the Panama emergency meeting," declared Venezuelan Foreign Minister Simon Alberto Consalvi.

The Contadora and Lima groups have spearheaded the fight against outside intervention, especially by the United States. The two groups resumed mediation of peace negotiations at the start of the new year, and have called six meetings over the past three and a half months. In the statements issued since, they upheld the stand that Central American problems must be dealt with by the governments of the regions, in the absence of outside intervention. The two groups have succeeded in bringing Nicaragua and Costa Rica together and agreeing on the formation of a "supervision group" to prevent further clashes in their border areas. They also proposed that Honduras and Nicaragua follow suit.

The foreign ministers of Costa Rica, Honduras and El Salvador signed an accord at the end of the meeting for deliberation by the Contadora Group. The document proposed that representatives of all 13 nations meet in April to discuss the issues of arms control and military exercises.

It also suggested that a Central American draft peace treaty be signed at another foreign ministers

meeting at the end of May.

However, Nicaraguan Foreign Minister Miguel d'Escoto, while expressing support for the joint communique, voiced opposition to the proposed accord. Nicaragua will not sign any document containing promises concerning military affairs until the US abandons its support for rebel forces in Nicaragua, he said.

by Hu Tairan & Yang Baozhu

#### EC-UNITED STATES

### Trade Partners Sparring Over Terms

*The European Community is bracing itself for possible US trade restrictions as Washington threatens to retaliate against limitation agreements.*

**D**isputes over agricultural products have recently erupted between Washington and the European Community (EC), culminating on March 31 with a statement by US President Ronald Reagan that his country would impose restrictions and tax hikes on imports from the EC if it refused to compromise.

Willy De Clercq, member of the European Commission in charge of external relations and trade policy, described the US threat as an "unfriendly gesture" and "futile aggression." EC member states even went so far as to warn the White House that strong repercussions would be felt all the way in Washington if the US resorted to economic restrictions.

The tension began to mount when Spain and Portugal entered the community this year. On March 1 the two countries began to adopt its common agricultural policy, which currently calls for restrictions on soybean product imports and increased taxes on corn products.

The United States is a traditional supplier of agricultural

products to Spain and Portugal, with annual exports of soybean and corn worth US\$600 million each and wheat exports valued at US\$100 million. The common EC agricultural policy inevitably will affect US exports to the two new members, forcing the US to cut back its agricultural exports by three-fourths—an estimated loss of US\$1 billion. Since the end of February the Reagan administration has repeatedly requested that the EC suspend the implementation of its common agricultural policy regarding Spain and Portugal. Washington has been demanding a prompt settlement of the affair, while threatening to retaliate in various ways.

Reagan's March declaration not only demonstrated Washington's determination to wage a struggle with the EC, but actually escalated trans-Atlantic trade disagreements. Since Reagan did not list the EC exports that would be either taxed or restricted, only guesses can be made that these

(Continued on p.27)



## China Urges US-Soviet Nuclear Weapons Cuts

*While the new 50-percent reduction proposals from the two superpowers sound simple enough, they differ in significance and consequence. And both are different from the Chinese proposal for a 50-percent reduction of Soviet-US nuclear weapons.*

The reduction of the two superpowers' nuclear weapons by 50 percent was first proposed by the Chinese government at the Second Special Session of the United Nations General Assembly on Disarmament in June 1982. At that time many countries were deeply concerned about the lack of progress since the First UN General Assembly's Special Session on Disarmament in 1978. The threat to world peace had never been more serious.

In light of the situation, the Chinese delegation spelt out its stand on disarmament. One of the measures put forward was the request that the Soviet Union and the United States cease all nuclear testing, halt the qualitative improvement and manufacture of any kind of nuclear weapons and reduce their existing nuclear arsenals by 50 percent. These included intercontinental, medium-range and tactical nuclear weapons, as well as their means of delivery.

While detailing these measures, the Chinese delegation pointed out this would be the first concrete step to finally putting an end to the nuclear arms race. At the 38th UN General Assembly in 1983, a member of the Chinese delegation elaborated on the proposal. He said that after the Soviet Union and the United States had taken concrete steps to curb the testing, improvement and manufacturing of nuclear weapons and had agreed to halve their nuclear weapons, as well as their means of delivery, an international conference should be convened with representatives from various countries, including those from all the nuclear-weapon states, to

negotiate an overall reduction of nuclear weapons.

The 50-percent reduction proposal deals with the issue of the quantity of nuclear weapons while the call for a halt on their testing, improvement and manufacture concerns their quality. Both reflect the reality of the urgent desire of the world's people to put an end to the US-Soviet arms race. It is not an unreasonable demand to urge the two superpowers, which possess more than 95 percent of the world's nuclear warheads, to halve their nuclear arsenals. Furthermore, it would also be a practical step to prevent the qualitative escalation of the arms race.

At the same time, China has repeatedly stated that the small number of nuclear weapons it possesses are purely for defence. China would never be the first to use nuclear weapons and it would never sell or provide other countries with nuclear weapons. Nor will it ever deploy its own nuclear weapons abroad. China is ready to take appropriate actions and assume its own duties and responsibility in matters of disarmament after the Soviet Union and the United States have fulfilled the above responsibilities.

In recent months the Soviet Union and the United States have put forward their own proposals for a 50-percent reduction. While the number is the same, they differ basically from the Chinese proposal and large discrepancies exist between them.

**Preconditions Vary.** Moscow has suggested a 50-percent reduction of strategic nuclear weapons on the condition that the research,

testing and deployment of space weapons are prohibited. Also forbidden would be any experimental study of space weapons. Since this Soviet precondition requires it to give up its Strategic Defence Initiative—US President Ronald Reagan's pet project—Washington has flatly rejected it.

The US counter-proposal also has strings attached. According to the White House, nuclear disarmament should be linked with straightening the imbalance in conventional strength and the settlement of regional conflicts—two sensitive issues for the Kremlin. Thus, there is an impasse.

**Scope of Reduction Differs.** By the Soviets' standards, a 50-percent reduction refers to those nuclear weapons that can strike at each other's territory. According to this criterion, the Soviet SS-20 intermediate-range missiles are not included in the reduction because they are not capable of striking on US territory. The US Pershing II and cruise missiles, deployed in Western Europe, are capable of hitting Soviet territory, so they would be included in the reduction. The United States, of course, rejects such a calculation, insisting that medium-range missiles should not be counted in the total reduction number.

According to Soviet calculations, the United States now possesses 2,200 strategic nuclear weapons and 1,160 intermediate-range missiles. If this number were halved, it would mean cutting back by 1,680 weapons. The Soviets, on the other hand, only need to cut back 1,250 of 2,500 strategic missiles. So, the United

States would have to slash 430 more weapons than the Soviet Union. Looking at US numbers, it would cut back 1,100 weapons, 150 fewer than the Soviets have suggested. On the nuclear warheads, both sides have come up with favourable figures for their own side.

**Wrangling Over Medium-Range Missiles.** The Kremlin has suggested destroying all the Soviet and US medium-range missiles in Europe as the first step, with two additional conditions: that it is allowed to keep SS-20 missiles in Asia (a reported 170 missiles), and that France and Britain must freeze their nuclear strength while Washington guarantees to supply no further missiles to its allies.

The Reagan administration has turned down the Soviet preconditions, instead proposing all medium-range missiles will be scrapped by the end of 1989, those in Europe and Asia included. The whole process would be carried out in three stages. By the end of 1987, the United States and the Soviet Union would reduce their medium-range missile-launching vehicles to 140 and at the same time they would be reduced in Asia. In 1988, both sides would be required to again halve their medium-range missiles. At the end of 1989, they would destroy all such weapons.

**Weaponry System Disputes.** The Soviet Union maintains neither side should possess more than 60 percent of the total quota of 6,000 warheads, i.e. 3,600,—whether they fall under the category of land-based intercontinental missiles, submarine-launched strategic missiles or bombers with missiles. Because Moscow has an edge over the US in land-based intercontinental missiles (6,420 warheads), in reality it could keep its whole batch of deterrent SS-18 missiles (3,080 warheads) according to its

own calculation. Washington, however, has the advantage in submarine-launched and bomber-carried nuclear weapons. The United States today has about 6,000 submarine-launched strategic warheads. If it wants to retain 3,600 such warheads, it should cut back by more than 2,200 and also cut down on the two other types of weapons. The United States has 316 strategic bombers (each can carry four to 12 warheads, or 290 warheads altogether); the Soviet Union has 145 bombers (each able to carry 2 warheads, altogether 290 warheads). The United States would have the advantage if there were no reduction of bombers.

In view of this situation, Washington has seen differently in its proposal: First, reduction would cover missiles, but not bombers. Second, as for the missiles, the Soviets should cut more than the Americans. The United States proposed that in the next five to 10 years the total number of land-based intercontinental missiles and submarine-launched missiles possessed by the United States and the Soviet Union be reduced to 850 warheads. Right now, they have respectively 1,700 and 2,329 delivery vehicles of the above two types. If they cut down to 850, the United States would reduce its total number by 50 percent and the Soviet Union by 64 percent.

Next, each side has 7,500 warheads of land-based intercontinental missiles and submarine-launched missiles. By cutting down to 5,000 warheads, each side has to reduce by one third. Among these, warheads of land-based intercontinental missiles are limited to 50 percent, that is, 2,500. The Soviets currently have 5,732 warheads of land-based intercontinental missiles while the Americans have only 2,153 such warheads, so Moscow would have to reduce by 56 percent and Washington could even add 347 in order to reach the target of 2,500.

**Limitations on Weaponry Improvements.** In its new proposal, the Soviets did not clearly mention restrictions on escalation of strategic weapons, but it reaffirmed that past limitations would still be effective: As of the day when both sides sign the agreement on nuclear weapons reduction, deployment of new weapons and the improvement of those that have already been deployed would be strictly forbidden. But a new generation of Soviet land-based intercontinental missiles already has been completed, while the new US MX and Midgetman missiles are still at the stage of research. It is obvious the United States also opposes this aspect of the Soviet proposal.

Observers from around the world differ in their views but they all agree that the Soviet and US proposals are poles apart, so that although negotiations continue, the ambiguous and disproportionate figures leave little room for compromise or hope for a settlement.

China has already proposed that the Soviet Union and the United States take the lead in the true reduction of nuclear weapons by 50 percent. In its 1982 proposal it also recommended that a verification group with representatives from all nuclear and non-nuclear weapon states be established to check the ongoing disarmament process.

On March 21 this year, Premier Zhao Ziyang reiterated China's concern for disarmament in a speech to mark the UN sponsored International Year of Peace.

"The ultimate goal of nuclear disarmament should be the complete prohibition and thorough destruction of nuclear weapons," Zhao said. "We support all proposals truly conducive to disarmament and are ready to continue our efforts to promote genuine progress on disarmament together with other countries."

**by Hua Di**



# New Progress in China's Legislation

by Our Correspondent Yang Xiaobing

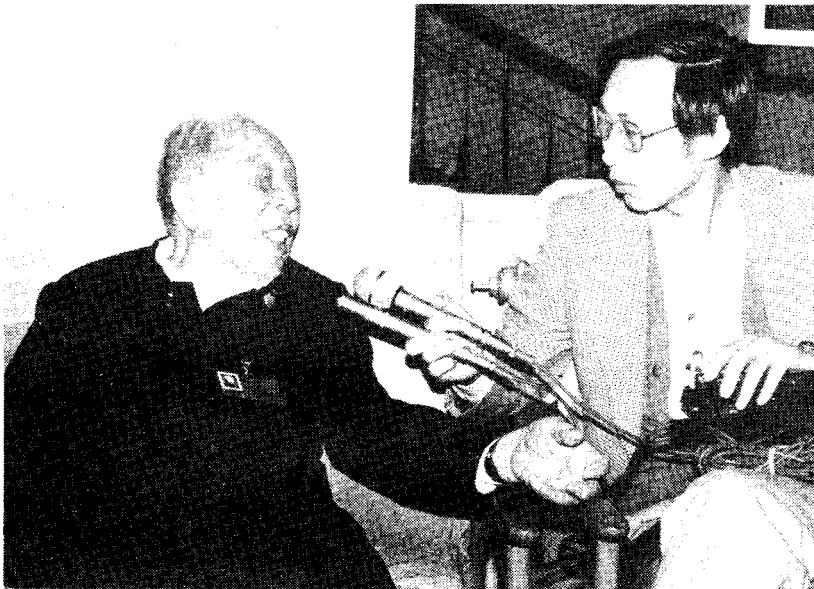
**C**hina's Civil Code General Principles was approved at the Fourth Session of the Sixth National People's Congress, which ended in Beijing on April 12. Chen Pixian, vice-chairman of the NPC Standing Committee called the code "one of China's basic laws" and said its enactment was "a significant event in the construction of China's legal system."

ditions were not ripe for the adoption of a complete civil code. Therefore, China could only work out separate laws that were badly needed. Later the conditions matured, and the government passed laws such as the Economic Contract Law, the Law of Economic Contract With Foreign Countries, the Patent Law, the Trade Mark Law, the Marriage Law, and the Inheritance Law.

structure, in opening to the outside world and implementing the separate laws has made it possible to work out a civil code to govern those problems that have surfaced in civil activities.

Wang said that after conducting investigation and study together with the Supreme People's Court and legal experts, and extensively soliciting the opinions of officials in government departments, local authorities, law schools and legal affairs research institutes and taking foreign civil code as reference, the Committee for the Legal System prepared the Draft Civil Code General Principles on the basis of the fourth version of the draft civil code and submitted it to the NPC Standing Committee for initial examination last November.

"Since then," Wang added, "the Civil Code General Principles Draft has been revised and supplemented on the basis of suggestions and comments repeatedly advanced by experts, cadres, professors and law students, as well as the deputies to the local Standing Committees of the People's Congress and some of the NPC deputies. Last March, the NPC Standing Committee, after reviewing the draft, referred it to the Fourth Session of the Sixth NPC for examination."



Zhang Youyu, an NPC deputy, during an interview with "Beijing Review".

## Adoption Process

According to Wang Hanbin, secretary-general of the NPC Standing Committee and chairman of the Committee for the Legal System, in the early 1950s, the NPC Standing Committee began drafting a civil code. In 1979, the Committee for the Legal System organized a civil code drafting panel, which prepared the fourth version in 1982. However, he said, because at that time the economic reform had just begun, many economic relations remained unclear, and the con-

Wang said, however, such civil areas as legal positions of citizens and juridical persons, the legal processes for civil affairs, the attorney rights, responsibilities and prescription of civil affairs were still without legal guidelines. At the same time, the increasing incidence of civil disputes, particularly economic ones, Wang said, has made it imperative to work out a civil code so that there is a common law to follow, law to abide by in adjusting civil relations.

He said the experience gained in the reform of China's economic

## Characteristics

"The Civil Code General Principles has characteristics of present-day China," Zhang Youyu said.

A nationally known jurist and an NPC deputy from the Beijing area, Zhang once served as deputy mayor of Beijing and vice-president of the Chinese Academy of Social Sciences. Because of his advanced age, he no longer holds

# Report on the Seventh Five-Year Plan

(Delivered at Fourth Session of Sixth National People's Congress, March 25, 1986)

by Zhao Ziyang, *Premier of the State Council*



Fellow Deputies,

On behalf of the State Council, I now submit a report on the Seventh Five-Year Plan for National Economic and Social Development for examination and approval by the present session.

In 1983, the State Council began to draft the Seventh Five-Year Plan (1986-90), organizing the departments and specialists concerned to anticipate and discuss major issues of economic and social development. The National Conference of the Communist Party of China, held in September 1985, adopted the "Proposal of the Central Committee of the Chinese Communist Party for the Seventh Five-Year Plan for National Economic and Social Development," setting forth the guiding idea and primary tasks for the period in question and a series of principles and policies adapted to the new situation. In accordance with that proposal, the State Council has made further indepth studies of the plan and carried out repeated comprehensive balancing and all kinds of calculations, while soliciting the opinions of various departments and local authorities. After three years of effort, a draft Seventh Five-Year Plan has been worked out, and it

is now submitted to the session for deliberation and approval. Here, I will first report on the implementation of the Sixth Five-Year Plan, which provides the important basis for the Seventh. Then I will make some necessary explanations of the basic tasks and major principles of development, the reform of the economic structure and our foreign policy during the period of the Seventh Five-Year Plan.

## I. Review of the Implementation of The Sixth Five-Year Plan

The Sixth Five-Year Plan ratified by the Fifth Session of the Fifth National People's Congress required that in the five years from 1981 through 1985 "we continue to implement the policy of readjusting, restructuring, consolidating and improving the national economy, make further efforts to solve the various problems left over from the past which hamper economic growth, win decisive victory in achieving a fundamental turn for the better in the financial and economic situation and lay a better foundation or create more favourable conditions for economic and social development in the Seventh Five-Year Plan period." Thanks to five years of concerted efforts by the people of all our nationalities under the leadership of the Chinese Communist Party, these requirements have been satisfactorily met. Practically all the tasks and targets set in the Sixth Five-Year Plan for industry and agriculture, transport, capital construction, technological transformation, domestic and foreign trade, education, science and culture, and improvement of people's living standards have been fulfilled or overfulfilled. Signal successes have been scored in the drive for socialist modernization, and profound changes have occurred in our economy and our society. These achievements and changes are striking indeed when compared with those of any previous five-year plan period since the founding of the People's Republic in 1949 or with those of any other country in the world during the same period.

Over the past five years, China's total social and industrial and agricultural output value has increased at an average annual growth rate of 11 percent, of which total industrial output value (including rural industries) grew 12 percent and total agricultural output value (excluding rural industries) 8.1 percent each year. The gross national product has increased at a rate of 10 percent. These rates are roughly the same as those of the First Five-Year Plan period, higher than those of the other plan periods and higher than those of many countries in the corresponding period. Agricultural production in China has grown very fast, faster than in any period since the founding of the People's Republic. Total agricultural output value in the 28 years from 1953 to 1980 increased at an average annual rate of 3.5 percent. It was 4.5 percent for the First Five-Year Plan period and 5.1 percent for the Fifth, both of which were considered high growth rates, but the growth rate for the Sixth Five-Year Plan period was much higher than either of those. The rapid growth of agriculture, which is the foundation of the national economy, has created very favourable conditions for the all-round, steady growth of the economy as a whole.

Over the past five years the output of a number of major products vital to the national economy and the people's everyday life has greatly increased. Our annual output of grain increased on the average from 305.3 million tons in the Fifth Five-Year Plan period to 370.62 million tons in the Sixth, cotton from 2.24 million tons to 4.32 million tons, and pork, beef and mutton from 9.37 million tons to 14.62 million tons. Between 1980 and 1985, coal rose from 620 million tons to 850 million tons, crude oil from 106 million tons to 125 million tons, electricity from 300 billion kwh to 407.3 billion kwh, and steel from 37 million tons to 46.66 million tons. As China has over one billion people, its average per-capita output of these major industrial and agricultural products is relatively low. But thanks to the substantial increase in their output over the past five years, total output is quite high by international standards, attaining a correspondingly higher ranking in the world. This shows that China's economy has grown much stronger.

Those years have witnessed important successes in capital construction and technological transformation. During the period of the Sixth Five-Year Plan, the total investment in fixed assets of state enterprises amounted to 530 billion yuan and there was an actual increase in state fixed assets of 388 billion yuan. Four hundred and ninety-six large and medium-sized projects have been completed and commissioned, of which 103 were energy and transport projects. Power-generating capacity increased by 19.5 million kw and coal and oil extracting capacity by 80 million tons and 50 million tons respectively. The railways newly opened to traffic totalled 1,500 kilometres, double-track railways came to 1,500 kilometres and electrified railways to 2,400 kilometres. The handling capacity of deep-water berths grew by 100

million tons. Technological transformation and renovation of existing enterprises has been accelerated, with over 200,000 projects already completed and commissioned. As a result, the technological level of some trades and enterprises has been notably raised. The number of machine-building and electronic products which are up to fairly advanced world standards has multiplied over the past five years. These achievements have not only helped promote steady economic growth during the Sixth Five-Year Plan period, but have also prepared the material basis for economic development during the next five-year period and in the 1990s.

In the past five years the national revenue has reversed its downward trend, and in the last three years it has shown marked and steady growth, which is highly gratifying. Towards the end of the Fifth Five-Year Plan period, there was a fairly big deficit in revenue, totalling nearly 30 billion yuan for 1979 and 1980. In the following plan period, however, increased revenue was brought in through expanded production and circulation and improved economic efficiency as a result of readjustment and reform. Domestic revenue rose by 12.7 billion yuan in 1983, 25.5 billion yuan in 1984, and 36.2 billion yuan in 1985, with a total of 182.9 billion yuan for that year, thus balancing the budget. Of the five previous plan periods, the Fifth had seen the biggest increase in revenue: 22.6 billion yuan more in 1980 than in 1975. The increase during the Sixth period, however, was still higher: Revenue was 78.6 billion yuan more in 1985 than in 1980. At the same time, extra-budgetary funds increased by a wide margin, reaching 143 billion yuan in 1985. The combined total of budgetary and extra-budgetary funds in 1985 was double that of 1980.

Over the past five years our scientific, technological, educational and cultural undertakings have been thriving once again. The funds allocated for the development of these undertakings came to 117.2 billion yuan, double the figure of 57.7 billion yuan for the preceding period. We have successfully carried out 33,000 major scientific and technological research projects, of which 937 received state invention awards. Of these award-winning projects, some approached or attained the highest world standards. At the same time, notable progress has been made in the widespread application of the results of scientific and technological research and in technical innovation by the masses. There have been great advances in higher education, with a total enrolment of 1.7 million in regular colleges and universities in 1985, up from 1.14 million in 1980. Initial successes have been achieved in restructuring middle school education. There has been rapid growth in vocational and technical school education, and good progress has been made towards universal elementary education. Different types of adult education programmes have been initiated throughout the country on an unprecedented scale. There have been new achievements in all cultural



fields, including literature and art, the press and publications, the cinema, broadcasting and television, and in public health and sports.

Over the past five years a new situation has been created in China's trade and technological exchange with other countries, and our policy of opening to the outside world has been implemented in greater depth and breadth than ever before. During the period of the Sixth Five-Year Plan, the volume of import and export totalled US\$230 billion, double that of the fifth plan period, and China's place in world trade rose considerably. In 1986 the state foreign exchange reserves were higher than in 1980. We have used US\$10.3 billion of foreign loans in different ways, attracted US\$5.3 billion of direct foreign investment and built in different parts of the country a number of Chinese-foreign joint ventures, co-operative enterprises and enterprises run exclusively with foreign investment. In the same period, we imported over 10,000 items of foreign technology, including certain advanced techniques and key equipment which are up to world standards of the late 1970s and early 1980s. With the help of imported advanced technologies, joint ventures and co-operative enterprises, the technological and managerial level of many enterprises and trades has been raised remarkably. Moreover, we have substantially expanded tourism, undertaken more contracted projects abroad and provided more co-operative labour services to other countries.

Over the past five years, the living standard of the people has improved more than at any other time since the founding of the People's Republic. This is illustrated by the following facts: 1) The incomes of both urban and rural residents have increased enormously. Adjusted for price rises, the annual per-capita net income of rural residents went up by 13.7 percent and that of urban workers and other employees and their family members by 6.9 percent. More than 35 million people have been newly employed in the cities and towns. 2) The consumption level of both urban and rural people has been raised rapidly, with notable changes in the consumption pattern. People's diets have improved, clothing has become more varied and the sales of durable consumer goods—especially TV sets, washing machines, radio-cassette recorders and refrigerators and other household electrical appliances—have grown rapidly. 3) Housing conditions have improved. During the period of the Sixth Five-Year Plan, more than 630 million square metres of floor space were built in cities and towns, and 3.2 billion square metres in the rural areas. 4) Savings deposits of both urban and rural residents have gone up by a wide margin, reaching 162.3 billion yuan by the end of 1985, four times the figure for 1980.

Thanks to these achievements and changes, during the period of the Sixth Five-Year Plan we were finally able to solve some economic problems with which we had been struggling for a long time. In the past our agricultural production grew very

slowly. Grain output, for example, increased by only 5 million tons annually from 1953 to 1978, and the output of cotton remained at a standstill from 1965 to 1978. Consequently, it was always a colossal task for us to meet the people's needs for food and clothing. Following the Third Plenary Session of the Eleventh Central Committee of the Party, however, we gradually found a new path suited to conditions in China, for the development of a socialist agriculture. As a result, China soon became self-sufficient in grain and more than self-sufficient in cotton. This fact is of far-reaching, historic significance. Except in the first few years of the 1950s, commodities in both urban and rural areas had generally been in short supply. Therefore, we had to issue ration coupons for them. For a certain period in some places, coupons were needed for scores of commodities, and long queues were a common phenomenon. But during the period of the Sixth Five-Year Plan, agricultural and industrial production increased substantially, consumer goods were in adequate supply and we were able to do away with coupons for all commodities except grain and edible oil. For a long time our agriculture, light industry and heavy industry were seriously out of proportion, and the same was true of accumulation and consumption. This greatly hampered a sustained, stable growth of the national economy and retarded the improvement of the people's living standards. Thanks to the readjustment and reform carried out during the Sixth Five-Year Plan period, these sectors are now in better balance. Agriculture and light industry contribute a higher proportion of total output value and heavy industry is more oriented towards serving the other sectors. Accumulation rose by as high as 36.5 percent in 1978, but during the years of the sixth plan it dropped to an average of 30 percent. Readjustment of the ratio between major sectors of the economy has played, and will continue to play, an extremely important role in ensuring sound and sustained development.

The tremendous achievements scored during the Sixth Five-Year Plan period have fully demonstrated the correctness of our political line, principles and policies. We have firmly discarded the erroneous theory and practice of "taking class struggle as the key link." We have consolidated and developed political stability and unity and have unhesitatingly shifted the focus of all our work onto the drive for socialist modernization. We have worked energetically to build a socialist society with material progress and an advanced culture and ideology, and we have proceeded from reality in formulating our policies. We have thus provided the basic guarantee and prerequisite for the steady and proportionate development of our national economy. So far as economic work is concerned, we have made the following strategic changes of historic significance, changes that underlie all our achievements.

Our strategy for economic and social development has changed from a lopsided pursuit

of increased output and output value of industry, and especially heavy industry, to emphasis on the need for the balanced development of agriculture, light industry and heavy industry, and for all-round economic, scientific, technological, educational, cultural and social development, with focus on the achievement of better economic results. When drawing up the Sixth Five-Year Plan, we stated that it was imperative to put an end to the high accumulation rate, high growth rate, low efficiency and slow improvement of living standard, which had come into being under the guidance of the persistent "Left" ideology. We had to blaze a new path suited to China's actual conditions and leading to a steady growth rate, better economic results and more substantial benefits for the people. Moreover, we set forth ten principles for economic development, focusing on better economic performance. In mapping out the plan for economic development, we stressed on the one hand the need to tap existing potential and bring the initiative of all quarters into full play and, on the other, the need to keep within the financial capability of the state and allow a certain flexibility, and to maintain a basic balance in state finance, credits, materials and foreign exchange. Among the different sectors of the national economy, we continued to attach strategic importance to agriculture, the foundation of our national economy. At the same time, we provided for faster growth of the consumer goods industry, rationally adjusted the orientation of heavy industry, brought the construction of productive and non-productive projects roughly into balance and promoted rapid expansion of tertiary industry. While devoting much attention to economic development, we made sure that it was closely linked with the development of science and technology, culture, education and other social endeavours, each promoting the other, so as to bring about vigorous development in all fields.

The petrified economic structure characterized by excessive and rigid control has been replaced by a vigorous new one appropriate to the planned development of a commodity economy based on public ownership. A major breakthrough was first effected in the rural areas by the widespread institution of the contracted responsibility system based on the household and linking remuneration to output, and by the implementation of a series of other reforms. These measures have served to greatly emancipate the productive forces in the countryside, and the rural economy is becoming specialized, commercialized and modernized. In the cities, the reform has centred on invigorating enterprises, and varying degrees of reform have been effected in the areas of planning, finance, taxation, pricing, banking, commerce, labour and wages. As a result, the urban economy has thriven as never before. The capacity of enterprises for transformation and development has gradually increased. The socialist market has continued to expand. Diverse forms of ownership and modes of business operation have developed remarkably and

lateral economic ties of various types have gradually been strengthened. Many changes have been made in the mechanism of the entire economy, changes that have helped to invigorate it. They have also helped heighten the enthusiasm and stimulate the initiative of workers and other employees. Since the implementation of the Sixth Five-Year Plan, and especially since the implementation of the Party Central Committee's Decision on Reform of the Economic Structure promulgated more than a year ago, the outline of a socialist economic structure with Chinese characteristics is becoming clearer and clearer and the future is growing brighter and brighter.

As for our economic relations with other countries, a closed and semi-closed economy has given way to an open economy characterized by positive use of international exchange. We have now broken the shackles of "Left" ideology and a self-enclosed economy and corrected the mistake of pitting self-reliance against the opening to the outside world. This has enabled us to achieve notable results in using domestic and foreign resources, exploiting domestic and foreign markets and mastering the skills of organizing domestic construction and promoting economic relations with other countries. By correctly implementing the open policy, we can learn from other countries' strong points to make up for our weaknesses, thus accelerating our modernization. Far from preventing us from relying on our own efforts for regeneration, this will strengthen our self-reliance.

These changes, which are of historic significance, and the consequent achievements, which have attracted world attention, show that we are advancing along the correct path of building socialism with Chinese characteristics. Generally speaking, our cadres and masses are gaining a clearer and deeper understanding of how to advance the cause of socialist modernization under the guidance of the basic theory of Marxism and in accordance with the actual conditions in China. We are improving and systematizing the principles and policies of the Party and state, and much practical experience is being accumulated in all fields of our work. When we embarked on the Sixth Five-Year Plan, no one expected that we would score such tremendous achievements as we have today. Now people all over the country are becoming increasingly confident that we will be able to quadruple our total industrial and agricultural output value by the end of this century and that our country's prospects are bright. This confidence is a great treasure, which will prove to be of increasing value in the years to come.

While fully affirming our past achievements, we must be clear-headed and realize that there are still shortcomings and mistakes in our work and that many difficulties lie ahead, because it takes time to understand economic laws and to accumulate experience in our historic reform. Over the past few years we have worked hard to ensure comprehensive balancing of various sectors and

proportionate development of the economy. Sometimes, however, we have failed to exercise effective control over sharp increases in total social demand. We have not taken effective measures or exercised proper supervision to improve economic results, product quality in particular, as far as relationship between quantity and quality or between growth rate and economic results are concerned. While stressing the importance of stimulating enterprises, we failed to adopt timely measures for strengthening macroeconomic control. In our effort to build a socialist society that is advanced materially, for a time we failed to attach due importance to promoting cultural and ideological progress. In the last quarter of 1984, when the economic situation had taken a turn for the better, some destabilizing factors appeared, owing to the pursuit of an excessively high growth rate, over-investment in fixed assets, excessive increase in consumption funds, over-issue of currency and relaxed control over imports. In view of this situation, the State Council took a series of remedial measures. Thanks to our work over the past year, some problems have been solved, others are being solved. Generally speaking, the strains on the economy are beginning to ease. However, we must not overlook the fact that there remain quite a lot of problems in our economic work. We must sum up our experience and continue to make a success of the reform and construction in various fields, closely follow the path laid out and consolidate and develop the present favourable situation marked by a thriving, dynamic economy.

## **II. Basic Tasks and Major Principles of Development for the Period of the Seventh Five-Year Plan**

The Seventh Five-Year Plan covers a crucial period in which China's strategy of economic development and its economic structure are changing from an old model to a new. We must continue to act in accordance with the general requirement of building socialism with Chinese characteristics and with the basic principle of invigorating our domestic economy and opening to the outside world. With an enterprising spirit and taking firm, steady steps, we must proceed to put our national economy on the path of vigorous growth with high efficiency and good economic returns. In the light of the present state of economic and social development and the objectives to be achieved at the end of this century, the draft Seventh Five-Year Plan sets forth the following three basic tasks:

1. To create a favourable economic and social environment and maintain a basic balance between total social demand and supply so as to facilitate the reform of the economic structure, and to lay most of

the groundwork for a new type of socialist economic structure with Chinese characteristics in the next five years or more.

2. To maintain a steady growth of the economy and, while controlling the scale of investment in fixed assets, vigorously push forward the construction of key projects, technological transformation and the development of intellectual resources, so as to prepare the materials, technology and trained personnel required for continued economic and social development in the 1990s.

3. To further improve the living standards of the people in town and country on the basis of increased production and better economic results.

Of the three closely interrelated tasks, the first is the most important. Taking into consideration the requirements of these tasks, the draft Seventh Five-Year Plan provides that on condition of steadily improved economic performance, the gross value of the country's industrial and agricultural output shall increase by 38 percent in five years and the gross national product by 44 percent. Calculated in terms of constant prices of 1980, the total value of industrial and agricultural output in 1990 will reach 1,677 billion yuan, a 2.3-fold increase over that of 1980, and the GNP will come to 1,117 billion yuan, a 2.6-fold increase. Total investment in the fixed assets of enterprises owned by the whole people will be 896 billion yuan over five years, an increase of nearly 70 percent over the figure for the period of the Sixth Five-Year Plan. With the renovation, expansion and construction of a number of key facilities and the technological transformation of a number of key enterprises, the productive capacity of the energy industry and the raw and semi-finished materials industries, as well as the capacity of transport and telecommunications will increase markedly, and the level of production and technology of existing enterprises will be raised noticeably. Achievements in scientific and technological research that promise good economic results will be put into widespread application, and breakthroughs will be made in those new technological projects that are of crucial importance to the economy. In this way the properties and quality of some 40 percent of the major industrial products can attain the level of those produced in the developed countries in the late 1970s or early 1980s. Nine-year compulsory education will be gradually introduced. At the same time, about five million advanced specialized personnel will be turned out by regular colleges and universities and by institutes for adult education, or twice the number trained during the period of the Sixth Five-Year Plan. The total volume of import and export in 1990 will show an increase of 40 percent over the 1985 figures, and the use of foreign capital and the import of advanced technology will be expanded correspondingly. The consumption level of both urban and rural residents will rise by about 27 percent during the five years in question, and there will be further improvement in the people's living standards and their environment.



During this period, a basic balance will be maintained in finance, credits, materials and foreign exchange. Fulfilment of the Seventh Five-Year Plan will mean that we have taken a long step towards our goal of building a strong, wealthy country with a happy, prosperous people.

In accordance with the series of correct principles set forth in the Proposal of the Central Committee of the Chinese Communist Party for the Seventh Five-Year Plan, the State Council particularly studied the following questions in working out the draft plan:

### **1. Fixing an appropriate rate for economic growth and promoting the proportionate and efficient advance of the national economy.**

Taking into account the ever-increasing social needs and the country's overall productive capacities, the draft Seventh Five-Year Plan provides that the total value of industrial and agricultural output should increase by an average of 6.7 percent annually. Of that total, the value of agricultural output will rise at an average annual rate of 4 percent (or 6 percent if rural industries are included), while the value of industrial output will rise at a rate of 7.5 percent (or 7 percent if rural industries are excluded). The gross national product is to increase by an average of 7.5 percent annually. This rate of growth is slightly lower than that achieved during the Sixth Five-Year Plan period. We made this decision chiefly because of certain changes in the economy and the demands of economic growth. The development of agriculture will more and more depend on the improvement of the conditions of agricultural production, which requires gradual accumulation: It is impossible to bring about radical changes in a short time. This cannot but have some adverse effect on the growth rate of agriculture. As for industry, the excessively rapid growth in the last two years of the Sixth Five-Year Plan was mainly due to inordinately large investment and to the import of great quantities of raw and semi-finished materials. Such a situation cannot last long. There is still an acute shortage of energy and of raw and semi-finished materials, and the capacity of transport is grossly inadequate. Proper control of the excessively rapid growth of the processing industry will serve to adjust the balance between the energy and raw and semi-finished materials industries on the one hand and processing industries on the other, and between production and transport, so as to make the industrial structure more rational. Low quality of products and poor economic results are the fatal weaknesses of our economy. The demand for an appropriate growth of the total value of industrial and agricultural output in the Seventh Five-Year Plan will help to focus the attention of everyone concerned on the need to improve product quality and economic results. In particular, the all-round reform of the economic structure calls for a relaxed

economic environment. Practice at home and abroad has repeatedly shown that only appropriate economic growth can avert strain on the economy and ensure the smooth implementation of reform.

The economic growth rate set in the draft Seventh Five-Year Plan is high but not too high, and we may even be able to exceed it. We must take a realistic scientific approach to the economic growth rate. Of course, we should strive for a sustained high growth rate on the premise of greater efficiency and better quality, but on no account should we think the higher the better, much less should we set unreasonably high targets and increase the quotas at each level. If we fail to appreciate the favourable conditions for economic growth and the huge latent potential for production and fix the rate too low, we will not be able to utilize resources effectively and fully mobilize the enthusiasm of the masses for production. That will hamper the healthy growth of the economy and the satisfaction of social needs. An adequate growth rate is essential both for increasing national strength and for raising the people's standard of living. It would be wrong for us to ignore that. But, at the same time, we must recognize that blind pursuit of an excessively high growth rate in disregard of actual conditions will not work. Although the rate may soar for a time, it will soon drop. The sharp rise and fall will cause extreme hazards to economic growth, hazards which it may take a long time to eliminate. Experience has repeatedly taught us that only an appropriate growth rate, based on careful consideration of both our needs and our possibilities, can ensure a stable development of the economy and steady improvement of the people's living standards.

### **2. Setting the appropriate scale of investment in fixed assets, readjusting the investment pattern in a rational way and raising economic returns on investment.**

This is a crucial issue for the Seventh Five-Year Plan. It has a direct bearing not only on the steady growth of our economy and the rational readjustment of the industrial structure during the next five years, but also on our capability for continued economic development in the 1990s and beyond. We have made comprehensive calculations and have repeatedly tried to balance the allocation of financial and material resources. As a result, the draft plan sets the overall investment for capital construction in state enterprises in the next five years at 500 billion yuan, a 49 percent rise over the period of the Sixth Five-Year Plan, and the investment in equipment renewal and technological transformation at 276 billion yuan, an 87 percent increase over the preceding period. In view of the precipitous rise in investment in fixed assets, and especially in capital construction, during the latter part of the Sixth Five-Year Plan period, investment in fixed assets in the first two years of the next

period should remain roughly the same as in 1985. In the last three years of the plan, such investment will be increased according to the circumstances prevailing then, but not to any great extent.

A decisive factor in steady economic growth is that the scale of investment must correspond to the financial capacity of the state. This is an objective law of socialist economic development. Allowing overinvestment in defiance of this law will inevitably give rise to serious disproportions between major economic sectors, causing setbacks to our economy and delaying the process of modernization. We have had a bitter experience in this connection. It should be noted that although the tendency towards excessive investment that appeared in the past two years has now, with enormous effort, been moderated, the problem is not yet basically solved. Many localities and departments continue to launch new projects at random. Consequently, we are faced with the danger of continued expansion in the scale of investment. If this trend goes unchecked, the present favourable situation, created through years of effort, will be undermined, it will be difficult to continue the ongoing reform of the economic structure, and we will fail in our objective of preparing the material and technological conditions for sustained economic growth in the 1990s. We must therefore be clear-headed about this question, try to achieve a common understanding of it and take resolute measures at all levels to keep investment during this period down to a scale that is commensurate with the financial capacity of the state.

At present, not only is the scale of investment over-extended, but the investment pattern is irrational. It is irrational mainly in two respects: The proportion of investment in infrastructure and basic industries such as energy, transport, telecommunications and raw and semi-finished materials is too small, while the proportion of investment in ordinary processing industries and other non-productive undertakings is too large. The investment in equipment renewal and technological transformation is inadequate and, what is more, a considerable portion of it has been diverted to capital construction. Unless we change this irrational pattern, either total investment will soar out of control, or there will not be adequate capacity for future economic development. Undue expansion of ordinary processing industries and other non-productive projects will inevitably impose heavy strain on energy, transport, and raw and semi-finished materials, and the additional investment required in these areas will swell total investment on an ever-increasing scale. Moreover, if ordinary processing industries expand too rapidly, while basic industries and the infrastructure do not have sufficient funds for development and key enterprises are unable to raise their technological level rapidly enough, there will be no strong foundation for development of the economy and technological progress. Our ability to control total

investment and to achieve greater capacity for long-term economic development therefore depends on our rationalizing the investment pattern. To accomplish this, we should do the following in the next five years:

(1) Continue to increase investment in the infrastructure and basic industries such as energy, transport, telecommunications and raw and semi-finished materials; appropriately increase investment in agriculture, science and education; and correspondingly cut back investment in ordinary processing industries.

(2). Keep control over investment in non-productive construction projects and make sure that a given amount of investment yield highest capacity in production and other undertakings. With the exception of necessary tourist facilities, we should strictly control the construction of office buildings, auditoriums and hotels. As for the development of housing, it should also be kept in proportion and proceed at a steady pace. In urban development, priority should be given to infrastructural projects that support production and facilitate daily life. Other projects can be undertaken only if there are funds left over. No formalism should be allowed in this connection.

(3) Allocate more funds to the technological transformation, renovation and expansion of existing enterprises, so that funds spent for these purposes constitute a larger proportion of the total investment in fixed assets.

(4). As far as the geographical distribution of investment is concerned, determine the focal points and proper ratio of our investments, in the light of the different levels of economic development and of the natural resources available in eastern, central and western China, so as better to integrate the development of the eastern region with that of the other two.

Control over the scale of investment in fixed assets and readjustment of the investment pattern must find expression in the correct selection and handling of construction projects. The acute problems we face today are that too many construction projects are underway, construction cycles are too long and economic returns are not commensurate with investment. During the period of the Seventh Five-Year Plan, we must stop the past practices of grabbing for investment, indiscriminately launching new projects and repeatedly delaying the completion of projects and their going into operation. We should also have a better sense of time, of interest and of the circulation of capital and keep projects strictly to reasonable construction schedules. This is the key to shortening construction cycles and raising investment returns. Henceforth, before construction starts on a new large or medium-sized project, we should first make sure that the necessary funds, materials and equipment are available. Only then will the project be allocated the needed materials and funds on an annual basis to keep it on a reasonable construction schedule. Otherwise, such projects can only be put

on a stand-by basis. Meanwhile, we must straighten things out with regard to those large and medium-sized projects that are already under construction and readjust our priorities. With several years of effort, we should be able to ensure that construction proceeds according to the right schedule.

In order to keep the scale of investment under control and readjust the investment pattern, the most important thing is to reform the systems of decision-making and management relating to investment in fixed assets. We must make studies and work out a scientific and comprehensive system of regulating investment and gradually put it into practice. It is essential for us to formulate a unified, balanced plan for total investment in fixed assets. We must correctly delimit the areas of investment for the central government, localities and enterprises respectively and employ economic levers to stimulate investment by various quarters in such a way as to meet the needs of the economy as a whole. At the same time, we must lay the groundwork for better management of investment and reform the process of project decision-making, our methods of prospecting and designing, the organization of construction work, the supply of equipment etc., and introduce and improve an integrated system of bidding. Only by so doing will we bring about a significant change in capital construction and a marked increase in investment returns.

**3. Promoting science and education by continuing to attach strategic importance to the advance of science and technology and to the exploitation of intellectual resources.** A striking feature of the Seventh Five-Year Plan is the importance it places on developing science and technology so as to provide a more solid base on which to build our economy. To promote science and technology, we must undertake two major tasks. One is to achieve those scientific and technological results that can yield the best and fastest economic returns and put them into wide application so as to help all enterprises, including those run by towns and townships, to speed up their technological advance. This is an important means of integrating science and technology with production and quickly translating them into productive forces. The other task is to concentrate financial, material and human resources on tackling key scientific and technological projects with focus on economic construction and social development. At the same time we must strive for greater successes in the research and development of new and high technologies, make great efforts to transform the traditional industries by the introduction of new technologies and further strengthen both applied and basic research. A good mastery of new and high technologies is of tremendous importance to the country's long-term economic and social development. China now has a contingent of fairly competent scientists and technologists capable of tackling sophisticated problems. We should

continue to train more and better experts in these areas, who will strive to keep up to date on the latest developments in their fields and to approach the advanced technological level in the world. Our purpose is to make further progress in such areas as electronic information, biotechnology, space technology, nuclear technology, manufacture of new materials and automation. This will enable us to develop a new technological base for the economy. We hope and believe that our scientists and engineers, who have already done so much to make science and technology serve the economic development of the motherland, will scale even greater heights and make even greater contributions to that noble cause.

Whether or not we can find effective solutions to many of the major problems of our economic development depends on whether or not we can make major breakthroughs in science and technology. Likewise, the advance of science and technology is the profound source of the vitality of China's future economic development. It should be noted in particular that with the rapid development of the new worldwide technological revolution, more and more countries are shifting their attention to the development of science and technology. Under these circumstances, unless we adopt proper policies to meet this challenge now, the gap between us and the developed countries will widen rather than narrow, and it will become more and more difficult for us to catch up with them economically and technologically. We are confronted with so many scientific and technological projects that there is no way they can all be accomplished within the span of one five-year plan, and long term, persistent efforts will be needed. At present it is essential to ensure that the whole nation understands the strategic importance of science and technology and has a sense of urgency about speeding up their development. We must make it a clear requirement that production, construction, circulation and all other economic undertakings should truly be based on science and technology. Scientific research institutions and research departments within universities and colleges should be further oriented towards economic development. They should form new economic associations with production units to integrate scientific research with production through compensatory technology transfer, joint development of new products and new technologies and promotion of technological transformation. This will eliminate such defects in our work as barriers between different localities, selfish departmentalism and the long-standing separation between scientific research and production, and it will enable us to co-ordinate development of the economy with development of science and technology. We must conscientiously apply the patent law to protect the rights of inventors and stimulate the creativity of scientists, engineers, and workers. In line with the principle of integrating military and civilian production, we must continue to apply scientific and technological achievements



in the defence industry more widely and effectively in other sectors of the economy.

Scientific and technological progress and the success of the modernization drive both depend on the training of competent personnel and the advance of education. It is our consistent long-term strategy to attach great importance to education. We have to improve elementary education, energetically promote nine-year compulsory education as well as vocational and technical training, and continue to consolidate and improve higher education and adult education. We should establish a system for offering advanced studies to scientific and technological workers and improve it systematically. In the next five years, the total outlay for education will amount to 116.6 billion yuan. That is an increase of 72 percent over the period of the Sixth Five-Year Plan, representing a growth rate higher than that of state revenues from regular items. In addition, local governments at all levels should allocate more funds for the development of education. At the same time, we should encourage state enterprises, collectives and other sectors of the society to sponsor different types of educational programmes and give them guidance and encouragement in their endeavour.

In promoting all types of education at all levels, we should lay special emphasis on quality, while rationalizing the educational structure to meet the needs of modernization. In recent years, some secondary and advanced vocational schools have been irrationally upgraded, some have enrolled excessive numbers of students in disregard of their limited facilities and faculty strength, and in some institutes of adult education, students care for nothing but certificates and diplomas. Serious efforts must be made to solve these problems. All schools and institutions of higher learning should implement the policy of promoting the moral, intellectual, physical and aesthetic development of their students. Education in the love of labour should be intensified to varying degrees, depending on the specific requirements of different schools. First priority should be given to the quality of instruction and the training of qualified personnel. Only when this is done can we steadily increase enrolments in accordance with actual conditions. We should improve the management system of education by gradually establishing comprehensive mechanisms of evaluation and supervision. Efforts should be made to upgrade our researches in the field of education theories so as to improve course content and teaching methods as well as teaching materials. We should strive to run normal schools and colleges well and step up the training of teachers. We must gradually build a strong contingent of dedicated teachers, especially at the secondary and elementary school levels, a contingent which in quality, quantity and composition basically meets the needs of expanded education. Governments and relevant departments at all levels should make earnest efforts to solve the practical problems of teachers' working and living

conditions and continue to foster a social climate of respect for them, so as to encourage their initiative and talent.

To foster vigorous development of science and education, we must, in accordance with the two decisions of the Party Central Committee concerning structural reforms in those fields, further emancipate our minds and take effective policy measures to push forward the reforms, with a view to achieving results of decisive significance during the period of the Seventh Five-Year Plan.

#### **4. Promoting broader and deeper economic, trade and technological exchanges with other countries, with emphasis on enhancing our capacity to earn foreign exchange through exports.**

During the period of the Sixth Five-Year Plan, there were marked achievements in the implementation of the policy of opening to the outside world. It should be noted, however, that what we have done in this area is far from adequate in terms of the needs and potential of China's economic development. In foreign economic, trade and technological exchanges, problems have arisen in certain localities and departments. For example, there have been enterprises vying with each other for foreign trade contracts in violation of state regulations, blind competition, duplication of imports, and excessive imports of certain high-grade consumer goods. All this must be eliminated through effective measures for improved management, but on no account should there be any doubt about the open policy. Greater efforts should be made to increase foreign trade and to attract more foreign funds and technology. At the same time, we must try to expand tourism, international air and marine transport and insurance and to contract for more construction projects and labour services abroad.

Earning more foreign exchange by increasing exports is the key to expanding economic, trade and technological exchanges with foreign countries. Since China is a developing socialist country, the shortage of foreign exchange will remain a prominent economic problem for a long time to come. Export is the main source of foreign exchange earnings for China. Our capacity to earn foreign exchange determines the scope of our foreign economic, trade and technological exchanges, affects the scale and rate of domestic economic development and is therefore of strategic importance to the further implementation of the open policy. More exports will mean more flexibility in our overall economic development.

The basic way to increase exports and foreign exchange earnings is to adopt a correct strategy that meets the demands of international markets and conforms to China's actual conditions. To this end, we have to do four things. First, we must place the quality of export commodities before everything else and gradually build a system of sales promotion

and a service network abroad, so as to ensure quality, good service, good credit and stronger competitiveness in international markets. Second, we must gradually change the mix of export commodities from primary products to manufactured goods and from roughly processed products to finely processed products. We must raise the quality of textiles and other light industrial goods, and increase exports of new food products, machinery and electrical products. Third, we have to rationalize the geographical distribution of export production centres. We should set up bases for the production of export commodities and build export-oriented factories with distinctive characteristics in the coastal areas and other areas where conditions are favourable, with a view to forming an integrated system. This is a strategic measure of far-reaching significance for making our export commodities more competitive in international markets and increasing economic returns from them. Departments of foreign trade should work in close co-ordination with the relevant localities and units and make scientific plans and rational arrangements to this end. Fourth, it is imperative to search for larger international markets. While continuing to consolidate and expand existing markets, we should also open up new ones, establishing and expanding trade ties with all other countries and regions. Currently, many of our products are sold more profitably on the domestic market than abroad, which seriously dampens the initiative of enterprises producing export commodities. We have to adopt policies and measures that will provide more incentive to such enterprises and give them assistance of all kinds, so as to ensure that those enterprises, workers and other employees who earn more foreign exchange receive more economic benefits. In short, all departments and localities should make earning more foreign exchange an important item on their agendas and work hard to achieve good results. All export-oriented enterprises, for their part, should regard increasing exports and earning more foreign exchange as their primary duty. They should adapt themselves to the demands of international markets and turn out larger amounts of competitive export commodities. Special economic zones, and coastal cities and areas opening to the outside world should play a bigger role, and the special economic zones should move towards building an export-oriented economy.

It is very important to the implementation of the open policy to sum up the experience of the past several years with regard to imports and to improve our work accordingly. We should change the mix of imports, emphasizing computer software, advanced technologies and key equipment and strictly controlling the import of ordinary processing equipment and durable consumer goods. That is in accordance with our policy of facilitating domestic technological progress, earning more foreign exchange and economizing on foreign exchange. We should make every effort to produce at home whatever we can. In assembly-line industries which

use imported spare parts and accessories, we should tighten approval procedures, reduce the proportion of imported components and avoid duplication of imports. We should strive to expand production of import substitutes and to increase the proportion of goods produced at home. All practices that represent a waste of state foreign exchange must be resolutely corrected.

While increasing foreign exchange through exports and enhancing the capacity to absorb and repay foreign investment, we should appropriately use more foreign funds in different forms. We should give priority to such areas as energy, transport and communications and raw and semi-finished materials, and especially to construction of projects for generating power, port facilities and projects in the petroleum industry as well as to the technological transformation of the machine-building and electronics industries. Foreign funds should also be used for expanding the production of export commodities and import substitutes, so as to earn more foreign exchange and save on the foreign exchange reserve. We should conscientiously apply the relevant policies, laws and statutes concerning the use of foreign funds and give guidance on the use of foreign funds with a view to increasing economic efficiency.

Over the past few years, we have carried out a number of initial reforms with notable successes in restructuring our foreign trade. But these fall far short of the needs for increased foreign economic, trade and technological exchanges. For some time to come it will be imperative first to strengthen macroeconomic control and the management system, and to increase the use of such economic levers as exchange rates, customs duties, taxes and export credits. These should be supplemented by administrative measures, such as improving the import and export licence system and the quota system so as to regulate foreign trade. As the macroeconomic management system gradually improves, we should encourage localities and departments to expand exports, and we should delegate more decision-making power to export-producing and foreign trade enterprises. To expand foreign trade more rapidly, we should also promote the association of the two kinds of enterprises, to ensure better co-ordination between production and marketing, industry and foreign trade, and technology and foreign trade.

##### **5. Setting an appropriate rate for raising the living standard by taking into account the needs of both production and the people's material consumption.**

As production expands and economic efficiency improves, we should steadily increase the income of both urban and rural residents so as to enable them to enjoy a better material and cultural life. In accordance with the objective of having the Chinese people become relatively well-off both materially and culturally by the turn of the century

and with the anticipated development of production in the next five years, the draft plan sets the average annual growth rate for the net income of peasants throughout the country at 7 percent, and the rate for workers and other employees at 4 percent. With higher employment, the average annual growth rate in the total income of urban residents will exceed this figure. As the national economy grows and the income of the people everywhere increases, both the level and the pattern of consumption will change for the better, and there will be more consumer goods of greater variety and better design. The rate set in the draft plan for raising the consumption level is on the whole in keeping with the rate of increase in the per-capita national income over the same period.

We must maintain correct principles and policies so that production and standard of living will rise in a balanced way. For quite some time, production was overstressed to the neglect of the standard of living. The facts show that this practice has not only hindered the improvement of the people's lives, but has seriously affected the development of production as well. Since the Third Plenary Session of the Eleventh Central Committee of the Party, we have checked this wrong tendency, and we will make sure to avoid it in future. Ours is a socialist country, and we should always attach great importance to improving the people's material and cultural well-being. However, we should remember that the improvement of living standards must be based on the actual conditions of our country and on the growth of production. China has a population of more than 1 billion. Several million additional people have to be employed each year in cities and towns. And for a long time to come our production technology and labour productivity will remain at a relatively low level. Since China is now in the initial stage of its modernization, more funds are needed for every field of construction. Under these circumstances, if the people's level of consumption is raised too high, there will inevitably be a reduction in the accumulation of funds, an increase in production costs, a decline in the competitiveness of products and a lack of strength for future economic development. Therefore, a better material and cultural life for the people can be achieved only by actively expanding production, and no development funds should be diverted for the purpose of raising living standards. The growth rates of people's consumption and of the wages of workers and other employees should not be higher than the growth rates of production and labour productivity. We should continue to carry on our fine tradition of building the country through diligence, thrift and hard work. As far as distribution is concerned, we should continue to implement the policy of encouraging some people to become prosperous sooner than others and strive to do away with the practice of egalitarian distribution. At the same time, we should avoid excessive gaps in income between enterprises and among people by using taxation as a regulatory lever, in order to ensure social stability and unity

and better implement the principle of distribution according to work. The unhealthy tendency of enterprises to vie with each other in issuing unwarranted allowances in cash or kind must be firmly checked. Funds for consumption should be strictly controlled to prevent them from increasing sharply.

In addition to setting a reasonable rate for raising the level of consumption, we must adopt correct policies to guide people in their choice of consumer goods, so that their consumption patterns will conform to our social conditions, natural resources and national characteristics. Our country has a vast population, but not enough arable land and grassland. Consequently, for many years to come, the diet of our people cannot improve too quickly, and there can only be gradual increase in the consumption of meat, poultry and eggs. With respect to clothing, people should be encouraged to wear more garments made of cotton, synthetics and blends while consumption of woollen fabrics and leather products can only be increased to a certain extent. Since there will continue to be a shortage of electric power for a long time to come, supplies of household electrical appliances can only be increased appropriately. Attention should especially be given to controlling the production and importation of air conditioners and combination heater/air conditioners, which consume large amounts of power. Housing conditions should be steadily improved, but residential building standards should not be too high and rooms should not be too large. In short, the state should use economic policies and levers and necessary administrative measures to guide the people towards rational consumption patterns.

Fellow Deputies,

The gist of the above-mentioned five points is that we shall strive to achieve a better, overall balance in the national economy so as to ensure its steady and proportionate development and the success of various reforms. All localities and departments are required to have the nation's interest in mind and strictly abide by and implement the state's macroeconomic policy decisions. It should be pointed out, in particular, that continued flourishing of agriculture, the foundation of our national economy, is one of the important strategies in our modernization programme. Therefore, we should step up grain production so that it will grow steadily. In some localities, arable land has been arbitrarily used for other purposes and some peasants have become less enthusiastic about grain production. All quarters concerned must pay close attention to this and adopt firm and effective measures to stop it. While ensuring steady increase in grain production, we should systematically improve the structure of rural production and promote an all-round development of crop farming, forestry, animal husbandry, aquaculture as well as township industries. In order to speed up agricultural production, we should take these

measures: First, continue to carry out the correct rural policies, push forward rural reforms, enliven rural commodity economy and gradually attain a higher degree of specialization and socialization of rural production. Second, concentrate great efforts on the development, research and widespread utilization of science and technology in agriculture and encourage large numbers of scientific and technological workers to go to the countryside to help the peasants raise their scientific and technological level of agricultural production. In these connections, our agriculture has enormous potentials. Both the central and local governments should steadily increase material input for agricultural production. The local authorities, in particular, should aid the development of agriculture and other undertakings in the rural areas with large amounts of financial resources. The draft Seventh Five-Year Plan provides for more financial, material and technological aid to the old revolutionary base areas, areas inhabited by minority nationalities, frontier areas and poverty-stricken areas. In the course of the execution of the plan, such aid will be increased with the growth of the nation's financial resources. It is particularly important to adopt correct policies and measures to enhance the vitality of these areas. At the same time, it is essential to promote mutual economic co-operation and association between these areas and the economically developed areas so that they will be able to rid themselves of their economic and cultural backwardness as soon as possible by mainly relying on their own resources. In addition, proper arrangements have been made in the draft plan, after careful deliberations, with regard to cultural, public health, sports and other undertakings and to population control, social welfare benefits, environmental protection, etc. In the five year period we must continue to do a good job in all these fields in line with the principle of co-ordinating economic and social development.

### **III. The Reform Of the Economic Structure in the Period Of the Seventh Five-Year Plan**

To correctly carry out the policies for development and to fulfil the tasks set for the next five years, we must continue the intensive and systematic restructuring of the economy, further straighten out various economic relations and bring into full play the enthusiasm and creativeness of all enterprises and workers. Economic structural reform is not only of immediate importance. It is crucial to the revitalization of the economy in the 1990s, to the attainment of the magnificent goals set for the turn of the century and even to China's efforts to approach or reach the advanced economic and technological levels of the developed countries in the first half of the next century. All localities, departments and enterprises should continue to give

priority to economic structural reform, so that reform and development will be co-ordinated and promote each other. We should try, in the next five years, to lay a good foundation for a dynamic socialist economic structure with Chinese characteristics.

To put it briefly, there are three aspects to economic structural reform during this period.

(1) We should further invigorate enterprises, especially big and medium-sized ones which are owned by the whole people. We should turn them into relatively independent economic entities, into socialist commodity manufacturers and dealers having full authority for management and full responsibility for their own profits and losses. While maintaining the predominance of public ownership, we should continue to diversify ownership and methods of operation. We should continue to adopt measures both inside and outside the enterprises to enlarge the decision-making power of big enterprises in production and management and to help enterprises acquire the capacity to accumulate funds for transformation and development. Such measures include the following: appropriately reducing mandatory planning, reducing regulatory taxes or allowing exemptions from them, raising depreciation rates, perfecting the system under which the director (or manager) assumes full responsibility, introducing different forms of economic responsibility system and reforming the system of wages and rewards and the labour regulations of enterprises. Moreover, we should improve the behavioural mechanisms of the enterprises and raising their ability of self-regulation. By the end of the Seventh Five-Year Plan period, a great majority of the enterprises should be solely responsible for their own profit and loss. In accordance with the principle of selecting the superior and eliminating the inferior, those enterprises which have long suffered from mismanagement will be restructured, converted to the manufacture of other products, amalgamated with others, required to suspend operations, or even shut down. We must make special efforts to promote lateral economic ties among enterprises, based on the principles of voluntary participation, mutual benefit and simultaneous development. Thus associations of enterprises will gradually be established in different forms and at various levels, and this will serve to rationalize the enterprise structure, the development of resources, the use of funds and technology and the disposition of productive forces. We should give constant stimulus to the development of the reform as a whole by developing these lateral ties. We have to remove the obstacles to such ties, specify the reasonable rights and interests of all parties involved and draw up policies and enact legislation to ensure the sound development of such associations of enterprises.

(2) We should make further efforts to develop a socialist commodity market and to improve the market system. We should continue to reduce the varieties and quantities of products under unified



state allocation and distribution and improve the system of purchasing farm and sideline products according to contract. We should develop inter-regional and inter-departmental commodity circulation and gradually establish new commercial forms which combine agriculture, industry and commerce, or agriculture and commerce, or industry and commerce, or commerce in different areas and trades, and steadily expand the markets for consumer goods and for means of production. At the same time, systematic measures must be taken to open up markets of capital and technology and promote a rational flow of labour. Reform of the systems of pricing and price control is the key to the establishment and improvement of the socialist market system. During the plan period, the emphasis in price reform will be on systematic adjustment of the planned prices of energy, raw and semi-finished materials and other means of production which are on the low side, thus closing the gap between planned prices and market prices. To gradually commercialize housing, we should fix reasonable rents and sale prices for housing units while making readjustments in the wage structure. And we must adjust service charges to develop service trades. Through these reforms, we will gradually establish a system in which the state sets the prices of a few vital commodities and labour services, while leaving the rest to a pricing system under state guidance and to market regulation. We will thus make more effective use of the price lever. In instituting price reform, we must continue to adhere to the principle of steady advance, combining relaxed control with readjustment, we must give full consideration to the capacity of the state, the enterprises and the people to withstand the strain of change, and we should keep overall price levels basically stable.

(3) The state will establish a new socialist macroeconomic management system by gradually changing from mainly direct to mainly indirect control in its management of enterprises. Economic operations should be controlled and regulated by gradually improved economic and legal measures, supplemented by necessary administrative means. State planning is the basis for providing macroeconomic guidance to ensure the proper development of the economy. To manage and regulate the economy as a whole, it is imperative to further reform the planning system, reducing the proportion of mandatory planning, extending the scope of guidance planning and market regulation and gradually increasing the use of economic policies and such economic levers as prices, taxes, credit, interest rates, exchange rates and wages. We must make special efforts to strengthen the important role of banks in macroeconomic control, to establish a powerful but flexible system of financial control and regulation through the reform of the financial structure, and to give full play to the role of the banking system in raising funds, guiding the flow of funds, making better use of them and regulating social demand. The fiscal and taxation

systems should be perfected, revenues should be apportioned to central and local governments according to tax categories, and the areas of responsibility of the central and local governments for expenditures should be defined. We should gradually achieve the administration of macroeconomic control by departments at different levels and encourage the localities, especially large and medium-sized cities, to have a sense of responsibility and take the initiative in putting the macroeconomic control into effect. In implementing the above-mentioned reforms, we must place great stress on the systems for disseminating economic information and policy advice, on drafting and improving economic laws and decrees and establishing economic adjudication and on strengthening institutions of economic inspection and supervision at all levels. These things are necessary to ensure that all economic activities are carried out in a sound way.

The aforementioned three aspects of the reform are closely interrelated and form an organic whole. The purpose of the first aspect is to make sure that enterprises have the necessary decision-making power and use it properly. The second aims at providing a favourable external economic environment that will both encourage enterprises to invigorate themselves and put pressure on them to do so. The third is intended to make the activities of individual enterprises better suited to macroeconomic development requirements. These three complementary aspects of the reform should go hand in hand, and it would be inappropriate to give prominence to one at the expense of another. Only by doing a good job in all three and gradually developing a whole set of mechanisms which will organically combine planning with marketing, micro-flexibility with macroeconomic control, and centralization with decentralization, can we better harmonize the interests of the state, collectives and individuals. And only by so doing can we achieve rapid, proportionate and efficient economic development, enabling the productive forces to develop vigorously.

Since the all-round structural reform of the economy is an exceedingly difficult, complex task, and since the reform process is inevitably restricted by the given economic and social conditions and by the shortage of trained personnel, it will be impossible to fully realize these three aspects of reform within the period of the Seventh Five-Year Plan. What we hope to achieve during these five years is to develop a general framework for a new economic structure, so that our economy will function within this framework. This is a realistic objective. After a few years of practice, we have determined the correct goals and policies for reform and accumulated experience in the process. So long as we continue to combine initiative and an enterprising spirit with the scientific approach of seeking truth from facts, and so long as we work steadfastly at our job, we will surely achieve our objectives.

In order to accomplish the tasks of economic structural reform set for the period of the Seventh Five-Year Plan, we must have a full understanding of the following points.

### **1. The necessity of adapting the economic structural reform to the needs of a developing socialist commodity economy.**

A fully-developed commodity economy is an indispensable stage of a society's economic development. In the historical period of socialism, and especially in an underdeveloped socialist country like China, vigorous development of the commodity economy will be essential to a high degree of socialization and modernization of production, the rapid growth of the productive forces and the steady improvement of the people's material and cultural life. This is an objective law independent of man's will. It calls for reform of our previous, petrified economic structure, which was characterized by too rigid control over too many things. It also dictates that the basic orientation of reform should be consistent with the growth of the commodity economy. Of course, the kind of commodity economy we want to develop is, on the whole, a socialist commodity economy based on public ownership, an economy in which distribution is made according to one's work and which is planned and under control. The Chinese Communist Party's resolution on the reform of the economic structure, adopted at the Third Plenary Session of its 12th Central Committee, points out explicitly that socialist economy is a planned commodity economy based on public ownership. This scientific definition, derived from a thorough summation of socialist practice at home and abroad, marks a further advance in the Marxist theory of socialist economy. It helps people raise their understanding of scientific socialism to a new level and is of historic significance for the socialist modernization of our country. We have to make an intensive theoretical study of the inherent laws of the socialist commodity economy, explore various approaches for its development in practice and resolutely transform all those ideas, rules and regulations that conflict with the development of a commodity economy. At present, our economic research lags behind the reform and economic development; we have not yet been able to evolve new generalizations from the rich practice of reform. We should continue to uphold the principle of integrating theory with practice and give encouragement to those who dare to pioneer in theory or practice. In the meantime, we should learn from all other countries, including the developed capitalist countries, by drawing on their advanced methods of economic management, which reflect the laws governing large-scale, socialized production. In doing so, of course, we need to discard all the dross, while assimilating the useful essence. Our purpose is to encourage full development of the country's socialist commodity economy. In short, a

clear understanding of the above will enable us to maintain a correct orientation for the reform. Through hard work and new explorations, we will succeed in building a socialist economic structure with Chinese characteristics that is unlike the ossified or semi-ossified models of the past and fundamentally different from the capitalist models.

### **2. The difficulty and complexity of transforming the old structure into the new.**

In our current reform, the elimination of the old structure and the building of the new can only be gradual and will take time to complete. Clearly, reform will be a step-by-step process, during which old and new structures will continue to coexist and interact. New structural factors will play an increasingly important role in all economic operations but will be unable to immediately replace the entire old structure, a considerable portion of which will remain in operation for some time. Under these circumstances, it is inevitable that all sorts of problems should arise during the reform, creating a complex of contradictions. Since the new structure can take shape and become efficient only gradually, while the old structure will cease functioning in many areas, it will be more difficult to exercise effective macro-control and to make rational use of micro-mechanisms. This will inevitably result in vacuums and loopholes in economic management. Some unscrupulous people will take advantage of the situation to engage in illegal activities such as speculation, profiteering, embezzlement, theft, bribery, swindling and smuggling. Since the reform is sure to affect the original patterns of economic relations and since a new rational framework of economic relations cannot be formed in a short time, conflict and friction are bound to arise among various interests and unequal opportunities will inevitably present themselves. Some establishments and individuals will try to capitalize on this situation to make unjustifiable gains for themselves or for their small groups, thus arousing popular resentment. We can hardly avoid all mistakes in our endeavours to carry out reform, because we can only advance by exploring new ground and accumulating experience gradually through practice. The reform represents an extensive, profound and sustained transformation and will have an unprecedented impact on long-established models, traditional concepts and the forces of habit. It will therefore take time for people to adapt themselves ideologically to this great change. From a historical point of view, it is quite normal that people should have different opinions and argue about the problems that come up in the course of reform. These objective realities underline the need for leading authorities at all levels, cadres and the masses to understand the difficulty and complexity of transforming the old structure into the new and to be mentally prepared to face all sorts of problems. We must never give way to panic when difficulties arise. Still less should

we abandon the reform simply because of temporary setbacks. On the other hand, while we are carrying out reforms in various fields, we should provide careful guidance and work out well-planned programmes. We have to make our best effort and proceed with caution, conducting careful experiments on selected project and increase foresight so as to avoid errors as much as possible. We must discover and solve problems promptly. To advance steadily, we need to take stock of our experience periodically. It should be fully recognized that although some problems will inevitably arise, it is precisely the reforms we have already carried out or are now carrying out that have invigorated the economy, liberated the productive forces, improved the people's living standards and brought about the vigorous development in our modernization drive that is without parallel in the past. This is the essence of the current domestic situation. It convincingly demonstrates that reform conforms to the trend of historical development and therefore has enormous vitality. It represents the fundamental interests of all the people in our country. In view of this, we have every reason to believe that problems arising in the replacement of the old structure by the new can be solved, so long as we carry on with determination. Moreover, only by going through a process of deepening and perfecting the reform can we find solutions to the problems it raises.

### **3. The necessity, during the reform, of taking care of both immediate and long-term interests and both the interests of the part and the interests of the whole.**

Smooth progress of the reform depends to a large extent on appropriate adjustment of the relations between various interests. If we can deal with this problem successfully, we will be able to reduce the resistance to reform and at the same time to stimulate the initiative of various quarters. Otherwise, the result will be just the opposite. The purpose of the reform of our economic structure is to remove all barriers to the growth of the productive forces and thereby enable the country to become more prosperous and powerful and the people to live a richer, happier life. As production grows, the reform should and will bring tangible material benefits to the masses. Practice during the past few years bears witness to this. However, we cannot and should not expect that every measure for reform will bring immediate, tangible economic benefits to every individual member of society. Many reform measures can be fruitful only after having been implemented over a period of time. Furthermore, some reform measures require certain localities, departments, enterprises or individuals to sacrifice some of their economic interests temporarily. But in the long run these measures will play a very important part in ensuring long-term development of the economy and a constantly rising

standard of living. It is our hope that the cadres and the masses will bear this in mind and take a correct attitude towards their immediate and long-term interests, subordinating the former to the latter. In carrying out the reforms, we must see to it that a proper proportion of managerial power and economic benefit is given to local authorities and various departments. Enterprises, in particular, should enjoy more managerial power and receive greater economic benefit. This will serve to stimulate the initiative of local authorities, establishments and enterprises and thus to invigorate the economy. However, only by strictly carrying out the state's macroeconomic policies to ensure the well co-ordinated development of the national economy will it be possible for local authorities and various departments and enterprises to make proper use of their managerial power. Only by so doing can they be sure to obtain economic benefit and not go astray in the exercise of their initiative. Local authorities and departments and enterprises should therefore remind themselves of the need to keep the nation's overall interests in view and to guard against any actions whose purpose is to obtain their own benefit at the expense of society as a whole. They should be aware that the interests of the part can be secured only by contributing more to the interests of the whole.

### **4. The rigorous demands on enterprises in the new period of reform.**

Thanks to reforms of the past few years, the decision-making power of enterprises has gradually been increased, and there have been initial changes in such practices as unified state purchasing and marketing, unified receiving and allocating of funds by the state and "eating out of the same big pot." These changes have served to invigorate enterprises and at the same time put more responsibilities on them. As the reform goes deeper, enterprises will have greater responsibility for their own profits and losses, and it will no longer be possible for them to reap the one without being responsible for the other. Under the new economic structure, the survival and growth of an enterprise and the increase of material benefits for its workers and other employees will be largely dependent on the successful management and operation of the enterprise itself. This will put all enterprises and their directors to a severe test. As we failed to place sufficient stress on this in the past, some people misunderstood reform to mean merely delegating more decision-making power to enterprises, reducing their taxes and allowing them to retain more profits. Now that we have begun to implement the reform in a comprehensive way, all enterprises must have a stronger sense of the need to improve product quality and economic efficiency, the need to meet the demands of the market and the community and the need to make greater contributions to the prosperity of the country and

the welfare of the people. To meet these needs, enterprises should steadily improve their operation and management, raise their technological level, stress the quality of their products, reduce their consumption of materials, offer better services, and improve economic results. If they do otherwise, they will lag behind the reform and eventually become obsolete. Directors, managers and all workers and other employees should see clearly how things stand. We hope that leading members of enterprises will try to grasp the principles and policies laid down by the Party and the state and carry them out, relying firmly on Party organizations and on the rank and file and making constant efforts to improve their own enterprises. We hope that our working class will make greater contributions to socialist modernization by fully playing its role as master of the country, enhancing its political awareness, raising its educational and scientific level, taking an active part in democratic management of the enterprises, putting forward suggestions for rationalizing operations, and engaging in technological innovation.

#### **5. The importance of having government departments change their administrative functions and improve their style of work.**

Since the state will change its management of the enterprises from mainly direct to mainly indirect control, the functions of the government departments concerned will have to change correspondingly. Economic departments of the government at all levels should no longer devote their energy to assigning quotas, approving construction projects, and allotting funds and materials. Instead, they should do overall planning, implement policies, organize co-ordination, provide services, use economic means of regulation and exercise effective inspection and supervision. This change in function makes it imperative for departments in charge of overall economic management, inspection and supervision to be better staffed and for departments of specialized economic management to be appropriately merged or streamlined. This is part and parcel of the entire economic structural reform, an essential prerequisite for facilitating and consolidating reform in all other economic fields and a major transformation in the socialist superstructure. All personnel of government departments at various levels should fully understand the necessity and historic significance of this transformation, consciously adapt themselves to it, raise their ideological and professional level and improve their methods and style of work. They should try to grasp the basic theories of Marxism and acquire knowledge of economics and other specialties. They should go to the grass roots and work among the people, so as to do a good job of investigation and study and increase their ability to make decisions scientifically and to cope with practical

problems. They should fully respect the decision-making power of the enterprises and ensure its exercise and do a good job in all their work that serves the grass-roots units. They should rid themselves of bureaucratism and stop squabbling and passing the buck. They should renounce empty talk in favour of practical work and strive to be more efficient. At a time of transition from an old structure to a new, there are always weaknesses to exploit. It is therefore necessary for government workers to increase their political awareness, observe discipline and the law, be honest and devoted to their official duties, safeguard the interests of the state and society at large, and serve the people wholeheartedly.

#### **6. The importance of a tightened-up legal system in promoting reform and ensuring its success.**

In order to insure healthy progress of our socialist modernization drive, we must attend to economic development on the one hand and to socialist legislation on the other. The deepening of the reform and the growth of the economy demand that more guidelines for economic relations and activities be codified in the form of law, so that the law becomes an important means of regulating them. It is vital to our endeavour to build a new type of socialist economic structure that we should employ both economic and legal means, supplemented by necessary administrative means, to control and regulate economic activities. One important purpose of strengthening socialist legality is to facilitate smooth progress of the reform, ensure its successful execution and consolidate our achievements. In the past few years, the National People's Congress and its Standing Committee have enacted a number of important laws, and the State Council has codified some necessary administrative statutes. Legislation for different fields of endeavour, and economic legislation in particular, will be stepped up, so that a more comprehensive system of economic statutes is established during the period of the Seventh Five-Year Plan. Then we will have laws addressing every aspect of economic activity. It is a major problem today that too many people ignore the law. It is imperative for all organizations and individuals to abide by laws once they go into effect. Neither the replacement of state leaders nor the shift in the focus of our work should be allowed to obstruct the execution of the law. Governments at all levels and their functionaries should subject themselves to the supervision of the people and of the people's congresses or their standing committees. They should strictly abide by the law and enforce it to the letter.

To sum up, we have a great deal of hard work ahead in the next five years. We must keep up our pioneering and enterprising spirit but at the same time proceed cautiously and work meticulously if we are to ensure healthy progress of the reform.

## IV. An Independent Foreign Policy of Peace

China's Seventh Five-Year Plan is a plan for peaceful development which calls on the people of the whole nation to devote their efforts to socialist modernization. To ensure the success of the Plan and speed up the modernization process, we must continue following an independent foreign policy of peace and striving for a peaceful international environment over a long period of time.

The present international situation remains turbulent and disturbing. The maintenance of peace and the development of the economy are matters of primary concern to the people of the whole world. The arms race and regional rivalry between the two superpowers are major threats to world peace and the security of all countries. The resumption of dialogue and negotiations on disarmament between the United States and the Soviet Union is a welcome development. However, what the people of the world expect from the United States and the Soviet Union is not rhetoric about peace and disarmament, but concrete actions in the interest of peace and disarmament. Both of them should give up their pursuit of military supremacy and cease their aggression and intervention against other countries. The Chinese people cannot but feel particularly concerned about the grim situation in the Asian-Pacific region, and particularly the "hot spots" of Kampuchea and Afghanistan, which have a direct bearing on China's own security. We have consistently held that foreign forces should withdraw from Kampuchea and Afghanistan completely and that the people in those countries should solve their own problems free from outside interference.

Because of the confrontation and rivalry between the superpowers, the danger of a new world war still exists, and we must maintain necessary vigilance against this danger. It is gratifying to note, however, that more and more countries, determined to rid themselves of manipulation by the superpowers and to hold their destiny in their own hands, are taking positive actions to promote world peace and development. The overwhelming majority of third-world countries including China and the broadly-based non-aligned movement constitute a major force for peace. The European countries, Japan and other developed countries in Oceania are also in favour of peace and opposed to war. The people of the entire world desire peace ardently. We are confident that, through the joint efforts of the people and peace forces, world peace can be maintained. We are optimists. Though the road ahead is tortuous, the future of the world is full of promise.

Over the past five years, we have had great success in our relations with foreign countries. We have further strengthened and developed our friendly co-operation with many countries in different regions of the world. Our economic, trade

and technological exchanges and co-operation with other countries have been steadily expanded, and there has been a constant increase in cultural exchanges and contacts of other types. Proceeding from the concept of "one country, two systems," China satisfactorily settled with Great Britain, through negotiations, the Hong Kong question left over by history. That is a big step forward towards the great goal of peaceful reunification of our motherland, and it provides fresh experience for the peaceful settlement of disputes between countries. In dealing with other countries, China upholds principles, keeps faith, matches words with deeds and is always open and aboveboard. We are enjoying increasingly higher prestige in the world and winning more and more friends. So far as our foreign relations are concerned, it may be said that we have opened up new prospects and that this is the best period since the founding of the People's Republic.

The progress in our foreign relations is inseparable from our political unity and stability, the successful reform in economic structure and the steady, overall growth of the economy. It is also due to the timely adjustments, enrichment and improvements we made in our foreign policy in response to objective changes in the world situation. The main outlines and basic principles of China's independent foreign policy of peace are as follows:

1. Proceeding as it does from the fundamental long-term interests of its own people and the people of the whole world, China takes as the basic objective of its foreign policy to oppose hegemonism, maintain world peace, develop friendly co-operation with other countries and promote common economic prosperity.

2. China holds that all countries, big or small, rich or poor, strong or weak, should be treated as equals. It is firmly opposed to the big bullying the small, the rich oppressing the poor and the strong lording it over the weak. The affairs of a country should be managed by its own people, and the affairs of the world should be managed by all countries in consultation, and not by one or two superpowers having the final say. China will never seek hegemony and it resolutely opposes hegemonism, no matter who practises it and no matter what form it takes.

3. At all times and under all circumstances China will act independently, determining its own attitudes and policies on all world issues on the merits of each case. The criterion by which China judges whether an act is right or wrong is whether it helps to maintain world peace, develop friendly co-operation among nations and promote world economic prosperity.

4. China will never attach itself to any superpower, or enter into alliance or strategic relations with either of them. China continues to seek the steady development of Sino-US relations on the basis of strict adherence to the principles established in the Sino-US joint communiques, and a true improvement in Sino-Soviet relations in the



course of removing the three obstacles by concrete actions.

5. China stands by the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. On the basis of these five principles, China strives to establish, resume or expand normal relations with all countries in the world and to live in harmony and engage in friendly co-operation with them. China does not determine its closeness with or estrangement from other countries on the basis of their social systems and ideologies. China firmly opposes any country's using identity or difference of social system and ideology as an excuse to occupy the territory of others and to interfere in their internal affairs. China firmly opposes terrorist activities of all descriptions and believes that this problem can only be solved once for all by eliminating the social and political root causes of terrorism.

6. China belongs to the third world. A basic principle of its foreign policy is to strengthen its solidarity and co-operation with the third world. China steadfastly opposes imperialism, colonialism and racism and supports the third world countries in their just struggle to achieve and safeguard national independence. It supports them in their efforts to develop their national economies, improve North-South relations and further South-South co-operation. China earnestly hopes that the third world countries will strengthen their unity and settle their disputes peacefully through friendly consultations, so as to prevent the interference of outside forces.

7. China opposes the arms race and its extension to outer space. At the time of its first nuclear test, China proposed the complete prohibition and thorough destruction of nuclear weapons and declared that at no time and under no circumstances would China be the first to use such weapons. Today, it is of capital importance that the two superpowers should take the lead by drastically cutting back their nuclear arsenals, thus creating favourable conditions for nuclear disarmament by all nuclear countries. China is also in favour of the complete prohibition and thorough destruction of chemical weapons, and the substantial reduction of conventional arms along with nuclear disarmament.

8. China persists in a long-term policy of opening to the outside world and will continue to expand its economic, trade and technological contacts and co-operation with other countries on the basis of equality and mutual benefit. China pursues a policy of opening to all countries, capitalist or socialist, developed or developing.

9. In keeping with the purposes and principles set forth in the United Nations Charter, China supports the work undertaken by the United Nations in the spirit of the Charter and participates in the activities for world peace and development

sponsored by the organization and its specialized agencies. China has joined a wide range of international organizations, actively engages in multilateral diplomacy and strives to promote international co-operation in all fields.

10. China attaches great importance to contacts among people of different countries. To further mutual understanding and friendship among the people of the world, the Chinese government encourages mass organizations, non-governmental associations and people from all walks of life to have contacts with those of other countries and supports co-operation between them in the economic, cultural, educational, scientific and technological fields and in matters relating to the press, public health and sports.

These are the basic principles of our foreign policy. Our domestic and foreign policies are an organic whole. Development and peace, reform and opening to the outside world, defending the dignity of the Chinese nation and adhering to the principle of equality of large nations and small in international affairs — these policies are unified and inseparable. China is a developing socialist country with a population of over one billion. We are well aware of our obligations and responsibilities in the world. We will therefore continue to work hard on both fronts, domestic and international, to push forward the socialist modernization of our country and to make greater contributions to world peace and human progress.

Fellow Deputies,

The Seventh Five-Year Plan sets a great goal for us. Our task is arduous, but it can be accomplished through hard work. The Plan offers the people of the whole country an inspiring prospect for the future. When this Plan is fulfilled, we will have basically rationalized the economic relations of all sectors, built a new framework of the economic structure, increased economic strength and greatly raised our country's level of science and technology. Thus, important progress will have been made in the modernization of the entire economy, and the living standards and quality of life in both the cities and the countryside will have been improved. We will then be in a better position to bring about an economic upsurge and prosperity in the 1990s, and we will have even more assurance that we will reach our great goal by the end of this century.

Nineteen eighty-six is the first year of the Seventh Five-Year Plan. It is highly important to do a good job of reform and development this year in order to make a good start on the implementation of the Plan. The basic requirements of this year's work are as follows: So far as the reform is concerned, we must make a success of consolidating, assimilating, supplementing and improving the work started in 1985. We must also make in-depth investigations and studies, draw up plans and make full preparations for the important new steps of reform in the next two years. So far as development is concerned, we must keep total

consumer demand under control and at the same time strive to improve supply. We must enliven the production and circulation of commodities in all sectors. We must continue to prevent unchecked expansion in construction, maintain adequate economic growth rates on the basis of improved product quality and economic results, and accomplish as much as possible in the building of key projects and the technological transformation of enterprises. We must adopt effective measures to increase exports significantly and make economical use of foreign exchange in order to achieve a basic balance of foreign exchange income and outgo. With these goals in mind, the State Council has drafted a plan for economic and social development for 1986, which will be submitted to our fellow deputies for consideration.

Here we must particularly emphasize that it is our established long-term strategic policy for the entire historical period of socialism to promote the cultural and ideological advance of socialist society while furthering its material progress. We must follow this policy unswervingly in carrying out both the plan for 1986 and the entire Seventh Five-Year Plan. We should fully recognize that economic work is central and that political and ideological work guarantees its smooth and healthy development. As we enliven the domestic economy and open to the outside world, people are broadening their views, raising their level of competence and acquiring new knowledge and ideas that are part of the modern world. But in the process, negative factors will inevitably appear. While carrying out the policies of reform, opening to the outside world and enlivening the domestic economy, we should make sure that our political and ideological work meet the requirements of the new situation. We must improve its content and create new forms and methods to make it more effective. If we slacken our efforts in political and ideological work, economic work will be derailed. We should fully develop the socialist commodity economy and continue opening to the outside world. But at the same time, we must resolutely resist the onslaughts of the decadent ideology and life style of capitalism and bourgeois liberalism. We should continue to expand the role of material incentives, but we must oppose any idea or practice of putting money above all else and benefiting oneself at the expense of the state. We should commend model workers and units, publicize their exemplary deeds and employ other methods of encouragement to educate the cadres and masses in patriotism and collectivism. We should teach them to adhere to the four cardinal principles and to become persons of lofty ideals and moral integrity, well-educated and self-disciplined, who cherish communist aspirations, observe public morality and professional ethics and devote themselves enthusiastically to the building of socialism.

The ideological and cultural departments as well as their working personnel have a great role to play in fulfilling the historical task of building a

socialist society which is advanced culturally and ideologically. The period of the Seventh Five-Year Plan will witness progress in all our cultural undertakings including literature and art, the press and publications, the cinema, broadcasting and television as well as museums, libraries and cultural centres. It is our hope that all our ideological and cultural workers will persist in serving the people and socialism, give first thought to social effect, keep close ties with the people, mingle with them and blaze new trails. They should provide the people with more and better intellectual products so as to help them enhance their cultural appreciation, broaden their mental horizons, foster moral integrity, develop sound aesthetic standards, and inspire them to work heart and soul for the modernization drive. In carrying out research in philosophy and social sciences, particularly in economic theories, it is imperative to integrate theory with practice and to apply the basic theories of Marxism in exploring and solving major problems that have cropped up in the reforms and in construction, so as to enrich and develop Marxism. We are convinced that our intellectuals who have exerted themselves in their work on the ideological and cultural fronts will achieve new successes and make greater contributions to the Chinese nation in the magnificent goal of building a socialist society with advanced ideology and culture.

Government departments at all levels should set an example in strengthening socialist culture and ideology and putting a stop to all malpractices. Most functionaries in these departments have worked hard to serve the people and have taken an active part in the reform, demonstrating both competence and dedication. They are honest. However, there have been instances of serious corruption in certain places and departments. For example, some people have taken advantage of their power to do business for their own profit in violation of regulations. Some have engaged in smuggling and trafficking in smuggled goods. Others have been guilty of blackmail, corruption and accepting bribes. Some people have taken pleasure trips to scenic spots at the expense of the state or sent people abroad for no justifiable purpose. Some have caused great losses to production and construction by dereliction of duty owing to excessive bureaucratism. All these have damaged the reputation of government departments, corrupted the standard of social conduct and naturally aroused resentment and indignation among the masses. They must be stopped. The leaders should take the lead in eliminating them. This work should start with the leading organs at various levels, primarily the central ones, and with the leading comrades, especially high-ranking cadres. They should be strict with themselves and set an example. Those cadres who have shortcomings and who have made mistakes should be criticized and educated. Those who have failed to perform their duties properly should be held

responsible for their misdeeds. And those who have committed crime of dereliction because of serious negligence of duty or committed economic and other crimes, practised favouritism in violation of the law or shielded criminals should be punished by law. All illegal income should be confiscated. We must do more political and ideological work to educate cadres at all levels, and help them realize that eliminating malpractice and corruption is an important, long-term task in the struggle against decadent bourgeois ideology and the remnants of feudal ideology under new historical conditions. It is new test for every one of them. We should foster the good practice of upholding justice and condemning evil. Those cadres who have taken a stand against malpractice should be commended and encouraged. Those comrades who adhere to principle and impartially enforce the law should be strongly supported. Any case of reprisal or false charges must be severely dealt with. We should strive to achieve quick and significant results in combating malpractices and also deal sternly with economic crimes and criminal offences. We should make comprehensive efforts to improve public security, so as to rapidly bring about a fundamental improvement in social conduct and to provide a better environment for socialist modernization.

The People's Liberation Army and the security police both safeguard our socialist motherland and help to build it. In the period of the Sixth Five-Year Plan, while valiantly defending our country the PLA, bearing in mind the overall interests of the nation, streamlined its organization and made still greater efforts to become a revolutionary, modern and regularized armed force. They took an active part in the building of a socialist society that is

materially, culturally and ideologically advanced and have great achievements to their credit. The security police, meanwhile, did their utmost to maintain public security. We hope that the Army and the security police, will maintain their fine traditions and make still greater contributions to the defence and construction of our motherland in the period of the Seventh Five-Year Plan.

The Seventh Five-Year Plan embodies the fundamental interests of the people of the entire nation, including our compatriots in Hong Kong, Macao and Taiwan and Chinese citizens abroad. If we can fulfil it, we will have advanced the sacred cause of rejuvenating our nation and reunifying the motherland. Taiwan is an inalienable part of China's sacred territory. In keeping with the concept of "one country, two systems," we must, together with our compatriots in Taiwan and all the descendants of the Yellow Emperor who support national reunification, continue to promote all kinds of contact and co-operation between the mainland and Taiwan Province during the period of the Seventh Five-Year Plan and make unremitting efforts to achieve peaceful reunification.

People of all our nationalities, workers, peasants, intellectuals, cadres, officers and men of the People's Liberation Army, security policemen, members of all democratic parties and mass organizations, non-Party figures and all working people and patriots who love our socialist motherland, let us rally more closely under the leadership of the Chinese Communist Party and work hard, with the indomitable spirit of the foolish old man who removed mountains, to ensure the success of the Seventh Five-Year Plan.



the above-mentioned posts. He is now vice-chairman of the Law Committee of the NPC Standing Committee and president of the China Law Science Society and has participated in the formulation of a series of important laws.

"The Civil Code General Principles is a socialist code," Zhang said. "For example, its fifth chapter has such provisions that state property, the main sector of the socialist economy, is sacred and inviolable, and the collectively owned property, also an important component of the socialist economy, is protected by the law. This provision is essentially different from the civil codes of capitalist countries, which are even termed as private laws. Zhang gave another example. He said, since the socialist economy is a planned commodity economy, the first chapter stipulates that civil activities must not disrupt the state's economic plan."

Zhang also said the Civil Code General Principles also reflects the difference in law between China and some other socialist countries. He said the second chapter rules that China allow the existence of the private sector and encourage its development and that members of rural economic collectives be allowed to engage in contracted commodity production. The third chapter, he said, acknowledges the establishment of economic associations between enterprises, and between enterprises and institutions, making it different from the rigorous control over economic activities in some other socialist countries.

Zhang went on further to say that special provisions were set down in some chapters to ensure

that joint ventures, co-operative enterprises and exclusively foreign-owned enterprises had the status of a legal person. The provisions, he said, were a feature of China's policy of opening to the world.

Zhang said the Civil Code General Principles is itself not a complete law." As things stand; he



**Xu Datong, an NPC deputy from Tianjin, discussing the construction of the legal system.**

said, "conditions for creation of a complete civil code are not at hand because the economic structure is still under reform," some related problems remain to be settled and so no decisions can be made on them. He said other countries' civil codes usually include the general provisions and several detailed chapters, covering a range wider than China's Civil Code General Principles. "Therefore," Zhang said, "it can be said that China's Civil Code General Principles is less detailed than other countries' civil codes but more specific than their general provisions."

Zhang said the Civil Code General Principles embodies other countries' useful experiences. "The third chapter on 'Juridical Person,'" for example, he said, "is

the main point of the general principles and the first of its kind ever seen in China's laws. Such a law, however, appeared in foreign civil codes long ago."

## **A Need of the Economic Reform**

Xu Datong, professor of the Department of Political Science and Law at Tianjin Teachers' University and a deputy to the NPC, said the Civil Code General Principles reflects the needs of the economic reform.

China's economic reform began in the rural areas, and the key to rural reform is the development of the commodity economy, he said. One of the important aspects of the urban economic reform is to enlarge the decision-making power of the state-owned enterprises and turn them into independently managed economic entities. He said the reform has promoted the adoption of horizontal socio-economic associations by breaking down barriers between different regions, departments and between cities and the countryside. The reform has also facilitated equitable trade and associations among different economic entities, Xu said. These changes in the economic structure have in turn expedited the growth of the economy. The Civil Code General Principles is a legal affirmation of these results of the reform.

However, Xu said, economic activities should be kept within the bounds of law. Sometime ago, economic crimes and economic disputes became serious social problems, and this had something to do with the lack of relevant laws. Many stipulations in the code have provided important legal bases for solving this type of problems.

## **Implementing the Law Is Crucial**

Many deputies pointed out that although the Civil Code General Principles has been formulated, the authorities concerned still face an arduous task to bring it home to the entire people.

**NPC panel of Taiwan natives.**



Deputies from Heilongjiang and Liaoning provinces suggested the Civil Code General Principles be made an important part in the nation's current legal education. Lin Jiamei, wife of President of the State Li Xiannian and a Shanghai deputy, proposed the Civil Code be publicized in combination with legal cases among the masses.

Tang Jiashou, a deputy from Yunnan Province, said although the legislative work of the NPC Standing Committee is excellent, there are glaring examples of violations of the law. The problem of whether people with power are above the law or vice versa actually has not been solved.

Zhang Youyu, a deputy from Beijing, said this problem points to imperfections in the nation's legal system. It is not easy for China, a country ruled by feudalism for several thousand years, to skip bourgeois democracy and laws and directly build socialist democracy and laws. Among the law-breaking cadres, some knew what they were doing and others committed crimes out of ignorance of the law. In the Constitution, however, there are very clear principled stipulations. The Constitution says: "The people of all nationalities, all state organs, the armed forces, all political parties and public organizations and all enterprises

and undertakings in the country must take the Constitution as the basic norm of conduct." They must "abide by the Constitution and the law" and no one "may enjoy the privilege of being above the Constitution and the law." The Constitution of the Communist Party of China also stipulates: "The Party must conduct its activities within the limits permitted by the Constitution and the laws of the state."



PHOTOS BY YANG XIAOBING

Fei Yimin, an NPC deputy from Hong Kong.

The most important job now is to make the law known to all in China. In this way, the number of unintentional law-breakers will decrease, and the people, including cadres, will be able to use the law as a weapon in fighting the deliberate law-breakers. In a word, anyone who has violated the law should be dealt with seriously, irrespective of who he or

she is. To this end, studies should be conducted on how to strengthen the organizations that enforce the law.

## Legal System Needs Perfecting

Fei Yimin, a deputy from Hong Kong and vice-chairman of the Hong Kong Basic Law Drafting Committee, said, China has already enacted the Constitution, the Criminal Law, the Law Governing Criminal Procedures and the Law Governing Civil Procedures (for trial implementation). Now, he said, the Civil Code General Principles has been formulated. These fundamental laws and the more than 40 specific laws drawn up in recent years indicate that China has embarked on a steady course in the construction of its legal system.

However, he said, China's laws are not yet complete. Although we have all the basic laws, he said, the economic laws are far from complete. The Civil Code General Principles is not perfect either. Because in the process of the reform it is not yet clear whether some provisions in the Civil Code are accurate and practical, the code will need gradual updating as we continue to synthesize our experiences.

# CPPCC Members Sound Off on State Affairs

by Our Correspondent Jing Wei

**F**ifty members of the third group at the fourth session of the Sixth National Committee of the Chinese People's Political Consultative Conference gathered in a meeting room of Beijing's Guoyi Hotel recently to discuss state affairs. When the topic turned to poor telephone and postal services, and excessively high charges for academic magazines, one member said excitedly, "The Minister of Posts and Telecommunications should be impeached." Because the CPPCC does not have the right to impeach a minister, panel discussion

chairman Qian Weichang proposed that an emergency motion be delivered to the National People's Congress. The proposal met with unanimous approval. Qian is vice-chairman of the Central Committee of the China Democratic League and president of the Shanghai Engineering University.

The CPPCC has national and local committees and is composed of members of the Communist Party of China, members of the eight democratic parties, non-party members, members of people's organizations, including

the All-China Federation of Trade Unions, the Communist Youth League, the All-China Women's Federation, the All-China Federation of Industry and Commerce, minorities, compatriots from Hong Kong, Macao and Taiwan, overseas Chinese and celebrities from science, technology, education, culture, art, journalism and medical circles. Its basic functions include providing political consultancy on major state policies and principles and issues of vital social importance. The CPPCC also exercises democratic supervision over government work by



offering suggestions and criticisms.

Members attending the fourth session of the Sixth National Committee of CPPCC numbered 2,020, but were divided into 48 groups for discussion.

## Reform Should Proceed Methodically

China is now undergoing profound social changes. Although the reform has seen progress, problems are many. During the CPPCC session, members focused their discussions on how to deal with social problems arising in the course of the reform.

"This is the fourth time I have attended a CPPCC session, and I think many questions need to be answered this year," said the 74-year-old archaeologist He Zheng-huang. She said she was preparing a motion concerning improvement of social conduct, publication, distribution and city planning work. "I hope the government will take them into serious consideration," she said.

Wu Keqing, vice-chairman of the Guangxi Zhuang Autonomous Region, said the current unhealthy social trends are rooted in greed and have resulted in indecent and even criminal activities. "The reform, however, should not be abandoned simply because of these problems," Wu said. "On the contrary, the reform should continue and malpractices



The Sixth National Committee of the CPPCC in session.

LIU SHAOSHAN

should be checked through the use of reform measures."

Regarding the speed of the reform, Jiang Qingxiang, director of the Economic Research Institute of the Shanghai Academy of Social Sciences, said given the poor economic foundation, deep-rooted feudal ideology and underqualified cadres, the reform should proceed step by step.

## Education as a Priority

Education was another question of utmost concern to the CPPCC members. When discussing the Law on Compulsory Education, they criticized some government departments for overlooking education and made

suggestions on how they might change.

"Some government departments are pressing ahead with their economic development programme at the expense of education," said Chen Yibai, president of the Guangzhou Teachers' College.

Wu Fuheng said education should be given priority, or at least, its development should progress in sync with that of the economy.

Economist Qian Jiaju and his fellow members had previously proposed that the government try to improve basic education in China. During the recent session, Qian expressed satisfaction over the government reaction to his suggestion. "In recent years the government has allocated more money for the development of education than before. And the National People's Congress has endorsed the Law on Compulsory Education. This shows our motion has been effective," Qian said.

## The Supremacy of the Law

In recent years China has enacted a number of laws. However, while expressing satisfaction over this progress, CPPCC members vehemently criticized their improper and loose implementation.

Zhai Nuanhui, director of the

CPPCC members on their way to the conference hall.

JING WEI



Hong Kong-based *Wide Angle* monthly, said perfecting the legal system ensures the smooth progress of the reform. He said China's thousands of years of feudal concepts and customs hold back the implementation of the laws. Everyone should abide by the law once it is enacted, he added. He proposed that efforts be made to end the practice of favouritism and pull and maintain the dignity of the law.

Mo Yichang, a standing committee member of the central committee of the China Democratic National Construction Association, said there are some flaws in the legal system. Given this, laws are not strictly abided by and bureaucrats try to cover one another's transgressions, the CPPCC and various democratic parties should play an expanded supervisory role.

Liu Shangzhi, adviser to the Ministry of Justice, said in many cases, instructive statements from leaders and political clout often take precedence over the law. "The legal system should be perfected and legal concepts should be firmly rooted in the minds of the leading cadres," Liu said.

Li Zongfang, member of the CPPCC and vice-chairman of the Sichuan Federation of Industry and Commerce, said the judiciary has done considerable work in combating economic crimes over the last few years. However, many cases still occurred, and yet few were put on file for investigation and prosecution. Verification was slow and people involved were

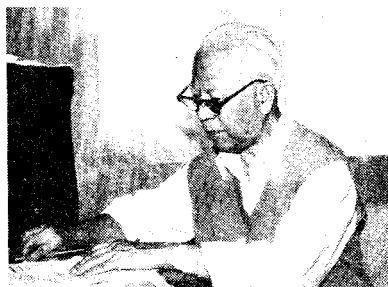
often dealt with lightly. This situation has changed somewhat, but not radically. Some economic criminals, he said, were even protected. And people who had abused their positions were dealt with lightly.

## Social Morals Boosted

Promoting socialist ethics was one of the most widely discussed issues at the CPPCC's fourth session.

Yao Xueyin, CPPCC member and author.

JING WEI



Lin Mohan, adviser to the Ministry of Culture, said despite the progress made in economic construction and the improvement of people's living standards, not enough attention has been paid to enhancing socialist ethics. Lin quoted the CPPCC Standing Committee's Work Report and said Chinese artists should work to boost socialist ethics.

In his address, writer Yao Xueyin said that for the long term a country must improve the cultural level of its people so as to ensure national development. "While the four modernization

programme is a great strategy, improving socialist ethics should be the core of the strategy," Yao said.

Yao expressed dissatisfaction over the current state of ethics. He said a number of young and middle-aged artists have only a faint idea of Marxism, giving way to the possible influence of bourgeois literary and artistic ideologies. Behind many ostensibly fresh ideas lies ideological confusion among certain artists and writers, he added.

He suggested that criticism be encouraged and that a law on publications be worked out as soon as possible to end random publication of magazines and books that are harmful to the construction of socialist ethics.

Chen Bochui, deputy director of the Shanghai Children's Publishing House, said there is a dearth of books that are of value to society's development, such as those on science, technology, literature, art, and theory. Because of their scarcity, he said, such books are also expensive. However, Chen said, entertaining books and magazines are flooding the market. "Because the publication of children's books and magazines is neglected, some of the outstanding children's writers I know have changed their line of business," Chen said.

Wang Kun, head of the Dongfang Song and Dance Ensemble, said the government should work to stop the circulation of vulgar and unhealthy works and to provide financial aid and support for the good works.

# Juvenile Delinquents Helped Thru Re-education

by Our Correspondent Yang Xiaobing

**C**hanges in crime rates in China over recent years have been the source of both relief and alarm to responsible individuals and organizations: While on the one hand, crime rates have in general decreased, on the other, there has been a marked increase in juvenile delinquency. According to statistics released by public security

departments, in the 22 months from September 1983 to June 1985, there were more than 750,000 criminal cases reported nationally, representing a decrease of 36.4 percent over the previous 22-month period. However, 70 percent of the cases involved youths under the age of 25, and of that figure, 20 percent involved

juveniles under 18.

The increase in juvenile delinquency has greatly concerned the government which is therefore mounting a campaign to mobilize and co-ordinate efforts at all levels of society to prevent and control the problem. Included in the drive are not only public security branches, people's procuratorates

and courts, and other judicial departments, but also education, culture, labour, and industrial and business management organizations, as well as subdistrict branches and individual families.

## The Family

Most of the young offenders come from troubled family environments which leave them frequently susceptible to the

Due to the promotion of family planning on a national level, the numbers of families with only one child have increased in recent years. One result is that parents will frequently overly dote on that child and spoil him. To deal with this problem, many family education research groups have been established all over the country. Local branches of the All-China Women's Federation have organized sessions for parents on how to educate their

divorce is a circumspect one. Beijing's municipal marriage registration bureaus report that 31 percent of those who file for divorce eventually withdraw their applications after mediation. Of the approximately 8,000 divorce cases referred to Beijing's courts each year, about 40 percent are settled amicably with both parties agreeing to stay together. However, the number of divorces has tended to increase in recent years.

## Schools

The increase in juvenile delinquency also can be attributed to certain problems that currently exist in schools. In a document issued last year, the Central Committee of the Chinese Communist Party stressed the necessity of reversing several negative educational trends. One major trend singled out was the over-emphasis on the proportion of students entering higher-level schools to the point that acquisition of academic knowledge was stressed over the inculcation of moral values, major schools were favoured over ordinary schools, and a few top students were valued over the majority of average students. Instead, schools should promote the comprehensive development of students' moral, intellectual and physical education, the document said.

In recent years Chinese primary and secondary schools and universities and colleges have strengthened ideological education in order to arouse students to foster on their own an excellent character. As part of China's effort to spread legal knowledge during the latter half of the 1980s, schools throughout the country will offer courses on the socialist legal system in order to help students draw a clear distinction between mischievousness and violation of the law, and to teach them how to make use of the legal system to protect the rights and interests of themselves and others.

One of the factors contributing to delinquency in juveniles has been the paucity and poor quality of schools. According to Huang



"Juvenile Delinquents" directors Zhang Liang (L) and Wang Jingzhu (2nd R) with two of the movie's young actors. The roles of delinquents in the movie were played by reformatory inmates.

harmful influence of delinquent peers.

An investigation into the backgrounds of 195 juvenile delinquents, aged 14-18, carried out by the Jiangsu Province Academy of Social Sciences, revealed that 90 percent of their friends had been persons of bad character, 111 of the 195 youths had run away from home, and 56 had fallen in with criminal gangs after losing the support of their families. The parents of these kids were either unconcerned about their child's moral character and indifferent to his or her activities outside the home, or they would often beat and revile their child, which would eventually totally alienate the child from his family.

children, and periodicals and broadcasting stations have made a point of disseminating information on the subject. Gansu and Guangdong provinces, as well as other areas, have set up night schools for parents.

Divorce in the family frequently has a negative effect on children in that it can traumatize an immature soul and provoke in the child a perverse disposition and cynical nature. In other words, divorce is often one of the important factors which may eventually induce the child to leave home. It has been ascertained that 10 percent of the juvenile delinquents in Beijing's youth reformatory became involved in criminal activities following the divorce of their parents.

The Chinese attitude towards

Fulu, an official of Hebei Province's judiciary, 30 percent of urban junior high school graduates in that province are unable to continue their education due to the shortage of high schools. These disadvantaged students, who mostly are around 15 years old, are too young to work, and therefore, while loafing around, find it easy to get into trouble. Statistics compiled by the State Commission of Education show that every year there are approximately 6 million youths facing a similar predicament. Because of insufficient schools, manufacturing and mining industries in some areas have set up and financed their own schools for their employees' children. However, the administration of some of these schools has been chaotic, with the result that such collectively run schools have been unable to be of any real help in the controlling and redeeming of those students with delinquent tendencies. In the city of Shijiazhuang, Hebei, most of the primary and secondary school students who commit crimes have come from such schools.

China has already taken measures to solve these problems. During the last ten years, funds nationally allocated for education have increased annually at an average rate of 14 percent. In May of last year, the Party Central Committee made a decision concerning reform of the education system, an important facet of which was the development of vocational education at the secondary school level. This is welcome news for future junior high school students who are unable to continue on to senior high school.

## Culture

While problems with family environment and the school system have much to do with the increase of juvenile delinquency, the negative effects of popular culture have also been indicted by some people as an important factor contributing to the problem. As Bai Ping, director of the office of Beijing's Reform-

Through-Labour Bureau, says: "In fact, much of what motivates juvenile delinquents, as well as many of the techniques they use in committing crimes are derived from works of popular culture. Some youths who fall under the influence of such works cannot help getting involved in illegal activities."

Ever since China began importing advanced foreign science and technology and encouraging foreign investment as part of its policy of opening up to the outside world, it has been inevitable that some degenerate works of foreign literature and art would slip into China too. One result of this has been that some people have begun showing and distributing pornographic videotapes and magazines, while some others have begun to print magazines of fantastic content and vulgar interest. Frequently among such magazines are ones which describe criminal activities in detail. Of course, most people despise such trash, but some youths with no sense of discrimination find such materials intoxicatingly fascinating to the point that some even imitate what they read. In this way, they can also become involved in crimes.

Beginning in spring last year, the government adopted a whole set of measures aimed at putting an end to the circulation of sexually explicit videotapes, audio tapes with sexually explicit lyrics, and sex magazines. Those persons carrying out activities seriously in violation of the law were punished. The government reiterated the regulations concerning the supervision of periodicals: Periodicals which fail to obtain the approved registration from the responsible departments will be banned. At present it is not permitted to indiscriminately publish martial arts romances. On the other hand, encouraged by the government, writers have come out with a number of novels, short stories, movies and TV dramas having young delinquents as their subject. These works not only serve as a positive re-educating influence on juvenile delinquents, but also call attention to the need for society at

large to be concerned with the education of all young people. A recently released film, *Juvenile Delinquents*, with a young delinquent who has been arrested as the central character, has already been recognized by society as an inspiring legal system teaching material.

## Subdistrict Branches

Walking in the streets and alleys of Beijing or any other large city, one will frequently come across public bulletin boards with information on various aspects of the legal system or analysis and appraisal of current criminal cases. Despite the fact that some nationally distributed periodicals have begun legal information columns, and that there are also many specialized legal periodicals available, these public bulletin boards still attract many readers.

These bulletin boards are set up by local police substations and subdistrict offices which are established by the government. Under the guidance of these subdistrict offices, residential committees, (which are set up by the residents themselves,) take responsibility for whatever goes on in their residential areas, including the mediation of neighbours' disputes, the safeguarding of public security, and the control and prevention of juvenile delinquency.

In most cases, members of the residential committees are retired older residents who are familiar with the situation in their area. They can easily discover which family's child is a frequent truant, or which child has been associating with bad elements. When a residential committee discovers signs of delinquent behaviour, its staff members will co-ordinate the youngster's parents and school and the local police substation to help re-educate the offender. In this way, many children can be saved from further degeneration.

Local police substations do their part by patiently re-educating youths who have gotten involved in petty crimes. As Liu Zhongming, head of the Tannan Street police substation in Shijia-

zhuang, points out, this re-educating is the fundamental task in preventing and controlling crime. One of the methods used in this effort is called the contract system: The police substation will sign a contract with the parents and school authorities or work unit of the youth according to the seriousness of his misdeeds. If the youth reforms within a specified period of time, the police substation will award him a "certificate of good behaviour," which can be very useful to him in later finding work or being promoted in his job; moreover, the signers of the contract will also be commended and given a monetary reward. However, if the youth continues to get involved in criminal activities, the units and individuals who signed the contract will be considered not to have fulfilled their responsibilities, and may even be fined.

A Tannan Street youth named Ren Hongwei, 18, associated with some disreputable friends and accompanied them in the theft of a bicycle. Last spring a public security officer went to the construction company where Ren worked and signed a contract with Ren's production team leader. After half a year of help and re-education, Ren not only stopped associating with his former bad friends, but his work was outstanding. His change for the better was also evidenced by his return to its owner of 180 yuan he had picked up in the street somewhere.

However, not all efforts at helping and re-educating youths were successful, and there are still large numbers of delinquents who are not reached at all by such efforts. Because of this, the numbers of juvenile delinquents are on the rise, with the result that many of such youths will inevitably end up in prisons or youth reformatories.

## Correctional Institutions

The Chinese government requires all correctional institutions to set up schools for the re-education and reform of their

inmates. In Shijiazhuang's youth reformatory, this correspondent observed a class where a full-time instructor was patiently teaching primary school-level literacy to youths of about 15. The young inmates every day have a half day of class, during which time they study basic education courses and general legal knowledge; the remainder of the day they engage in light labour. Liu Yuqun, the education section chief, explained that the reason for giving the inmates a basic education is to make them more civilized and less likely to run afoul of the law again. In fact, educating these youths is one way to reduce juvenile delinquency, she said.

According to information provided by the judicial departments of Beijing municipality, Hebei Province and other places, the return rate for released prisoners is only 3 to 5 percent.

The school building in Shijiazhuang's youth reformatory has a floor space of over 2,000 square metres. In addition to offering inmates regular primary and junior middle school courses or university correspondence courses, the institution encourages the youths to study a vocational skill, such as cooking, tailoring, electrical engineering or machine assembly. Such skills are of great benefit when the youths are released and are seeking employment or hoping to set up their own businesses.

When this correspondent visited the youth reformatories, prisons and re-education work camps of Beijing and Shijiazhuang, there were exhibitions of inmates' calligraphy and paintings displayed on the walls. In the dormitories one could frequently see such musical instruments as guitar or the *erhu* (a two-stringed bowed instrument). Cultural activities obviously have enlivened the institutions' atmosphere; moreover, they have proved to have a positive effect on the inmates: Lin Lin, an inmate of Shijiazhuang's youth reformatory, put down the poster he was designing and explained that studying painting had helped him

calm down and strengthen his self-control.

Many youngsters started on the road to crime after being negatively influenced by family and school. However, the sincere care shown by reformatory personnel and the meticulous attention given to all aspects of their life and ideology give such youngsters the resolve to turn over a new leaf. Reformatory personnel, however, realize they can do little to help youths after they have been released from the institution and entrusted to the care of society at large. Unfortunately, many people still do not understand the importance of helping these youths to stand up again on their own. In looking for work, applying to schools and even establishing better relations with their parents, former delinquents often face discrimination. Sometimes the newly released delinquent's resolve to start a new life gets extinguished in the face of society's ostracism, and he returns to his old ways.

Recently the government has been calling upon society not to abandon juvenile delinquents. Of course, for people's thinking to really change, and for the problem to be totally solved, society itself must advance, and this naturally takes time. For example, even youths with unblemished backgrounds often have a hard time finding good jobs, to say nothing of youths with criminal records. Fortunately, there is often a way out of this difficult situation: It is not difficult for a jobless applicant to get hold of an individual business license. And if he turns out to be a successful entrepreneur, he may even become well-to-do faster than most ordinary people. With a legitimate occupation, a relatively good income and the elementary education gained in reform school, the juvenile delinquent possesses the basic requirements for becoming a law-abiding citizen.





## Veteran Engineer Solves Water Problem

**"GUANGMING RIBAO"**

(Guangming Daily)

In about two years, four water purification stations have been established in the arid areas of Gansu Province, putting an end to local residents' days of drinking bitter, salty water. The designer and builder of these stations is He Yunxing, a retired engineer, who, though he is in his 60s and suffers from serious heart trouble, has worked with the energy of a zealot in order to upgrade water quality in northwestern China.

Born in Hunan Province, He Yunxing used to be a senior engineer with the No. 1 Design Institute of the Ministry of Railways. He has lived in northwestern China for more than 30 years and has dedicated all his energy to building water supply projects for railways in Shaanxi, Gansu, and Qinghai provinces, as well as the Ningxia and Xinjiang autonomous regions.

In 1978, He began experimenting with electrodialysis in order to dilute the salty water in these regions. After four years he succeeded in trial-manufacturing an electrodialysis instrument for treating the unpalatable water and pushing forward China's water treatment technology.

He travelled throughout the province, investigating its needs and resources. He then decided to build Gansu's first salty water purification plant in Liujiagoumen Village, Lintao County.

Because the mountain village was too poor to pay for the project, He Yunxing reported their problem to the provincial water conservancy and sanitation departments. He also later developed a new electrodialysis instrument that would be both inexpensive and highly effective and appropriate for the village.

The water treatment station in Liujiagoumen has been completed, and can clean 70 tons of water a month. It has a per-ton power consumption rate of 3 kwh, at the cost of 0.35-0.38 yuan.

News of the plants' success spread far and wide. Many farmers from Gansu and other

provinces have visited He Yunxing to ask him to help them build such facilities. Despite the entreaties from his family and friends to slow down and return to his native Hunan Province, he has chosen to continue working. He says he cannot leave Gansu after living there for more than three decades.

Since his success in Liujiagoumen, he and his young assistants have built another three water purification stations.

## The Computer That Is All Ears

**"RENMIN RIBAO"**

(People's Daily)

An old man sat in front of a screen and talked to the computer in his Shaanxi dialect. As he went on, the story of his life gradually appeared on the screen. At another terminal, a woman was reciting poems in a deep, soft voice. The verse showed up on the screen immediately when she finished.

These are two of the scenes during a meeting called by the State Commission of Education last month to evaluate the "Chinese character reading input computer system"—the latest scientific research achievement of Qinghua University in Beijing.

The system is an improvement of the Chinese character coding system used for *Great Wall 0520-H* computers because of its addition of a Chinese character

sound input programme, which allows users to talk to the computer rather than to type into it. The new system has many new functions, such as training, sound distinction, paragraph division, revision and printing. After one or two preparatory sessions, a user can make the computer understand 90 percent of his or her words, regardless of the user's age or dialect. In addition, the information put in the system can be stored, kept for a long time and called up at any time. If a compatible computer network is available, the system can also be used to direct the work of robots.

Unlike with the traditional keyboards, with the new voice system, users do not need to remember particular codes or use a great deal of effort in order to operate a computer. Because it simplifies computer usage, the system is expected to accelerate the flow of information.

## Worker Training Urged

**"RENMIN RIBAO"**

(People's Daily)

Between now and 1990, a solid foundation in education should be laid for the economic boom in the next decade.

Education of workers should be

given emphasis. Though thousands of entrepreneurs and leaders well versed in modern science and technology and management are needed, workers with a high level of such knowledge are also of great importance.

Much work has been done during the Sixth Five-Year Plan (1981-85). More than 4.7 million

leaders in the fields of industry, communications, finance and trade have been trained. Over 30 million young and middle-aged workers have been re-educated. Furthermore, millions of workers have completed study in colleges and professional schools.

Despite all this, workers will need more education to meet current needs.

Millions more people will be employed in cities and towns every year. They must first be trained.

The education of reserve professional staff should also be one of the major tasks in the coming years. Institutions established by factories and enterprises should be run better to train more qualified workers and technicians.

To carry out such work smoothly, reform is needed to eradicate the irrational regulations in the educational system and unsuitable training methods.

The bias for qualifications rather than ability, and for theory rather than practice, must be overcome. Talented people, whether they have a record of formal schooling or not, should be placed and trained.

Policies to encourage workers to start professional training should be mapped out. Courses should match practical needs so that employees can do their work better afterwards. Legislation should be drawn up to guarantee that the education of workers becomes a priority in enterprises and factories.

points must be taken into consideration:

■ Being a socialist country, China should not seek urbanization of Chinese villages through the exploitation of villages by the cities. Nor should the villages be ruined in an effort to introduce large-scale socialized production.

■ Limited in financial resources, China cannot invest unsparingly to support rural economic development, as developed countries might do.

■ Chinese cities, themselves, are underdeveloped as yet and have limited capacities. They cannot provide employment for a large surplus agricultural labour force as some developed countries can.

■ Although China is rich in its total of resources, its average per-capita share is relatively low. To solve this problem, like the transfer of the rural labour force, huge capital investment for rural construction is needed.

■ China has a planned economy. It cannot allow a blind flow of the rural surplus labour force into the cities. Large-scale overall planning is necessary to see that the people work in peace and contentment.

The past teaches us that Chinese urbanization of villages must be achieved through co-ordinated development of cities and villages and integration of industry and agriculture.

Not only should great efforts go into developing agriculture, but industrialization of agriculture should also be promoted. Service trades should likewise be developed. Rural industries should be set up with the aim of using the surplus rural labour force and accumulating capital funds for agricultural construction.

In quadrupling the gross national product, a considerable portion of growth will have to come from suburban districts. For instance, in the Shanghai and Tianjin areas, one-fifth to one-third of production is in suburban districts. Therefore, Chinese urbanization could more properly be called suburbanization.

## Urbanization of China's Villages

### "BAIKE ZHISHI"

(Encyclopedic Knowledge)

**B**efore 1979, the rural development in China moved along a roundabout route. We faltered at least in the following aspects:

■ We gave little thought to creating an economic network depending on cities. We stressed grain too much as the key to prosperity, denigrating the necessity for a commodity economy, neglecting urban markets and holding back the rational development of the rural economy.

■ We failed to create a balanced distribution of industries and tried to enforce an absolute division of labour between cities and villages. We failed to foresee the inevitability of industrial expansion to rural villages and its advantages in invigorating the villages.

■ We emphasized urban construction while neglecting village and township construction. Construction projects and funds were not proportionally distributed among cities and towns of different sizes.

Construction of basic install-

ations was far from enough to satisfy social needs, with the result that towns could not play their role in stopping the flow of surplus rural labour force into bigger cities and facilitate the growth of industry.

For 30 years, the village economy grew slowly. The urban economy likewise was not sufficiently developed. While the urban population of most developed countries is 40 to 90 percent of their total population, that of China was only 13.2 percent.

Moreover, the growth of large cities was alarmingly great. Cities with fewer than 100,000 persons contain 10 percent of China's urban population, which is only about one-fourth of the world average. Cities with populations of more than 1 million make up 39 percent, the highest percentage in the world. In 1979, there were 162 cities with populations of more than 1 million in the world, 15 of them Chinese. China had three of the world's 20 largest cities and one of the four with populations over 10 million.

In planning the urbanization of Chinese villages, the following five

## Foreign Representative Offices Fined

In 1985, 13 foreign firms' representative offices were charged with violating Chinese law. Four of them received written warnings, eight were fined, and one had its license revoked.

The C.G.A. Sakuraba Co. Ltd. of Japan opened its Beijing office in November 1984. Disregarding Chinese stipulations prohibiting a representative agency from business operations, it signed a contract with a Tianjin enterprise for the purchase and sales of automobiles worth US\$200,000. Furthermore, the Japanese firm demanded the payment be made in Chinese currency at a rate higher than the official exchange rate. A warning was issued against the Japanese office from the Chinese industrial and commercial administration upon discovery of the violation. But it was ignored. Consequently, the Chinese authorities have had to withdraw the firm's license.

As China's relations with foreign countries are increased, more foreign firms have begun to open offices in China. In 1985, for example, there were 517 new offices, bringing the total number of foreign offices to 1,448. These agencies are located in 26 cities — 730 in Beijing, 240 in Guangzhou, 202 in Shanghai and 102 in Shenzhen. Most of them have abided by Chinese law, but several have been involved in the following transgressions:

—Some foreign offices and representatives began businesses without approval or registration.

—Some continued their business six to 12 months after their registration expired, and paid no attention to notices issued by the department concerned. Some made no alterations in their registration cards after the title of

their agencies, their scope of business or addresses had changed.

—Some foreign offices went directly into business transactions in violation of Chinese rules. Some even went so far as to sign contracts with Chinese firms.

—Many foreign offices hired Chinese employees on their own, without complying with the necessary government procedures and agencies.

The Chinese industrial and commercial administration intends to step up efforts to make members of the foreign offices aware of and abide by Chinese law and conduct their business in a normal way. At the same time the Chinese administration welcomes foreign firms in good standing to open offices in China, and is ready to provide consultation services.

## Joint Venture Certificate

A circular released jointly by China's Ministry of Foreign Economic Relations and Trade and the State Industrial and Commercial Administration stated that from April 1 a certificate of ratification will be issued to all Chinese-foreign joint ventures and foreign ventures established in China.

For local ventures, the certificate will be given by the departments of foreign economic relations and trade of the provinces, autonomous regions and municipalities directly under the jurisdiction of the central government. For those ventures in the cities of Qinhuangdao, Yantai, Qingdao, Lianyungang, Nantong,

Ningbo, Wenzhou, Fuzhou, Zhanjiang and Beihai, as well as the Hainan Administrative Region, the certificate will be issued by the foreign economic and trade department of the relevant provinces and autonomous regions.

The municipal government in the special economic zones will take care of the joint and co-operative ventures within its jurisdiction.

Ventures run jointly with ministries under the State Council will have their certificates distributed by the Ministry of Foreign Economic Relations and Trade.

The ministry will also give permission to ventures whose contracts have received its approval.

Foreign ventures operated solely by foreign investors will be given the certificate from the ministry.

## Gold and Foreign Exchange Reserves

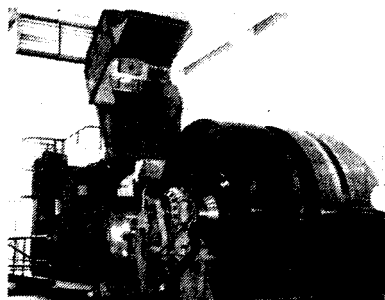
The People's Bank of China announced recently that last December China's foreign exchange reserves stood at US\$11.913 billion, of which US\$2.644 billion were being held in the state treasury, while the rest were in the possession of the Bank of China.

Meanwhile, gold reserves amounted to 12.67 million ounces, and loans borrowed from foreign countries by the Chinese government totalled US\$5.067 billion.

## Certificate to Foreign Tyres

China's Xingping Aircraft Tyre, Wheel and Brake Test Centre recently issued a quality certificate to four aircraft tyres of a British company.

In August last year, the British Civil Aviation Administration (CAA) officially approved Xingping's application to test tyres for international commercial planes.



The tyre test platform in operation.

The Dunlop Co. has expressed satisfaction with the recent tests. More tyres will be sent to Xingping test centre from the British company. The first group of contracts will be worth US\$100,000.

The inertia testing platform was made in Great Britain. It is capable of handling wheels of 1,040-mm wide and 380-mm-1,800mm in diameter, at a maximum speed of 540 kilometres per hour and a maximum load of 46 tons. It can also measure the friction, momentum and load of an airplane when

it is suddenly brought to a standstill during take-off.

## Offshore Well Strikes Oil

In March, another test well off the Pearl River estuary struck oil at three levels. The daily crude oil output of the first and second layers has reached 2,100 barrels (approximately 294 tons). The yield of the third layer has not yet been determined because of technical difficulties.

The test well is being operated by the Occidental Eastern, Inc. of the United States, which took part in the first and second rounds of bidding.

By the end of March, the China Offshore Petroleum Corp. signed a contract with the bidding group made up of the Occidental Eastern, the Unocal Pearl River, Inc. of the United States and the Japan Petroleum Exploration Co. Ltd., which will cover a prospecting area of 5,470 square kilometres in the South China Sea.

Since 1980, China has signed 31 contracts with oil companies from 12 countries. Among the 120 test wells drilled by foreign companies, 46 have struck oil.

(Continued from p. 13)

might include provisions against some industrial products. The EC also expects to see US restrictions on European wine and higher taxes on its dairy products, olive oil, meat and fruit.

The EC has turned down a US request for suspended implementation of its common agricultural policy in Spain and Portugal, but has conceded to negotiate with the US through the General Agreement on Tariff and Trade (GATT). This would mean including both industrial and agricultural issues in the negotiation. The EC believes the US calculations on agricultural losses were one-sided. In the next five years, Spain and Portugal will open up their currently closed markets, and slashes made on their taxes for industrial imports should greatly favour the United States. The EC expects Washington to profit in industrial exports by US\$3 billion, a much greater total than that of the estimated US losses in agricultural exports. Therefore, the EC considers US exasperation over its expansion unreasonable.

Although the EC and the US have been shooting heated rebukes at each other in the last few months, both sides are aware that they are after all indispensable trade partners. So the recent escalation of friction between Europe and the United States will have to be tempered in the next three months, the time limit set by the US before it will undertake retaliatory action. Clues to the end result will no doubt surface after US agricultural and trade representatives meet with their EC counterparts at the forthcoming GATT ministerial conference in Paris. If the talks fail to come up with any substantial compromise, the seven nation Tokyo summit scheduled next May might offer another chance for negotiations.

by Wei Wei

The Brazilian 'Expo '86' on economy, trade and technology opened in Beijing at the end of March. Participation by 200 companies represents 41 Brazilian corporations covering aviation, spaceflight, energy, minerals, transport, electrical machinery, light industry, textiles, construction machinery, agriculture and stock raising, forestry, communications and medical equipment.



\* \* \*

# Spring Delayed, Not Late

## —An English Teacher's Recollections

**O**n the Central People's Broadcasting Station I am responsible for the "Radio English on Sunday" teaching programme. I have been at it for four years now. It is said that I have an audience of at least 2 million nationwide. So many among them try to learn English more or less successfully in this "second classroom" so that they can acquire knowledge about social, cultural and scientific conditions worldwide. I have been snowed under with 10,000 letters, discussing the study of English, kindly paying me warm compliments, and in many cases saying: "This Shen Baoqing, we have so often heard her voice—but have never seen her in person. She hides behind the screen. What is she like?" Some asked me for my photo, others sent me family snapshots to acquaint me with them.

As English-speaking people know, it is not polite to inquire about a person's age or private affairs, especially at the first meeting. But all that aside, I will tell my listeners and any other interested parties about myself and how to feel about being a teacher.

I have been dealing with English for nearly a lifetime. This is rather unexpected when I come to think of it. As a matter of fact, what I always liked better was Chinese literature. As a young girl, I cherished the ideal of entering the Chinese literature department of Beijing University—to imbibe the patriotic spirit of the men of letters of the older generation; to wield the pen to arouse the masses, to follow the road of the renowned writer Lu Xun.

I was born in an old-fashioned family in Suzhou. In our clan as elsewhere in old China, "illiteracy

is a feminine virtue" had been believed in for hundreds of years. In the words of my mother: "Look here, you girls. No use studying. Sooner or later you are to marry."

This, however, produced in me a reverse reaction, making me determined to fight against such feudalistic ideology.

I left home a very young girl, to go to school in Shanghai. I graduated from high school in 1945 when China won the victory in the War of Resistance Against Japan. I attended St. John's University in Shanghai, studying English literature, hopefully to derive benefit there from for my ambition to write Chinese.

I worked my way through college, taking part-time jobs as a private tutoress to a family, a typist in a business office, scraping together what little money I could to pay school fees.

In 1949 I completed my university studies. I was happy to be coming abreast with the historic event—liberation.

Some of my close friends and classmates went to Hong Kong, others to America. Me, I rolled up my baggage—bound for Beijing to join the revolution.

Off with my cap and gown, on with the yellow soldier-uniform, away with my perm, for the "girl soldier's" bobbed hair. Prancing. Laughing. How bright the skies over the liberated areas!

How young we girls were at that time. Life for us was a path strewn with beautiful flowers, a never-ending song.

This was a generation of revolutionary youth filled with beautiful dreams, envisioning a lovely future. In those days I enjoyed very much playing on the piano Chopin's *Fantasia Impromptu*.

In Beijing I plunged into a new, collective life of communistic fashion. Feeding on sorghum, military drills, spells of labour, political study. For a time I worked as an interpreter; for another, secretary of the Youth League branch. Then there came a new assignment: to teach English. OK! Throwing up my head with the "girl soldier's" bobbed hair, I said "Done!" This rush job was beyond my wildest expectations. But once a teacher, always a teacher, as I have been for the last 35 years. I have helped to put out not a few students who are now in leading positions in government institutions. Others are working in many parts of the world. I have written a few teaching materials.

The "cultural revolution" put me in a "cowshed" for seven months. After release I was sent into the countryside for farming labour where I stayed for eight years. After a bit of this and that, I discovered that 12 years had elapsed.

During those years, as I came to know later, my schoolmates living abroad kept inquiring, "Wherever has Shen Baoqing gone to? She seems to be shrouded in obscurity. Worse, she must have long since died."

Yes, they were right. I was as good as dead.

I was not allowed to teach, I was not allowed to work. Our society had no need for knowledge, no need for people like us. What were we living for?

It was not until 1978 that I came back to Beijing to begin teaching again. Twelve years had gone, never to return. How many 12 years has a human life? When I sat in the teacher's chair anew, I rediscovered myself—old! Where were my rosy dreams of youth?

Where were my songs? Could I still play Chopin on the piano? Could I still laugh?

But I realized I did not have the time to sit brooding, to bandage my bleeding wounds, to indulge in sobbing.



Like most teachers, when I watch my students grow intellectually and find them contributing a bit to the motherland, I couldn't be happier, forgetting my unlucky past.

I do believe my life is now again well filled with purpose. I am quite proud of being one of the New China's first generation of teachers. After all, I have the opportunity to give my life to the motherland's educational cause. Today, we need knowledge, we need education, we need modernization. Up with education for modernization.

As far as I know, there are only eleven and a half college students per 10,000 Chinese. Nevertheless, a good number of office staff, cadres, soldiers, agricultural workers nationwide are making use of their spare time, participating in television university and radio study programmes including English courses. Around 2 million learners listen in to "Radio English on Sunday" alone, indicating an English language explosion in China.

What, after all, is the kind of college students that we want to bring up and out? The way we teach now, can they go out into the world and gain a footing in today's volatile society? In my view, we should first of all try to induce the young people's study interest and initiative, and help them cultivate the ability to be self-taught.

A teacher's vital role is to teach in such a way as to provide students with a key to the treasure of knowledge—not to turn their brains into mere receptacles. A teacher's work is primarily to prompt students to think for themselves, to practise, to experiment in order to get hold of knowledge. More importantly, teachers should encourage their students to come up with contradictory opinions at academic discussions, to thrash out problems for themselves, and to draw conclusions of their own.

I favour those students who

surprise me with "awkward" or embarrassing questions. I have no affection for the ones who remain silent. Why, there may emerge one day, among these who do not know how high the sky is and how thick the earth, great figures like Copernicus and Darwin. In academic matters nothing is more welcome than agreeing to disagree. What an eye-ful a teacher is when he or she keeps a straight face lecturing you, shaking a solemn book at you.

Learning is a process of making and correcting errors. Young people ought to learn ceaselessly, we elders ought to do the same. In a word, education orientates a person from ignorance to intelligence, from stupidity to wisdom, from barbarity to civility. Never the other way round.

Now that we have moved into the '80s, we cannot expect our youth to be what we used to be.

Take pop music, younger people know more about it than I. but I don't hastily oppose what I don't know. Instead, I try to learn about it.

In the street, look at those young girls talking and laughing loudly, freely, oblivious of you. And young boys swagger in red and green, whatever a passerby may say about them. This generation of Chinese seem to be bolder than the older generation—not timid and re-treating. How can you any longer judge young scholars to be good or not so good by their long or short hair, or by their clothes?

I don't tend to sympathize with those family heads who are oversensitive and always struggling with imaginary evils.

Society is changing and changeable; values, morals, national customs, all are changing and at full speed ahead. If you are not mentally prepared for all the changes, then there will be more things which you frown upon or doubt. There are plenty enough of them to puzzle you, to keep you sleepless, to worry you till your hair goes white.

Whatever you may say, the world belongs to the youth. And it also belongs to old men and women who have youthful hearts.

It is not too difficult to understand young people, for we ourselves have gone through it all. We can also try to understand things in foreign countries.

Many Chinese things have gone to the West, printing, gun powder, and laceless shoes. On our part, we Chinese have taken to things from the West—nylon, coffee, ice cream. Even old women speak words derived from foreign languages. True, "there is me in you and you in me." We benefit from one another's experience to improve and develop one another. This indeed is the happy situation we are in. It would be absurd to close the door again, to insist upon protecting ourselves that way, to say that East and West should never meet again.

As you see, my brains never stop working. I like to be a sort of cultural-exchange envoy, to do some bridging.

Every day I go out and come home; get on and off the bus, compile, write, revise literary pieces; go to class and leave. Scarcely have I finished talking with a Chinese friend I begin to talk with a foreign friend. Sometimes I have to miss out on a meal. A nap? I have given it up long since. When I sit up late into the night, as I often do, I suddenly remember that a human being must get some sleep.

Some friends say I have only myself to thank for such a busy and tired-out life.

But I know myself that there are people who need me. Nothing in the world can make your life happier than when you are needed by someone. They need me, trust me, understand me.

I have no choice but to work and work. Only among those I work for can I perceive my own existence, and the values of human life.

**Shen Baoqing**

# Memoirs of a Diplomat

## "Eight Years in the Ministry of Foreign Affairs"

Written by Wu Xiuquan

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Box 399, Beijing, China

**E**ight Years in the Ministry of Foreign Affairs is a volume of reminiscences by Wu Xiuquan in which he recounts the events of his eight years (1950-58) in the Ministry of Foreign Affairs.

The author was a general of the People's Liberation Army before liberation. After the founding of New China, he served successively as vice-minister of the Ministry of Foreign Affairs, and vice-director of the Liaison Department of the Central Committee of the Communist Party of China. In each of these posts, Wu took part in or was responsible for many important Party and state foreign affairs and diplomatic activities.

In the first part of the book, Wu recounts his visit to the Soviet Union in 1950. As a member of the first Party and state delegation since the founding of New China, and which was headed by Mao Zedong and Zhou Enlai, Wu was present at the signing of the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance and other diplomatic activities in the Soviet Union, all of which were important historical events.

As the director of the Department of Soviet and East European Affairs under the Ministry of Foreign Affairs, Wu also tells how he contributed to the establishment and development of the friendship between China and the Soviet Union. In recalling this period of history, he also lists some of the problems in relations

between China and the Soviet Union. These problems, Wu says, eventually drove the two countries apart. The facts as presented by Wu are of great value in studying the evolution of the relations between China and the Soviet Union.

In the second part of the book, the author details his trip to the United Nations in 1950 as a special representative of the Chinese government for the UN Security Council meetings. At that time, China's seat in the United Nations was occupied by Taiwan. In the United Nations, Wu says, he delivered a speech, exposing the crimes committed by the Truman administration of the United States in violating China's sovereignty and launching attacks on Korea. He says he also had a "verbal battle" with the Chiang Kai-shek representatives. Wu also says the Chinese representatives in the United States were warmly welcomed by the American people.

One of the important parts of the book is the author's description of his life in Yugoslavia and of the tortuous relations between China and Yugoslavia. From 1955 to 1958, Wu served as the first Chinese ambassador to Yugoslavia. He tells how relations between China and Yugoslavia were established and developed, and how they broke down. In his description, Wu analyses and gives an objective appraisal of Yugoslavian conditions and system. "From long observation and a gradual understanding of things in all their aspects, from visits in recent years, and taking into account past and present circumstances, we believe that although their way of doing things was rather different, it was far from dreadful or deplorable, as it was

mistakenly regarded in the past."

The author also warmly praises the warmth the Yugoslavian Party and people showed China.

Wu's accounts are more personal than official, making his descriptions of his experiences enjoyable. In the book historical figures are brought to life with meaning and clarity. For example, at a banquet in Moscow, Wu tells how the normally serious Stalin relaxed and told jokes with Ho Chi Minh, president of the Vietnamese Labour Party. Wu describes a scene at the United Nations when the US Secretary of State John Foster Dulles took great pains to ignore the Chinese representatives.

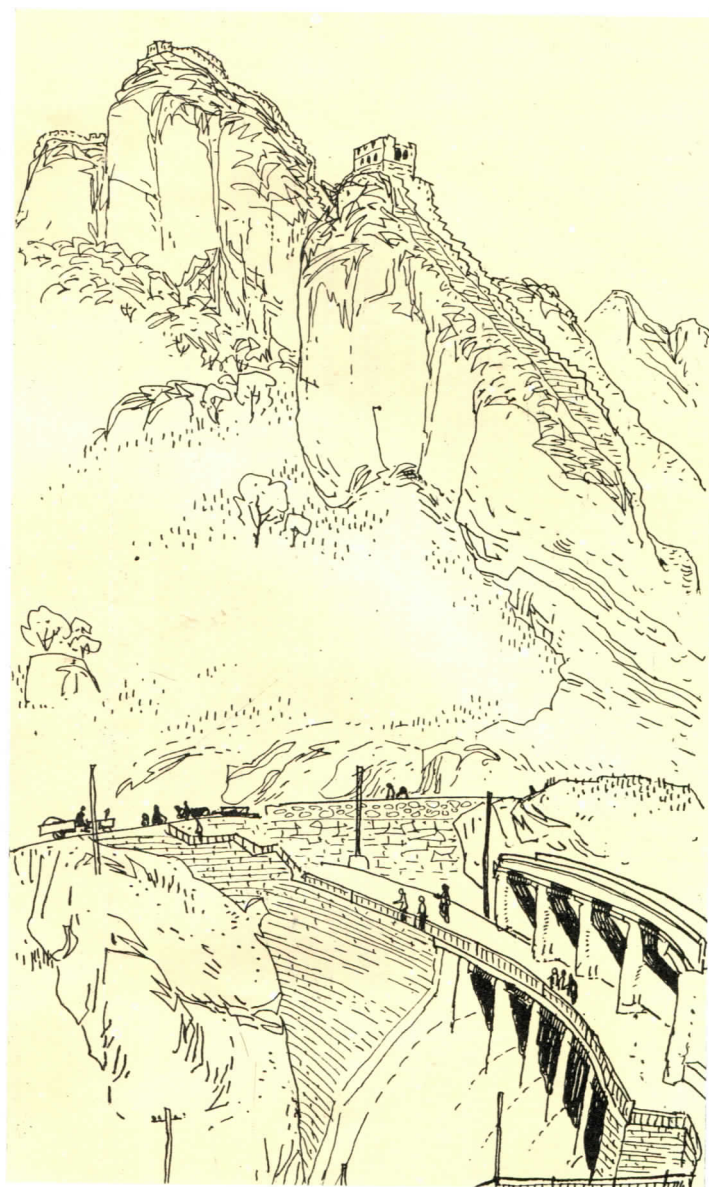
In the past, China has published many memoirs of Chinese revolutionary and historical figures. Wu's memoirs, however, are the first to describe New China's diplomatic activities. Its contributions in this regard should make for both interesting and educational reading.

by Hong Lu



CORRECTION: In issue No. 12, page 28, left-hand column, the output of milk for 1985 as given in the table should be 2,500,000 tons; on page 32 of the same issue, right-hand column, second paragraph, the ninth line should read "had a total student body of 1.73 million, 307,000...."

## ART PAGE



### Sketches of the Great Wall

Zhang Yaojun, a painter from Beijing, sketched these pieces last year when he visited the Great Wall with an archaeological group.



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