

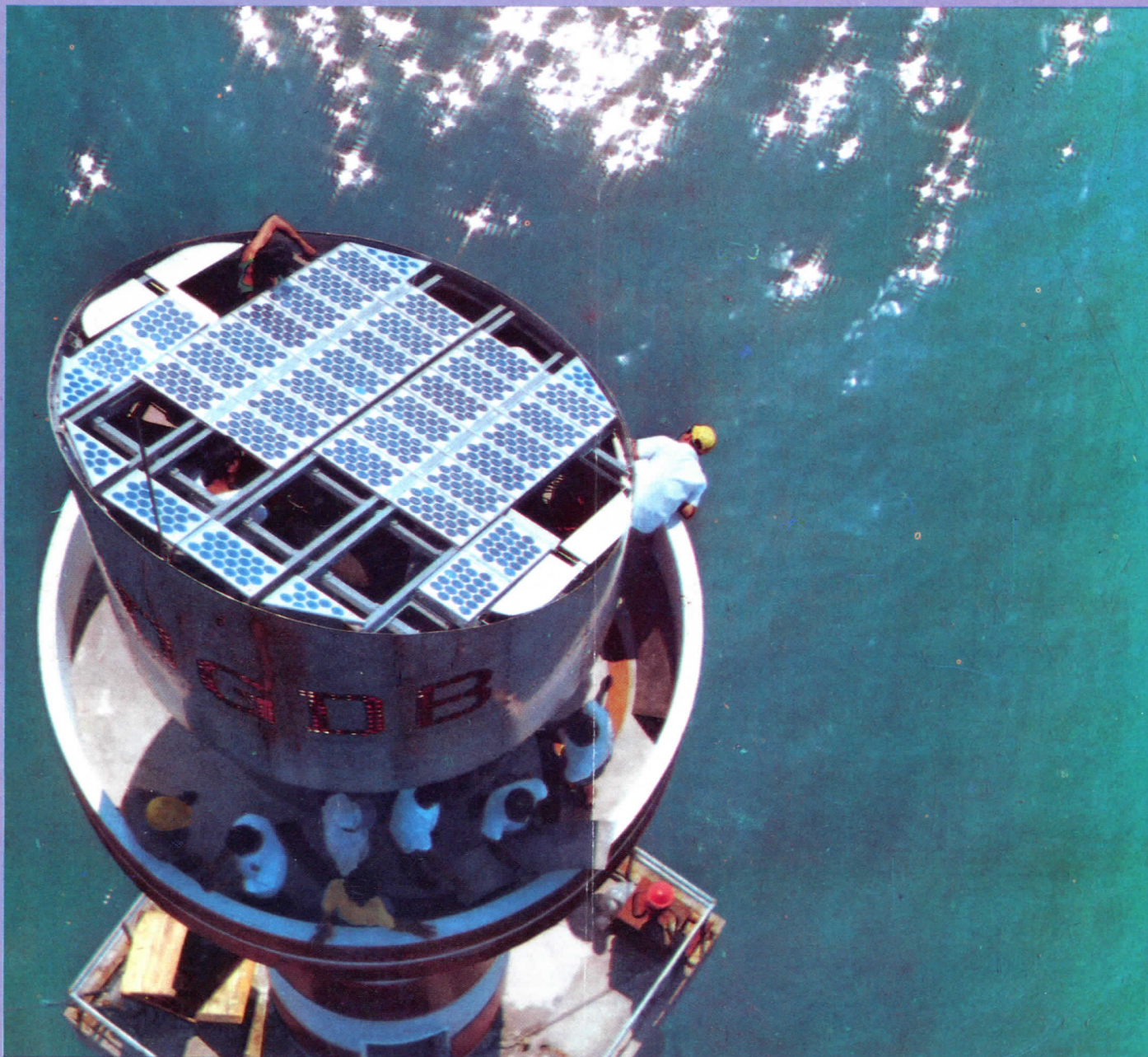
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Profiles of Major Party Leaders Stock Market Slump: Causes & Effects





Ye Chenghu (second left), a Han Party secretary of Menlouxia Yaozu Township in Xintian County, Hunan Province, drinking wine with the masses out of the same bowl.

Ye has lived in this Yao area for over 10 years, and has always been eager to help the Yao people develop their economy. Over the last three years, the agricultural output value of his township has increased at an annual rate of 25 percent.

by Long Qiyun

CONTENTS

NOTES FROM THE EDITORS 4

Guiding Enterprises Through Market

EVENTS/TRENDS 5-9

Poll Indicates More

Confidence in Reform

Mainland Greet Taiwan

Visitors

Officials Explain Farmland Plan

Science Plan Matches Goals

Epidemic Diseases Under Control

Weekly Chronicle (November 2-8)

INTERNATIONAL 10-13

USA-USSR: Soviets Bite the Bullet in Arms Talks

South Asia: SAARC Continues Its Move Forward

Soviet Union: 70 Years After The October Revolution

United States: Economy Continues to Grow

Profiles of Top Party Leaders 14

Deliberations on China's 2nd Revolution (II): Breaking the Ossified Mentality 21

Open Policy and Cultural Ferment (III) 23

Causes and Impact of the Stock Market Crash 29

Revision of Some Articles Of the Constitution of the Communist Party of China 30

Biographical Notes 32

FROM THE CHINESE PRESS 36-37

BUSINESS/TRADE 38-39

CULTURE/SCIENCE 40-41

COVER: Picture of a solar-powered lighthouse, a prize winner.

HIGHLIGHTS OF THE WEEK

Introducing Top Party Leaders

■ The new 13th Central Committee of the Communist Party of China has selected its leaders. Their profiles, some with facts published for the first time, are this issue's top story (p. 14).

Huan Xiang on the Stock Market Crash

■ The economist Huan Xiang, director-general of the Centre of International Studies of the State Council, discusses some of the factors contributing to the crash and its impact on the West's economy. Failing to remove the causes, Huan predicts, will lead to continuing instability on the world's stock markets and perhaps a worldwide economic recession (p. 29).

Open Policy and Cultural Ferment

■ The concluding instalment of a travelogue which examines the conflicts of values and the changes in lifestyles of Chinese society under the impact of the open policy (p. 23).

Guiding Enterprises Through the Market

■ Zhao's report to the 13th Party Congress discusses the need to establish new economic mechanisms which will allow the state to regulate supply and demand through economic, legal and administrative means, and allow the market to guide enterprises to correct management decisions. The report shows planning can be integrated with the market and outlines the means for doing this (p. 4).

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Guiding Enterprises Through Market

by Jin Qi

Zhao Ziyang's October 25th report to the 13th Party Congress says the aim of the economic reform is the establishment of a mechanism by which "the state regulates the market, and the market guides enterprises." Zhao elaborated by saying it would work by having "the state regulate the relations between supply and demand through economic, legal and necessary administrative means and create a suitable economic and social environment in which enterprises are guided towards correct management decisions."

This is the practical application of the theory of a planned commodity economy in macro-economic control. It provides an answer to the long-standing controversy of whether planning can be integrated with the market and how that can be done.

Traditionally, the socialist planned economy and the commodity economy were thought to be mutually exclusive. The commodity economy was bound up with private ownership and was often equated with capitalism. Meanwhile, the system of public ownership having eliminated exploitation, property is publicly owned, collective labour is encouraged, and distribution is based on the principle "to each according to his work." This meant the exchange of equal labour can be realized without using the market or currency.

However, solid socialist experience has proved this to be utopian. It was found that the exchange of labour can be properly realized only through the market and an objective criterion for judging the value of the labour

and its reward can be sought only through the exchange of commodities. Only in this way can socialist production be rapidly developed and co-ordinated while constantly meeting the people's growing material and cultural needs.

Meanwhile, there exists a basic difference between the socialist and capitalist commodity economies because of their differing ownership systems. Under the socialist system, which is based on public ownership there is no fundamental conflict of interests. As far as the entire society is concerned, this makes it possible consciously to maintain a balanced economic development. The reform is aimed at translating this possibility into reality through regulation by both planning and the market.

The key to achieving this is revamping the overly centralized planning system so that the market can fully play its role. That is to say, planning must be based on the exchange of commodities and the law of value; guidance planning should be taken as the dominant factor, and medium- and long-term plans should be stressed. Generally, the plan should only be an outline which allows for flexibility. It should not be all-inclusive or rigidly controlled.

In implementing the plan by economic, legal and necessary administrative means, the state should seek to keep a primarily balanced development of general supply and demand. This includes maintaining a proper ratio between accumulation and consumption; achieving a balance in funds, materials, and credit; keeping foreign exchange accounts balan-

ced and co-ordinating the development of various economic sectors. Changes in supply and demand, and competition, will force enterprises to be flexible in making their decisions.

The regulatory mechanisms to be used for these purposes include:

- Formulating and implementing correct economic policies. This implies choosing the formulas for the optimal deployment of resources. Planning will mainly regulate the long-term changes in the economic structure, while the market, through its quick response to fluctuations in demand, will mainly regulate the short-term changes.

- Establishing a rational price system and the means to regulate it. Planning will attempt to regulate those factors which go to decide prices, including interest rates, taxes and tax rates, and depreciation rates. The market will regulate the actual prices themselves.

- Establishing a suitable investment structure. Planning should decide the scale of investment in capital construction and in fixed assets, general investment policies and key construction projects. The market should regulate the operation and management of ordinary projects and the production of capital goods.

- Establishing an appropriate consumption structure. Planning should design the consumption structure and set the levels in accordance with the overall capacity now or at any given point as planned in the future. The market will regulate variety, quality and quantity of commodities.

- The state will keep a few



Poll Indicates More Confidence in Reform

mandatory plans and direct those enterprises and financial organizations which constitute the nation's economic lifelines. It will also decree the distribution of scarce, important materials, using these as levers for regulating the market and controlling prices. Nevertheless, it is still necessary to apply here the principle of exchange at equal value and reasonably balance the interests of all quarters.

All this is not mere theory, but has already been put into practice, totally or partially. The categories of industrial goods earmarked for distribution under state mandatory planning has decreased from over 300 in 1978 to 60 at present, and materials for unified state distribution from 256 to 26. All agricultural products are already subject just to guidance planning and market regulation.

Because work in various sectors was not well co-ordinated, the economy was "over-heated" in late 1984 and 1985, but subsequently, a stable and balanced economic development was achieved. That experience proved that it is not only possible, but also necessary, to combine planning with the market when regulating the macroeconomy.

The regulatory mechanisms have not yet been fully established. The vital price reform, which is unusually complicated, still needs to be carried out actively and steadily. Despite all this, it is gratifying to note that the reform of the last nine years has strengthened people's confidence in pursuing its aims to eventual success. ■

Chinese workers, scientists, government employees, entrepreneurs, students and farmers are now more optimistic about China's political reforms than they were before the 13th National Congress of the Chinese Communist Party. This was the indication of a poll conducted in Beijing on November 1, the day the congress closed.

At 16 locations in the capital, including Wangfujing Street, Beijing Railway Station, Beijing University, Tiananmen Square and the Beitaipingzhuang Free Market, the China Social Survey Institute distributed question cards to 4,550 people and 3,541 responded to the questions on China's political reform, a major issue addressed at the Party's 13th Congress. Of these, 65.2 percent were Beijing citizens and the rest were from other provinces.

The poll showed that prior to the 13th Party Congress, about 29.8 percent of the people were optimistic about the political reforms, nearly 19.8 percent were pessimistic. After the congress, 49.9 percent were optimistic and only 6.3 percent were pessimistic.

About 20 percent of the respondents became more optimistic about the separation of Party and administrative functions after the congress. Before the congress, 27.2 percent were optimistic about granting more power to low-level leaders, but at its close, 49.6 percent were optimistic.

On the question of reforms in government administration, 28.1 percent were optimistic before the 13th Congress and 47.9 percent were optimistic after it ended. Reforms to the personnel system were seen in a positive light by 18.2 percent of the people and in a negative light by 33.1 percent before the congress. The figures changed to 39.5 percent optimistic and 11 percent pessimistic after the congress.

The establishment of channels of communication between officials and citizens were seen as necessary by 87.6 percent of respondents, 4 percent said it was not necessary, and 8.4 percent were undecided.

The poll also indicated an unchanged attitude in people over the age of 61 on the separation between Party and government administrative functions. Before the congress, 66.7 percent were optimistic, none were pessimistic, and 33.3 percent registered no opinion. The figures were the same after the congress. On the question of handing over more power to low-level leaders, elderly citizens were more optimistic than the young. After the congress, 47.7 percent of people between 18 and 30, and 78.6 percent above the age of 61 were optimistic.

Beijing residents are generally pleased with the outcome of the congress. Hong Sisi, an expert on the history of overseas Chinese, said he was pleased to see that some younger people were elected to the new Party Central Committee, Political Bureau and Secretariat. "By withdrawing from the Party's leading body, Deng Xiaoping and other veteran Party leaders have contributed to the rejuvenation of the Party leadership," he said.

Qian Jiaju, an economist, described the move as an indication of the Party's determination to accelerate reform. ■

Mainland Greets Taiwan Visitors

A warm welcome awaited Taiwan compatriots who rushed to the mainland after the Kuomintang authorities lifted their travel ban. About 100 visitors from Taiwan arrived in



by LI XIAOGUO

The Sha brothers are reunited in Beijing after 38 years. The visitor from Taiwan is 86 years old

Guangzhou in the two days after Taiwan's new regulations permitting travel to the mainland went into effect on November 2.

Meanwhile thousands of elderly people queued at Taiwan Red Cross offices in Taipei (Taipei) and in the southern city of Gaoxiong (Kaohsiung) to apply to visit long-lost relatives on the Chinese mainland.

Some homesick Taiwan residents turned up at the Red Cross office hours before it opened to handle applications on behalf of the Taiwan "interior ministry" — the first time the Taiwan authorities have accepted such applications since the Kuomintang fled the mainland in 1949.

More than 100,000 application forms have been handed out in Taipei and in Gaoxiong since October 14, a Red Cross official said.

Since the Kuomintang authorities announced their decision to permit Taiwanese to travel the mainland on October 14, the mainland has been doing a lot of preparations to receive Taiwan visitors. An October 16 circular promised them freedom of travel and the same treatment mainland

tourists get in buying plane, train and ship tickets and in hotel charges. Customs regulations which give preferential treatment to Taiwan compatriots visiting the mainland were announced by the Chinese General Administration of Customs on November 2. The regulations allow Taiwan visitors to bring three large consumer items, such as television sets or refrigerators, each costing between 200 (US\$54) and 1,000 yuan without paying any duty.

The Shanghai branch of the Civil Aviation Administration of China has increased its flights to Hong Kong and replaced the original MD-80 plane on the route with an A310 airbus to provide for Taiwan visitors.

A lot of people in Shanghai are looking forward to seeing their relatives and friends from Taiwan. Xu Yang, a news announcer at the Shanghai broadcasting station, said she had saved up 70 days of vacation in anticipation of a visit from her brother. "When my brother comes back, I'll go with him to see our 84-year-old mother in Beijing who's been expecting her son for several decades," she said.

At the same time, people on the mainland are demanding to go to see their relatives and friends in Taiwan. Both the government and the people on the mainland hope that Taiwan authorities will permit free travel both into and out of Taiwan.

The Red Cross Society of China has formally begun accepting applications from mainland residents who want to see relatives in Taiwan. The society is also ready to help them locate their kin and forward their letters. ■

Officials Explain Farmland Plan

China is considering a policy which for the first time would allow farmers to transfer the land which they have contracted to farm for the state to others. The announcement was made by Du Runsheng, the director of the Rural Policy Research Office of the Secretariat of the Communist Party of China, at a press conference on October 26, the second day of the 13th National Party Congress.

In response to a question on China's land system raised by a foreign journalist, Du said China plans to adopt two policies. First, it will charge fees for land used for non-farming purposes in an effort to curb the startling reduction of farmland by about 400,000 hectares every year. Second, although China will maintain public ownership of its land, it will separate land ownership from the right of management. Managers will have the right to use the land they have contracted for farming and will be allowed to transfer their right to use it with or without payment. "If land managers have invested in the land to improve the soil, they can ask for compensation," he said. Although farmers can transfer their farmland through mutual agreement, they will have to report the

transfer to the villagers' committee, as the owner of the land, he added.

Du told about 300 Chinese and foreign journalists that the growth of rural industries has made land transfers necessary because many farmers are leaving their contracted land to join the industrial labour force. "Such a shift of land as a key element of production is advantageous to economic development. It is transfer of land usage rather than ownership," he said.

Gao Shangquan, vice-minister of the State Commission for Restructuring the Economy, also fielded questions at the press conference.

Asked about labour hiring by private enterprises, Gao said some private enterprises have hired more than a hundred workers. But he stressed that labour hiring in China is different from in the West.

"China's private enterprises are closely linked with public ownership and under its great influence," he said. "The hiring of labour by these enterprises is guided by state laws and policies. Also, workers' status as masters of society remains unchanged."

Asked about the maximum number of workers to be hired by a private enterprise, Gao said further studies on the question will be made.

On China's price reform, he said it will be pushed forward under the principle of "persisting in the reform, progressing steadily and keeping prices basically stable."

Gao also answered questions about reforms to the wage system. These reforms should occur together with the reform of enterprises' management and structure, and should be linked with other reforms. Wage rises should be considered with rises in productivity and efficiency, and the development of production. Of course, people's living standards should not be influenced by price hikes, he said.

Asked about the private economy, Gao said private

enterprises are permitted in China for their contribution to the development of production. "We are working out regulations on private enterprises to guarantee the legal rights of the private sector and direct it towards healthy and correct development." ■

Science Plan Matches Goals

China's scientific and technological plan is in line with the country's medium- and long-term goals for economic development, said Song Jian, state councillor and minister in charge of the State Science and Technology Commission. He was speaking on October 27 at a press conference during the 13th National Congress of the Communist Party of China.

Song, who is also a cyberneticist and space scientist, said China's plan for scientific and technological development is being implemented at three levels. First, the majority of the country's scientists and technicians will be encouraged to devote themselves to economic construction and make their contributions to achieving the objectives set for the end of the century. Second, efforts will be made to study and develop high technology, follow the latest scientific developments and strive to make breakthroughs in certain fields while at the same time setting up high-technology industries. And third, basic scientific research will be strengthened to raise the country's scientific level as a whole and prepare for China's economic development in the future.

Since 1985, Song said, China has been carrying out a comprehensive reform of its scientific and technological management system. Through this reform, the country is trying to gradually build up a scientific and technological management mechanism suited to its socialist commodity economy.

This year the Chinese government began to implement a high-technology development programme that aims to reduce the gap between China and developed countries. The programme covers seven areas—biology, space, information, automation, lasers, energy and new materials. China now has 8.25 million people who are engaged in basic and technological sciences. Eighty percent of them are working to accomplish the immediate objectives of economic construction.

In China, there is no such a thing as discrimination against intellectuals, Song said. Respect for knowledge and educated people has been promoted and taken root in China. Over the past few years the government has taken effective measures to improve the working and living conditions of its intellectuals.

Answering questions about Fang Lizhi, an astrophysicist who was expelled from the Communist Party earlier this year, Song said Fang still enjoys full respect as a gifted scientist. "We think highly of his research work and will do our best to help him in academic work." As far as the State Council and the State Science and Technology Commission are concerned, there are no restrictions on Fang that would prevent him from attending academic events abroad. He recently attended an international academic conference in Rome.

In response to a question from Chieh-hsing Pi, deputy editor of the Trans-world News Agency of Taiwan, Song said scientists from Taiwan are welcome to come to the mainland to co-operate with their counterparts. He noted that there is considerable overlap in scientific research on the mainland and Taiwan. Therefore, scientists on both sides of the strait should join hands in research work. Through their co-operation, Song predicted, remarkable progress could be made in many important fields.

There are more than 100



Song Jian (second right) answers questions at a press conference during the 13th CPC National Congress.

LI PING

academic organizations on the mainland. Song said many of them have formally invited Taiwan scientists to come to work on the mainland. However, the reply was that the Taiwan authorities do not permit them to come. Mainland and Taiwan scientists have been actively co-operating in the United States, Japan, Western Europe and elsewhere.

Song also said that reform and the open policy have greatly spurred co-operation and exchanges in science and technology between China and other countries. China has science and technology ties with 106 countries and regions, and 50 governments have signed agreements with China in this field. Half of the agreements were signed after 1978, when China started its reform and opening to the outside world.

Non-governmental scientific exchanges also have shown a remarkable increase. China has close relations with 250 international organizations in the science and technology field.

Talking about co-operation with the United States in space technology, Song disclosed that several discussions were held and the results were encouraging. But he said the *Challenger* space shuttle disaster had postponed plans for co-operation. He added that China will one day send its own astronauts into space but the timing depends on the state budget.

On the recent decision of the US government to suspend a study of liberalizing restrictions on high-technology exports to China, Zhu Lilan, vice-minister of the commission, who joined Song at the press conference, said the US action was entirely unreasonable. She urged Washington to remove all remaining obstacles to further Sino-US co-operation in science and technology.

Zhu also said further steps should be taken to promote scientific and technological co-operation between China and Japan. She added that non-governmental Sino-Japanese co-

operation and exchanges in the field have been going well.

On Sino-Soviet co-operation in science and technology, Zhu said a memorandum was signed last year between the two governments and prospects for co-operation are being explored in about 10 fields including machinery, hydro-electric power and hygiene. ■

Endemic Diseases Under Control

China has basically controlled its four major endemic parasitic diseases—malaria, kala-azar, snail fever and filariasis, according to data released in a recent national seminar on parasites of the human body.

With the improvement of medical conditions and an increased awareness of hygiene, the incidence of malaria has dropped

from 3.3 million cases in 1980 to 363,000 last year.

According to a report released recently by the World Health Organization, the number of patients suffering from kala-azar has risen sharply in most countries where the disease is endemic, but has declined in a few countries, especially China.

Of the 864 counties and cities in China plagued by filariasis, 709 had wiped out the disease by 1986; this year more localities are claiming elimination of the disease.

In Henan Province, according to Deputy Governor Hu Tingji, filariasis was an endemic problem for the area, but since the province invested 26 million yuan (about US\$7 million) in the prevention and treatment of the disease it has been eliminated.

By 1986, snail fever, a disease once rampant in 372 counties and cities, had been eradicated in 278 of these areas.

Chinese medical experts pointed out, however, that some parasitic diseases other than the four mentioned here have long been neglected and prevention work is in jeopardy. They suggested that more efforts be made to cope with these overlooked diseases while prevention and monitoring of the four main diseases is continued.

Meanwhile, 15 provinces and prefectures in north and northwest China have controlled the spread of endemic goiter. One of the control measures adopted was to give more salt containing a high iodine content to goiter patients. Up to the end of 1986, reports stated that about 330 million people, accounting for more than 90 percent of the population in disease affected regions, were taking the high-iodine salt. ■



Weekly Chronicle (November 2-8)

POLITICAL

November 2

■ Deng Xiaoping tells Ryoichi Sasakawa, chairman of the Japan Foundation for Shipbuilding Advancement in Beijing that he is sure the young leaders chosen at the just concluded 13th National Congress of the Chinese Communist Party will do very well.

Deng also says he hopes a new era will emerge in Sino-Japanese relations after Noboru Takeshita comes into power.

November 3

■ Chinese Premier Zhao Ziyang meets visiting Mozambican Prime Minister Mario Fernandes da Graca Machungo. During their talks, Zhao says China is in the primary stage of socialism and it will make efforts to develop a socialist commodity economy.

He stresses that the primary stage of socialism thesis is the fundamental prerequisite for building socialism with Chinese characteristics, as well as the basis for formulating and implementing the correct political line and policies.

November 4

■ Commenting on the report by US newspapers that China has sold 96 missiles to Iran and that there are Chinese military specialists in Iran helping operate Silkworm missiles, a Chinese Foreign Ministry spokesman says these are groundless rumours and "really ridiculous."

"We express our strong dissatisfaction with the practice of shifting to China the responsibility for the escalation of tensions in the Gulf. Such attempts will get nowhere."

ECONOMIC

November 5

■ Export transactions totalled a record US\$4.7 billion at the 1987 autumn session of the Chinese Export Commodity Fair at Guangzhou, which closes today.

Deals for manufactured goods, arts and crafts, silk fabrics and textiles made up half of the total. Some 43 percent of the orders came from Hong Kong.

CULTURAL

November 4

■ More than 40 animal stars including monkeys, orangutans, pandas, lions and elephants, will play in a unique TV film of a fairy tale being produced by the Hubei television station.

The film is entitled "Larceny in the Animal Kingdom," and all the roles are played by animals.

Members of the production team said the acting feats were unbelievably good.

SOCIAL

November 7

■ Chinese medical researchers have successfully separated the AIDS virus from a person's blood for the first time in China. The patient was a foreign visitor.

The separation is of great significance in the diagnosis, treatment and prevention of AIDS.

FOREIGN RELATIONS

November 5

■ Chinese President Li Xiannian and his wife Lin Jiamei leave Beijing on a state visit to France, Italy, Luxembourg and Belgium.

Li says at the airport, "My visit is aimed at enhancing mutual understanding and strengthening friendly co-operation in a bid to safeguard world peace through joint efforts."

USA-USSR

Soviets Bite the Bullet in Arms Talks

While Moscow's flexibility in arms control talks will facilitate an INF accord between the two superpowers, Washington's rigidity may block them from trying for another part.

The Soviet Union and the United States have at last agreed on a summit meeting which will be held in Washington on December 7 and again in Moscow in the first half of 1988. The announcement was made after a lightning shuttling of US Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze between Moscow and Washington. Their meetings centred on arms reduction, particularly limitations on long-range strategic arms, and the US Strategic Defence Initiative (SDI, also known as the "Star Wars" programme), which nearly crushed hopes for the coming summit. However, Soviet flexibility and a shared need for the final agreement on global elimination of medium- and shorter-

range missiles assured a meeting of the leaders of the two countries.

Using the intermediate nuclear force (INF) treaty as an "icebreaker" to encourage talks on the strategic arms reduction treaty (START), both Moscow and Washington are preparing to advance further with arms talks. When Soviet leader Mikhail Gorbachev first proposed a 50 percent cut in strategic missile stockpiles, including intercontinental ballistic missiles, submarine-launched missiles and strategic bombers, he insisted that the cut be linked to a winding down in the development and testing of Reagan's cherished SDI, and that neither side withdraw from the 1972 Anti-Ballistic Missile (ABM) treaty for at least

10 years.

Whenever the two superpowers tackle the arms reduction question, Moscow attempts to link progress in arms control to demands for SDI restrictions. However, Reagan won't budge on the issue. Since its introduction in 1983, SDI has been a stumbling block in nuclear arms talks and the cause of the breakdown in the Iceland summit a year ago. Declaring that it is a defensive system capable of rendering nuclear missiles obsolete, the Reagan administration has been pushing for an increased budget for SDI and seeking a broad interpretation of the ABM treaty which will free SDI of its yoke. Furthermore, fears for the security of the United States and its Western allies after the withdrawal of INF weapons are making it more difficult for Reagan to concede to the Soviet Union over space weaponry.

The Soviets, though not completely giving up their stance, have now adjusted their policy towards the "Star Wars" programme with a view to achieving progress first in talks on offensive strategic arms. They consider cuts in strategic weapons the "key problem," and to this end they have bit the bullet on the question of SDI restrictions. A new Soviet proposal permits SDI technology in five areas — kinetic kill vehicles, particle and laser beams, electromagnetic weapons and space-based mirrors — to be tested in space, but the testing of other more powerful systems will be confined to ground laboratories.

Refusing to budge on the 10-year adherence to the ABM treaty, Gorbachev has proposed that both sides cease violations of the treaty by consigning to mothballs the Soviet ABM radar installation in Krasnoyarsk and the US installation in Scotland. Washington made no response to the suggestion. Sources say that the development, testing and manu-

Soviets Bite the Bullet in Arms Control Talks Shultz and Shevardnadze enjoy a chat before their meeting.



facture of the extravagant SDI package require seven years and Washington has been insisting on compliance with the ABM treaty only for that time period. Since there is strong opposition in

Congress to the White House's broad interpretation of the ABM treaty, the possibility of the Reagan administration yielding on this point is becoming more unlikely.

Wan Di

SOUTH ASIA

SAARC Continues Its Move Forward

The South Asian Association for Regional Co-operation is on the right track, but stumbling under its heavy burden.

The three-day third summit meeting of the South Asian Association for Regional Co-operation (SAARC) held in Kathmandu closed on November 4 after adopting the Kathmandu Declaration. In the declaration leaders emphasized strict adherence to the principles of the United Nations Charter and non-alignment, respect for sovereign equality, territorial integrity, national independence, rejection of the use of force and the interference in the internal affairs of other states, and peaceful settlement of disputes.

In addition, a convention on the suppression of terrorism in the region and an agreement on the regional food security reserve of 200,000 tons were signed. The summit also agreed on the establishment of an agricultural information centre in Bangladesh and a meteorological research centre in India next year.

All seven state or government heads pledged to work towards carrying on the SAARC spirit of co-operation. At the SAARC meeting two years ago, many people doubted that the association could last long or make any meaningful progress. Facts and experience have proved, however, that the group has made progress.

The heads of the seven South Asian countries regularly meet once a year to discuss various

issues of common concern in accordance with the Dhaka Charter adopted at the first summit; early this year a SAARC secretariat was set up as proposed in Kathmandu, with Abul Ahsan as its first secretary-general; SAARC has fostered regional co-operation in 16 areas covering agriculture, rural development, transport, telecommunications, science and technology, arts, sports and culture, etc. A total of 11 working committees have been set up and the establishment of 16 institutions is proposed.

All seven state or government heads attending the third summit meeting expressed their satisfaction over SAARC's achievements and their desire that the association will continue to move ahead.

There are several reasons behind the development of SAARC. To begin with, all the member states have in the past two years abided by the Dhaka Charter. Co-operation was based by and large on respect for sovereign equality and mutual benefit, and decisions were made on the basis of unanimity; bilateral and contentious issues were excluded from deliberations.

Secondly, co-operation has been achieved systematically. It is the common aspiration of every member state to develop agriculture and raise output. Thus co-operation in this area is easily

achieved, as is co-operation in closely related areas such as meteorology, transport, science and technology.

Thirdly, common aspirations to develop the economy and raise the standard of living in the region have united all seven countries; their common goal is a collective self-reliance which will put an end to poverty, illiteracy and disease. The South Asian region, with a total area of over 4 million square kilometres and one-fifth of the world's population, only shares about 2 percent of the world's gross national product.

Ultimately, the SAARC summit has provided an excellent forum for state and government heads to meet regularly and exchange views on various issues, including bilateral relations, to ease tension and promote understanding.

Some difficulties and problems remain for future consideration by SAARC. Bilateral relations, which play a significant part in regional co-operation, need to be improved. For instance, the relations between Pakistan and India, two major SAARC members, have been unstable for several years due to long-standing disputes.

Though the seven member countries unanimously signed an agreement condemning terrorism, they failed to reach a common definition of the term. Sri Lanka demanded the inclusion in the convention of a clause against the use of territory by terrorists, but India rejected the move. India supported the admission of the Kabul regime of Afghanistan into SAARC in opposition to all other member states.

Although one cannot expect miracles from the two-year-old group, as long as all the member states continue to abide by the SAARC Charter, to respect one another's sovereign equality and observe the principle of mutual benefit, SAARC will have a bright prospect in developing regional co-operation.

by Li Jiasheng

SOVIET UNION

70 Years After the October Revolution

The Soviet Union has experienced tremendous growth as well as many problems since the October Socialist Revolution.

Before the October Revolution, Russia's total industrial output constituted only 4 percent of the world's total. That figure has now risen to 20 percent, placing the Soviet Union as the No. 2 industrial nation in the world, up from No. 5 in 1914.

According to the latest statistics published in the Soviet Union, assuming a 1917 base figure of 1, the total social output for 1986 would have been 132, the national income 143, total industrial output 318 and total agricultural output 5.4. The Soviet output of more than 20 main products such as steel, coal, petroleum and natural gas is the largest in the world today. The output of grain, cotton, meat and dairy products has also increased considerably.

The Soviet Union has experienced many ups and downs in the past 70 years. The revolution was rapidly followed by civil war and armed intervention by foreign countries, and in the 1930s, many innocent people were killed in the purge. In the field of agriculture, the Soviet Union practised coercive collectivization, which greatly damaged the economy. During the 1940s, the war against the German fascists cost the country as much as 4,000 billion roubles in material losses, almost half of the nation's social wealth. After the war, the wounds were gradually healed and the economy began to grow. But in the 1970s and '80s, the country entered a period of stagnation and the growth rate of the economy declined. In some areas the development of science and technology fell behind the West. Economic, social and political problems accumulated. Against this background the Soviet leader Mikhail Gorbachev launched a

full-scale reform campaign when he assumed the post of the general secretary of the Soviet Communist Party in 1985.

In a speech delivered at a rally commemorating the 70th anniversary of the October Socialist Revolution, Gorbachev reviewed the history of his country. He said the root of today's problems lay in the 1930s. From that point several attempts to carry out reform were made, but none were successful. He spoke highly of the 20th Congress of the Soviet Communist Party, convened in 1956, saying that it greatly contributed to the theory and practice of socialist construction. But he also criticized Nikita Khrushchev, then Soviet leader, for his "subjectivism" which crippled major political, economic and ideological reform measures adopted after the congress.

The Soviet leader concluded first that socialism proved itself capable of solving the most complicated issues in social progress; second, the perfection of socialism cannot be spontaneous,

but requires serious concern and the discarding of outdated or outmoded ideas and practices; and third, the initiative and creativity of the masses are very important to promoting reform.

The Soviet leadership looked on reform as a second revolution following the October Revolution, recognizing that socialism cannot guarantee against stagnation of social development and social or political crises. Early this year Gorbachev pointed out that evaluation of the need for reform and the possibility of social crises should be given full consideration.

The Soviet Union is encountering more difficulties than expected in the reform. The greatest obstacle lies in the thinking of the people, particularly the rigid theoretical circle. Resistance also comes from some people whose interests may be jeopardized by reform. The new and old systems are bound to co-exist and contend for a time. In view of this, Gorbachev recently stressed that all people, from general secretary to worker, should alter their way of thinking and overcome conservatism. Reform has become the only option in the Soviet Union as the nation's leadership recognizes that it is the only way to overcome possible stagnation in Soviet society.

by Tang Xiuzhe

BALKAN PENINSULA

Multilateral Co-operation Urged

Balkan nations are scheduled to hold the region's first foreign ministers conference next February with an aim to promote effective co-operation.

Yugoslav Foreign Minister Raif Dizarevic's call for a meeting of foreign ministers of all Balkan states has met with favourable response. Greek Prime Minister

Andreas Papandreou recently pledged his government's support in the promotion of inter-Balkan co-operation in all areas.

The conference, the first of its

kind in the region, will be held in Belgrade next February, and representatives from Balkan countries have agreed to attend. Emphasis will be placed on issues of effective co-operation rather than on bilateral concerns.

Strategically situated at the hub of Europe, Asia and Africa, the Balkan Peninsula has long been a focus of rivalry among major European powers. As the scene of many wars, it has been described as Europe's powder keg. The Balkan situation has become even more complex since World War II due to the participation by some of the countries on the peninsula in the North Atlantic Treaty Organization and by others in the Warsaw Pact. Balkan countries' different policies and social systems, as well as issues of nationality and territory add to the complexity. Disputes continually divide the six Balkan nations, casting a shadow over security and stability in the region and severely limiting the development of multilateral co-operation.

The general direction in the region in recent years, however,

has been one of detente. Balkan countries have realized that they can benefit from developing co-operative relations by seeking a common ground on major issues. They have also recognized that confrontation would only threaten their own interests and leave them open to external interference.

Over the past few years Balkan nations, except Albania, have held ambassadorial conferences, initiating multilateral dialogues and the process of co-operation. With the exception of Albania, the region's leaders have exchanged visits during which the discussions focused on regional trade, co-operation, development of multilateral relations and cultural exchanges.

But political analysts point out that comprehensive co-operation between the Balkan nations will be difficult to achieve due to existing contradictions and various external influences. Given the political differences within the region, co-operation will most likely centre on the areas of economics, trade and culture.

by Zhou Xisheng

recession in November 1982, the US economy has thrived with setbacks at intervals of several months.

Another feature of the current growth is that it has coincided with a continuous reduction of the inflation rate. Inflation dropped from 12.4 percent in 1980 to 1.1 percent at the end of 1986. It is a rarity in US economic history that despite a drastic expansion in domestic consumption, the inflation rate, instead of soaring, has fallen rapidly.

Some economists, however, think that the industrial structural transformation of the United States should get the credit. They maintain that tertiary industries, such as financial institutions, are playing an increasingly important role in a country's economy and, compared with the manufacturing industries, they are less vulnerable to the economic cycle. In future economic cycles, they maintain, prosperity will last longer and recessions will become shorter.

Other economists cite the following factors in explaining the current state of affairs. First, there has been a radical increase in consumption. Americans have been buying more commodities and services, even if they have to go into debt. Statistics show that the growth rate of consumption has exceeded that of personal income and the individual savings deposit rate has decreased to the lowest level since 1949.

Second, the huge inflow of foreign capital had made up for the vacuum caused by the reduction of individual deposits, thus ensuring the supply of money needed for US economic expansion.

Third, the lowering of the inflation rate and tax cuts have spurred investment. And finally, the military industry has developed rapidly under the Reagan administration's foreign policy. It is estimated that in 1980-85, employment in military-related industries rose by 45 percent.

by Sun Yi

UNITED STATES

Economy Continues to Grow

Despite the stock market crash in the United States and elsewhere, recent figures show the US economy is still growing. But as investors realized, this does not mean all is well.

The US economy grew at a rate of 3.8 percent in the third quarter of the year. October was the 59th consecutive month of economic growth.

There have been only two longer periods of continuous economic growth in US history. Both periods were during war-time. The first lasted from June 1938 to February 1945, some 80

months; the second, from February 1961 to December 1969, during the Viet Nam War, 106 months. The previous peace-time record was 58 months between March 1975 and January 1980.

One characteristic of the current period is that although the growth has continued for a long time, the growth rate has fluctuated. Since moving off the bottom of

Profiles of Top Party Leaders

The newly elected Central Committee of the Communist Party of China held its first plenary session in Beijing on November 2. Among other things, it elected Zhao Ziyang its general secretary; Zhao Ziyang, Li Peng, Qiao Shi, Hu Qili and Yao Yilin members of the Standing Committee of the Political Bureau; appointed Deng Xiaoping chairman of the Military Commission of the Party Central Committee and approved the election of Chen Yun as chairman of the Central Advisory Commission. Below we print the profiles of the seven top Party leaders.



Zhao Ziyang

After serving as the acting general secretary of the Communist Party of China (CPC) for 10 months, Zhao Ziyang has now been elected the general secretary and appointed first vice-chairman of the Military Commission of the Party Central Committee.

Zhao, 68, has been working in the core leadership for seven years. Now, at the head of a newly elected leadership he and his colleagues will work towards the success of the deepening economic reform, and the political restructuring which will soon be effected on a nationwide scale. His team will continue to carry on the policies adopted under Deng Xiaoping's leadership since the Third Plenary Session of the 11th Party Central Committee in late 1978.

Zhao joined in the revolutionary struggle led by the CPC in his hometown in north Henan Province when he was an 18-year-old student, and became a Party member in 1938. In the decade during the War of Resistance Against Japan and the war for China's liberation, Zhao served as a local Party leader at the county and prefectural levels in central China, and acquired a profound understanding of local conditions, especially in rural areas.

In the early 1960s, he worked as first Party secretary of the south China province of Guangdong and member of the Secretariat of the Central-South Bureau of the Party Central Committee. During the chaotic "cultural revolution" (1966-76), he was persecuted and sent to work in a factory. From 1971 on, he served as a leading official in the Inner Mongolia Autonomous Region and Guangdong and Sichuan provinces, all important areas with distinctly different conditions.

While working in Guangdong and Sichuan provinces, he served concurrently as the political commissar of the Guangzhou Military Command and first political commissar of the Chengdu Military Command of the People's Liberation Army (PLA).

Zhao's achievements in Sichuan, the most populous province in China with 100 million people, gained nationwide attention in the late 1970s. The province, known as China's "granary," had suffered from food shortage for several years as a result of the "cultural revolution." Under Zhao's leadership the province regained its self-sufficiency in grain.

Zhao has been a member of the Party Central Committee since the 10th Party Congress in 1973. He was elected Standing Committee member of the Political Bureau at the First Plenary Session of the 12th Central Committee in 1982.

Zhao became one of the top decision-makers of the Party and government in 1980 when he began to serve as premier of the State Council, China's highest governing body.

Zhao was appointed acting general secretary of the Party following student unrest in some Chinese cities at the end of last year. In the face of a deluge of bourgeois liberalization ideas, Zhao firmly carried out the guidelines laid down by Deng Xiaoping and the Party Central Committee and took effective measures to ensure a firm and controlled struggle against bourgeois liberalization move. At the same time, he brushed aside interferences and persisted in economic reform and the open policy.

As the Chinese premier, Zhao delivered a speech on China's independent foreign policy for peace at the 40th General Assembly of the United Nations in October 1985. He was described by the Western press as a composed leader with unusual confidence in diplomatic activities.

Zhao works over 10 hours a day and makes investigative trips around the country every year. He likes jogging, swimming and playing table tennis.

In their youth, both Zhao and his wife Liang Boqi were active in the War of Resistance Against Japan. Zhao enjoys dinner-table discussions with his children, whose views and debates remind him of what's going on in the society.



Deng Xiaoping

China's senior leader Deng Xiaoping has managed to retire himself from the Party Central Committee but has finally been persuaded to accept the post of chairman of the Military Commission of

the Central Committee, a post he has been holding since June 1981.

Previously, Deng Xiaoping, Li Xiannian and Chen Yun had agreed among themselves that they would take the lead in withdrawing from the Party Central Committee to help the Party take a significant step towards the rejuvenation of its leadership.

At the age of 16, Deng left his hometown in Guangan County, Sichuan Province, for France on a work-study programme. There, he took part in the work of the Communist Party, joining the Communist Youth League in 1922 and the Chinese Communist Party two years later.

He went to the Soviet Union to continue his study in 1926. On returning to China, he led two uprisings in south China's Guangxi, one in Bose in 1929 and the other in Longzhou in 1930. The two uprisings led to the formation of the Seventh and Eighth Red Armies and the establishment of revolutionary base areas along the Zuojiang and Youjiang rivers, two main tributaries of the Zhujiang (Pearl) River.

Deng was secretary-general of the Party Central Committee during the epic Long March between 1934 and 1936.

He became the political commissar of the 129th Division of the Eighth Route Army in 1938. He and Liu Bocheng commanded quite a number of major campaigns during the War of Resistance Against Japan.

In 1947, the troops under the command of Liu and Deng, popularly called the Liu-Deng army, crossed the Huanghe (Yellow) River and advanced into the strategically important Dabie Mountains, signalling the start of the full-scale counter-offensive of the Communist-led PLA against the Kuomintang army.

Deng Xiaoping, then secretary of the CPC General Front Committee, and Liu Bocheng and Chen Yi orchestrated one of the biggest campaigns in the War of Liberation—the Huaihai Campaign which dealt a telling blow to the KMT military forces by annihilating 550,000 of their troops.

The trio then directed their troops in the campaign to cross the turbulent Changjiang (Yangtze) River, resulting in the capture of Nanjing, capital of the KMT government.

The march of the Liu-Deng army was almost nonstop. The troops swept southwestward to liberate the vast southwestern part of China. In 1949, Deng became secretary of the Southwest Bureau of the Chinese Communist Party Central Committee, political commissar of the Southwest Military Area and vice-chairman of the Southwest China Military and Political Committee.

A revolutionary, statesman, strategist and diplomat, Deng is most deserving of the compliment from the late Chairman Mao Zedong

who described him as a "rare talent."

In the war years, he served as political commissar of a field army, and after the founding of New China in 1949, he took up posts as vice-chairman of the National Defence Council, chief of the PLA General Staff, and vice-chairman and chairman of the Central Military Commission.

He was elected member of the Party Central Committee in 1945, and member of the Political Bureau of the Central Committee in 1955. At the Eighth National Party Congress in 1956, he was elected general secretary of the Party Central Committee, and he held the post until 1966.

He fell victim to the disastrous "cultural revolution" together with the late President Liu Shaoqi. In 1973, he was reinstated. He lost all his posts again in 1976 and was restored to them in 1977. At the First Plenary Session of the 12th Party Central Committee in 1982, he was elected member of the Standing Committee of the Political Bureau of the Party Central Committee and chairman of the Central Advisory Commission. And he was one of the vice-premiers of the State Council between 1952 and 1980. In 1953, he was concurrently minister of finance.

Deng Xiaoping is a master trouble-shooter, noted for his courage and wisdom in solving knotty problems.

He advocated the idea of using practice as the only criterion for judging truth, a key to the liberation of the people's chronic ossified thinking. The Sixth Plenary Session of the 11th Party Central Committee of 1981 adopted the Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China, a document drafted under his guidance. This resolution completely negated the decade-long "cultural revolution," and rectified the mistakes of Mao Zedong in his late years while affirming Mao's great contributions to the Chinese revolution.

He advanced the idea of "one country, two systems" to solve the China-Britain Hong Kong issue and the Macao issue between China and Portugal. This formula serves as a reasonable principle for solving the Taiwan issue and realizing the reunification of the motherland.

During the 1956-63 period, he headed many CPC delegations to Moscow to hold talks with Soviet Party leaders.

His high prestige in the Party and among the Chinese people stems from his great contributions and high positions; a more important factor is the decisive role he has played in effecting a historical change in the policies of the Party. He is the general designer of the reform and opening up to the outside world; he set China on this course and now guides it.

Deng led China on a path to build socialism with Chinese characteristics, opening a new page in the history of the Party and the People's Republic.

He is married to Zhuo Lin, and they have two sons and three daughters. His hobbies are jogging, swimming and playing bridge.



Chen Yun

Chen Yun, an 82-year-old veteran leader of the Communist Party of China, has replaced Deng Xiaoping as chairman of the CPC Central Advisory Commission.

To accelerate the process of rejuvenating the Party's central leadership, Chen, together with Deng and another veteran leader Li Xiannian, left the Party Central Committee.

As one of the founders of the People's Republic of China and a top administrator in economic affairs, Chen left indelible marks in China's revolution and its economic and Party construction.

Born into a poor peasant family in Qingpu County, Jiangsu Province in 1905, Chen lost both of his parents at the age of four. Because his family could not afford his further education, he left home after his graduation from primary school in 1919 and went to work as an apprentice at the Shanghai Commercial Press. He began his revolutionary career there as an organizer of the labour movement. He was one of the organizers of the "May 30th Movement" in 1925, triggered by the Japanese capitalist's killing of a Chinese worker, and a general strike launched by workers of the Commercial Press. He also took part in three armed

uprisings staged by Shanghai workers. Recommended by Zhou Enlai, Chen joined the Communist Party in 1925. He became secretary of the Party Group of the National Federation of Trade Unions in 1932 and for many years after the founding of the People's Republic served as president of the All-China Federation of Trade Unions.

Chen sat on the seven CPC Central Committees from the Fourth Plenary Session of the Sixth Central Committee in 1931 until the 13th Party Congress. He first became a member of the Party's Political Bureau in 1934.

In 1933, Chen was transferred from Shanghai to work in the Central Revolutionary Base in south Jiangxi and west Fujian provinces. He participated in the world-famous Long March of the Red Army in 1934. At the historic Zunyi Meeting, an enlarged one held by the Political Bureau of the CPC Central Committee in January 1935, Chen was one of the enthusiastic supporters of Mao Zedong's correct ideas. After the meeting, Chen was sent back to Shanghai to restore the Party's underground work and in the same year he left Shanghai for Moscow and worked there as a member of the CPC delegation to the Communist International until the winter of 1937.

On his return to Yanan, the centre of a revolutionary base in northwest China, he served as head of the Organizational Department of the CPC Central Committee for years, rendering outstanding services for Party construction and the work concerning Party cadres. He was also in charge of the financial and economic affairs of the Shaanxi-Gansu-Ningxia border area, the headquarters of the CPC Central Committee, as deputy head of the Northwest Financial and Economic Affairs Office of the CPC Central Committee. During that period, which marked the start of his long career in economic work, Chen carried out many policies for economic development and the ensured supply in the revolutionary base.

After the War of Resistance Against Japan, Chen went to northeast China and served as one of the principal leaders of the Party, government and army there, contributing greatly to PLA's victory and economic recovery in northeast China.

After the founding of the People's Republic, Chen was appointed vice-premier and minister in charge of the central government Financial and Economic Commission, leading the country's financial and economic work and serving as first assistant to the late Premier Zhou Enlai. He entered the powerful five-member Secretariat of the CPC Central Committee in 1950, thus becoming one of the top decision-makers of the Party.

Chen was elected vice-chairman of the CPC Central Committee at the First Plenary Session of the Eighth Central Committee in 1956. During the

"cultural revolution," he was removed from leading posts. He was re-elected Standing Committee member of the Political Bureau and vice-chairman of the Central Committee and first secretary of the Central Commission for Discipline Inspection of the Party at the Third Plenary Session of the 11th Central Committee in 1978. In 1982, he was re-elected a Standing Committee member of the Political Bureau and first secretary of the Central Commission for Discipline Inspection at the First Plenary Session of the 12th Central Committee after the abolishment of these posts of chairman and vice-chairman.

As a Party member, Chen has set an outstanding example for following the principle of seeking truth from facts. He was highly praised by the Party for his advocacy of "no blind faith in superiors or books, but in truth" in the 1940s and his later maxim "all successes start with seeking truth from facts." He stated that one should spend 90 percent of his time investigating and less than 10 percent making decisions.

Chen has made a series of brilliant expositions on Party construction.

As a veteran revolutionary, Chen pays great attention to the rejuvenation of cadres at various levels. At the 12th National Party Congress in 1982, he warned that there was a serious shortage in successors to leading cadres. "If we do not tackle this problem or fail to solve it now, the communist cause may suffer setbacks in China," he said, urging to promote new cadres "in the number of thousands."

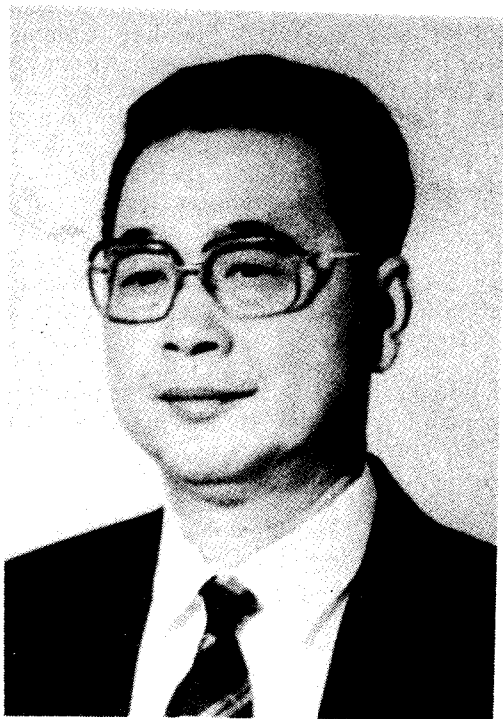
As first secretary of the Central Discipline Inspection Commission of the Party, he has made great efforts to rectify the Party's style of work, which was seriously damaged by the "cultural revolution," and restore the fine traditions of the Party.

Chen is a lover of Suzhou *pintan*, storytelling and ballad singing in Suzhou dialect, a performing art popular in his hometown. His wife Yu Ruomu is also a veteran Party official.

Li Peng

Li Peng was born in 1928 in Chengdu city, Sichuan Province. In 1948, a year prior to the founding of the People's Republic, he was sent to study in the Moscow Power Institute and became chairman of the Association of Chinese Students in the Soviet Union during his study there. After returning to China in 1955, he worked as chief engineer and director of two large power plants in northeast China and as deputy chief engineer in the Northeast China Electric Power Administration.

After 1966, he was director of the Beijing Electricity Power Administration. Thanks partly to his efforts, Beijing and Tianjin were ensured of a



normal supply of electricity despite the turmoil of the "cultural revolution." In the 1979-1983 period, he served as vice-minister and minister of Power Industry and first vice-minister of Water Resources and Electric Power.

Li was elected a member of the Party Central Committee at the Party's 12th National Congress in 1982 and a member of the Political Bureau and the Secretariat of the Party Central Committee in the Fifth Plenary Session of the Party's 12th Central Committee in 1985.

Since 1983, he has been serving as vice-premier and a member of the Leading Group under the Party Central Committee in Charge of Finance and Economy, supervising such industrial sectors as energy, transportation and raw material supply. There has been rapid development in recent years in those economic sectors vital to the national economy.

Li has concurrently served as minister in charge of the State Education Commission since 1985.

Li has often appeared at the scene of disasters. In the summer of 1982 when the Huanghe (Yellow River) rose, threatening the safety of the surrounding area, Li was in Qinghai Province directing the battle to prevent the high tide from damaging the Longyangxia Dam, the largest in the upper reaches of the river. He went to Heilongjiang Province, northeast China, to participate in directing the forest fire fighting in the Greater

Hinggan Mountains.

He also appeared on the construction sites of the Qinshan Nuclear Power Plant in Zhejiang Province and the Daya Bay Nuclear Power Plant in Guangdong Province. He studied the location of the plants and worked out the computer programmes for evaluating cost, profit, waste recovery and life span of Qinshan, China's first nuclear power station.

Once asked by a Western journalist whether he was "pro-Soviet," Li said, "I am Chinese and a member of the Chinese Communist Party. I act only according to the Party's line and in the interests of my country."

Li Shuoxun, the vice-premier's father, was one of the members who joined the Party in its primary stage and was one of the participants in the Nanchang Uprising on August 1, 1927, an armed rebellion led by the Communist Party. He was killed in Hainan Island by the Kuomintang when Li Peng was three.

In 1939, the late Premier Zhou Enlai sent 11-year-old Li Peng to Chongqing to study. Li Peng joined the Communist Party in 1945 at the age of 17.

According to people close to him, Li Peng is an avid reader. He speaks good Russian and has taught himself English. His wife is an electrical engineer. They have two sons and a daughter.

Qiao Shi

Qiao Shi, a Party affairs expert, is also in charge of government administration and legal affairs.

As a member of the Political Bureau and Secretariat of the 12th Central Committee of the Chinese Communist Party and vice-premier, he was also one of Premier Zhao Ziyang's five able aides in the State Council.

He joined the Chinese Communist Party in Shanghai in 1940 at the age of 16 where he served as the secretary of a district students committee under the local underground Party organization. After 1945, he was one of the organizers of the students' movement in Shanghai.

After the founding of People's Republic in 1949, Qiao first did Party and political work, then technical work and then returned to Party work. In the post-liberation years, he was secretary of the youth subcommittee under the city Party committee of Hangzhou, Zhejiang Province, while in charge of the youth work in the East China Bureau of the CPC Central Committee.

From 1954 through 1962, Qiao worked on the industrial front. He was technical division chief of the construction company under the Anshan Iron and Steel Works, then the largest iron and steel enterprise in China, and later served as director of



the Design Institute of the Jiuquan Iron and Steel Company, a new iron and steel enterprise in northwest China's Gansu Province.

Qiao was transferred to the International Liaison Department of the Chinese Communist Party Central Committee in 1963 and worked there until 1982. During this period, he served as deputy bureau chief, bureau chief, deputy head and head of the department.

After 1982, he was an alternate member and a member of the Secretariat of the CPC Central Committee, director of the General Office of the CPC Central Committee, head of the Organizational Department of the CPC Central Committee and secretary of the Political Science and Law Committee under the CPC Central Committee.

Qiao was elected member of the Political Bureau of the CPC Central Committee in 1985 and appointed vice-premier of the State Council in 1986.

In the past three years, Qiao has been in charge of the Central Leading Group for Improving the Party's Style of Work.

Those who have worked with Qiao Shi see him as attaching great importance to investigating, hearing and soliciting various opinions, particularly different ones, on all types of issues.

Qiao Shi is familiar with the history of the Communist Parties in various countries. He sometimes reads books in English.

Qiao Shi gets up before six and then jogs and walks for nearly an hour—this has become a morning routine for him. A non-smoker and non-drinker he works more than ten hours a day.



Hu Qili

Hu Qili, 58, was elected a member of the Party's Central Committee at its 12th National Congress in 1982. He became a member of the Secretariat of the CPC Central Committee later. In 1985, he was promoted to the Political Bureau.

As standing member of the Secretariat, Hu Qili has taken part in decision-making on important Party issues in recent years. He now supervises ideological education, theoretical research and publicity.

At a national meeting of leading publicity officials last October, Hu Qili called for perfecting a system of consultation and dialogue with intellectuals, students, workers and farmers so that people can actively participate in major state affairs.

Like other leaders, Hu spends much time conducting investigations at the grass-roots level to gain first-hand information.

Born in 1929 in Yulin, Shaanxi Province, Hu Qili joined the Communist Party in 1948 and graduated from the Mechanical Engineering Department of Beijing University in 1951. After graduation, he started a career connected with youth work, serving as president of the All-China Students' Federation and alternate member of the Secretariat of the Communist Youth League Central Committee.

During the "cultural revolution," he was persecuted and sent to work in Xiji County and Guyuan Prefecture, the Ningxia Hui Autonomous

Region, one of the poorest areas in China. This experience developed in him a strong sentiment for people in underdeveloped regions.

In the summer of 1986, Hu Qili spent a month conducting investigations in a dozen poor counties in Gansu, Ningxia and Hubei, where he discussed with local officials and peasants on ways and means to boost local economic development. He praised the intellectuals who had dedicated themselves to the development of these areas, and described their efforts as "writing research papers by re-shaping mountains and rivers."

Hu Qili served as vice-president of Qinghua University from 1977 to 1978, and as a member of the Secretariat of the Communist Youth League Central Committee and president of the All-China Youth Federation from 1978 to 1980. He was mayor of Tianjin Municipality from 1980 to 1982 and director of the General Office of the Communist Party Central Committee from 1982 to 1983.

Yao Yilin

As one of the young ministers of the central government in the early 1950s, Yao Yilin's name has been linked to many important economic activities in China. He is still concurrently minister in charge of the State Planning Commission. People believe his expertise is important to the ongoing reform of China's economic structure.

Early in 1980, Yao put forth a series of proposals for accelerating the reform of the economic management system. These included greater decision-making power for state-owned industrial enterprises, extensive competition among enterprises, and more channels for commercial distribution, independent banking operations, taxation system reform and a market-regulating system under the guidance of state planning.

Yao's career as an economic planner dates back to the country's Liberation War period from 1946 through 1949 when he was the deputy director of the Financial and Economic Office of the Shanxi-Chahar-Hebei Border Region Government and head of the Department of Industry and Commerce of the North China People's Government.

After the founding of the People's Republic in 1949, Yao was vice-minister of trade and then vice-minister and minister of commerce and deputy director of the Office in Charge of Finance and Trade under the State Council.

Like many other veteran cadres in China, Yao was dismissed from office during the "cultural revolution," which began in 1966. Since 1973, Yao has served successively as first vice-minister of foreign trade, minister of commerce, minister in charge of the State Planning Commission, head of the Leading Group in Charge of Finance and



Economy under the Party Central Committee. He also served as deputy secretary-general and director of the General Office of the CPC Central Committee and was appointed a vice-premier in 1978.

Born in 1917 in Guichi County, Anhui Province, east China, Yao is a graduate of Qinghua University. He joined the Chinese Communist Party in 1935. As secretary of the Party Group in the Beiping (today's Beijing) Students' Federation, he was one of the organizers of the then Beiping students' patriotic movement against Japanese aggression and for democracy.

During the War of Resistance Against Japan (1937-45), Yao went underground working as secretary of the Communist Party City Committee in Tianjin and secretary-general of the Shanxi-Chahar-Hebei Bureau of the CPC Central Committee.

Yao was elected an alternate member of the Central Committee at the Party's Eighth and Tenth National Congresses held in 1956 and 1973 respectively. He became a full member of the 11th Central Committee in 1977 and a member of the Secretariat of the CPC Central Committee at the Third Plenary Session of the 11th Central Committee late in 1978. He was elected an alternate member of the Political Bureau of the 12th CPC Central Committee at the committee's First Plenary Session in 1982 and then a full member at the committee's Fifth Plenary Session in 1985.

Breaking the Ossified Mentality

by Luo Rongxing, Zhu Huaxin and Cao Huanrong

At an important Party meeting held in Beijing on December 13, 1978, the then 74-year-old Chinese leader Deng Xiaoping told a large group of senior cadres, who had all taken part in the Long March, the War of Resistance Against Japan, the Liberation War and socialist construction, "If we do not reform now, our modernization and socialism will be ruined."

The international communist movement came into being 140 years ago when Karl Marx and Frederick Engels published their *Manifesto of the Communist Party* in 1848. Seventy years later, the 1917 October Revolution took place in Russia and the proletariat for the first time became the masters of society. Still another 70 years have elapsed and the economy of most socialist countries is mired in sluggishness, following the early periods of rapid growth. As socialism has not properly exhibited its superiority, the socialist cause worldwide is subject to severe tests. It is therefore necessary, in Deng's opinion, to reform. This is the only way out for the socialist countries.

The socialist economy, as envisaged by the founders of Marxism, has one salient characteristic, i.e., it can generate much higher productivity than capitalism. In practice, however, what has emerged has been highly centralized planned economies based on state ownership. Although the model has eliminated the chronic capitalist malady of "accumulation of wealth at one end and accumulation of poverty at the other, it has failed to produce the efficiency and development envisaged by the founders of Marxism, and the advantages of socialism have thus not been brought into full play.

Zheng Hongqing of the Beijing Young Economist Society says, "According to the founders of Marxism, the inevitability of socialism lies in the fact that socialism suits the development of the productive forces after capitalism can no longer accommodate them. Therefore, they predicted that the socialist revolution would first succeed in the few capitalist countries with the most developed productive forces. But, due to complicated social and historical factors, the socialist system was first established in countries where productivity was relatively backward. This was a big historical leap. However, the inexorable logic revealed by the founders of Marxism remained—that the relations of production must keep in step with the development of the productive forces. Hence, socialism established on the basis of backward productive forces can be nothing but immature and incomplete socialism. To improve it, one must first of all develop the productive forces."

Nevertheless, in the development of socialism, Leftist ideas, born of an insufficient understanding of the prevalent conditions in the country, of the laws governing the development of world economy and history and of the basic tenets of Marxism, have been a long-standing problem holding back the development of

productive forces in socialist countries. Since Leftism generally forces practice into the mould of its stereotyped concepts, the reform must begin with breaking the ossified Leftist mentality.

Yang Jianwen, an associate research fellow at the Economics Institute under the Shanghai Academy of Social Sciences, is now studying economic reforms in the Soviet Union and other East European countries. He says these countries began to conduct economic reforms on a trial basis in the late 1950s and early 1960s.

If the workers' self-management system introduced by Yugoslavia in 1950 were considered a separate, unique case, the gathering of economists in Poland in 1956, the so-called "Warsaw Spring," can be counted as the earliest cry for reform. Although many complicated factors were behind the "Poznan Incident" in June 1956 and the events in Hungary in October the same year, they both highlighted the contradiction between the traditional centralized system and economic development. They motivated Poland and Hungary to take the lead in trying partial reform by giving enterprises more autonomy.

In September 1962, the propositions of a Soviet economist triggered off a national debate on

the theory of the commodity economy and planning and incentive mechanisms. In 1965, the Soviet Union introduced a "new economic policy" within its state-owned enterprises, which centred around material incentives. During the middle and late 1960s, a wave of economic reform swept the Soviet Union and Eastern Europe.

These attempts at reform in the Soviet Union and the East European countries from the late 1950s to the mid-1970s were in general characterized by "decentralization" and the introduction of certain market mechanisms. They represented the first assault against Leftist centralized planning. But these reforms—extending over two decades—were stop-go affairs, interrupted by wavering and retrogression. They were therefore far from being complete and comprehensive. In general, they were only experimental.

After Deng Xiaoping raised the curtain on thorough economic reform in China in 1979, and especially following the successes of the reforms in China's rural areas, a new tide of reform once again surged through the Soviet Union and Eastern Europe—the most conspicuous being the series of reform measures adopted by the Soviet Communist Party this year.

It is clear that reform has become an irreversible trend in socialist countries. If the victory of the October Revolution is thought to have ushered in a new epoch for socialism, the current reform, if it continues through to final success, will pave the way for another new era in which the productive forces under socialism will surpass those in capitalist countries. By then, historians may well see the reform as a second "October Revolution."

China's reform, which has proceeded for eight years, holds great promise. At the same time, however, it has had its own difficulties.

China's socialism did not arise from the capitalist model envisaged by Marx. Nor did it grow out of a capitalist society with initial industrialization such as those in Russia and other East European countries. It came out of a semi-colonial and semi-feudal society, with a semi-natural economy where the commodity economy, the prevalence of money and the socialization of production were all at a very low level.

China is still in the primary stage of socialism, and this is China's starting point in observing and tackling every issue. He Jiacheng, an associate research fellow at the Economics Institute under the Chinese Academy of Social Sciences, believes that unlike the Soviet Union and Eastern Europe, the tasks facing China's economic reforms are not just to solve the contradictions between "centralization and decentralization" and between "planning and market," but to create the prerequisites for a commodity economy so that both the planning and market mechanisms

can play their roles effectively.

In other words, China's reform has a double challenge: To tackle the question of development along with restructuring the economy. Cao Yuanzheng, an economist says that while China's reform has to overcome the problems prevalent in all socialist countries, such as bureaucracy, low efficiency and ossification; it must also tackle the chronic maladies of developing countries, such as feudal vestiges, incompetent administrators, a generally low cultural level, lack of fund, rapid population growth and shortage of materials. This combination constitutes a unique challenge.

This is where the special significance of China's reform lies. If poor and backward China can achieve modernization and join the advanced countries through reform, this may provide more convincing proof of the superiority of socialism over capitalism than can the successful reforms of socialist countries which had initial industrialization before their revolutions?

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GMT	Local Standard Time	Meter Bands	kHz
North America (East Coast)			
00.00-01.00	19.00-20.00 (E.S.T.)	31	9665
11.00-12.00	06.00-07.00 (E.S.T.)	31	9665
12.00-13.00	07.00-08.00 (E.S.T.)	40,31,31	7335,9635,9665
North America (West Coast)			
03.00-04.00	19.00-20.00 (P.S.T.)	31,25,19	9645,11980,15455
04.00-05.00	20.00-21.00 (P.S.T.)	31,25	9645,11980
13.00-14.00	05.00-06.00 (P.S.T.)	40	7335

Open Policy and Cultural Ferment (III)

by Duan Liancheng*

In Qufu, the hometown of Confucius, in "Penglai fairyland," a tourist attraction, and at Xinmouli Village where peasants set up a General Corporation of United International Enterprises, the author sees a tangle of interacting cultural phenomena, foreign and Chinese, modern and ancient. "The hubbub," he says, "is a necessary process of metabolism."

The Yantai area has many places of historic interest. A complex of temples and pavilions first built 1,000 years ago on cliffs overlooking the sea is so lovely that it has come to be known as the "Penglai Fairyland," and it is said that visitors can see mirages above the water once in a while.

What makes the Penglai visit memorable for me was the young woman guide. Always wearing a smile, she told the story of every site with clarity and humour and answered stupid questions with patience and wit. Chatting after the hour's tour, I discovered she had been in the business for six years, repeating the same narration six times a day, six days a week in peak season. Getting bored? No, she says: "Aren't we serving the people? It's not easy for them to find the time and save the money to come here. We should make it enjoyable for them."

As I write, outside my window, a telegram boy shouts to the woman above the courtyard. The old woman is slow in coming down for the cable. The messenger cries: "What's up? you waiting for me to deliver it to your room?"

As I see it, the guide and the messenger represent two conflicting social attitudes in the changing China. Many foreign visitors like Chinese hospitality, but many, if

not more, are annoyed by a cold or rude reception. Why is service so often so grudging?

In 1949, when I returned to the newly liberated Beijing from the United States, peer pressure prompted me to change into what Westerners call a "Mao suit." Concerned about price, I shopped around. The salesmen, many of them still wearing the old-style long gowns, would smile and bow and even insist on serving me a cup of tea. Excellent service it was, but not really pleasant. Their servility was a clear reminder of the low social status working people had in China's long feudal history and also an expression of their constant fear of "losing their rice bowl."

PENGLAI PAVILION: "Serve the People" Tradition Is Being Challenged, But It Is Fighting Back.

With the revolution, service people and other manual workers were honoured as the leading class of society, and were given an "iron rice bowl." In the meantime, the socialist spirit of "serving the people" was propagated with full force. A new style of service soon emerged, unceremonious but warm. Tips were voluntarily rejected in all service trades.

In the late 1950s, however, the pressure of the uncontrolled population growth began to be felt as public places became increasingly crowded. Meanwhile, the national development strategy stressing heavy industry at the

expense of consumer goods and services caused the quality of services to slide.

The fatal blow was dealt by the "cultural revolution." While posters calling for "wholehearted service to the people" went up everywhere, a "counter-culture" which opposed all social norms came into vogue. Rudeness was tacitly accepted as proletarian—for workers should be blunt and boorish. Obscenities were casually exchanged by Red Guards and other "revolutionary rebels." Even day-to-day polite language, such as "sorry" and "thank you," was regarded by them as hallmarks of bourgeois refinement or hypocrisy. In that decade, many people were thrown into cultural confusion and a whole generation was brought up in a topsy-turvy world of values. The cable messenger appeared to be one of the victims who had not learned better.

Great efforts have been made in recent years to restore civic virtues and professional ethics. Witness the posters often seen in Beijing shops admonishing the staff to say "twelve courteous words" beginning with "please." But education alone seems inadequate. The scarcity of goods and services for the huge population, though it is gradually easing, will persist for some years yet. The institution of the "communal rice pot" (earning the same regardless of performance), will take a long time to reform. High-pressure campaigns to "remould people's thinking" and change their behaviour are no longer acceptable to the public

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and have been repudiated by the government.

The inflated material expectations engendered by exposure to foreign lifestyles, have added asperity to the problem. Liu Xinwu, a noted novelist and editor of the prestigious *People's Literature*, wrote a piece called *Bus Arias*, (published in 1985), on the woes of both the employees and customers of Beijing's public transport. He appeals for mutual tolerance and describes one reason for the problem.

Xia Xiaoli (Xia the Little Beauty, a bus conductress) never cared about dress and makeup. But so many fashionable things are tempting her now. No sooner has the Huazi cosmetics series become established than television advertisements begin to promote the Weinabo series. Little Beauty buys her eyebrow pencil and immediately eyelash clip appear in the shops. Recently many Hong Kong-style hair-dressers have started up, claiming that their beauticians are specially invited from Guangzhou and calling themselves "Mini-Paris," "New Wave," and "Charm You." The fancy names alone make Xiaoli's heart pound with excitement. She has seen several fashion shows and come to know what the current "international colour" is. She has just bought a pair of sleek high-heeled shoes but people are saying that the latest fashion is for flat shoes.

Passengers should understand Xiaoli's feelings. Though not a great beauty, she is young, and what young lady doesn't care about her looks?

But the problem is that Xia Xiaoli feels increasingly fed up with the low paying conductor's job....

Then the writer vividly reproduces her sharp-tongued confrontations with her customers.

According to my observations, service people of the Penglai-guide-type are few as are the Little Beauty and messenger type. On the whole, however, I would say that mercenary trends are eroding the "serve-the-people" tradition.

It would be simplistic though to conclude that the tradition is dying. On the eve of my Penglai visit, I saw a television report of the forest fire in northeast China last May, and was impressed by the fire-fighters, particularly the young soldiers. They rolled on the ground to put out the flames which their clothes had caught, jumped up and charged forward again. There are plenty of what we call good people and good deeds which the sensation-seeking foreign media does not report.

I was therefore distressed to read a pamphlet compiled by Maud Russell, a long-time American friend of China. Entitled "Profiles of Two Chinas: Post-1978 and Pre-1978," it is a selection of Chinese short stories purporting to show that values have completely changed. It concludes thus:

In the pre-1978 period three

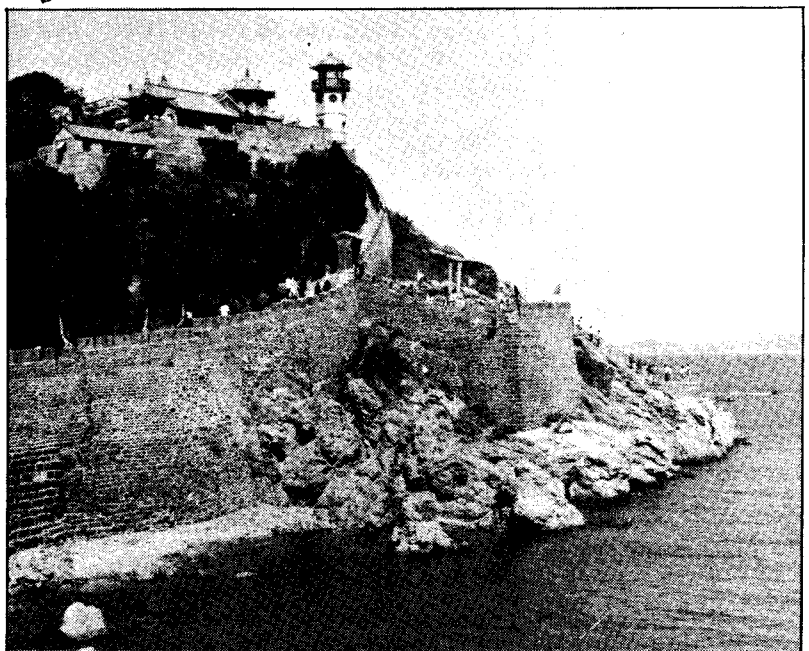
short articles by Mao Zedong (*Serve the People, the Foolish Old Man Who Moved Mountains* and *In Memory of Norman Bethune*) gave character and inspiration to the efforts of the people as they struggled to create a socialist society....

In post-1978 China the three articles have fallen into obscurity and are *repudiated* (*sic!*). "Serve the People" is replaced by "serve self" and "Getting Rich Is Glorious." Instead of sharing and collective effort, individualism and personal gain are fostered.

MOUPING COUNTY: Can Poverty Foster Socialist Morality? The Peasants Know Best.

Mouping, a rural county under Yantai's jurisdiction, includes a "necklace" of 100 offshore islands. One of them is "Stable Island," so named because Qinshihuang, the first emperor to

Penglai Pavilion in Yantai.



unify China in 221 BC, stabled his horses (immortalized as the famous terra-cotta horses) there. With its mild climate and fine sand beaches, the island has many sanatoria and more are being built. A large national recuperation centre for disabled people is being planned there. It is also a site for equestrian tournaments.

Of particular interest to me here is a rural community that "miraculously" (as the locals say) prospered in the economic reform. Xinmouli—a production brigade in the commune days, now a village—has a population of 1,500 in 485 households. During the "cultural revolution," Xinmouli peasants were required to grow food grains only. Any attempt to diversify the economy, to grow cash crops or shift to handicraft and trade, was strictly forbidden. The reasons seemed plausible. The populous country would go hungry if peasants left their fields and went after money. Besides, money-seeking per se was a capitalistic trait. But there was a problem: the extreme scarcity of arable land. True to the Chinese peasant tradition of great patience, Xinmouli's farmers obediently tilled their land year after year. They received a meagre food ration from the common harvest, and cash income was next to nil. In 1976 they earned 10 yuan per head, enough to buy 25 packs of medium-grade cigarettes.

An obvious advantage of that way of life was equality. Every family was about as poor as the next. Venality ceased because it was too risky. Trying to acquire money could mean a fine or, in extreme cases, being branded a "nascent bourgeois" and "class enemy" (such events depicted in the popular film *A Town Called Hibiscus* were no artistic exaggeration). But the equality did not breed morality. Misdemeanours like thefts and burglaries, family feuds and neighbourhood fights, were commonplace.

As the villages differed from one another, a few did quite well, most

managed to muddle through, but Xinmouli became a headache for the county authorities. Seven work teams, recruited primarily from the security agencies, were sent to the village, not to suppress but to help. Nothing much came of it.

Then rural reform began. An important reversal of the rules was to encourage peasants to increase their income by any means as long as it was honest. Chang Zongling, a young man with a middle school education, was elected the village leader. Hard-working and resourceful, he led a team of Xinmouli's strongest lads to work at the docks as casual labourers. Ready to accept the heaviest loads and the dirtiest jobs, they soon accumulated some money and bought a few obsolete machinery, forge hammers and the like, from a factory. Then Chang led his men in collecting scrap iron from the dumps of big factories and knocked them into slabs and ingots for sale. The women left behind worked the land. Chang launched many other ventures which are now indulgently referred to as Xinmouli's "process of primitive capital accumulation" (a Marxist term referring to the onerous early stage of capitalist development).

In nine years, Xinmouli has transformed its mono-crop economy into 24 industrial, commercial, catering, crop-growing and pig-farming enterprises. The headquarters of the conglomerate are housed in a multi-storey building sporting a handsome nameplate "Xinmou General Corporation of United International Enterprises." Grandiloquent, but not entirely unmerited.

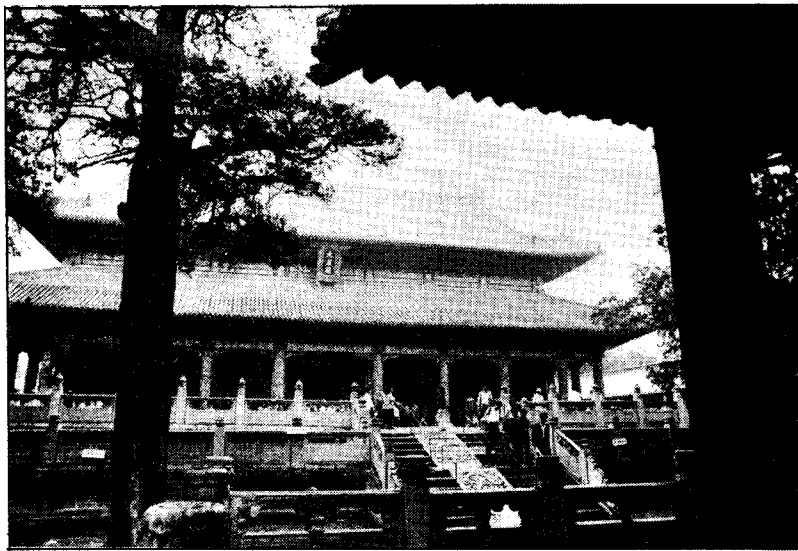
The corporation's newly built Unicorn tourist hotel on Stable Island is quite up to international standards. It is carpeted, air-conditioned, equipped with a refrigerator in each guest room, and managed by a well-dressed, suave 26-year-old Xinmouli peasant.

I saw one of the industrial plants which is in a compensatory trade venture with foreign businesses. Young women, who at this time of the year would have been dripping with sweat in the fields a few years ago, are now attending sophisticated machines, in air-conditioned workshops. With raw materials and equipment supplied by British and Italian firms, the plant produces semi-finished woollen products, and is doing very well. Last year, Chang, the corporation's president, flew to Europe to explore new possibilities.

In the corporation headquarters' spacious reception room, a large placard is prominently displayed carrying the words which Chang Zongling often said throughout this rags-to-riches story: "If we don't get something great started, we will be burdens on society and the deadwood of our times. Our lives will be superfluous!" It seems that his career is not merely motivated by an urge to improve his own lot but a sense of social obligation.

Xinmouli's entire work force of 800 men and women is fully employed and only three percent are tilling the land. Hardpressed for labour, the corporation has hired 2,000 people from outside. Xinmouli's peasants (by now a misnomer) have free nurseries and primary schools, and receive medical care at half the cost in the local clinic and completely free in hospitals outside the village. A dozen youngsters have gone on to higher education.

Eight blocks of flats have been built, equipped with central heating, running water and cooking gas. A flat has four rooms with a kitchen and bath-room, and some have five rooms. I was invited to look around some of the homes and saw well-furnished sitting rooms and bedrooms and tiled bathrooms with a tub and a shower. By Chinese standards they are luxury apartments. I was told that per-capita income last year was 2,500 yuan (peasants'



The Confucius Mansion.

national average: 424 yuan).

I should caution readers that not all Chinese villages are as well off, or soon will be. Pockets of poverty still exist. In Mouping County, one-third of the villages have only just managed to ensure full bellies and warm backs for their inhabitants. In the Yimeng Mountain area in Shandong Province, latest reports say that 57 percent of the villages have no motor road leading to them, 45 percent have no electricity and 33 percent face shortages of drinking water. "If you go to those mountains and ask people the way," said a friend, "they will ask 'you the man's way or the ass' way?' The footpaths are shorter but the animal paths easier."

Though massive programmes to aid poor areas are underway, it will take some time yet to lift everywhere above the poverty line.

Xinmouli is one of the pace-setters. In a nationwide selection of the "100 best peasant entrepreneurs" last summer, Chang Zongling was in the top 10. These successful peasants, though still few, do represent a trend. All across the country, an enormous number of small "township enterprises" have been

set up in recent years by the peasants themselves without state subsidy or investment. As a result, 79.48 million farmers have, in press parlance, "left their soil but not their land." It means that a large part of the surplus rural labour has been channelled into industry, commerce, transport and service trades in their own localities preventing them from swarming into the already overcrowded cities. Chinese leaders have called this the greatest achievement of the rural reform.

In such a drive for better income, it is inevitable that the "evil wind," as we call it, of money fetishism and a hunger for profit has buffeted many people. The slogan "it is glorious to be rich," the invention of some zealots, did put in an appearance, but it was soon replaced by "achieve prosperity through diligence." Official policy has always been to allow a section of the population to get ahead in a general drive for common prosperity. I believe this is a practical approach. However firmly a government is dedicated to common prosperity and opposed to social polarization, prosperity cannot come to every citizen at the same time and in the

same measure.

What of Xinmouli's morality now? I was told that public order was good and nobody has been gaoled. The guide said: "Grown-ups are busy working, youngsters studying and loafers are few. Village life is no longer drab. Entertainment and recreation facilities are increasing. Our neighbouring Xiguan village is doing better in this respect. They have built an illuminated basketball court, a swimming pool, a skating rink, a chess and games room, a theatre, a dance hall, a library, an exhibition centre and on top of all a small zoo. People from other villages and the county town flock to Xiguan for their leisure. Xiguan has done all this without government funds and they are getting a return through admission tickets and refreshment sales."

Xinmouli's experience is that poverty and asceticism did not foster socialist morality and the new quest for wealth has not undermined it. But it is true that materially affluent societies can be beset with grave social maladies just as poor ones can. China too could suffer if it loses sight of the pitfalls of a single-minded pursuit of material gain.

QUFU: Confucius Once Again Raises a Storm of Controversy.

Shandong Province has two unrivalled historical monuments. One is Mt. Taishan, worshipped as a sacred mountain since ancient times. Through the past two millennia, numerous emperors, dignitaries, scholars and poets came to pay homage and left behind a wealth of relics forming a condensed panorama of ancient Chinese history. The open policy has brought to the majestic mountain streams of overseas tourists, paved roads, a cable way, hotels and restaurants, numerous stalls selling elixir mushrooms

(*lingzhi*) and tiger bones for treating arthritis, pop music on the once serene Jade Emperor's Summit, and much else.

The other historical treasure is in Qufu, Confucius' birth-place and two hours' drive from Mt. Taishan. It houses a complex of ancient architecture, which with the Forbidden City in Beijing and the imperial summer resort in Chengde are the three largest in China.

The complex consists of the Confucian Mansion, a huge estate first built 1,000 years ago and now kept as it was in the 1930s when Confucius' 77th lineal descendant, Kung Deheng, married there. There is also the Confucius Temple, first built in 487 BC, where the sage was worshipped by emperors of successive dynasties. Then the Confucius Forest is his mausoleum and his descendants' cemetery which is planted with 100,000 old trees.

In spite of Confucius' fame, Qufu had few visitors a decade ago. The buildings were left uncared for. Crows thrived on roofs and trees. The ground was littered with animal droppings and wild grass. It took some courage to stroll around the empty, dreary sites. Tourists have been increasing fast in recent years. Queli

Guest House, a new hotel combining traditional architecture with modern facilities, has inscribed on its lintel the first sentence of the Confucian *Analects*: "What a pleasure it is to have friends coming from afar!"

They are coming and having a good time. I saw a grand birthday party held by a Hong Kong businessman for his daughter in the plush restaurant. Waitresses brought in a huge cake, and *Happy Birthday to You* was belted out as the girl blew out the candles. You would not find that in the rigorous Confucian *Book of Rites!*

Confucius (Kong Qiu, to be exact) lived a life of frustrations from 551 to 479 BC. His ideal of "Great Harmony" unfulfilled, his trips to various ducal kingdoms unrewarding, the great thinker and educator died in sorrow and poverty. His death did not bring peace. In 212-213 BC, the powerful Emperor Qinshihuang, fed up with the "political gossip" of Confucian scholars, ordered their books burnt and 460 garrulous academics buried alive.

The tables turned when in 136 BC another powerful emperor, Wudi of the Han Dynasty, elevated Confucianism to the status of official creed. In the

subsequent centuries, Confucianism was reinterpreted, revised and stretched to become the ideology rationalizing and upholding the feudal order.

Times were bad again for the ancient philosopher in recent times. The May Fourth New Culture Movement in 1919 advanced the slogan "smash the Kong shop." Confucianism, though not necessarily Confucius himself, deserved it because at the time the doctrine had become a shield in the hands of the monarchists and conservatives against "Mr. De and Mr. Sai" (democracy and science in the jargon of that period) whom progressive Chinese wanted to invite in from abroad.

Another nationwide campaign to criticize Confucius was launched by the Gang of Four in 1974. They portrayed Confucius as a die-hard opponent of revolutionary change though their propaganda barrages against Confucius were thinly-veiled attacks on opponents of the "cultural revolution." Qufu suddenly became a bustling town as thousands of people were spurred to come for "on-the-spot criticism." The poor old man must have turned in his grave as hack writers and naive young zealots called him names—an arch-reactionary, a money-grubber, and even an old lecher.

The dust had barely settled when a new wind came with the open policy. Exposure to foreign cultures led Chinese scholars to start a new round of critical examination of traditional Chinese culture contrasting it with foreign counterparts. They want to determine its impact, positive or negative, on the country's modernization drive. As the most important component of traditional Chinese culture, Confucianism has once again become a controversial subject. Some say it's an asset, some say it's a liability, and others hold it is a mixture of both.

Tourists walking along the Confucian Forest.



In September an international seminar on Confucianism was held in Qufu, attended by 120 scholars from 14 countries. It is apt that the new statue of Confucius in Qufu, replacing the one smashed during the "cultural revolution," shows him sitting and meditating. He surely has much soul-searching to do because the doctrine attributed to him was partly responsible for China's cultural backwardness in recent centuries.

Outside the Confucius Temple I saw a graphic example of cultural ferment. The stalls offer cheap Hong Kong-made necklaces side by side with austere-looking Buddhist beads; funny Micky Mouse and Donald Duck toys prancing in front of statuettes of Confucius, and hundreds of cassette tapes of pop music as well as of ancient melodies.

There are also elementary Confucian readers like the *Three-Word Rhyme* and *Women's Commandments* which were the staple texts for beginners in the old days and vanished in the post-revolution years. The commandments are quite clear. "Sit with mother in the morning and after dusk, and don't go outdoors without proper reason," "women are not on a par with men, and hens must not usurp the cock's role of crowing the coming of dawn."

Next to these books is a slick local magazine, *Modern Film*, with its "cheese-cake" cover and a colour centre-spread showing a popular Japanese movie actress in her swimming suit lying in a man's arms! Then there are Sherlock Holmes stories, Chrysler president Lee Iacocca's autobiography and William Kotzwinkle's *E.T.*, all translated into Chinese.

The wide array (or disarray) of goods and ideas are an open Pandora's box, some puritans lament. But I see no cause for alarm. The Chinese culture needs stirring and transformation.

The traditional components of

Chinese culture have a glorious past and still retain many fine features. The socialist spirit injected into it in recent decades have given it a new lease of life and rid it of much of the inertia it accumulated over many centuries. But in the current changes it is acknowledged that the Chinese culture is nevertheless hamstrung by two bonds—feudal dross and modern pseudo-socialist dogma. These must be broken if the nation's modernization is to succeed. "Running water is never

The task facing China is gigantic and difficult—to blaze a new trail of development and build a better society for one-fifth of the world's people. A justly named social experiment of great historical importance!

stale," as the old Chinese adage goes. As I see it, the current stirrings under the impact of foreign cultures are a necessary process of digestion and metabolism.

Guidance is of course needed in this process of cultural transformation. The guidelines are there in the form the Communist Party's resolution on building "spiritual civilization" (read "ideological, moral and cultural development"). The document has not attracted the international attention it deserves, perhaps because it is very abstract. With regard to the open policy, it states:

Closing one's country to external contact results only in stagnation and backwardness. We resolutely reject the capitalist ideological and social systems that defend oppression and exploitation, and we reject all the ugly and

decadent aspects of capitalism. Nevertheless we should do our utmost to learn from all countries (including the developed capitalist countries)... as a basic, unalterable state policy, opening to the outside world applies to our efforts to achieve cultural and ideological progress as well as to our work for material progress.

In actual application, however, it is often difficult to decide what part to accept and what part to reject, since they often come as two sides of the same coin. Material incentives and material fetish, for instance. In his *Bus Arias* Liu Xinwu contemplates the problem.

How to reconcile them?

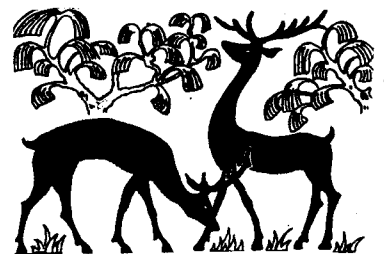
Propagate the lofty spirit of disregard for personal interests and remuneration, of being content with a simple and austere life? This is undoubtedly a praiseworthy effort.

But if it is overdone, doubts about the reform will arise. For the motivation in the economic reform lies in linking personal interests with enthusiasm for work....

The core of truth lies at a special point on a sensitive scale. The key to the success of the endeavour is a delicate balance of these conflicting factors.

It's difficult!

The task facing China is gigantic and difficult — to blaze a new trail of development and build a better society for one-fifth of the world's people. A justly named social experiment of great historical importance! ■



Causes and Impact of the Stock Market Crash

Huan Xiang, director-general of the Centre of International Studies of the State Council, said in an interview with journalists on November 2 that the recent stock market crash indicates a turning point in Western economy. The following are the main points of his speech.

The worldwide stock market crash in October has a very complicated economic and political background. Since 1948, the Western stock market has experienced 10 declines, but the recent drop in stock prices is very different from these. The crash was abrupt and overwhelming. The New York Stock Exchange lost more than US\$500 billion on October 19 alone. Stocks fluctuated over a particularly wide range, exceeding the 1929 standard. In only one day the crash produced immediate worldwide effects.

Several basic factors led to the sudden decline:

—The long-term accumulation of the two major imbalances in the world economy: (1) the economic imbalance in developed countries manifested in the United States' budget and foreign trade deficits, and the large trade surpluses enjoyed by Japan and the Federal Republic of Germany; and (2) the South-North economic imbalance represented by the debt crisis and a flow back of capital in developing countries. These imbalances led to an abnormal flow of floating capital which has flooded the international financial market. Profiteering reached an unprecedented level. At the same time, specific measures adopted in recent years by Western countries to stabilize exchange rates have also contributed to the situation.

—Stock prices have been overvalued for five years. And for a long time the market has been "overheated," that is, growth of stock prices has significantly exceeded economic growth. The current total stocks value is at US\$10,000 billion, while the actual capital backing the market

activity is only US\$60 billion. Speculation has been in vogue for a long time and a collapse was inevitable.

—In the past year, the US dollar has been continuously devalued, and there have been no signs of expected US deficit reductions. Figures released in August this year showed an increase in the deficit, and people saw little hope of an improvement in the US economy. Moreover, President Ronald Reagan's position has been weakened, and he is now unable to take any forceful measures. Confidence is down and there is much doubt in the present government's ability to manage the economy. There is fear that a new recession will occur earlier than expected.

—Economic friction between the United States, Japan and the Federal Republic of Germany has sharpened in recent times. More difficulties in international economic controls have come up, raising doubts about the existence of any co-ordination on an international level. When US Treasury Secretary James Baker voiced threatening comments on the increasing of interest rates by the Federal Republic of Germany, a storm of sell offs hit the stock market in New York, creating a slump which rapidly extended to world stock markets.

—The US involvement in the Gulf conflict is another concern. People fear the US military move may escalate and the oil prices may go up.

The major developed Western countries have held consultations, intending to intervene in the matter and reach some solution. But while the causes of the crash are still present the world stock

markets will remain unstable.

The stock market crash is an ill omen for the economic future of the West. It will produce a negative psychological impact on investors and consumers, reduce the power to motivate Western economic development, increase the unemployment rate and throw the world economy into decline. It is also likely to increase the friction between developed countries and encourage protectionism. International co-ordination will become more difficult.

A psychological fear of holding US dollars is spreading over the world markets. The stock plunge has aroused further drops in the exchange rate for the US dollar, which will undoubtedly have repercussions on the world stock market. With no proper controls, a vicious circle could begin. Stock prices and the US dollar exchange rate will decline in turn. Floating capital will also influence the securities, gold and raw material markets and create instability, even chaos, in the world economy. Under such conditions, an economic recession in the US is probable and worldwide economic depression will be difficult to avert. As to the political impact, it is difficult to make any forecasts.

The stock market crisis will probably have some unfavourable influences on China. For example, although our country has not been hit directly, we have made great efforts to stabilize the Hong Kong stock market. We hope Western countries, especially the United States, will make concrete efforts to correct economic imbalances, halt feverish speculation and restore the stability of the world's finances and economy. ■

Revision of Some Articles of the Constitution Of the Communist Party of China

(Adopted at the 13th CPC National Congress on November 1, 1987)

The 13th National Congress of the Chinese Communist Party has decided to make the following revisions of some articles of the constitution of the Communist Party of China:

1. In the first paragraph of Article 11, the sentences, "There may be a preliminary election in order to draw up a list of candidates for the formal election. Or there may be no preliminary election, in which case the number of candidates shall be greater than that of the persons to be elected," are replaced by "the election procedure of nominating a larger number of candidates than the number of persons to be elected may be used directly in a formal election. Or this procedure may be used first in a preliminary election in order to draw up a list of candidates for the formal election."

2. In the first paragraph of Article 16, the sentences, "Party organizations must keep the principle of subordination of the minority to the majority in discussing and making decisions on any matter. Serious consideration should be given to the differing views of a minority. In case of controversy over major issues in which supporters of the two opposing views are nearly equal in number, except in emergencies where action must be taken in accordance with the majority view, the decision should be put off to allow for further investigation, study and exchange of opinions followed by another discussion. If still no decision can be made, the controversy should be reported to the next higher Party organization for ruling," are replaced by "When discussing and making decisions on any matter, Party organizations must keep to the principle of subordination of the minority to the majority. A vote must be taken when major issues are decided on. Serious consideration should be given to the differing views of a minority. In case of controversy over major issues in which supporters of the two opposing views are nearly equal in number, except in emergencies where action must be taken in accordance with the majority view, the decision should be put off to allow for further

investigation, study and exchange of opinions followed by another vote. Under special circumstances, the controversy may be reported to the next higher Party organization for ruling."

3. The following paragraph is added to the end of Article 19: "The powers and functions of the National Conference of the Party are as follows: to discuss and make decisions on major questions; to replace members and elect additional members of the Central Committee, the Central Advisory Commission and the Central Commission for Discipline Inspection. The number of members and alternate members of the Central Committee to be replaced or newly elected shall not exceed one-fifth of the respective totals of members and alternate members of the Central Committee elected by the National Congress of the Party."

4. In the first paragraph of Article 21, the sentence, "The Political Bureau, the Standing Committee of the Political Bureau, the Secretariat and the General Secretary of the Central Committee of the Party are elected by the Central Committee in plenary session," is replaced by "The Political Bureau, the Standing Committee of the Political Bureau and the General Secretary of the Central Committee of the Party are elected by the Central Committee in plenary session."

The third paragraph of Article 21, "The Secretariat attends to the day-to-day work of the Central Committee under the direction of the Political Bureau and its Standing Committee," is replaced by "The Secretariat is the working body of the Political Bureau of the Central Committee and its Standing Committee. The members of the Secretariat are nominated by the Standing Committee of the Political Bureau of the Central Committee and are subject to endorsement by the Central Committee in plenary session."

The fifth paragraph of Article 21, "The members of the Military Commission of the Central

Committee are decided on by the Central Committee. The Chairman of the Military Commission must be a member of the Standing Committee of the Political Bureau," is replaced by "The members of the Military Commission of the Central Committee are decided on by the Central Committee."

5. In the second paragraph of Article 22, the sentences, "The Central Advisory Commission is elected for a term of the same duration as that of the Central Committee. It elects, at its plenary meeting, its Standing Committee and its Chairman and Vice-Chairmen, and reports the results to the Central Committee for approval. The Chairman of the Central Advisory Commission must be a member of the Standing Committee of the Political Bureau," are replaced by "The Central Advisory Commission is elected for a term of the same duration as that of the Central Committee. It elects, at its plenary meeting, its Standing Committee and its Chairman and Vice-Chairmen, and reports the results to the Central Committee for approval."

6. The first paragraph of Article 30, "Primary Party organizations are formed in factories, shops, schools, offices, city neighbourhoods, people's communes, co-operatives, farms, townships, towns, companies of the People's Liberation Army and other basic units, where there are three or more full Party members," is replaced by "Primary Party organizations are formed in factories, shops, schools, offices, city neighbourhoods, co-operatives, farms, townships, towns, villages, companies of the People's Liberation Army and other basic units, where there are three or more full Party members."

7. The following paragraph is added before the first paragraph of Article 33: "In an enterprise or an institution where the system of administrative leader assuming full responsibility is practised, the primary Party organization guarantees and supervises the implementation of the principles and policies of the Party and the state in its own unit. Such a primary Party organization should concentrate on strengthening Party building, doing effective ideological and political work and mass work, support the administrative leaders in fully exercising their powers and functions according to regulations, and offer views and suggestions on major issues."

In the first paragraph of Article 33, the sentence, "In an enterprise or institution, the primary Party committee or the general branch committee or branch committee, where there is no primary Party committee, gives leadership in the work of its own unit," is replaced by "In an institution where the system of administrative leader assuming full responsibility has not yet been

practised, the primary Party committee or, where there is no primary Party committee, the general branch committee or branch committee provides leadership in the work of its own unit."

8. In the third paragraph of Article 43, the sentences, "The Central Commission for Discipline Inspection elects, in plenary session, its standing committee and secretary and deputy secretaries and reports the results to the Central Committee for approval. Local commissions for discipline inspection at all levels elect, at their plenary sessions, their respective standing committees and secretaries and deputy secretaries. The results of the elections are subject to endorsement by the Party committees at the corresponding levels and should be reported to the higher Party committees for approval. The First Secretary of the Central Commission for Discipline Inspection must be a member of the Standing Committee of the Political Bureau," are replaced by "The Central Commission for Discipline Inspection elects, in plenary session, its standing committee and secretary and deputy secretaries and reports the results to the Central Committee for approval. Local commissions for discipline inspection at all levels elect, at their plenary sessions, their respective standing committees and secretaries and deputy secretaries. The results of the elections are subject to endorsement by the Party committees at the corresponding levels and should be reported to the next higher Party committees for approval."

9. In Article 46, the sentence, "A leading Party members' group shall be formed in the leading body of a central or local state organ, people's organization, economic or cultural institution or other non-Party unit," is replaced by "A leading Party members' group may be formed within the leading body elected by the national or a local people's congress, the national or a local committee of the Chinese People's Political Consultative Conference, people's organization or other non-Party unit."

10. Article 48, "The Central Committee of the Party shall determine specifically the functions, powers and tasks of the leading Party members' groups in those government departments which need to exercise highly centralized and unified leadership over subordinate units; it shall also determine whether such groups should be replaced by Party committees," is replaced by "The Central Committee of the Party shall determine specifically whether Party committees should be formed in those government departments which need to exercise highly centralized and unified leadership over subordinate units; it shall also determine specifically the powers, functions and tasks of such committees." ■

Biographical Notes

—Newly Elected Members and Alternate Members of the Political Bureau of the CPC Central Committee



Jiang Zemin

Jiang Zemin, born in July 1926, a native of Yangzhou city, Jiangsu Province.

Joined the Chinese Communist Party (CPC) and began working in April 1946, graduated from the electrical machinery department, Jiaotong University, in Shanghai in 1947;

After 1949, served as first deputy director of the Yimin No. 1 Foodstuffs Factory in Shanghai, first deputy director of the Shanghai Soap Factory, chief of the electrical machinery section of the Shanghai No.2 Designing Division of the First Ministry of Machine-Building Industry;

Worked as a trainee at the Stalin Automobile Factory in Moscow in 1955;

After returning to China in 1956, worked as deputy chief of the power division and deputy chief engineer for dynamic mechanics of the Changchun No. 1 Automobile Plant, director of the power factory under the plant, deputy director of the Shanghai Electrical Equipment Research Institute under the First Ministry of Machine-Building Industry, director and acting secretary of the Party committee of the Wuhan Power Machinery Institute under the ministry, deputy director then

director of the foreign affairs bureau of the First Ministry of Machine-Building Industry;

After 1980, served as vice-chairman, and concurrently as secretary-general and member of the leading Party members' group of the State Administration Commission on Import and Export Affairs and State Administration Commission on Foreign Investment;

After 1982, served as first vice-minister, minister, deputy secretary and secretary of the leading Party members' group of the Ministry of Electronics Industry;

After 1985, served as deputy secretary of the Party committee and Mayor of Shanghai; was a member of the 12th Central Committee of the Chinese Communist Party.



Li Tieying

Li Tieying, born in September 1936, in Changsha city, Hunan Province.

Joined the CPC in April 1955 and started working in September 1961;

Studied physics in Czechoslovakia from 1955;

After returning to China in 1961, worked as a technician and deputy head of a research section of the No. 13 Institute of the No. 10 Academy of the Ministry of National Defence and after 1965 as deputy head of a research section of the No. 1413 Institute of the Fourth Ministry of Machine-Building Industry;

After 1970, worked as head of a research section of the No. 1424 Institute of the Fourth Ministry of Machine-Building Industry;

After 1978, worked as chief engineer and deputy director of the No. 1447 Institute of the Fourth Ministry of Machine-Building Industry, and concurrently deputy director of the science and technology committee and permanent secretary of the CPC committee of Shenyang city, Liaoning Province;

After 1983, worked as secretary of the CPC Liaoning Provincial Committee and concurrently secretary of the Haicheng County Party Committee (1984-85);

After 1985, worked as minister of Electronics Industry and secretary of the leading Party members' group in the ministry;

After March 1987, worked as minister in charge of the State Commission for Restructuring the Economy and secretary of the leading Party members' group of the commission while continuing to serve as minister of Electronics Industry and secretary of the leading Party members' group of the ministry; and was a member of the 12th CPC Central Committee.



Li Ruihuan

Li Ruihuan, born in September 1934, native of Baodi County, Tianjin.

Joined the Chinese Communist Party in September 1959; graduated from a spare-time university; started working as a construction worker in the Beijing No. 3 Construction Company in July 1951;

After 1965, served as deputy secretary of the Party committee of the Beijing Company of

Building Materials and concurrently as secretary of the general branch of the company's timber plant;

After 1971, worked as secretary of the Party committee of the Beijing Construction Timber Plant, deputy secretary of the Party committee of the Beijing Bureau of Building Materials, vice-chairman of the Beijing Capital Construction Commission and concurrently director in the headquarters in charge of Beijing's capital construction, vice-chairman of the city's trade union federation, Member of the Standing Committee of the Fifth National People's Congress, permanent member of the All-China Federation of Trade Unions;

After 1979, worked as member of the secretariat of the Central Committee of the Chinese Communist Youth League and vice-chairman of the All-China Youth Federation;

After 1981, worked as member of the Standing Committee of the Communist Party of Tianjin, deputy mayor, Party secretary, acting mayor and mayor of Tianjin;

After 1984, worked as deputy secretary of the Party committee and Mayor of Tianjin;

After August 1987, worked as Party secretary and concurrently Mayor of Tianjin; was member of the 12th Party Central Committee.



Li Ximing

Li Ximing, born in February 1926, in Shulu County, Hebei Province.

Joined the CPC and started working in March 1948; after 1946, studied at a preparatory course,

the construction department and civil engineering department of Qinghua University;

After 1949, was sent by the youth work sub-committee of the CPC Beijing city committee to the Shijingshan Power Plant to set up an organization of the Communist Youth League there and worked as a member of the plant's CPC general branch in charge of propaganda work; after 1952, served as deputy, acting secretary and secretary of the CPC general branch and secretary of the CPC committee of the Shijingshan Power Plant; after 1970, assisted in the work of the production group of the Shijingshan Power Plant and then became vice-chairman of the revolutionary committee, deputy secretary and secretary of the CPC committee, and chairman of the revolutionary committee of the plant;

After 1975, worked as vice-minister and member of the leading Party members' group of the Ministry of Water Conservancy and Power Resources, and vice-minister and member of the leading Party members' group of the Ministry of Power Industry; after 1982, worked as minister of Urban and Rural Construction and Environmental Protection and secretary of the leading Party members' group of the ministry;

After 1984, worked as secretary of the CPC Beijing City Committee, was member of the 12th CPC Central Committee.



Yang Rudai

Yang Rudai, born in December 1926, a native of Renshou County, Sichuan Province.
Joined the CPC in August 1952; received an

education equivalent to senior middle school;

Started working in January 1950, and served successively as a functionary in Fujia District, Renshou County and then as staff member in charge of organization work, deputy head and head of a work group, head of a work team of the county's land reform work, deputy leader of Fangjia District and deputy secretary of the Party committee of the district;

After 1954, served as deputy director of the organizational department, deputy secretary and secretary of the county Party committee;

After 1970, served as vice-chairman of the county's revolutionary committee and Party secretary of Renshou County;

After 1977, worked as secretary of the Party committee of Leshan Prefecture and vice-chairman of the prefectural revolutionary committee;

After 1978, worked as vice-chairman of the Sichuan Provincial Revolutionary Committee, deputy governor, secretary of the Provincial Party Committee, secretary in charge of day-to-day work of the Provincial Party Committee;

After 1983, worked as secretary of the Sichuan Provincial Party Committee; was a member of the 12th Party Central Committee.



Song Ping

Song Ping, born in April 1917, a native of Juxian County, Shandong Province.
Joined the Chinese Communist Party in

December 1937 and started working in Spring of 1936;

After 1934, studied in the Agricultural College of Beiping University, and Qinghua University;

After 1938, worked as assistant at the Central Party School in Yanan, chief of the organization section, head of the education bureau of the Yanan Institute of Marxism-Leninism, secretary of the Central Institute of Party Affairs, secretary in charge of studies in the Party's South-China Bureau, director of the library, chief of the secretarial office, and secretary-general of the editorial department, of the Chongqing-based *Xinhua Daily*; chief of the Nanjing branch and Chongqing general branch of the Xinhua News Agency, and political secretary to Zhou Enlai;

After 1947, worked as deputy secretary of a district Party committee, political commissar of the garrison brigade in Harbin, director of the public enterprises department of the Harbin Federation of Trade Unions, head of the propaganda department, secretary-general and vice-chairman, of the Northeast China Federation of Trade Unions;

After 1952, worked as member of the State Planning Commission, director of its Labour, Wages and Planning Bureau and concurrently vice-minister of Labour, and vice-minister of the commission, member of the Party's Northwest-China Bureau and minister in charge of its planning commission, deputy director of the headquarters in charge of defence construction projects in inland areas, deputy head of the office in charge of national defence industry in the Lanzhou Military Command Area;

After 1972, worked as secretary of the Party committee and vice-chairman of the revolutionary committee, first secretary of the Party committee, chairman of the revolutionary committee, of Gansu Province, second political commissar of the Lanzhou Military Command Area, and First Political Commissar of the Gansu Provincial Military Command Area;

After 1981, worked as vice-minister and minister in charge of the State Planning Commission and deputy secretary and secretary of the Party leading members' group in the commission, state councillor, head of the Organizational Department of the Party Central Committee, and was a member of the 11th and 12th Party Central Committees.



Ding Guangen

Ding Guangen, born in September 1929 in Wuxi city, Jiangsu Province;

Joined the CPC in July 1956;

Graduated from the transport department of Jiaotong University in Shanghai in August 1951 and then worked as trainee in the ocean shipping bureau of the Ministry of Communications, as technical staff, engineer in the transport bureau and freighter transport bureau, engineer in the general transport bureau, and secretary in the minister's office, of the Ministry of Railways;

After 1975, worked as engineer and deputy section head of the foreign affairs bureau, assistant to the director of the planning bureau, and director of the education bureau of the Ministry of Railways;

After 1983, worked as deputy secretary-general of the Standing Committee of the National People's Congress and member of the Party leading members' group in the congress;

After 1985, worked as minister of Railways and secretary of the Party leading members' group in the ministry; and was a member of the 12th Party Central Committee.

New Trends in Private Economic Sector

"ZHONGGUO XINWEN"

(China News)

Private businesses in Guangzhou have evolved in the past eight years. They have expanded into new fields.

No longer limited to industry and commerce, the private sector is involved in culture, preschool-child care, medical treatment, scientific research, information services and many other areas. For example, Fu Tu, a private businessman in the Baiyun District of this major metropolis in southern China, held an exhibition of his paintings in Oklahoma in the United States. His works are highly appreciated by US artists and have been bought by art collectors from the United States, Japan, Australia and other countries.

Other individuals have taken up scientific research and have applied for patent rights to the State Patent Administration. He Guobin's application has been accepted and the administration is promoting his invention of a device to prevent explosions of leaking gas tanks, as well as his safety and lifting equipment for people working on tall construction sites.

The city's private sector has expanded with the establishment of 1,641 large individual enterprises. Of these, 78 employ more than 30 people. The Dangshengji Restaurant has 100,000 yuan (about US\$27,000) in capital and 40 workers. Its business volume reached 1.4 million yuan and the restaurant handed over more than 34,000 yuan to the state as taxes in 1985.

Outdoor businesses are being replaced by indoor ones. The city's four districts currently boast 12,498 private indoor businesses. Their owners seek to decorate their shop fronts tastefully and

pay close attention to their shops' layout and atmosphere. The streets are lined with increasingly modern private fashion shops, boutiques, hairdressing salons and restaurants.

Today's private business people have different backgrounds from their predecessors. Retired workers and unemployed people have been replaced by young people waiting for jobs. Most young business people have junior or senior middle school education and some working skills.

The changes in the private economic sector have led to new problems. For example, the state lacks a clear policy for the people who want to expand their businesses by employing more workers. A trader in the Liwan District has opened the only enterprise in China to produce light electric welding equipment.

The product is up to national quality standards and has found a good market. But the owner cannot expand the factory in the absence of a definite government policy. Many private businesses wish to expand their business scope through co-operation with overseas contractors, such as producing with materials supplied by Hong Kong or Macao clients. But their requests for government permission has so far gone unanswered.

The private sector in Guangzhou began to develop after the Third Plenary Session of the 11th Party Central Committee in December 1978. In 1979, 5,666 people were employed in 5,022 private enterprises. The numbers have increased annually and by the end of 1986 Guangzhou had more than 100,000 private businesses employing more than 150,000 people. Their total registered capital amounted to 190 million yuan.

(Aug. 19, 1987)

Five Historic Human Migrations

"SHIJIE ZHISHI"

(World News)

The tropical and subtropical zones in southern Asia and eastern Africa were the birthplaces of human beings. From these places people began to move in search of water and forests. About 40,000 years ago, mankind spread across the continents of Asia, Africa and Europe. This can be regarded as human beings' first major migration.

The second migration began about 35,000 years ago. Some people left the original three continents for America and Oceania. A Mongolian tribe in Asia moved northward and crossed the Bering Strait to Alaska in North America. From there it moved gradually southward and finally reached the southern tip of South America at the early stage

of the Neolithic Age. Meanwhile another tribe on the Malay Peninsula moved southward to the island of Java in Indonesia and then to Oceania. In Europe, the Greeks inhabiting the islands in the Aegean Sea started moving to Italy around the 10th century BC. During the 4th century BC, the Romans migrated on a large scale to the hinterland of Europe and the Middle East. Two centuries later, the Germanic people went eastward to the lower reaches of the Danube.

The discovery of America by Christopher Columbus at the end of the 15th century set off the third historic migration, related closely to the primitive accumulation of capital. Starting in the 17th century, a large number of Europeans rushed to America. And up to the 19th century, about 20 million black slaves were sold

to America and Oceania.

The process of industrialization promoted the fourth migration, which took place from the mid-18th century to the beginning of the 20th century. About 50-60 million Europeans moved to America during this period. To a great extent, this migration resulted from colonial expansion.

The fifth migration occurred after World War II and lasted until the 1960s. Among the various forms it took, the first was through the migration of international refugees. For instance, more than 6 million Japanese prisoners of war and civilians in Korea, China and Southeast Asian countries returned home to Japan. The second form of this migration resulted from changes in national boundary lines. The third was brought about by the export of labour as "overseas workers."

(No. 13, 1987)

The Many Rooms of The Forbidden City

"ZHONGGUO KEJI SHILIAO"

(Science and Technology Data)

China's former Imperial Palace, known to Westerners as the Forbidden City, is the biggest palace in the world. An American architect said it may also be the world's best planned and executed structure.

From the mid-14th to the early 20th century, 24 emperors of the Ming and Qing dynasties resided in the Forbidden City, which is located behind Tiananmen (the Gate of Heavenly Peace), in the centre of Beijing.

The entire palace area, rectangular in shape and 720,000 square metres in size, is surrounded by walls 10 metres high and a moat 52 metres wide. The southern gate, the main entrance to the Forbidden City, is called Wumen (the Meridian Gate), the northern gate is Shenwumen (the Spiritual

Valour Gate), and the eastern and western gates are Donghuamen and Xihuamen. Within the vast area, row upon row of buildings with carved beams and painted rafters, looking splendid in green and gold, constitute the largest and most complete surviving ensemble of traditional Chinese architecture.

There are 9,999.5 rooms in the Forbidden City. Why not a round 10,000?

It is said that the Palace of the Jade Emperor (the supreme deity of Taoism) consists of 10,000 rooms. But the emperor in the human world was the son of the emperor in heaven. He could not have the same treatment as the Jade Emperor. The so-called half-room was constructed on the ground floor of the Wenyuange Pavilion (Imperial Library). The small room, which accommodates only a staircase, was built solely for aesthetic layout. If you want to know whether it should be called a room or a half-room, you should go and decide for yourself if you have the chance to visit the Forbidden City.

With so many rooms in the Forbidden City, if a person changed rooms each night from the day of his birth, he would be 27 years old before he had stayed in every one. To guard against assassins, no one knew in which room the emperor slept at night except his trusted eunuchs.

(No. 4, 1987)

Lives Improved for Mongolian People

"GUANGMIN RIBAO"

(Guangmin Daily)

The yurt has been the Mongolian herdsman's home from time immemorial. The yurt and fine horses symbolize the Mongolian people and their nomadic life.

However, we did not see one yurt on the Erduosi Highlands

when we travelled by bus for four days not long ago. We saw only scattered brick or clay houses and a number of small towns surrounded by trees, which have sprung up on the vast pastureland dotted with numerous sand dunes.

A large number of yurts still remain on the eastern grasslands of the Inner Mongolian Autonomous Region, in the Xilin Gol area, for example. The white yurts, red brick houses and yellow clay structures complement and enhance one another.

During the 1950s, iron stoves began to be used in Mongolian yurts, eliminating the problem of smoke. In the 1960s, the herdsmen started to buy radios, enabling them to hear about major world events without leaving their yurts. In the 1970s, they began to sleep on plank beds, slashing the incidence of arthritis. And in the 1980s, television entered the yurts. Today the Mongolian herdsmen can see the whole world from the grasslands.

The coming of television has greatly reduced the distance between the yurts and the rest of the world. Formerly, the grasslands were like one big yurt. The herdsmen were ill-informed and their lives were at a standstill. They saw only blue sky, white clouds, grasslands, oxen and sheep. Now conditions have changed.

New life-styles and aspects of culture have also been introduced to the grasslands. Teenaged girls wear nylon dresses and electronic wrist watches. Young women wear fur-lined jackets and high-heeled shoes. Besides Mongolian dancing, they like disco and ballroom dancing. Eerdunbilige, a herdsman from Abag Banner (an administrative area of the county level), is the first person from the Xilin Gol League to run a restaurant in Beijing.

The world has penetrated Mongolian yurts and the yurts are moving towards the world.

(July 30, 1987)

New Association for Joint Ventures

The Chinese Foreign-Funded Enterprises Association was founded on November 5 in Beijing. It will work to promote the legal rights and interests of enterprises involving foreign investment.

He Qu, deputy secretary-general of the association, says that since China introduced the open policy in 1979 it has approved the establishment of over 8,940 foreign-funded enterprises and 4,000 have already gone into operation. Most of them have achieved good economic results, but some have had trouble which they were powerless to escape. The association should help improve the understanding between the Chinese and foreign partners, provide information, help improve their management and promote their development.

The main tasks of the association are:

- To introduce China's policies and principles, economic rules and regulations, and basic intentions for development to the foreign investors, in an effort to attract more foreign investment;

- To help draw up and implement production and management plans and help consolidate their development;

- To investigate complaints of foreign-funded enterprises and report their opinions to the government and departments concerned, and help solve them;

- To hold meetings, training classes, lectures and symposia to allow such enterprises to learn from each other and from specialists;

- To establish contacts with foreign economic entities;

- To sponsor exhibitions in and outside China; and

- To provide consultancy services for Chinese and foreign investors.

Gu Mu, State Councillor and head of the Foreign Investment Work Leading Group under the State Council, was elected honorary president at the first meeting of the council, Wei Yuming, former vice-minister of Foreign Economic Relations and Trade, president; permanent members include Don St. Pierre, general manager of the Beijing Jeep Corp.; Nakai Sensho, general manager of the China Otsuka Pharmaceutical Co. in Tianjin; Martin Posth, assistant general manager of the Shanghai Volkswagen Automotive Co., and four other foreign managers.

Some similar associations have been set up in Chengdu, Sichuan Province, and Xian, Shaanxi Province, and are planned for other provinces and cities including Shanghai, Liaoning, Hebei, Anhui, Guangdong and Guangxi.

Over 500 foreign-funded enterprises have already joined the association. The association will hold its first congress next year and sponsor a national exhibition of members' products.

by Yao Jianguo

New Customs Rules For Import & Export

Beginning on November 1, 1987, Chinese customs implements new restrictions on goods for import and export according to newly stipulated and revised lists.

Articles whose entry is restricted include transceivers and secure communications devices; alcohols and cigarettes; animals and plants (including specimens) which are rare or on the verge of extinction, and seeds and propagation materials of such plants.

Items whose exit is restricted include gold, silver and other rare metals and their products; foreign currencies and their negotiable securities; transceivers and secure communications devices; rare traditional Chinese medicinal materials and their preparations; general cultural relics.

Items included in the revised list of prohibited goods include laser video discs and computer storage media containing information harmful to China's politics, economy, culture and morals; marijuana and other addictive psychotropic drugs. ■

China Hurt by 'Toshiba Incident'

The "Toshiba incident," which has nothing to do with China, has, however, caused substantial damage to China. Japan's Toshiba Machinery Co. has signed with China 25 contracts valued at 2.4 billion Japanese yen (about US\$16 million) but cannot fulfil them since the Japanese government has prohibited all exports of certain machinery and equipment. The prohibition has also affected other Japanese companies, which have been prevented from carrying out their obligations under US\$900 million worth of contracts signed with China because they lack approval or licences from their government.

Japan tightened up its export laws after Toshiba was accused by the United States of violating the Provisions of the Co-ordinating Committee for Export Controls by selling four sophisticated milling machines to the Soviet Union.

The Japanese government has said repeatedly that "the sanctions related to the 'Toshiba incident' are not directed against China," and that "the Chinese problem will be handled in a way different from that of other countries." It has also said, "The contracts for exports of goods which are not

restricted by the COCOM can be implemented." But the government has taken no substantive action. On the contrary, it has tightened its restrictions on exports to China. It has even demanded a second licence for the export of machinery and equipment which were exported to China before and refuses to approve the licence.

A spokesman for China's Ministry of Foreign Economic Relations and Trade pointed out that the Japanese sanctions in the wake of the "Toshiba incident" have affected normal development of economic and trade relations between China and Japan and have seriously damaged China's economic construction. Some key projects to be built during the Seventh Five-Year Plan period (1986-90) are stalled because contracts signed with Japan have not been implemented, including the Hangzhou Cassette Tape Factory, the Anyang TV Screen Glass Factory in Henan Province, the second-stage construction projects of the Baoshan Iron and Steel Co. in Shanghai, and the Dalian and Fuzhou power plants.

The Chinese ministry official reaffirmed following points:

—The Japanese government must approve the implementation of the contracts valued at 2.4 billion Japanese yen which China signed with Toshiba, even if the contracts have expired. China does not agree to delay the implementation of these contracts or the replacement of Toshiba products by those of other companies.

—The Japanese government should allow US\$900 million worth of contracts which have been held up by the incident to be fulfilled as quickly as possible, and should compensate China for the economic losses it has suffered as a result of Japan's delay in granting approval.

—After the incident, the Japanese government streng-

thened its export embargoes and sanctions. China, which has been closely following Japan's moves, hopes that the Japanese government should adopt practical measures to relax its restrictions. ■

Lanzhou Exports Pumping Units

The Lanzhou Petroleum and Chemical Machinery Works (LPCMW) recently signed a marketing agreement with the Darco Company of the United States. Under the agreement, the Lanzhou works will provide 10 pumping units for eight oil companies in the United States for testing in their oilfields. If they are approved by four of the companies the sales within one year may total US\$3 million, and

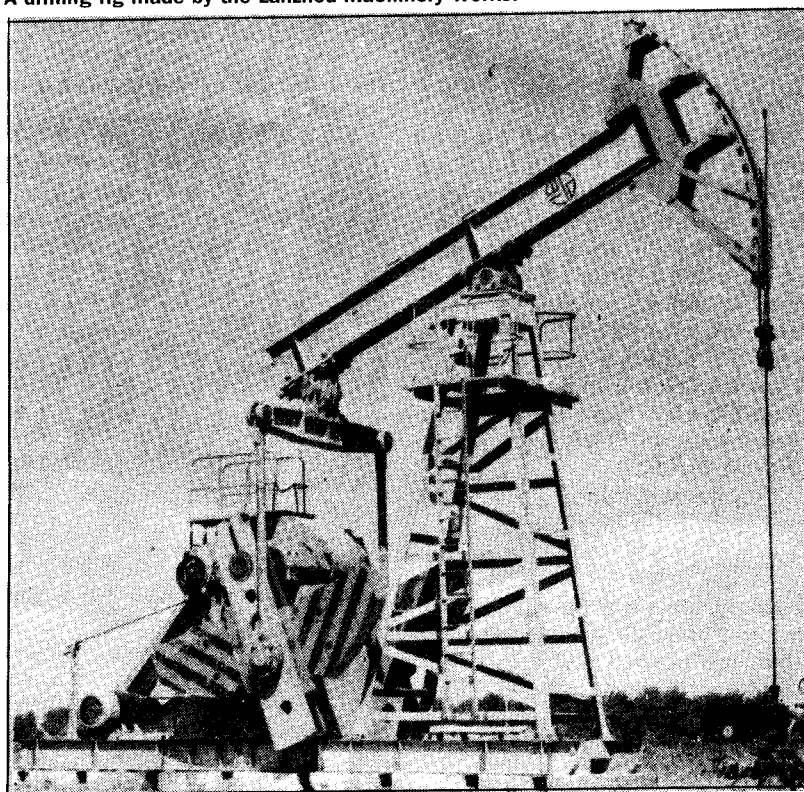
Darco will become the sole agent for Lanzhou on the American market. Sales are expected to reach US\$10 million by 1990.

LPCMW is one of the main petroleum machinery manufacturers in China. Its output of drilling machines makes up 80 percent of the nation's total and its other products also loom large. Between 1981 and 1986 the factory's pumping units carrying the US API label were sold for a total of US\$21 million. In the first eight months of this year, other contracts for exporting pumping units were signed, 10 units were sold to the United States, and one to Singapore.

Currently Lanzhou is discussing co-operation with Sinotek International Inc. Regina Canada for marketing the factory's pumping units. The agreement is expected to be signed by the end of this year.

by Yao Jianguo

A drilling rig made by the Lanzhou Machinery Works.



Zhang Ding and His Artistic Achievements



Zhang Ding (left) with Li Keran.

MA YONGZUO

An exhibition of 125 traditional Chinese paintings and 11 calligraphic works by Zhang Ding was held in Beijing in mid-September. The show featured the artist's work since the early 1950s.

Zhang is a former head of China's Central Institute of Applied Arts. His works, especially burnt-black ink ones, are highly thought of in art circles. The famous artist Liu Haisu praised Zhang for his exquisite and powerful strokes, his vision and the sentiment he conveys, while Li Keran said his works are magnificently yet meticulously composed which is unprecedented.

Traditional Chinese painting is only one of Zhang's talents. He is famous among artists for his versatility.

Zhang loves traditional Chinese painting and folk arts. At the same time, he absorbed Western artistic techniques and uses non-traditional colours, blending multiple techniques of expression into a single entity.

In the early 1930s, Zhang was already a noted satirical painter. He used his brush as a weapon to fight against traitors and ag-

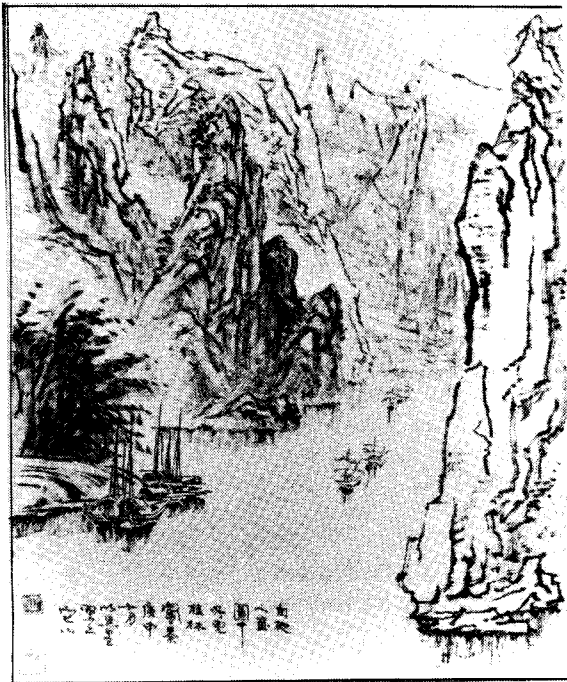
The mural "Ne Cha Stirs Up the Sea."



gressors. In 1935, he and his colleagues held a caricature exhibition. Later, he made his living by creating caricatures in Shanghai and Nanjing. In 1938, he went to Yanan, the centre of revolutionary anti-Japanese activity, where he served as a teacher in Lu Xun Academy of Arts and trained one group of revolutionary artists after another.

In 1942, he was invited to take part in the Yanan Forum on Literature and Art. Comrade Mao Zedong's talks at that forum outlined what were to become the guiding principles for China's revolutionary art movement.

After China's victory against Japan, Zhang went to northern China with an army unit, and then to the northeast, where he worked as editor-in-chief of *Northeastern Pictorial*. He created a large number of picture posters and New Year pictures during this period. His poster *Marching*



Zhang's "Scenery of Guilin," a traditional Chinese painting.



One of Zhang's traditional Chinese painting.

Forward Under the Banner of Mao Zedong was seen all over Beijing when it was being liberated. The original is now in the Oriental Museum of the Soviet Union.

In 1949, Zhang was in charge of artistic design for the inauguration ceremonies to mark the founding of New China and the convening of the Chinese People's Political Consultative Conference. He also designed and drew the national emblem and New China's first set of souvenir stamps.

After designing the China hall at the Paris international fair in 1956, Zhang studied the works of modern art on display in France. He saw many paintings by impressionists, cubists and fauvists and visited Pablo Picasso. Zhang first encountered Picasso's work early in 1934, and Picasso had a great influence on him. He and Picasso shared a common love of folk arts and a thirst for new artistic forms and creations.

In 1958, Zhang took some postgraduate students sketching in Yunnan Province. He created

many decorative paintings after his return, including *Pastoral Songs at Cangshan Mountain* and *Dai Minority Girls at a Country Fair*. He used multiple colours, traditional Chinese and Western painting techniques as well as exaggerated composition to enrich the expressiveness of these pictures, thus creating a new artistic conception. Later, he drew several hundred decorative pictures, which were regarded as examples of formalism and were destroyed during the "cultural revolution" (1966-76).

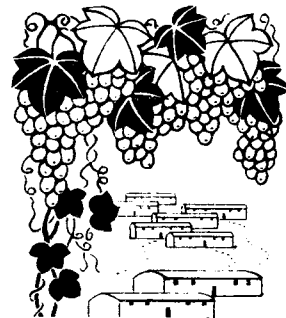
In 1979, Zhang was put in charge of the fresco work at Beijing's Shoudu International Airport. He painted a large mural, *Ne Cha Stirs Up the Sea*, based on a Chinese fairy tale. Just like his cartoon film of the same title, the mural painting was warmly received by the public. It is regarded as a masterpiece in blending Eastern and Western art techniques.

Three exhibitions of Zhang's paintings have been held and his

works have been displayed dozens of times both in China and abroad. Many of them are in the collections of the China Museum of Fine Arts and the Research Institute of Traditional Chinese Painting in Beijing. Five albums of his paintings have been published.

As one of China's major leaders in fine and applied arts, Zhang has been busy with the administrative work for many years. But he has never stopped seeking beauty while contributing to the cause of the Chinese people's liberation and socialist construction. His art is a rich world and his style is natural and powerful.

by Shao Jianwu



DRAGON AND CHINA

—Television "Contentment Cup" International Calligraphy and Seal Cutting Competition—

To mark the Year of Dragon (1988), this grand calligraphy and seal cutting competition, co-sponsored by Hunan TV Station and the Changsha Refrigerator Factory, is open to competitors throughout the world. Since September when entries were invited, a steady stream of works has been received. In view of the good response, the organizing committee of "Contentment Cup" decided to add 600 prizes for excellence on top of the original two special-class prizes, 20 gold prizes, 80 silver prizes and 300 bronze prizes. All prize winners will be given certificates, medals, and a list of the winners. Gold, silver and bronze prize winners will receive material rewards in addition to their cups. Each of the two special-class prize winners will receive a Zhongyi (contentment) brand 230-litre four-star refrigerator. The deadline for entries remains December 20, 1987.

Hunan TV Station
Changsha Refrigerator Factory



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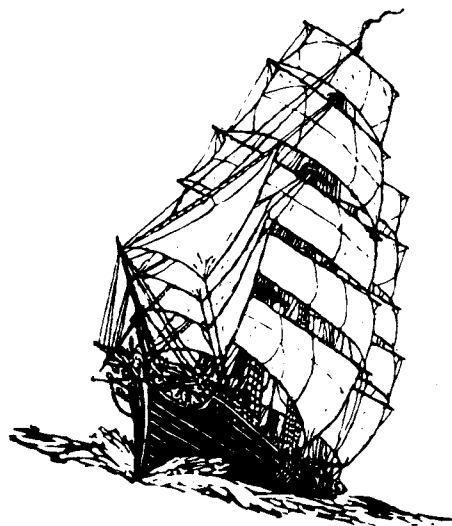
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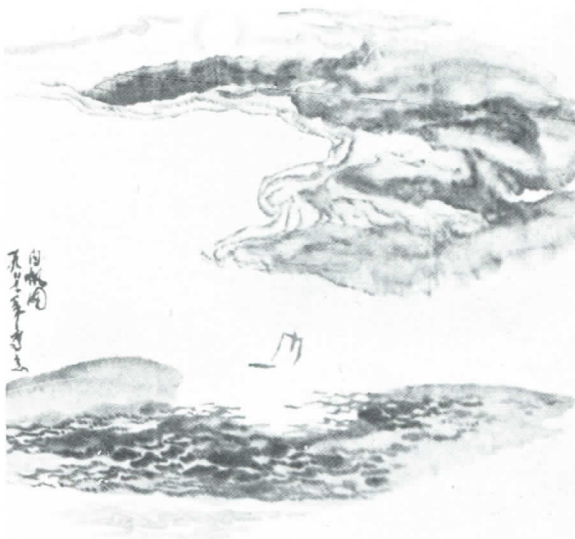


On a winter's morning.

Traditional Chinese Paintings By Wu Liangfa

Wu Liangfa, born in Hanyang County, Hubei Province, now works at the Hubei Fine Arts Studio.

These are his traditional paintings.



A boat.



Vines.

Good News for Sterile Men



Dr. Zeng Chaowen of China's Guizhou Zunyi Male Sterility Research Institute treats male sterility with traditional Chinese medicine. He has already treated over 3,000 different cases of male sterility and achieved a 96.4 percent success rate. The clinic's record is as good as any in the world. Foreign patients are welcome at the clinic.

The Guizhou International Economic and Technological Cooperation Corporation acts as Dr. Zeng's agent and handles all matters concerning overseas patients.

Guizhou's mild climate and beautiful landscape make it an ideal place for treatment and convalescence.

The corporation provides quiet, well-furnished rooms and meals of

excellent Chinese cuisine. Throughout the period of treatment, careful service and varied recreational activities will be available.

Before treatment a semen test report is required to judge advisability of treatment. Overseas patients' medical fees should be paid in foreign exchange.

Please write to liaison officer Lu Guang.

Floor 6, No. 1 Yanan Donglu, Guiyang, Guizhou, China

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