

A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

北京周报

Vol. 32, No. 41

October 9-15, 1989

## Jiang Zemin's Important Speech



**TOURISM: A MYSTICAL VALLEY**



Fishpond scene.

*Photo by Mao Yongkuan*

## CONTENTS

<b>NOTES FROM THE EDITORS</b>	4
Adhering to the Norms in State-to-State Relations	
<b>EVENTS/TRENDS</b>	5-6
Beijing Celebrates PRC's 40th Anniversary	
Energy Blueprint Worked out	
French Reporter's Fabrication Refuted	
<b>INTERNATIONAL</b>	
Current International Situation And Sino-US Relations	7
Where the French Government Wants to Lead Sino-French Relations	9
<b>CHINA</b>	
Jiang Zemin's Speech at the Meeting in Celebration of the 40th Anniversary of the Founding of the People's Republic of China	11
Ordinary People of the People's Republic	25
'Opening Broadens My Horizon'	
Training Qualified Personnel For Socialism	
Bai Shuxiang—a Ballet Star	
Mystic Conch-Like Valley	30
Overview on Resolution of Economic Disputes Involving Foreign Interests in China: The Legal Basis and the Major Methods	35
<b>FROM THE CHINESE PRESS</b>	42-43
<b>BUSINESS/TRADE</b>	44-45
<b>BOOKS</b>	47
<b>CULTURE/SCIENCE</b>	48-50
<b>COVER:</b> Hailuo Valley, a glacier park, is a newly opened travel resort in Luding County, Sichuan Province. by Zhao Hong and Others	

### Jiang Reaffirms China's Socialist Road

□ Party General Secretary Jiang Zemin said at a meeting on September 29 to celebrate the 40th anniversary of the People's Republic of China that socialism embodies the objective law of the movement of China's society, and calls for constant development and perfection of itself. He also elaborated on other basic conclusions drawn from 40 years of history of the People's Republic (pp.11-24).

### Qian on International Situation and Sino-US Relations

□ Chinese Foreign Minister Qian Qichen in his speech at a luncheon given in New York by the Council on Foreign Relations pointed out that peace and development are after all the trend of the times. He gave four points for the consideration of American friends for the improvement of Sino-US relations (p. 7).

### Blueprint for Energy Development

□ China has worked out an ambitious plan to provide enough energy to support its rapid economic growth from now through the year 2000. The plan, entitled "An Outline for the Development of China's Energy Industry, 1989-2000," maps out a strategy for China's energy industry (p. 6).

### Resolution of Sino-Foreign Economic Disputes

□ Xiao Yongzhen, director of Foreign Affairs Bureau of the Supreme People's Court, outlines the progress made in China's legal system over the past ten years. The four methods used in solving economic disputes involving foreign interests in China are consultation, mediation, arbitration and litigation (p. 35).

### Mystical Hailuo Valley

□ A *Beijing Review* staff reporter gives his recent impression of the Hailuo Valley, a scenic area in south China's Sichuan Province. The valley, officially opened by the state as a modern glacial forest park to foreigners last year, is expected to become a major tourist attraction in the next century. Its glacier, forest and hot springs demonstrate the wonder and beauty of nature (p. 30).

Unless written by Beijing Review correspondents, the opinions expressed in signed articles do not necessarily reflect the view of the Beijing Review editorial board.

General Editorial Office  
Tel: 8314318  
TLX: 222374 FLPDA CN  
FAX: 8314318  
English Dept. Tel: 8315599 Ext. 546

Published every Monday by BEIJING REVIEW  
24 Baiwanzhuang Road, Beijing 100037  
The People's Republic of China  
Distributed by **China International Book Trading Corporation** (GUOJI SHUDIAN)  
P.O. Box 399, Beijing, China

Subscription rates (1 year):  
**Australia**.....A.\$29.00  
**New Zealand**.....NZ.\$39.00  
**UK**.....£14.50  
**USA**.....US\$29.00  
**Canada**.....Can.\$25.00

## Adhering to the Norms in State-to-State Relations

by Guo Ji

Since the quelling of the counter-revolutionary rebellion in Beijing, the international community has gradually obtained a comprehensive and objective understanding about the truth and nature of the events that happened in China. Consequently, rumours and lies are losing their currency.

More and more countries have expressed the view that the actions taken by the Chinese government to put down the rebellion were understandable and have given their support. Now, the attitude of some countries towards China is changing and they are preparing to resume political, economic and cultural ties. This is welcome and we see it as wise and realistic.

However, some people in Western countries have voiced a different view. They have openly proposed that the restoration and development of relations with China should depend on the Chinese government first respecting fundamental human rights and carrying out genuine reform and opening up to the outside world. They have even argued for the exchange of economic co-operation for their so-called democracy. At the recent summit of the seven Western industrial countries, their leaders adopted a so-called resolution on the "Chinese issue" which bluntly condemned China for ignoring basic human rights and required China to create certain conditions as the basis for resuming relations. In their policies towards China, certain rulers of Western countries recklessly want to force China to change its domestic policy as a precondition for improving relations. This is very unusual in international relations.

In international affairs, state-to-state relations should be on the basis of equality. No country has the right to interfere in another country's internal affairs or make use of this interference as a precondition for improving relations. The raising of such preconditions is out and out power politics and hegemonism.

The Five Principles of Peaceful Coexistence (mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence), initiated by China and some other countries, were solemnly written into the communique of the Bandung Conference in 1955. As time has gone on, the principles, as the opposite of power politics, have progressively won their way into the hearts of more people and been widely welcomed in the world. Over more than 30 years, these principles have undergone all sorts of trials and have been proved a correct formula for handling relations between countries. It is of great importance for world peace and stability to adhere to these principles. Violations of these principles may give rise to contradictions and conflicts and may even lead to wars.

At present, it is worth noting that some people are spreading the view that the Five Principles of Peaceful

Coexistence are outdated and that "human rights" are the prevailing value. They intervene in other countries' internal affairs under the cloak of "concern for human rights." This is most harmful.

Because of different social systems, ideologies and values as well as different cultural traditions and customs, it is natural for different countries to understand human rights differently. The Chinese government has always paid attention to the question of human rights. China's Constitution and laws guarantee Chinese citizens the enjoyment of broad rights, including various individual rights. But human rights are not absolute. The exercise of any right and freedom is both guaranteed as well as restricted by laws. The quelling by the Chinese government of a counter-revolutionary rebellion in accordance with the Constitution and the law, and human rights, are two things different in character. The present problem is that some people in Western countries always regard their value concepts as absolute truth and the norms that must be commonly observed in the international community, and judge and interfere in other countries' internal affairs according to these criteria. This is an expression of power politics.

If each country forces its own social system and value concepts on others, where can the norms for international relations be found? And will not the world be in a mess? It is clear that the aim of some Western countries is interference in other countries' internal affairs and not the human rights about which they talk so glibly. This shows that there is still a sharp struggle around the question of whether to keep or oppose the Five Principles of Peaceful Coexistence. At the same time, it again proves that these five principles are not antiquated, but have a still more urgent practical significance today. Deng Xiaoping said recently that "the Five Principles of Peaceful Coexistence should become the norms for resolving international political and economic issues" and has advocated the establishment of a new international political order on this basis.

No matter what happens, the Chinese government and people will, as always, maintain the Five Principles of Peaceful Coexistence, adhere to the norms for international relations and positively develop friendly and co-operative relations with other countries. China will not accept the preconditions that Western countries attempt to impose. At present, relations between some Western countries and China show some abnormalities, but it is not China's fault. In order to become a prosperous country, China will continue its reform and opening to the outside world and will not again close the door that has been opened. The key to the restoration and development of normal relations between Western countries and China is for Western countries to abandon their prejudices, exercise foresight and adopt a sensible China policy starting from their long-term interests. □

## Beijing Celebrates PRC's 40th Anniversary

**P**ractice of the past four decades tells us that socialism alone can save China and that socialism alone can lead to a developed China. Persistently taking the socialist road is the sole correct way out for China," said Chinese Premier Li Peng on September 30.

At a reception marking the 40th anniversary of the founding of the People's Republic of China in the Great Hall of the People in Beijing, Li reviewed the "earth-shaking change" that has taken place in China in the past 40 years and the "increasingly important role" China is playing in the international arena.

Li pointed out that at its 13th national congress in 1987 the Party formulated its basic line of making economic development the central task of the Party and the country while adhering to the Four Cardinal Principles and persevering in reform and the open policy. "Such is the foundation on which to build our nation and the way leading to a strong country."

Li pledged to work for the continuity and steadfast implementation of major reform and open policies — policies which he said

would not be changed frivolously. They include the contract responsibility system in state-owned enterprises; the system in which directors bear the main responsibility for running an enterprise; and policies relating to the priority development of coastal areas and to the individual and private sectors.

He said continued implementation of the policy of improvement of the economic environment and rectification of the economic order is the focus of the present development and reform. "From the next year on, China will enter a peak period for repaying domestic and external debts, which will give rise to new difficulties in managing our economy and make it even harder for our improvement and rectification endeavour," he went on.

He noted that leading cadres at all levels should be fully prepared for it mentally, work hard, set a good example and share a life of frugality with the whole people for the next few years.

Li stressed that to maintain and consolidate the social and political stability is an important guarantee for smooth economic development. Therefore, China should

carry through to the end the education in anti-bourgeois liberalization and never give it up halfway.

The premier said that the current international situation is moving from tension to relaxation and from confrontation to dialogue, and the world is undergoing a change which is favourable to peace and development. "Our views on the general trend of the global situation remain unchanged and it is still possible to secure a fairly long period of peaceful international environment for China's modernization drive."

He noted that China's reform and open policy is based on the premise of adhering to the Four Cardinal Principles and aimed at developing and improving its socialist system.

"We will never allow hostile foreign forces to take advantage of this opportunity to carry out infiltration and subversion against our socialist system," he said.

About 3,500 people, including Chinese top leaders and some foreign guests, attended the reception.

In the evening of the National Day — October 1, a million people celebrated in Tiananmen Square and other spots around Beijing to mark the 40th birthday of the country. Colourful fireworks, music and dance performances brought a full-scale festive atmosphere to the capital.

At the start of the festivities, senior leader Deng Xiaoping met foreign guests invited to Beijing for the celebration.

On September 29 Party General Secretary Jiang Zemin made an important speech at a celebration rally in Beijing. He elaborated on, among a number of major issues, four basic conclusions drawn from 40-year history of the People's Republic of China (For full text see pp.11 — 24). □

Many people visit Tiananmen Square to view the decorations for China's 40th anniversary.

ZHENG SHUFU



## Energy Blueprint Worked out

China's Ministry of Energy Resources has worked out an ambitious plan to provide enough energy to support the country's rapid economic growth from now through the year 2000.

According to the plan, titled "An Outline for the Development of China's Energy Industry, 1989-2000," China will produce 1.4 billion tons of standard coal and 1,200 billion kilowatt hours of electric power with an installed capacity of 0.24 billion kilowatts by the end of the century.

The plan's targets, representing more than a year's work by a team of energy experts, also include reducing industrial and agricultural power consumption by 42 percent; providing electricity to China's 29 "oil-lamp" counties (those still dependent on kerosene for lighting) and determining proven reserves of 100 billion tons of coal, 12.5 billion tons of crude oil, 1,500 billion cubic metres of natural gas and at least 70,000 tons of recoverable uranium. Another goal is to complete preliminary designs for large- and medium-sized hydroelectric power stations with an installed capacity of 60 million kilowatts by the year 2000.

The plan, completed in June and endorsed by major government leaders, maps out a strategic distribution for China's energy industry.

**Coal:** Priority will be given to Shanxi, Shaanxi and Inner Mongolia, where most of the country's major coal mines are located. Locally run mines will be required to produce 700 million tons of coal a year by the year 2000, the same that is now required of the major mines. The construction and renovation of 100 to 150 locally run mines will be designated key projects.

**Oil and natural gas:** In addition to maintaining production levels in oil fields in eastern China, where most proven reserves and production facilities lie, attention must be paid to exploring western oil fields, particularly in Xinjiang. Natural gas should receive as much attention as oil with the focus of explora-

tion on China's five basin areas, including Sichuan Province and Bohai Bay.

**Hydroelectric power:** Priority will be given to large- and medium-sized power stations on the upper reaches of the Huanghe (Yellow) River, upper and middle reaches of the Changjiang (Yangtze), Hongshui and Wujiang rivers, and the middle and lower reaches of the Lancang River. A number of small stations will also be built in regions where coal transport is in short supply.

**Nuclear power:** The second and third phases of the expansion of Qinshan Nuclear Station in eastern China's Zhejiang Province are expected to be completed by the end of the century. By then it will have become China's major nuclear power base. Developed coastal regions may also start their own small stations.

**Coal-fired power:** Large coal-fired power stations will be built in coastal regions, and major coal-delivery railways will be constructed in Shanxi, Shaanxi and Inner Mongolia.

The plan also contains guidelines for environmental protection and energy conservation. □

## French Reporter's Fabrication Refuted

Judicial officials in Beijing and Sichuan Province verified on September 27 that a French reporter's story about a girl student being arrested in Beijing, sent to work at a brick kiln in Sichuan and raped by local peasants is sheer fabrication.

The officials made their verification in interviews with Xinhua reporters.

The French reporter for a newspaper in Alsace related the story at a September 26 press conference given by Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, and other top leaders.

The French reporter said a girl student whom he knew was wounded on the evening of June 3. Days later, she was arrested and questioned, and then sent to a brick kiln in Sichuan Province to work. During her first week in Sichuan she was raped three times by local peasants.

Wang Dingfeng, deputy director of the Beijing Municipal Public Security Bureau, said public security organs in Beijing detained and interrogated a number of people for beating, smashing, looting, burning and killing after the quelling of the counter-revolutionary rebellion on June 4.

"But, up to now, none of them has been sent to Sichuan," Wang

said.

The deputy director expressed great regret at the "absolutely irresponsible act" by this French reporter.

"We feel strongly indignant at the reporter, for he dared to brazenly tell such a fabricated story before some 300 Chinese and foreign reporters in violation of the basic principle of journalism that news reporting must be factual," Wang said.

In Sichuan, Zheng Wenju, director of the provincial department of justice, and Wu Xuede, director of the provincial department of public security, confirmed that since June this year, no criminal has been sent from Beijing to Sichuan to serve a prison term, nor has there been a case of a girl student, who was involved in the counter-revolutionary rebellion in Beijing, sent to work in a brick kiln in Sichuan.

What the French reporter said is sheer fabrication, they stated.

Zheng said the French reporter was definitely telling his story to the audience instead of raising a question at the press conference.

This is a violation of journalists' professional ethics that they must respect facts, Zheng said. He expressed his deep regret over the French reporter spreading such an appalling lie. □

# Current International Situation and Sino-US Relations

— Speech by Foreign Minister Qian Qichen at Luncheon Hosted in New York by Council on Foreign Relations on October 2

It gives me great pleasure to meet and address you today at this Council of time-honoured reputation. I would like to take this opportunity to share with you briefly my views on the current international situation and Sino-US relations.

After more than four decades of post-war development, the international situation is undergoing a noticeably profound change. It is moving from confrontation to dialogue and from tension to relaxation. All this makes it possible to bring the world into a new period in the interests of maintaining peace and seeking development. This is well received by world opinion in general.

Nevertheless, the world is a complicated one. The factors making for tension and turbulence have yet to be removed. Many problems await solution.

There is still a long list of items on the agenda for the dialogue between the United States and the Soviet Union. On the question of disarmament alone, there are still such questions as reduction of strategic nuclear arms and other types of weapons to be solved, in spite of the settlement of the INF question.

There is a growing trend towards political settlement of regional conflicts. However, the hot spots have not yet been eliminated. There are still a lot of difficulties to be overcome before fair and reasonable political solutions can be found to the various regional conflicts such as those in Kampuchea, Afghanistan, the Middle East, southern Africa and Central America.

With regard to the development issue, the gap between North and

South is still widening and this cannot but cause concern among people.

To meddle and interfere in the internal affairs of other countries is more often than not a destabilizing factor which leads to strained state-to-state relations.

Nevertheless, peace and development are after all the trend of the times. As demonstrated by post-war history, it is against the trend of the times to launch armed invasion on the strength of one's military superiority, exert pressure, apply economic sanctions, impose one's own will on others, or to interfere in the internal affairs of other countries. Besides, none of these acts will work. Only adherence to the Five Principles of Peaceful Coexistence can ensure the normal and healthy development of state-to-state relations and bring hope for sustained peace and stability in the world.

In international affairs, China persistently pursues an independent foreign policy of peace and has all along been committed to safeguarding world peace and promoting common development and human progress. China stands for the establishment and development of relations between countries on the basis of the Five Principles of Peaceful Coexistence, and favours the gradual establishment of a new international political and economic order on this basis. China not only initiated these principles but also strictly follows them. It conducts its relations with other countries, including the United States, on these principles.

Now, I would like to focus on Sino-US relations. Profound changes have taken place in them

since the establishment of diplomatic relations between the two countries in 1979.

Marked progress has been made in bilateral exchanges and cooperation in many fields. Visits have been exchanged between leaders of our two countries and consultations conducted at various levels. Our bilateral trade has registered a steady rise while our economic and technological cooperation is expanding day by day. Cultural interflow is becoming more and more frequent, and personnel exchange is steadily increasing. This decade-long development of Sino-US relations has not only been welcomed and supported by the Chinese and American peoples but also appreciated by peoples the world over.

Sino-US relations ought to have developed better on the sound foundation of their decade-long progress. Much to our regret, however, there have emerged difficulties in our bilateral relations since last June. This is not what we would like to see, nor should China be held responsible for it. At the turn of late spring and early summer this year, there occurred in Beijing a rebellion aimed at subverting the socialist system, as prescribed in China's Constitution, and the Government of the People's Republic of China. The Chinese government exercised great restraint for as long as one and a half months. It was not until the situation came to a critical juncture that the government was forced to take action to put down the rebellion. It was indeed China's internal affair for the Chinese government to take this constitutional action. Such action has in no way

harmed the interests of the United States. Regrettably, however, the US government, by basing itself solely on a host of distorted news reports and lies, took the lead in imposing sanctions and exerting pressure on China. It has thus interfered in China's internal affairs. The US Congress has passed, one after another, bills that constitute an interference in China's internal affairs. These actions of the US side have greatly hurt the feelings of the Chinese people, damaged China's interests and national dignity and landed Sino-US relations in serious difficulties.

At present, Sino-US relations are at a crossroad. We hope to see our bilateral relations repaired and developed. But that will depend on the policy and actions of the US government.

The 1972 Shanghai Communiqué Between China and the United States points out in explicit terms that "there are essential differences between China and the United States in their social systems and foreign policies. However, the two sides agreed that countries, regardless of their social systems, should conduct their relations on the principles of respect for the sovereignty and territorial integrity of all states, non-aggression against other states, non-interference in the internal affairs of other states, equality and mutual benefit, and peaceful coexistence." Observance of these principles will ensure smooth development of Sino-US relations while their breach will only lead to setbacks in these relations.

With a view to improving Sino-US relations, I would like to state the following our points for the consideration of our friends.

1. It is essential to recognize and respect differences, and seek and enlarge common ground. China and the United States differ basically in ideology, social system and values. This is an objective fact that must be acknowledged. But it does not and should not constitute an obstacle to the development of state-to-state relations. It did not

present any obstacle to the efforts to reopen the door of friendly contacts between China and the United States, nor to the normalization of our bilateral relations 10 year ago. Likewise, it should not impede the restoration, and continued growth of our relations now. Sino-US relations have never been based on the identity of social systems or standards of value. But rather, it is our shared interests that have led to the establishment and furtherance of our relations. First of all, to enhance Sino-US relations is basically necessary for the preservation of world peace. Secondly, the United States is the biggest developed country while China is the largest developing country. Both will benefit from expanded economic ties and trade, which will also help improve North-South relations and promote world economic prosperity. Thirdly, the Chinese and American peoples have enjoyed a long-standing tradition of mutual contacts. Both wish to further such friendship. The two countries still have their common interests to share, a fact that has not changed because of the recent events.

2. The domestic politics of a country should not be taken as a precondition for the restoration and development of bilateral relations. Of late, there is a view that Sino-US relations cannot be repaired unless China does something. Exponents of such a view have completely confounded right and wrong. Firstly, as I have just said, the current difficulties in Sino-US relations have arisen not because China has done anything to damage US interests, but because the United States has applied sanctions against China. Secondly, it is entirely China's internal affair as to what policy and moves it should adopt in handling its purely domestic matters. It brooks no foreign interference. If something that is entirely within the scope of a state's sovereignty should be taken as a precondition for the development of state-to-state relations, there would be no sovereignty to

speak of. To conduct state-to-state relations in such a way will only plunge the world into chaos. Thirdly, some well-intentioned people wish to see tolerance and persistent reform and opening up on our part. Well, students are our own children. We know how to take good care of them. We only bring to justice the very few criminals who violated the law. As to reform and opening up, these are what we have been engaged in and we deem such policy as the way leading to a strong nation.

It must be pointed out that no one who attempts to pressure China into changing its social system will ever succeed. Today's world is an open world. It is impossible for anyone to isolate China from the international community. China is capable of standing proudly in the family of nations.

3. It is imperative to increase mutual understanding and mutual trust. China and the United States have different ideologies, social systems, historical backgrounds and cultural traditions. Furthermore, the two countries were cut off from each other for over 20 years. Since the resumption of our relations, our two peoples have got to know each other better. But to require a thorough mutual understanding, there is still a long way to go. To enhance mutual understanding, it is of primary importance to have an accurate knowledge of facts so as to avoid making misjudgment. Moreover, it is desirable not to judge another country's rights and wrongs according to the customary criteria of one's own country. Some of our American friends understandably have views different from ours for the time being on what has happened in China. We do not mind. But, it would be unwise and unworkable for any country to try to impose its own views on others. We have no intention of exporting our political system and values to other countries. We hope that other countries will adopt the same attitude towards us. If every country takes this attitude, the differences in so-



# Where the French Government Wants to Lead Sino-French Relations

People's Daily Commentary (September 26, 1989)

Yan Jiaqi, Wu'er Kaixi and the like, criminals wanted by the security organs of the People's Republic of China for fanning and plotting the counter-revolutionary rebellion, fled abroad for fear of punishment and have wantonly carried on activities against the Chinese government and the Chinese people. In the past few days, they ganged up in Paris and patched up the so-called "federation for democracy in China," frantically clamouring to overthrow the Chinese government and obstinately setting themselves against the people. The acts of Yan Jiaqi and his like have certainly been denounced by the Chinese people and despised by a great number of overseas Chinese and people in many countries who are knowledgeable and have a sense of justice.

What deserves grave attention is the fact that these criminals, who have been agitating and plotting to subvert the Chinese government, are openly supported by France. The French gov-

ernment, turning a deaf ear to repeated protests by the Chinese government, persisted in allowing them to hold a meeting to launch the "federation for democracy in China." In doing so, the French government actually has violated the United Nations Charter and international laws, which stipulate that no country has the right to interfere, directly or indirectly, in the internal affairs of other countries; nor should its territory be used to carry out acts that could pose threats to the security of other countries. These violations constitute brutal interference in China's internal affairs and are not acceptable to the Chinese government and the Chinese people.

The French government, however, claims that its connivance and open support to the anti-Chinese government activities of Yan Jiaqi and the like are for "safeguarding human rights." This cannot be justified. Who are Yan Jiaqi and the like? It is known to all that they have violated Chinese law by provoking

the turmoil and the rebellion in Beijing and mustering a small number of people to topple the Chinese government by force. It is for stirring up the June rebellion, which inflicted heavy casualties and damage of property, that they are wanted by the security organs in accordance with Chinese law. These criminals, to escape trial before the Chinese people, fled in panic to foreign countries and continued their counter-revolutionary activities. But the French government, which has been boasting about strict observation of international laws and non-interference in other countries' affairs, praised the fugitive criminals as "human rights fighters," and provided them with stages for their continued acts against the Chinese government. At the same time, it strenuously used its own values and legal concepts to justify itself and tried to impose them on China. People cannot help believing that, under the pretext of upholding human rights, the very purpose of the

cial system, ideology, history and culture, far from becoming an obstacle to the growth of relations, will only serve to stimulate us to deepen mutual understanding through exchanges.

4. It is highly important to handle the Taiwan question properly. At present, the Taiwan authorities, taking advantage of the temporary difficulties in the relations between China and some other countries, are pressing ahead with their "elastic diplomacy." They are sending high-ranking officials one after another on so-called "private visits" to some countries in an at-

tempt to undermine the friendly relations existing between China and those countries. They are also trying by various means to squeeze themselves into inter-governmental international organizations. The "elastic diplomacy" practised by the Taiwan authorities is, in essence, to make Taiwan an independent political entity, thus creating "two Chinas" or "one China, one Taiwan." This act runs counter to the Chinese people's desire for peaceful reunification of their motherland. It will not succeed. We appreciate the US government's repeated declar-

ations of the "one China" policy. We hope to see these declarations translated into action.

It was not easy for Sino-US relations to develop to what they have been until recently. For this, our two governments and peoples made tremendous efforts. Many friends present here have over the years added their contributions. I believe that none of us wants to see our achievements go down the drain. At this difficult juncture of Sino-US relations, I hope that all friends eager to promote Sino-US relations will work to get these relations repaired. □

French government is to support anti-Chinese government activities.

It is apparent to everyone who is not biased that the Chinese government is strong and stable. Our continued implementation of the general strategy of reform and opening to the outside world has won the whole-hearted support of the Chinese people. Anyone trying to subvert the People's Republic is day dreaming and anyone who bets on a handful of national scums like Yan Jiaqi is doomed to fail.

It should be pointed out that the French government, since the counter-revolutionary rebellion in Beijing was quelled by the Chinese government, has unilaterally taken a series of actions harmful to bilateral relations. In Western Europe, it was the French government that first declared the freezing of bilateral high-level contacts and other "sanctions" measures against China. The French government then backed the illegal activities by the so-called "federation for democracy in China" that were aimed at subverting the Chinese government. All these acts by the

French government have led to the deterioration of Sino-French relations. Under such unwholesome circumstances, a series of violent terrorist activities occurred in recent months from attacking and harassing the Chinese overseas agencies to molesting or violating the human rights of transit Chinese citizens in France. The Chinese Civil Aviation Paris Office and the Education Counsellor's Office in the Chinese embassy in Paris were attacked and harassed. Chinese citizens with valid visas were spied on and maltreated more than once at a Paris airport. On September 20, just three days before the inaugural farce of the "federation for democracy in China," a car of the Commercial Counsellor's Office of the Chinese embassy in Paris was blasted. All these incidents could hardly be viewed as isolated or accidental. The Chinese government has done nothing unfair to the French government while the latter is going further in poisoning the bilateral relations. People cannot help asking, where does the French government want to lead Sino-French relations to ?

China is an independent and sovereign country, and will not allow any foreign government to violate its sovereignty and interfere in its internal affairs. We have always held that relations between states should be dealt with in accordance with the Five Principles of Peaceful Coexistence. We do not export our socio-political system to other countries, and for the same reason, will not allow any country to impose on us its socio-political system, values and political ideas. We hope that the French government will, for the long-term interests of both the Chinese and French people, comply strictly with the international norms and stop immediately all activities that interfere with Chinese internal affairs. Twenty-five years ago, General Charles de Gaulle, with foresight and sagacity, opened the door to China, and laid the foundation stone for Sino-French friendship. The Chinese government and the Chinese people have always prized this friendship. We do not want to see that door closed because of the short-sightedness and recklessness of some people. □

## International Studies

(A Quarterly in Chinese)  
Contents of Issue No. 4, 1989

A Review of the 1980s.....	Wang Lin
A Brief Analysis of the Progress and Experience of ASEAN Countries in the Industrialization Process.....	Lin Xiaocheng
Disputes on Short-range Missiles and US-European Relations.....	Wang Haihan
Establishment of an EEC Internal Market and the Relations Between Western Europe and the United States.....	Wu Tianbo and Jiang Jianqing
On the US Government's Middle East Policy—from Reagan to Bush.....	Chen Jiang
Foreign Capital in the United States and Its Impact.....	Zhen Bingxi
The Situation in El Salvador and Peace in Central America.....	Xiao Yu
Current Economic Issues and Reform in Yugoslavia.....	Huang Zhenmin
South Korea and Its Political Predicament.....	Yu Shaohua
China's Foreign Relations: A Chronicle (June-August, 1989)	
A Classified Subject Index to International Studies (from No.1, 1989 to No.4, 1989)	

# Speech at the Meeting In Celebration of the 40th Anniversary Of the Founding of The People's Republic of China

Jiang Zemin  
(September 29, 1989)

Comrades and Friends:

We are gathered here at a grand rally to celebrate the 40th anniversary of the founding of the People's Republic of China. On behalf of the Central Committee of the Chinese Communist Party and the State Council, I salute the workers, farmers, intellectuals, the democratic parties and all patriots, belonging to all the nationalities of China, who have made contributions on all the fronts of socialist construction; I salute the Chinese People's Liberation Army, the armed police force and the people's police who have performed historic, meritorious deeds in defence of the People's Republic and the socialist cause; and I cordially greet our compatriots in Hong Kong, Macao and Taiwan, and the overseas Chinese who have devoted themselves to the reunification of the motherland and the rejuvenation of China. Also I express heartfelt thanks to foreign friends and people of various countries around the world who have always been friendly to us and have supported China's modernization.

With high respect, we deeply cherish the memory of the late Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De and other proletarian revolutionaries of the older generation who made such great contributions to the founding and construction of the socialist People's Republic, and deeply cherish the memory of the revolutionary



Jiang Zemin.

martyrs who valiantly laid down their lives for the founding and defence of New China.

It is soon after our decisive victory in halting the turmoil and quelling the counter-revolutionary rebellion, and the successful convening of the Fourth Plenary Session of the 13th Party Central Committee that we now celebrate the glorious 40th anniversary of the founding of

New China. The turmoil and riot that broke out at the turn of spring and summer this year resulted from a combination of the international macro-climate and the domestic micro-climate. The disturbances stirred up by hostile forces, both internal and external, were aimed at overthrowing the Chinese Communist Party's leadership and subverting the socialist system, at turning China into a bourgeois republic and reducing it once again to a dependency of the Western capitalist powers. This struggle is, in its nature, a sharp confrontation between the four cardinal principles (adherence to the socialist road, the Communist Party leadership, the people's democratic dictatorship and Marxism-Leninism and Mao Zedong Thought—Tr.) on the one hand and bourgeois liberalization on the other, a political struggle, and also a serious class struggle, that concerns the life and death of our Party, state and nation. By our victory in this struggle we have defended the fruits of the struggles waged over a period of more than 100 years by countless martyrs and others who cherished lofty ideals for the survival and liberation of the Chinese nation, and we have defended the fruits of the new-democratic revolution and the socialist revolution carried out over the past half a century and more, the achievements scored in socialist construction over the past 40 years, and the successes scored by the reform and the open policy over the past decade. The proletarian revolutionaries of the older generation represented by Comrade Deng Xiaoping, supporting the correct majority decisions of the Standing Committee of the Party's Political Bureau, did their utmost to stem the counter-current and were the mainstay in the struggle. The victory in this struggle will have far-reaching influence on the orientation and future development of China's socialist cause, the rejuvenation of the Chinese nation, and the development of the international cause of socialism. Practice has proved, and will continue to prove, that the policies and measures adopted by the Party and government to halt the turmoil and quell the counter-revolutionary rebellion and save the state and people from the deep sufferings of grave internal turmoil and historical retrogression, are in keeping with the common will and fundamental interests of the people of all nationalities of China. Comrade Zhao Ziyang committed the grave errors of supporting turmoil and splitting the Party. It was precisely because our Party firmly corrected his mistakes that we won

victory for this struggle. The significance of the victory of this struggle has been recognized by more and more people. We must carry the struggle through to the end, educate and unite with the overwhelming majority, isolate and attack the handful of hostile elements, make a thorough investigation into all counter-revolutionary scheming, remove hidden perils, and draw profound lessons. We can say with certainty that all attempts by external hostile forces to turn China into a dependency and by internal hostile forces to reverse the verdict on the turmoil and the counter-revolutionary riot will completely go bankrupt.

Victory in this struggle has further proved that the Chinese people's choice of the socialist road and the cause of socialist reform being carried out by them under the leadership of the Chinese Communist Party have become the irreversible tide of history over the entire vast territory of China. No difficulties can stop, and no internal and external hostile forces can shake or alter, the advance and development of socialist China.

The 40 years since the founding of the People's Republic of China have been a period of epoch-making change in Chinese history; during it the country has met hardships and setbacks, overcome difficulties and achieved continuous development and progress. In these 40 years the Chinese nation has regained pride and dignity, won independence, and played an increasingly important role in international affairs.

The establishment of the People's Republic of China put an end to the thousands of years of the rule of the exploiting classes over the mainland of China and to the history of prolonged subjection of China to imperialist bullying and humiliation, making the Chinese people the masters of their own country and society. The victory of the Chinese revolution was the most important event in the history of the international communist movement following Russia's October Revolution, as well as the most important event in world politics after World War II. This victory has changed the world's political pattern and inspired the revolutionary struggles of the world's people, making a great contribution to human progress.

Using the Marxist-Leninist theory of the state and integrating it with China's reality, we have established in China a great country of the East and the most populous in the world, a socialist state power under the people's democratic dicta-

torship led by the working class and based on the worker-peasant alliance. The system of the people's congresses which we instituted has guaranteed the power of the masses of the people to administer the affairs of the state and of society and their democratic rights. Instituting the system of multi-party co-operation and political consultation led by the Communist Party—a system of common endeavour for the cause of socialism and reunification of our motherland, we have persistently adhered to the guidelines of “long-term coexistence and mutual supervision, treating each other with full sincerity and sharing weal and woe,” and have widely drawn the different democratic parties and patriotic personages of various circles into participation in the discussion and administration of state affairs, thus forming the broadest patriotic united front. Although our political system has still to be gradually perfected, it will certainly be able, through self-improvement and development, to open ample possibilities and broad vistas for the democratization of the country's political, economic, cultural and social life.

After the birth of New China, it took us just three years to heal the wounds of war and restore the national economy to the highest level attained in old China. On this basis, we accomplished the socialist transformation of the private ownership of the means of production, abolished the system of exploitation, eliminated the exploiting classes and established the socialist economic system characterized mainly by public ownership of the means of production and distribution according to work. Although our economic system has still to be gradually perfected, it will certainly be able, through self-improvement and development, to provide full possibilities and open broad prospects for further expanding the social productive forces, raising labour productivity and enhancing the material and cultural life of our whole people.

Taking advantage of the strength of the basic politico-economic system of socialism and displaying the spirit of self-reliance and hard work of our people of all nationalities, we have overcome numerous difficulties and turned China from a “poor and blank” semi-colonial and semi-feudal country into an initially prosperous socialist country. In 1988, China's gross national product reached 1,401.5 billion yuan and the national income 1,177 billion yuan, representing respectively, in real terms, 19.8 and 18 times that of 1949. China's gross national product has risen

to the eighth place in the world. The output of some important products leaped into the front ranks of the world. From 1950 to 1988, in the state sector of the economy, the investment in fixed assets totalled 2,153.8 billion yuan; and 4,393 large and medium-sized projects were completed and put into production, with newly added fixed assets amounting to 1,561.9 billion yuan. China has now established an independent industrial system and national economic system comprehensive in scope. With the development of production, the Chinese people's actual consumption level was raised from 76 yuan per capita in 1952 to 639 yuan in 1988, representing an average annual growth of 3.7 percent in real terms. The problem of feeding and clothing the population has been basically solved. Some of the people are moving towards a moderately well-to-do life. Much headway has also been made in education, science, culture, public health and physical culture. In 40 years, our schools of higher learning have educated 6.192 million undergraduates and 154,000 graduate students—30 times the number of such students graduated in the 37 years before the founding of New China. In these four decades China has made many major achievements in scientific research, some reaching or approaching advanced world levels in such fields as atomic energy, biology, agriculture, high-energy physics, computers, carrier rockets and satellite communications. Enormous advances have also been made in our national defence, increasing the ability of our armed forces to defend the motherland. These achievements have combined to lay a firm, solid foundation for China's socialist modernization.

In the ten years since the Third Plenary Session of the 11th Party Central Committee, we have persisted in making economic construction the core of our work, adhered to the four cardinal principles, and kept to the policies of reform and opening to the outside world. This has rapidly augmented our national economic strength and increased practical benefits for our people. Between 1979 and 1988, China's gross national product, calculated in comparable prices, rose at an annual average rate of 9.6 percent, well above the annual average increase rate of 6.1 percent in 1953-78 and much higher than the annual average increase rate of 2-4 percent in most countries in the world. When compared with that of 1978, the total volume of import and export trade in 1988 increased five-fold. Allowing for price rises,

the per-capita net income of the farm population increased at an average annual rate of 11.8 percent in the ten years, and that of urban people registered an average annual increase of 6.5 percent. In the ten years, a total of 8 billion square metres of housing, both urban and rural, has been built. Along with the all-round improvement in food, clothing, consumer goods and living conditions, the savings deposits of the urban and rural people increased from 21.1 billion yuan at the end of 1978 to 380.2 billion yuan at the end of 1988. The enormous achievements of these ten years are the direct result of the implementation of the line, principles and policies followed since the Third Plenary Session of the 11th Party Central Committee, and are a further development of the achievements in socialist revolution and construction in the 30 years prior to the reform.

Our economic development and the improvement of our people's living standards are not only extremely remarkable as compared with China's of yesterday, but also by no means behind those in many other countries. Although China's economy is still comparatively backward, it has scored results impossible in the past when China lived under systems of exploitation. This is a manifestation of the superiority of socialism. Our people of all nationalities have every reason to rejoice and take pride in the rich fruits of their diligent labour!

We must fully affirm the brilliant successes the Chinese people have achieved under the socialist system. Any doubt or negation of our achievements is groundless, erroneous and harmful. At the same time, we must fully realize and resolutely correct the mistakes in our work. Any refusal to admit the mistakes is likewise groundless, erroneous and harmful. Since the Third Plenary Session of the 11th Party Central Committee, our Party, restoring and developing the ideological line of seeking truth from facts, upholding the principle of practice as the only test of truth, correcting "Left" and right deviationist mistakes and combating bourgeois liberalization, has reinstated and implemented a correct Marxist line. Our Party has reached scientific conclusions concerning historical issues over the last 30 years. We must uphold these correct conclusions and continue to sum up the experiences and lessons of the modernization and reform and opening of the last ten years, and thus gain a deeper and more comprehensive understanding of history.

Recalling the history of these 40 years, we

may, minimally, come to the following four basic conclusions:

**The establishment, consolidation and development of the socialist system constitutes the objective law of the movement of China's modern society, and the greatest and deepest change in China's history. Without carrying out the people's revolution with the aim of socialism, China would not have been able to overthrow imperialism, feudalism and bureaucratic-capitalism; nor could she have emerged from darkness into the light. If China had not taken the socialist road after the founding of the People's Republic and had not upheld the people's democratic dictatorship, she would not have been able to defend her national integrity and national independence and gradually achieve the aspiration of the people for common prosperity. If China does not persist in socialism in the years to come but instead chooses, as some people advocate, to return to the capitalist road, and thus once more give rise to a capitalist class by fattening it with the sweat and toil of her labouring people, then with so huge a population, so low a level of social productive forces, the majority of the people can only be reduced once more to an extremely impoverished status. This kind of capitalism can only be primitive capitalism of the comprador type, and can only reduce the Chinese people of all nationalities once more to dual enslavement by the foreign capitalists and China's own exploiting classes. All in all, as has been pointed out by the late Comrade Mao Zedong and by Comrade Deng Xiaoping, only socialism can save China, and develop China.**

**Socialism is a system that requires constant development and improvement on its own basis. Under the conditions of socialism, our basic task is to effect a vigorous growth of social productive forces by focusing on economic construction. To base ourselves on Chinese reality, sum up our practical experience and—in accordance with the actual level of our social productive forces and the objective needs for further development—purposefully readjust the part of the production relations which does not conform with the productive forces, and readjust the part of the superstructure which does not conform with the economic base—this is what we mean by the socialist reform. Failure to conduct such a reform must stifle the vigour and vitality inherent in the socialist system, and seriously hamper it from displaying its superiority. Since the Third Plenary Session of the 11th Party Central Committee, our Party has made reform and opening to the outside world a part of**

its basic line, opening up brand-new prospects of development for our socialist cause. The great achievements of these ten years prove the complete correctness of the general principle and policy for the reform and opening and the need to unswervingly carry it forward.

To give full play to the spirit of patriotism and uphold the principle of independence and self-reliance is a fundamental conclusion from the successful experience of the Chinese revolution and of China's socialist construction. In modern China, patriotism and socialism are essentially united. History has proved that, in most cases, patriots who resolutely defend the dignity of the Chinese nation and yearn for our country's prosperity finally become faithful socialists or the dependable friends of socialism. Patriotism and the self-reliant spirit of the Chinese people lend major strength to our socialist modernization. Our socialist cause is consolidated and developed in the process of breaking through the efforts of antagonistic foreign forces to isolate, blockade and provoke our country. The Chinese people have never bowed to any foreign pressure and never will, nor will China give up the road of socialism and national independence in return for others' alms. We always welcome and have always striven to win the support of the peoples of other countries for our cause. Under the new situation, we should put more stress on the use of favourable international conditions, and persist all the more in the opening to the outside world in order to speed China's socialist modernization.

The Communist Party of China, armed with Marxism-Leninism and Mao Zedong Thought, is the vanguard of the Chinese working class and the faithful representative of the interests of the people of all nationalities in China; it shoulders the supremely important responsibility for China's independence and development. The correct choice of the Communist Party of China as the leading core of the Chinese revolution and construction was made by the Chinese people in a protracted process of practice. The Party has gradually matured in the process of overcoming difficulties, correcting mistakes and summing up the experience of history. The achievements of the last 40 years were made under the correct leadership of our Party, relying on the efforts by our whole people. The root-cause of our mistakes and setbacks also frequently lies within our Party. The condition of our Party is of decisive significance for the fate of our country and nation. We must relentlessly analyse and resolutely correct the

mistakes in our work, so as to solve problems within our Party. We must review our experience by using a scientific, historical approach and take an objective, all-round view of reality. So long as we keep doing so, our Party will certainly live up to the expectations of the people and, by fulfilling the historic tasks, add an illustrious chapter to its annals.

Based on the above key conclusions, we should be more resolute and unswerving in integrating the universal truth of Marxism with the concrete reality of our country, take our own road and build socialism with distinctive Chinese features. Comrade Deng Xiaoping's theory of the construction of socialism with distinctive Chinese characteristics is a scientific one whose truth has been tested by a decade of practice and therefore been acknowledged and accepted by millions upon millions of the Chinese people; it is the banner guiding our continued advance. We must, in the entire primary stage of socialism, be resolute and unswerving in implementing the basic line formulated by the 13th National Congress of the Party: **Lead and unite the people of all nationalities of the country, take economic construction as the core of our work, uphold the four cardinal principles, persist in the reform and opening; and, through self-reliance and hard work, struggle to build our country into a prosperous, democratic and culturally advanced modern socialist country.** At present, we must work together with one heart to consolidate and develop the victorious results of checking the turmoil and quelling the counter-revolutionary rebellion, consolidate and develop the political situation of stability and unity, and strive to achieve the sustained development of the national economy.

Here I would like to go into some important questions to which we should pay special attention for a unified understanding of the work of the Party and the state.

**(1) On the Problem of Unity Between Upholding the Four Cardinal Principles and the Reform and Opening Up to the Outside World.** That the four cardinal principles are the foundation of our state, and that the reform and opening up to the outside world are the road to its strength and prosperity, has become the common understanding of comrades of the whole Party and the Chinese people of all nationalities. Many facts testify, however, that on the issue of the reform and opening, two completely different views ex-

ist. One view, which has been persistently advocated by the Party Central Committee and Comrade Deng Xiaoping, is to uphold the socialist road, the people's democratic dictatorship, the leadership of the Communist Party and Marxism-Leninism and Mao Zedong Thought, with the reform and opening as the self-improvement of the socialist system. The other view on reform and opening upholds bourgeois liberalization. This is the stand of those who demand "total Westernization," which amounts to departing from and going against the four cardinal principles in essence. Such so-called reform and opening constitutes transformation into capitalism and brings China into the orbit of the capitalist system of the West. We must make a clear demarcation between the two distinct views. Today, the four cardinal principles and bourgeois liberalization stand in diametric opposition. It can be said that this contrast is reflected, to a great extent, in the problem of whether or not in the reform and opening, we persist in the orientation of socialism. While working out and implementing the principles, policies, measures and plans for modernization, we should treat the upholding of the four cardinal principles and the policy of reform and opening as one organic whole, and implement the four cardinal principles in all fields of our work. We must implement the policy of reform and opening better and more correctly, and take further steps to perfect our socialist economic and political system, so as to improve and speed the development of the national economy and our other public undertakings. The various policies and measures on reform and opening announced by the Party Central Committee and the State Council, including the basic policies and measures for the Special Economic Zones and the open areas along the coast, should be further implemented and perfected in practice. Pilot reforms which have been affirmed and decided upon and the areas in which comprehensive reforms are experimented with should continue to experiment, and their experience should be earnestly summed up. We should go on displaying boldness in exploration, generating new ideas and further advancing the reform and opening.

**(2) On the Problem of China's Strategic Plan for Economic Development and Improvement of Economic Environment and Setting the Economy in Order.** Upon the proposal of Comrade Deng

Xiaoping, our Party formulated a strategic plan of economic construction for socialist modernization. This plan has three steps. The first step is to double the GNP of 1980 and solve the problem of food and clothing for our people. The second step is to double it again by the end of this century, thus enabling our people to lead a fairly comfortable life. The third step is, by the middle of the next century, to reach the per-capita GNP of moderately developed countries. This will signify that our modernization has been basically accomplished and our people have begun to enjoy a relatively affluent life. Then, on this basis, China will continue to advance. This strategic plan is neither over-eager for quick results nor passive and inert. It conforms to China's actual situation and can be realized through effort. Throughout the process of achieving it, we shall always give the development of education a strategic priority. Economic growth will be gradually switched to dependence on scientific and technological progress and continuous rise of labour productivity. We shall strictly control the growth of population, raise its quality, make rational use of resources and pay attention to the preservation of the ecologic environment. All these are of paramount importance. Now the first step has been basically taken, and we are taking the second step, which is a key one. To fulfil it, we must continue to unswervingly implement the policy of improving the economic environment, rectify the economic order and deepen the reform. We shall strive, in three years or a little more time, to basically alleviate the excess of total social demand over total supply, gradually eliminate inflation, and extricate the national economy from its predicament. The economic difficulties we are faced with have accumulated in the past several years. Taking full account of the difficulties will give us more initiative than underestimating them. At the same time, we should perceive the favourable conditions for overcoming these difficulties. On the basis of the construction in the three previous decades and as a result of the reform, opening and development in the last ten years, our economic strength has grown greatly. Through our work to improve the economic environment and rectify the economic order in the past year, we are reaching a unity of understanding. The prospects for our development are bright. Comrades throughout the Party should display the spirit of plain living and hard struggle, of industriousness and thrift, set an example



and, together with the people, live frugally for some years. In the period of improving the economic environment and overcoming economic disorder, we should lay stress on a proper degree of centralization, gradually increase the proportion of state financial revenues in the national income, and increase the proportion of state revenues controlled by the central government. Without control over the necessary financial resources, it would be impossible for the central authorities to ensure key construction and accomplish the task of improving the economic environment and overcoming economic disorder. It is necessary to oppose excessive decentralization and strengthen the authority of the central government so as to enable it to lead a sustained, stable and co-ordinated development of the national economy. The improvement and rectification of the economy doesn't in the least mean retrogression or halting the forward movement of the reform. It not only creates conditions for deepening reform and guaranteeing its sound development, but also requires the co-ordination of the reform itself. Any view or action separating reform from the improvement and rectification of the economy, and setting one against the other, is incorrect. Those who are not enthusiastic for improving the economic environment and overcoming economic disorder are, in fact, not enthusiastic for the reform.

**(3) On the Problem of Persisting in the Combination Between the Planned Economy and the Market Mechanism.** Our socialist economy is a planned commodity economy based on public ownership. There is an essential difference between our commodity economy and the capitalist commodity economy subject primarily to spontaneous regulation through the market based on private ownership. In an overall sense, the ability to purposefully develop the national economy in a planned and proportionate way is a sign of the superiority of the socialist system and a basic feature of the socialist economy. The planning system we formerly practised which was over-centralized and too rigidly controlled should, without doubt, be reformed. In the past decade, while practising guidance under the state plan, we also gave play to the positive role of regulation through the market and achieved marked success in developing the national economy, making the market prosperous and improving the living standards of the people. Of course, if we persist in weakening and totally negate the

planned economy and try to create a completely market-oriented economy, it wouldn't work in China and would surely throw the economy and the entire society into confusion. In the course of improving the economic environment and overcoming economic disorder, we should lay more stress on the guiding role of the state plan. At the same time, we shall take further steps to straighten out market order and put it on a sound basis. Through practice we should make constant explorations and endeavour to create a mechanism of the socialist commodity economy suited to China's conditions and capable of organically combining the planned economy with regulation through the market. The extent, method and scope of combination between the planned economy and regulation through the market should be constantly adjusted and perfected in accordance with actual situations. This is an important theoretical and practical problem. I hope that comrades of the whole Party, particularly its economic workers, will try hard to gradually solve the problem.

**(4) On the Problem of Upholding Public Ownership as the Main Body and Developing Diverse Economic Sectors.** In China's economic growth, we shall persist in taking public ownership as the main body and developing diverse economic sectors, bringing into play the beneficial and necessary supplementary role of the individual economy, the private economy, Chinese-foreign joint ventures, co-operative enterprises and foreign-owned enterprises. By persisting in this policy, we can give better effect to the superiority of the socialist economy and accelerate the development of the national economy. This doesn't mean in any way weakening or eliminating the position of public ownership as the main sector, much less do we want to "privatise" our economy. The proportion and scope of the development of non-public ownership in China's national economy will be determined by the actual situation of the productive forces and by objective requirements. We should not simply regard the proportion occupied by the non-public sectors as a measure of the accomplishment of the reform. The state will support the growth of the publicly owned economy by supplying it with funds, credit, energy and raw materials and, at the same time, deepen the reform of the system of management of publicly owned enterprises. Large and medium-sized enterprises under public ownership are the mainstay of China's social-

ist modernization and the main sources of the state's financial revenues. Bringing their backbone role into full play will be of special importance to the development of China's economy. Not only should we provide them with necessary macro-economic conditions; we should also encourage them to strengthen themselves internally, improve their management and introduce technical transformation and innovation so as to fully tap their innate potential—raise their capacity for financing themselves, accumulating their funds, developing themselves and acting with restraint and enable them to give better play to the advantages and the leading role of the public-owned economy. The state supports the development of large and medium-sized state-owned enterprises, but it must do so in accordance with its industrial policies and actual capabilities and with priorities, and should not spread its financial strength evenly. At the present stage, the development of individual economy and privately owned economy, both in a subordinate position to the socialist economy, is important and indispensable for the development of social production, for bringing more convenience into the people's lives and for the creation of more jobs. This has been clearly proved in practice during the decade of reform. Our policy towards these sectors is, first, to encourage them to develop vigorously within limits specified by the state; and second, to strengthen management and guidance over them by economic, administrative and legal means so as to give effect to their positive role and to restrict their negative aspects that are harmful to socialist economic development.

**(5) On the Problem of Persisting in "to Each According to His Work" as the Major Form of Distribution Among Various Forms, and of Preventing and Correcting the Unfairness in Social Distribution.** The development of diverse economic sectors, with public ownership as the main one, inevitably gives rise to various forms of distribution in addition to "to each according to his work" as the main form. Through reform, we have made headway in establishing and perfecting such a structure of distribution. We are in favour of, provided the goal of prosperity for all is kept uppermost, some people becoming prosperous first through honest labour and legal means. This policy is correct and should be continued. At the same time, we should be aware that there are many problems in the present

distribution system, some quite serious. On the one hand, equalitarianism in distribution has not yet been completely overcome among wage earners in enterprises, public undertakings and Party and government departments, and has even become worse in some localities, departments and economic fields. On the other hand, new and unfairly wide gaps in social distribution have also emerged. The new unfairness is manifest mainly in the excessive disparity between the incomes of the broad ranks of wage-earning workers, staff members, cadres and intellectuals on the one hand, and the personnel of many business firms in non-productive trades, some people having "secondary jobs" and, in particular, private enterprise owners and a number of self-employed business operators, on the other. This has led to widespread concern in society and strong dissatisfaction among the labouring people. Unfairness in social distribution is not only an economic but also a social and political problem. It dampens the enthusiasm of workers, cadres and intellectuals and stimulates the undue growth of consumption funds. In particular, the phenomenon of unbridled profiteering—with speculation, bribery, graft and embezzlement—has already produced such severe consequences as disruption of the economic order, demoralization in society and damage to social stability. Therefore, we must pay great attention to this problem and come to grips with it. Legal incomes should be protected; unduly high incomes should be adjusted downward where necessary through taxation; and illegal incomes resolutely banned. At the same time, the living standards of poorly paid mental and manual workers should be improved step by step. At present, a good deal of investment that should go into fixed assets and circulating funds has been diverted to the consumption fund. This has seriously affected economic development and sapped the dynamic potential of the economy, creating a problem which should be dealt with resolutely. At the same time, we should continue to adhere to the principle of combining material reward with moral encouragement and correct the mistaken tendency of "putting money above everything else" so as to fully arouse and protect the enthusiasm of the labouring people.

**(6) On the Problem of Strengthening Agriculture and Basic Industries and Readjusting the Economic Structure.** To ensure a sustained,

stable and co-ordinated development of the national economy, we must, keeping our long-term modernization strategy in mind and at the same time proceeding from our very unreasonable present industrial composition, strengthen our basic industries and readjust the industrial composition in an effort to build up the potential of our economic and social development and eliminate any short-sighted behaviour aimed at seeking for superficial prosperity. Great efforts should be made to strengthen agriculture, boost energy, transportation, communications, important raw and semi-finished materials and other basic industries, build up the infrastructure, guarantee the development of science, technology and education and to strictly control the scope and rate of growth of the processing industries and non-productive construction. To this end, it is necessary to continue to cut down on the scope of investment in fixed assets, strictly control the rate of growth of consumption funds, launch energetic campaigns for increasing production and practising economy, and to establish, step by step, a balance in finance, credit, foreign exchange and the supply and demand of major materials and goods. Financial strength and materials should be concentrated on construction in agriculture and other basic economic sectors so as to raise the productive capacity of society as a whole. This will meet the basic interests of our country and of the Chinese people of all nationalities, and has an important bearing on the future of our socialist modernization. Therefore, we must advocate subordinating immediate interests to long-term interests, partial interests to overall interests and the interests of individuals and collectives to those of the state.

The sustained growth of agriculture, and especially of grain production, is the foundation for the development of the entire national economy. The problem of feeding 1.1 billion people can be solved only by adopting correct policies and by sustained effort, and not by relying on anyone else. This is a basic situation with our country which we must never forget. To develop agriculture, we should: 1. Continue to deepen the rural reforms and implement stable rural policies, improve the various forms of contract responsibility system which links remuneration with output, establish and perfect a system of technical services for the entire process of agricultural production before, during and after the farming season, and at the same time promote operation on a rational scale on the basis of farmers' voli-

tion and in localities where conditions permit; 2. Actively popularize up-to-date agro-technology, and organize the development of agricultural zones in a planned way so as to create new productive forces and ensure the all-round development of agriculture, forestry, animal husbandry and fishery; and 3. Increase input into agriculture by the state, localities, collectives and individual farmers so as to expand the capital construction of farmland and water conservancy projects, energetically develop agriculture-related industries, improve the conditions for agricultural production, and the phenomenon of indiscriminately occupying and wasting farmland should be resolutely rectified. While strengthening agriculture, we should continue to encourage and guide township enterprises along the road of sound development. These enterprises should consolidate themselves in a planned way, suitably control their growth rate, consciously readjust the composition of industry and improve the system and ways of their management.

**(7) On the Problem of Building Socialist Democracy and Legality.** To build a highly advanced socialist democracy and a complete socialist legal system is among the important goals and tasks of our country's modernization programme and the common desire of the Party and the people. Since the founding of the People's Republic, and especially in the past ten years, our country has made marked achievements in the building of democracy and of a legal system, and there are now laws to go by in almost all major aspects of governmental and social life: At the same time, we must see that the building of democracy and a legal system still remains an extremely arduous task. Without democracy, there can be no socialism. A socialist legal system is the expression and guarantee of socialist democracy. The destruction of the socialist legal system must inevitably jeopardize socialist democracy. The Constitution and laws must be strictly observed. Efforts should be continued to improve the system of people's congresses, the multi-party co-operation led by the Communist Party and the system of political consultation; establish and perfect the systems and procedures of democratic decision-making and democratic supervision; expand the channels of contact with the masses and of dialogue with them, enhance the citizens' sense of political participation and guarantee that the people's wishes and interests

can be really expressed in the life of the state and of society. Like economic development, this constitutes an important guarantee for our country's stability and prosperity. To build democracy and a legal system, we must proceed from the realities in China and carry it out under leadership, in an orderly way, step by step, along the orientation and within the orbit of socialism. In this process, some of the practices in capitalist countries can serve us as reference, but they must not be copied indiscriminately. We must clearly distinguish between socialist democracy and capitalist democracy, between socialist democracy on the one hand and extreme democratization and anarchism on the other. The essence of the politics of "the elite," political pluralism and the multi-party system advocated by a small handful of people is to push the broad masses of people out of the scope of democracy, negate the leading position of the Communist Party and substitute a bourgeois republic for our socialist People's Republic. The tendency of extreme democratization and anarchism has a wide social basis in China, and is very destructive to our cause and is liable to be exploited by a small handful of reactionaries. We must maintain sharp vigilance and resolutely prevent this trend from running rampant. We do so precisely to guarantee the democratic rights of the majority, and to guarantee the healthy development of socialist democracy and the socialist legal system. Democracy towards the people and dictatorship towards hostile elements and anti-social elements are closely linked with each other and complement each other. The function of dictatorship cannot be weakened so long as class struggle exists in some areas of life.

**(8) On the Problem of Building Socialist Culture and Ethics.** Socialism should achieve not only economic prosperity but also the all-round progress of society. Equal attention to socialist material civilization and socialist culture and ethics is our basic principle. The building of socialist culture and ethics is aimed, in the final analysis, at raising the quality of the whole nation and nourishing people of a new socialist type with ideals, ethics, culture and a sense of discipline. It is inconceivable that a nation without a strong spiritual prop can stand independently among the galaxy of the world's nations. We must draw the profound lesson of the danger of stressing material civilization while neglecting the building of socialist culture and ethics, as was done in recent years, and we should, while

striving to develop material civilization, also earnestly build up socialist culture and ethics. The development of education and science is a long-term undertaking which has a major, far-reaching significance for the rise of social productive forces and the improvement of the quality of the nation. The level of our education and sciences remains relatively backward, which makes it all the more necessary for us to adopt effective measures to achieve better results in these areas. We must greatly strengthen and improve our work in the political and ideological field and do so in close co-ordination with the realities of the modernization effort, the reform and the opening and with what is in the minds of the people. Unremitting efforts should be made in ideological education in patriotism, collectivism, socialism, self-reliance and hard struggle, as well as in revolutionary traditions among the masses of the people, particularly the youth. Constant communist ideological education should be conducted among members of the Party and Youth League and among the advanced elements. We must provide Marxist and socialist ideological guidance for the departments of theoretical studies, propaganda and education, the press, the publishing industry, and the departments engaged in literature and the arts, and occupy positions on the ideological and cultural fronts and in the media and enrich the spiritual life of the masses of the people. Active efforts should be made to guide the masses to consciously resist the influences of erroneous ideologies and decadent ideas and cultivate a scientific, healthy and civilized style of life, thus turning themselves into genuine hard-working and enterprising socialist workers and builders. Schools of different types at all levels should not only establish a complete system for conveying knowledge but should put moral education in the first place and build up a firm, correct political orientation. We must stick to the orientation of serving the people and socialism and to the principle of letting a hundred flowers bloom and a hundred schools of thought contend in order to prosper and develop our scientific and cultural undertakings. We must actively absorb all the fine achievements of our country's history and culture and of foreign culture, and resolutely discard all feudal and capitalist cultural dross and spiritual garbage. In this regard, at present, we must pay special attention to combating the ideology of national nihilism which completely rejects China's traditional cul-

ture and worships everything foreign.

**(9) On the Problem of Strengthening the Leadership of the Working Class, Consolidating the Worker-Peasant Alliance and Enhancing the Great Unity of the People of All Nationalities in China.** Workers, peasants and intellectuals are the basic force for achieving socialist modernization. Wholehearted reliance on the working class is called for by the nature of our Party and state. The working class, particularly the industrial workers, are closely connected with modern mass production. They are the representatives of the advanced forces and relations of production and have a high sense of organization and discipline. During the protracted revolutionary struggles and in the course of construction, they have displayed their firm political stand, self-sacrificing spirit, spirit of building up the country through arduous efforts, and historical initiative. They are deservedly our country's leading class and the mainstay of our socialist cause. Any view which belittles the position and role of the working class is totally wrong. A handful of persons attempted to create a so-called "middle class" in China as a force they could rely on to subvert our socialist system. This has again proved, from the negative side, that we must rely wholeheartedly on the working class. The peasant masses of our country have always been natural allies of the working class. They firmly support the socialist system and the leadership of the Party. We must further strengthen the assistance of industry to agriculture, strengthen the support of the cities for the rural areas, and constantly adopt practical measures—political, economic, educational, scientific and cultural—to consolidate the worker-peasant alliance on a fresh basis. This is the basic condition for the stability in our state and our society. Our intellectuals are already a part of the working class. Without knowledge and intellectuals, it would be impossible to build socialism. This basic view of our Party and the policies concerning intellectuals adopted since the Third Plenary Session of the 11th Party Central Committee have not been and will not be changed because of the recent political turbulence. We have a very good contingent of intellectuals who keep to the road of socialism. Party committees and governments at all levels must continue to carry out the principle of "respecting knowledge, respecting the intellectuals" and strive to create and provide good working and living conditions for them. The

Party and government have always considered the youth, young intellectuals included, the future and hope of the country, consistently treating them with love and care on the one hand and putting strict demand on them on the other, sincerely hoping that they will grow up healthily and quickly become qualified citizens. We also sincerely hope that the mass of intellectuals, particularly the young intellectuals, will seriously study Marxism-Leninism and Mao Zedong Thought, persist in plunging into social practice and combining with the workers and peasants, constantly absorb nourishment from the activities of the people as creators of history, and give full play to their own wisdom and talents in the country's socialist construction.

We must, on the basis of consolidating the worker-peasant alliance, further develop the broadest possible united front, consisting of all the socialist working people, patriots who support socialism and patriots who are for the reunification of the motherland, and enhance the unity of the people of all nationalities. Ours is a unified multi-national country. All our results of revolution, construction and reform are the joint creation of the people of all our country's nationalities. Under the leadership of the Communist Party and the government, the various nationalities have not only established and developed the new type of relations of equality, unity and mutual aid but, through the introduction of regional national autonomy, the minority nationalities are ensured the right of being their own masters and managing their own internal affairs. Political, economic, educational, cultural and other undertakings have also developed apace in the national minority areas. We must continue to firmly carry out the principle of national equality, national unity and the common prosperity of all nationalities. We must fully trust and rely on the cadres and masses of all nationalities and take a clear-cut stand and carry on a resolute struggle against all conspiracies to split our motherland. We must improve the legal system aimed at strengthening the regional autonomy of minority nationalities. We must make great efforts to train cadres and professionals of all kinds of the national minorities and ensure that the national autonomous areas can fully exercise their right of autonomy. Necessary measures should be adopted to continue help and support to the minority areas in developing their economic, educational, cultural and other undertakings, and prolonged, unrem-

itting efforts must be made to gradually eliminate the gaps that exist to different extents between different nationalities for reasons of history.

**(10) On the Problem of Strengthening the Building of the Party.** Ours is a great Marxist political party, the decisive force for maintaining the political stability of China for a long time to come, and the firm force at the core leading the people of all our nationalities in building socialism with Chinese characteristics. The struggle to check the disturbances and quell the rebellion has once again tested our Party, and proved that, viewed as a whole, the Party is both good and strong. Our Party was born, developed and grew in close contact with the masses of people. Without the support of the masses, the Party could not survive for even a day. After we became the Party in power, some phenomena of bureaucratism, commandism, abuse of power for personal gains, corruption and degeneration, which result in alienation from the masses of the people, have gradually emerged. In the last few years, because Party building and ideological and political work have been weakened, problems of ideology, style of work, discipline and organization within the Party have been further aggravated. We must adhere unwaveringly to the aim of "serving the people wholeheartedly" and persist in the fine style of work characterized by close combination of theory with practice, maintenance of close ties with the people, and criticism and self-criticism. We must run the Party strictly in accordance with the Party Constitution. We must make firm decisions and take resolute and effective measures to eliminate all obstacles, overcome all corrupt phenomena and restore and develop the blood-and-flesh ties between the Party and the people. Party organizations at all levels, first of all the Central Committee, must strictly practise democratic centralism. Leading organs at all levels must adhere to the system whereby collective leadership is combined with division of responsibilities among individuals, improve inner-Party democracy, strengthen democratic supervision, and prevent decision-making by a few persons, particularly arbitrary decision-making by one person. Much attention must be paid to the building of Party organizations at the grassroots level, and any state of feebleness and laxity must be removed. All Communists and cadres of the Party, particularly leading cadres, must strictly abide by Party dis-

cipline and consciously speak and act in harmony with the Party's line, principles and resolutions—the practice of each going his own way is not allowed.

Raising the Party's theoretical level is the basic guarantee for its correct and scientific leadership. Considering the many new circumstances and problems occurring in the world and in China, and the great responsibilities shouldered by our Party in China's socialist construction and its important place in the international communist movement, we must make it our urgent task to study the basic theories of Marxism and conduct research on important questions of political, economic and social theory in the present world under the guidance of Marxism—this task should be put before the whole Party. Within the Party, and first of all among the Party's senior cadres, we should encourage the earnest study of the basic theories of Marxism-Leninism and Mao Zedong Thought, particularly Marxist philosophy, so as to master the scientific world outlook and methodology. A Communist who lacks theoretical training in Marxism and is not good at using the correct stand, viewpoint and method in analysing and solving problems cannot play his due role, nor become qualified for any leading role in the Party at all. We must resolutely change the situation in which many leading cadres are bogged down in everyday matters, slacken their theoretical study and pay no attention to ideological and political tendencies. Real, earnest efforts should be made to raise the theoretical level and political sharpness of the whole Party.

Comrades and Friends,

At present, tension in the international situation is subsiding, and confrontation is giving way to dialogue. The era when the superpowers manipulated international affairs has changed considerably; hegemonism is being foiled everywhere; and the third world countries are playing stronger roles in the international arena. By depending upon the common efforts of all peace-loving countries and peoples, it has become possible to maintain a lasting peace in the world and to avoid a new world war. Peace and development are two great tasks facing the world. This general trend and pattern of the international situation has not changed. It is possible for us to achieve a peaceful international environment for a comparatively long period to carry on China's socialist modernization. However, we

must be aware that not all is well in today's world, there are still many contradictions, struggles and unstable factors.

It should be stressed here that the international reactionary forces have never given up their basic stand of hostility towards the socialist system and their attempts to subvert it. Beginning in the late 1950s, after the failure of their military interventions, they shifted the focus of their policy to "peaceful evolution." They adopt political, economic and cultural means to infiltrate and influence socialist countries, exploiting their temporary difficulties and reforms. They support and buy over so-called "dissidents" through whom they foster blind worship of the Western world and propagate the political and economic patterns, sense of values, decadent ideas and life-style of the Western capitalist world. When they feel there is an opportunity to be seized, they fabricate rumours, provoke incidents, plot turmoil, and engage in subversive activities against socialist countries. Class struggle is now no longer the major contradiction in Chinese society, but still exists within a certain sphere, and may sharpen under certain conditions. And it is precisely on this point that the international hostile forces have sought grounds for carrying out their strategy of "peaceful evolution." The struggle between infiltration and counter-infiltration, subversion and counter-subversion, "peaceful evolution" and counter-"peaceful evolution" will last a long time. In this connection, people of all nationalities, and all Party members, especially leaders, must maintain a high degree of vigilance.

Changes in post-war international relations show that it has grown increasingly more difficult for hegemonism and power politics to achieve their aims. Attempts by one country to force its own political and economic patterns and sense of values on another country are doomed to failure. Normal relations between states can only be established on the basis of the five principles of peaceful coexistence. The Chinese people will abide by the principle of non-intervention in other countries' internal affairs, and also firmly disallow any foreign encroachment on their sacred right to make their own choices in history. We propose setting up a new international political and economic order on the basis of the five principles of peaceful coexistence; and that all countries in the world should refrain from interfering in the internal affairs of other countries; that the independence

and sovereignty of each country be respected; that the people of a country should be free to choose the social system, path of development, as well as ideology and morality which they deem suitable for their country. Differences in social system, in ideology, or in other aspects should not become obstacles to the development of friendly international relations and economic and cultural contacts. In the past 40 years, on the basis of the five principles of peaceful coexistence, China has established and developed diplomatic relations as well as wide-ranging economic and cultural exchanges with countries around the world, including developed Western countries. The Chinese people cherish the fruits of these contacts and their friendship with the people of other countries. The independent foreign policy of peace has safeguarded China's independence, sovereignty and dignity. It has also won more and more friends as well as enhanced international prestige for China. We shall maintain this foreign policy and continue to make contributions to the safeguarding of world peace and the promotion of international co-operation. In order to accelerate China's socialist modernization, we must earnestly learn advanced technology and management experiences from developed countries and make effective use of foreign funds while depending upon our own ability to develop China's economy, science and technology. We respect all foreign governments and friends who practise equality in their contacts with China and we will continue to develop and expand friendly cooperation with them. In unswervingly following the policy of opening to the outside world, we must firmly safeguard the sovereignty, national independence and dignity of socialist China. Socialist China has one fifth of the world's population as well as tremendous actual and potential economic strength. This is an objective reality which no one can overlook. Internationally, more and more well-informed personages have realized that any attempts to discriminate against or isolate China are unwise as well as utterly futile. No economic sanctions can shake our determination to rejuvenate China and keep to the socialist road, or our confidence in living in friendship with people all over the world.

The people's armed forces, composed mainly of the People's Liberation Army, and led by the Communist Party of China, are the solid pillar of the people's democratic dictatorship and form the powerful backing of our socialist cause. His-

tory in the past 40 years, especially the struggle to put down the counter-revolutionary rebellion, proves again that without the people's army the people would have nothing. The People's Liberation Army will for ever be the defenders of the state, socialism and the interests of the people, as well as the powerful bulwark of the People's Republic. Our socialist construction is being carried out in a situation in which hostile forces, international as well as internal, are still engaged in activities of sabotage and subversion against us. All Party members and all people throughout the country, in the course of amassing forces to carry out economic construction, must place great stress on strengthening national defence, education in national defence, and the whole people's consciousness of defence, and strive to promote the revolutionization, modernization and regularization of the army.

Comrades and Friends,

Over the past 40 years, our Party and government have been making constant efforts to end the division of China and to realize reunification as early as possible. After the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party, the principle of peaceful reunification and the concept of "one country, two systems" were put forward, and they have become a basic policy of China. The Chinese government has reached agreements respectively with the British and Portuguese governments for solving the Hong Kong and Macao issues. We will not change the capitalist system of Hong Kong and Macao, nor will we allow Hong Kong to be used as a base to overthrow the central government. With China growing stronger and more prosperous, Hong Kong and Macao will have greater stability and prosperity. The common efforts of the people on both sides of the Taiwan Straits have brought about gratifying changes in the relations between the mainland and Taiwan. However, the Taiwan authorities still maintain their stand of opposing the Communist Party of China and refuse to make peace. They persist in following the "three no's policy" (namely the policy of "no contact, no negotiation and no compromise."—Tr.) and trump up obstacles to the normal development of relations and friendly contacts between the two sides of the Straits. They pursue a so-called "elastic diplomacy" in an attempt to create "two Chinas" or "one China, one Taiwan," and keep China in a lasting state of division. This means,

in effect, connivance at and help to the growth of the forces which demand "Taiwan independence." It runs counter to the basic interests of the Chinese nation and the common wish of all Chinese compatriots on both sides of the Straits. To realize the reunification of our motherland, we place hopes on the people of Taiwan and also on the Taiwan authorities. We firmly oppose any words or deeds that may lead to the separation of Taiwan from the motherland. The Taiwan authorities should adapt themselves to the historical trend and as early as possible make enlightened decisions that will help to unify the country. We believe that as long as all Chinese compatriots aware of the supreme interests of the nation as a whole join together and work in unison, the great prospect of the nation's reunification will surely be realized at an early date.

Comrades and Friends,

About a century ago, when Karl Marx and Frederick Engels—the great teachers of the world's proletariat—passed away, there were not many people who believed in their theory of scientific socialism. Today, socialism has become a living reality on a world scale, and is being practised by hundreds of millions of people. The new-born socialist system has experienced twists and turns in the course of its development. However, history has proved, and continues to prove, that the socialist system possesses a strong historical vitality and great viability. Those who have noticed only some adverse currents and failed to see the irreversible course of history are politically short-sighted observers. Socialism replacing capitalism is the real mainstream of history. It is a decisive stage in which mankind emerges from the realm of necessity to enter the realm of freedom. At this time when we are celebrating the 40th anniversary of the founding of the People's Republic of China, we look back on the past and forward to the future; we stand here in China but have the whole world in view; we are full of confidence in our socialist cause and are sure of a bright communist future for mankind.

Let us, under the leadership of the Communist Party of China, strengthen unity with all democratic parties, all non-party and patriotic personages, and fortify the great solidarity of the people of all nationalities, let us invigorate our national spirit, unswervingly stride forward along the socialist road and strive for greater victories in our socialist cause! □



# Ordinary People of the People's Republic

On the eve of the 40th anniversary of the founding of the People's Republic of China, our staff reporters have interviewed ordinary people from different trades. These interviews reflect various aspects of our republic's development, especially the widespread changes brought about by the ten-year reform. This is the second group of the interviews. The first group appears in our last issue.—Ed.

## 'Opening Broadens My Horizon'

by Our Staff Reporter Zhang Zhiping

Since our country opened its doors to the outside world ten years ago, great changes have taken place that have broadened my vision," said 47-year-old worker Liu Yubo, talking in an eloquent rush of words about his experiences and feelings.

"In 1958 I started to work at the Beijing No. 2 Automobile Manufacturing Factory, an enterprise owned by the whole peo-

ple," said Liu. "I only paid attention to the work assigned to me and there was nothing for me to worry about in my life. But in April last year the factory joined the China International Trust and Investment Corp. (CITIC) and the Shortridge Ltd. (H.K.) in establishing the Beijing Light Automobile Corp. Ltd. Since then, there have been many changes.

"After a level-by-level analysis

Liu Yubo, left, works voluntarily with his workshop's Party secretary.

YANG LIMING



of the factory and its staffing system, I was invited to be director of the mould workshop for three years," said Liu, who had 30 years of experience in that workshop.

There had been more than 200 workers in the shop. But after reorganization there were only 78, half of them young people. The others were reassigned by the factory to do service jobs.

"Today's young people are much better educated than we were and their thinking is wider ranging," Liu said. "When we were young, we just concentrated on whatever the leader assigned to us, thinking little about the factory's management. Of course, this was partly due to the management system at that time, which had nothing to do with the workers' interests. But now, it is quite different. We have to assume responsibility for profits and losses because the factory's performance has a direct effect on us workers. Therefore, we, especially the young people, have to consider how to make our factory better and how to increase profits."

According to Liu, the reforms of recent years have encouraged young people to seek better jobs. "Now, workers have the right to

resign. This was unimaginable when we were young," he said. Conversely, workshop directors like Liu now have the power to dismiss workers when they find their performance is not up to the standard.

And the corporation has established stricter rules for labour management. Workers have to punch in every day; a month of full attendance is rewarded with a bonus of 30 yuan. In July the wage structure was adjusted—the more difficult the job the higher the pay. These measures, Liu believes, have been beneficial. They broke the so-called "three irons:" the iron armchair, iron rice bowl and iron wage, which guaranteed jobs, food and wages for workers regardless of performance. In doing so the reforms have strengthened the workers' sense of responsibility and stimulated their initiative.

On touching the subject of the factory's development over the years, Liu lighted up with pleasure because that is where he made his own contribution.

In 1956, when the factory was built, there were only about 200 workers; now there are 7,000. In the late 1960s, when the factory began producing the BJ130 light



The newly developed BJ136 model uses Japanese technology.

YANG LIMING

truck, its annual output was only 1,000. That increased to 4,020 in 1976 and 11,250 in 1980. After the management reform invested the factory director with the final-say power in 1984, the annual production jumped to 19,000 in 1985 and 25,600 in 1987. Last year the figure was 29,100 and it is expected to reach 30,000 this year.

The Beijing Light Automobile Corp. Ltd. is to build a new factory in Beijing's Shunyi County that will be able to produce 100,000 vehicles a year. While the

1980-88 period was a golden age for the sale of BJ130 truck, the new BJ136L model—based on Japanese Isuzu technology—will go into production next year.

The factory's success has paid off for Liu and his family.

"My wage is 154 yuan," he said. "Adding post subsidies and bonuses I can get about 300 yuan a month, which puts me on the upper side of the middle. My wife is working in the Beijing Electric Heater Factory as a workshop director and her wage is similar to mine.

"We have a son who works as a business manager in a joint-venture hotel. He earns even more than either of us, up to 400-500 yuan a month. The three of us live in a three-room apartment. In recent years we have bought a refrigerator, a colour TV set and other household electric appliances. At present, we have nothing to worry about in our life," said Liu, who likes to read newspapers and listen to radio in his spare time.

He said the Chinese people should treasure the current stable life and work hard so that the country can realize its socialist modernization programme as soon as possible. □

Attendance cards have been introduced at the factory and workers must punch in when they report for work.

YANG LIMING



## Training Qualified Personnel for Socialism

—An Interview with Professor Jia Guan

by Our Staff Reporter Cui Lili

During a recent visit to the dean of the Social Science Department, the campus of Qinghua University was a pleasant autumn scene. Professor Jia Guan, a tall person of sonorous voice, treats people kindly, but always comes straight to point in his conversation. During the past 30 years he has taught the history of the Communist Party and the Chinese revolution, and he has delved deeply, both practically and theoretically, into his subjects. More recently, he has become increasingly aware of the importance of such courses in the university.

Jia graduated from the Department of Journalism at the Yanjing University (now Beijing University) in 1952. After

graduation, he was assigned to Qinghua University to teach political theory. Now an old man, he once dreamed of being a successful journalist, but has stayed with his initial occupation of teaching ever since the beginning of his career life. Even though such studies are considered dull by many, Jia has no regrets. "It's true that I abandoned my first choice," Jia says. "But I've never regretted for that."

Since the 1960s, he has been dean of the Social Science Department. Nearly half of the teaching staff is made up of associate professors whose work, Jia says, has achieved splendid results with students throughout the country.

"Being an important com-

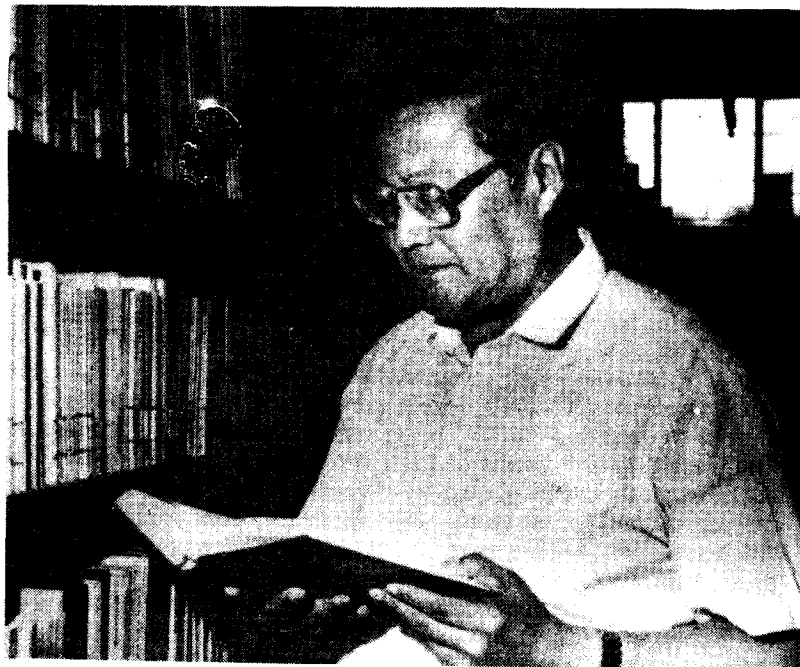
ponent of university curriculum, political theory should fully explore the ideas and practices of Marxism in order to help students acquire a correct world outlook and train them into qualified personnel demanded by socialism," he says slowly but explicitly.

Students who graduated from this university in the 1950s and 1960s have now become leaders or backbone of their work units. When returning to visit the university, they always say that the study of Marxist theory in the university has been a great boon to their work. And in recent years, Chinese theoretical circle has become more complicated day by day. However, when they apply for admission to the Party, many students still emphasize the fact that the political education they received at the university improved their political consciousness and helped them realize sound scientific beliefs as well as instill them with lofty ideals. "Such affirmation by students of the value of my work is a great comfort and encouragement to me," Jia says.

"In contrast, during certain periods after the founding of the People's Republic, there have been some young students who, pro-Party, patriotic and well-intentioned as they were, turned into their opposites. In slogans, like 'down with everything', put forward by middle school students during the 'cultural revolution' (1966-76), and the recent student unrest, turmoil and counter-revolutionary rebellion, are seen as the consequences of

Professor Jia Guan is reading teaching materials.

CHEN ZONGLIE



students' ignorance of Marxist theory and shortcomings of our teaching curriculum. After much retrospection, I feel deeply the unavoidable nature of my work."

In order to let students realize the importance of the political theory study, to stimulate their interest, and at the same time to help them assimilate what they have learned, Jia tries to combine course content with current trends of student thought. For example, before the mid-1960s, he always spent most of the class time explaining how the Party applied Marxist theory to guide Chinese revolution and achieved one success after another. This was suitable for students at that time because the political situation was stable, the national economy developed steadily and the prestige of the Party was very high. Students believed undoubtedly in the Party's leading role and were eager to know the history of the Party. However, the situation changed in the 1980s. The "cultural revolution" had taxed much on the national economy and impaired the morals of the Party and society resulting in a decrease in Party's prestige. In addition, the Party has made mistakes and there are much to be improved in our political and economic systems. Just at this time, we opened China to the outside world, letting in advanced foreign technology and various schools of thought as well. Students were surprised and dazzled at the kaleidoscopic influx. The political education in the universities failed to adapt itself to the new situation and guide students onto the right track. They compared developing China with developed countries and reached the erroneous conclusion that capitalist countries were better than China and began to doubt the

Party's leading role and the socialist road. Some students didn't believe in what Jia taught any more and regarded his work simply as a propaganda to the ruling Party.

Through analysis of the students' muddled idea, Jia viewed that students lacked a full comprehension of China's history, the inevitable birth in China of the Chinese Communist Party and her historical mission. Accordingly, in 1979, he expanded the content of his course. The revised course objectively examines historical events, beginning with the Opium War in 1840 and continuing with the Taiping Heavenly Kingdom Movement led by peasants, the Constitutional Reform and Modernization begun in 1898 by bourgeois reformists and the Revolution of 1911. Jia then explains how the birth of the Chinese Communist Party came about and her inevitable role in leading China's revolution. In this way, he helps students understand the historical fact that the Chinese Communist Party rose to power because of its class nature, the need of the times and the choice of history. Moreover, he gives students a deeper knowledge of Marxism, Party's guiding principle and ideology, and the reasons why China chooses the socialist road and helps students understand China's relative backwardness is not because of the socialist system, but because of its poor economic base and further that, it is the superiority of the socialist system that has allowed China's development to date.

The satisfactory results of his teaching method was shown by the secret poll of students in which over 90 percent were interested in attending his class.

"Of course, political education does not succeed overnight," Jia says, "and it can't be

accomplished by one university or one department. It is a problem which the whole society must pay attention to."

Jia says they have always kept an eye on those mistaken ideas arising in society in recent years. For example, when the TV film *The River Dies Young* came out in 1988, he and his colleagues organized students to watch and analyse it. Discussions were held during which students acknowledged the film's wrong historical conclusions, pointing out that it neglected the positive aspects of traditional Chinese culture, and preached wholesale Westernization. Judging from recent events, such analysis was correct. Due to undue influence of the erroneous ideological trends in society, however, their work produced little effect. "So, to strengthen political education, it is necessary, apart from the efforts of universities, to introduce the concerted cooperation of the whole society," Jia says emotionally.

"In the future, my course will emphasize one principle: why China needs to rely on the Chinese Communist Party and to follow the socialist road, and why it must reject categorically the capitalist road. We, the old generation who has thrown in its lots with the People's Republic of China, still believe in this principle. I will also convince my students of it," Jia says quietly but firmly.

In concluding, Jia says that although he has turned 60 this year, the leaders of the university and his colleagues have urged him to stay on for another three years at the post of the dean of the Social Science Department, contributing perhaps the remainder of his life to the cause of education in China. Jia smiles while stroking his grey hair, looking quite cheerful and confident. □

## Bai Shuxiang—a Ballet Star

by Our Staff Reporter Lou Linwei

On the eve of the 40th anniversary of the founding of the People's Republic of China, I interviewed Bai Shuxiang, a famous Chinese ballet star, now deputy director of the Central Ballet Co. One of the first ballet performers trained after the founding of the People's Republic, Bai gave me a brief review of the development of Chinese ballet since 1949, her own experiences and her high expectation for today's young ballet performers. "In just 30 years, Chinese ballet has managed to catch up with its counterparts in the world which have an artistic history of several hundred years," said Bai. "World-wide, Chinese ballet is held in high regard. This is really a surprising accomplishment considering our recent entry into the art. We can't rest on our laurels, however. We need to work harder."

In 1958, Bai won success in the role of the white swan in *Swan Lake* which won her the title of the First Chinese White Swan. Later, Bai achieved even greater recognition for her roles in several Western and Chinese ballets such as *Giselle*, *Notre-Dame de Paris* and *The Red Women Detachment*. With painstaking efforts, Bai and the several generations of talented ballet stars who followed her worked to place Chinese ballet's mark, in Bai's words, "on the world's ballet stage in a very short time."

Bai was born in Hunan Province in 1939. In 1952, she entered the Children Drama Troupe under the Shenyang Art Theatre in Liaoning Province to study drama and dance and in 1954 she transferred to the Beijing Dance Academy to learn ballet. Since 1958 Bai has devoted all her talent and skill to the portrayal of the heroines in the *Swan Lake*, *Giselle* and *Notre-Dame de Paris*, all of

whom, she says, represent something "more beautiful than dream and more graceful than fantasy." Bai has added a colourful page to the Chinese ballet history.

Just as Bai was reaching her artistic peak, however, the "cultural revolution" began. She was forced to give up her work and instead do manual labour in the countryside. It wasn't until after the downfall of the gang of four that Bai was able to return to her ballet career. "Ten years might not be crucial to one's entire life. But for a ballet performer, it is a loss to one's artistic endeavour," said Bai sadly.

For an artist like Bai, ballet has always been a foreign art which needed to see, learn about and actively practise. However, during the "cultural revolution" Chinese ballet, isolated from the outside world, was on the verge of withering away and only with the implementation of reform and opening policy did it enter a new age. Since then various schools of ballet have been introduced to China. Combining these best Western ballet techniques with traditional Chinese dances, Chinese artists have successfully created a number of unique ballets such as *Lin Daiyu*, adapted from a Chinese classical novel, *The Dream of Red Mansions*, *Liang Shanbo and Zhu Yingtai*, based on a Chinese legend, and *Picking Up a Jade Bracelet*, based on a Peking opera play of the same title. The blending of Western art and traditional Chinese opera dance has opened a new horizon to which both foreign and Chinese audiences can look for creative new work.

Under the careful eye of Bai and other ballet masters, the 400-member Central Ballet Co. has seen many of its performers take home international awards.

At the 12th International Ballet Competition Varna-Bulgaria (1986), Chinese ballet performers came away with a third of the awards, shocking the Western audience with their exemplary dancing skill. It seems, one of the audience commented, that the Chinese performers have found a way to overcome the gravity. The spectacular pas de deux in *Sleeping Beauty*, in particular, played by Tang Min and Ou Lu, won extended applause from the excited audience.

Bai has taken troupe to many foreign countries. In 1986, at the invitation of the Brooklyn Music Academy, Bai led them on a high successful tour of the United States. The American public saw 47 performances in 11 cities and was greatly impressed by their exquisite performing. They no longer believe that Chinese are thin, short and unable to walk because of their bound feet. One American newspaper commented that the troupe is certainly among the world's best and in the years to come, is going to shock the world. The American tour gave them the opportunity to display mastery of their art and receive their recognition of Western audience. "Even many Taiwan artists in the United States," said Bai, "were moved to tears at our troupe's success."

Even so, Bai has concerns. "I worry that my generation will not be able to establish a Chinese genre of ballet art. It is going to require the efforts of several generations," Bai said.

"China must have a well rounded programme for choreography and performance in order to develop a Chinese style," Bai said. "In recent years, we have learned a lot from visiting foreign troupes and we need to keep learning, not only from the Russian school but also from the Italian, French, Danish and others. We should then combine what we learn from our foreign counterparts with our own and create a new one that is distinctively Chinese." □

## Mystic Conch-Like Valley

The Hailuoguo (Conch-Like Valley) Glacier-Forest Park, a state scenic area in Sichuan Province, southwest China, opened to the public last year. The wonder of nature is displayed in the magnificent glacier forests and hot springs.—Ed.

by Our Staff Reporter Han Baocheng

On the east slope of the 7,556-metre-high Gongga Mountain, the highest peak in Sichuan Province, an expanse of glacier and primitive forest form a natural wonder. In May of this year our reporter paid a visit to Hailuoguo Glacier-Forest Area, opened up by the state in June 1988 as a scenic area known as Hailuo Valley, both endowed with unique natural features.

The valley, in Luding County, is 340 kilometres to the west of the provincial capital Chengdu. One morning, I travelled by car from Chengdu, crossing over Erlang Mountain, 3,437 metres above sea level, and arrived in the evening at Moxi Town, the entrance to Hailuo Valley. The

valley's uniqueness lies in the glacier location. Most existent glaciers in the world are located in high, cold zones that are difficult to reach and tourists have to specially prepare their travel with mountaineering shoes and ski clothes in order to adapt to the high mountain altitude, the valley, however, is easily reached without excessive preparation. Situated on the boundary of the densely populated Sichuan Basin, the glacier tongue, only 2,850 metres above sea level, stretches six kilometres into the primitive forest. The glacier environment is quite accessible to visitors. In summer lined clothes will suffice because the heat from the strong noon sun reflecting off the glacier is

quite warm and, even in mid-winter the glacier can be comfortably visited as the temperature is moderate,  $-4^{\circ}\text{C}$ , warmer than in Beijing. Age and health, therefore, are not obstacles to a trip to the valley and since its opening last year, those as old as 80 and as young as four months, carried in its mother's arms, have visited it.

The valley glacier is composed of three parts, the glacier area, the great ice fall and the glacier melting area. The glacier area is 4,800 metres above sea level. Falling snow, under much pressure and force, flows along the precipice and forms a great ice fall, 3,700-4,800 metres above sea level, which can break apart any time, though most frequently in summer and autumn, under the enormous pressure. Small breaks occur hundreds of times a day while, as they slide, the friction of larger ones, with a volume of millions of cubic metres of ice, causes a blue static light, and an earth-shaking thunder which can be heard from several kilometres away.

The glacier's most interesting feature, however, is its vitality. Formed only 1,600 years ago and in continuous motion, one witnesses the continuous breaking away of large masses of ice at the glacier's root.

The valley also holds a primitive forest of over 70 square kilometres, complete with a vegeta-



The Glacier Park at the foot of Gongga Mountain.

tive range from subtropical to frigid, a thousand varieties of wild plants and hundreds of species of wild animals, including many rare ones. In front of the glacier, hot springs spurt large quantities of water, and along the forests six 6,000-metre-high snow peaks, like the main Gongga Mountain peak, have never been ascended. These natural wonders are all concentrated within 200 square kilometres, making the valley a major attraction for both domestic and foreign tourists.

Hailuo Valley is not only a tourist spot, but a valuable site for scientific research. It's ideal for research comparing contemporary and ancient glaciers, exploring the origin and evolution of life, and for Paleontological study of vegetation and rare animals and plants.

### Contemporary Glacier

From Moxi to the great ice fall, one passes three old camps of Gongga mountaineers, which now provide tourists with board and lodging services. One travels by horse along a small shady path through the primitive forest without any sign of the glacier until reaching the third camp. The first sight is glimpsed just as one leaves the forest boundary.

The third camp, 2,940 metres above sea level, lies on the glacier tongue. There, the weather is changeable, one moment rain, the next snow. Our local host, Zhao Hong, head of Luding Tourism Bureau, told us that when the weather in the morning is fine, one can see the "Gold Hill" (see cover picture), a cluster of peaks which, as the sun radiates, are transformed into glimmering, gold red "pyramids." It makes a magnificent view against a backdrop of blue sky. The weather, unfortunately,

on the day I went was not fine, the peaks were shrouded in cloud and mist. Instead of dampening our interest, however, we found it just the right time to appreciate the great ice fall.

We walked along the 500-metre-wide valley—stripped of all vegetation over time by the moving glacier. Looking afar, one can see grey gravel covering the bottom of the valley, and one can find a thick layer of ice underfoot only after he goes deep into the valley. There, ice is 100-130 metres thick, Zhao Hong said, with movement measured by the year, so slow that one does not feel the movement of the glacier while standing on the glacier tongue. Surveys indicate the speed of the movement at the root of the glacier tongue is 300 metres per year. Signs of glacier movement, however, can be seen everywhere, the most obvious of which are the wide cracks on the ice surface and the fallen ice seemingly transformed into natural staircases. The cracks, about 0.5-2 metres wide, 5-10 metres deep and dozens of or even a hundred metres long, are usually spanned by giant boulders allowing one to easily cross. Zhao Hong said that the long years of glacial movement and consequent raking of the valley surface created mountain rocks, strewing stones all about the valley as they slide. These rocks flow with the glacier to lower elevations.

Owing to the alternate melting and freezing of ice, strange formations of ice often appear, city gates, caves, bridges, mushrooms, lakes, rivers and the like. We went into one ice cave large enough for seven to eight persons, which was just like a crystal clear, transparent world. All about us were "ice bell holes" giving off the sound of rippling streams. Our guide, a 25-year-old Yi girl, told us that she often

imagined ice had changed into horses, cattle, bears, girls, old men and other formations, which were always changing. Old shapes disappeared and new ones emerged—these were manifestations of the glacier's continual movement.

The 1,100-metre-wide and 1,080-metre-high ice fall, a striking piece of nature's work, is located at the root of the glacier tongue. As seen from distance, it looks like a giant glimmering, snow-white screen hanging half way up the sky. Huge ice blocks, tumbling down from the top, appear as rising waves. The fall is ten times the largest Huangguoshu (Yellow Fruit Tree) Waterfall in China's Guizhou Province.

The fallen ice blocks arrayed about the valley present a magnificent, but uneasy, view. Snow avalanche in this strange terrain, safely viewed from a distance of two kilometres, is limited to the immediate area of the great ice fall. Watching a glacier movement generates a feeling of man's relationship to nature, a situation more fully appreciated upon learning that four-fifths of the earth's freshwater comes from solid glaciers and that glacier movement is a source of all life.

### The Primitive Forest

At the foot of the ice fall, dense primitive forest grows on both sides of the valley. From the highest peak in the Gongga Mountains, at 7,556 metres, to the Dadu River at the mouth of the valley, 1,000 metres above sea level, the horizontal distance is over 30 kilometres and the vertical drop is 6,500 metres, an area rich in vegetation. A subtropical broadleaf tree belt exists in the mountains below 2,400 metres above sea level, a temperate coniferous and broadleaf

mixed forest at 2,400 to 2,800 metres, a frigid and temperate coniferous forest at 2,800 to 3,800 metres, the frigid bush and grass area at 3,800 to 4,600 metres, the frigid sparse grass and bryophyte area at 4,600 to 4,900 metres, the snow line 4,900 metres above sea level and the firn zone continuing into even higher elevation. The Hailuo Valley is a place where flora of the Himalayas, of China and Japan, and of temperate and subtropical zones meet. It is a treasure house of plants, made possible by the unique climate and topographical conditions of the Gongga Mountain.

Recent statistics indicate some 2,500 varieties of vascular bundle plants and 2,380 varieties of seed plants have been discovered in the Gongga Mountains area, most of them in Hailuo Valley. They include 40 rare kinds of plants like katsura trees, tetra-centron, *kangding* lily magnolia and fruit vine. Some of these primitive varieties are found only in China. There are 68 varieties of azalea trees in the valley, 63 of which are unique to China, 24 only in the Gongga Mountain.

At the edge of the primitive forest is the village of Gonghe, home of the Yi people. The dense, subtropical land of palm, banana, bamboo and prickly Chinese ash tree surround their bamboo houses and vegetable plots. Upon stepping beyond the village grounds, all signs of the Yi people vanish. Instead, the scientist will find a trove of botanical information, a rare research site for studying plant origin, classification and related branches while the tourist is immediately presented with the aura of nature's even changing and elusive character.

On the forestground, the long years of rotting trees and leaf mulch have created a thick hu-



A Hot spring waterfall with a flow of 8,900 tons of water daily as hot as 90°C at the No.2.

ZHAO HONG

mus lying about like rug. Above, the cool, darkness of the forest is sealed in by the many varieties of tall trees stretching skyward to block out the sun. The trunks of some trees, all growing in disordered freedom, are ten arm spans around and 50-60 metres high. In some stretches of forest one finds seed plants, in other, mixed forest, nearly every tree trunk and branch of which is wrapped by some green bryophyte. The mature lianas, for one, hang from tree branches like the aerial roots of tropical, small-fruited fig trees. On particularly big tree trunks, more than ten varieties of parasitic plants can be found. It is the density of the forest which brings about the quite interesting botanical creations. Adducent trees at times become twins, joined, but each donor retaining its original characteristic, or sometimes an entirely new variety, with unique genetic formations.

Some of the most impressive features of the forest are the ornamental plants such as fragrant thorouswort, lily, magnolia, azalea and wild sweet-scented os-

manthus. During blossom time, white, red and pink azaleas, their flowers reaching 20 centimetres in diameter, appear fluorescent and tracts of the flowers looked especially striking in the secluded, green valley.

As one rides by horse along a mountain path, the sounds of the forest, squirrels scurrying beneath the trees, birds crying among branches and the ever-present gurgle of running water, are all about. But it is the animal activity in the forest which most strikes any visitor. To date, more than 400 varieties of animals have been discovered. Of them, mammals account for 100 varieties, birds, 220. Twenty-eight mammals, including the takin, Asiatic wild ass, macaque and lesser panda are considered rare. In August, however, during mating season, one animal in particular stands out. The forest becomes an army on the march when herds of wild oxen migrate to Reshui Valley's hot springs.

## Hot Springs

The hot spring at the No. 1 Campsite, 4 kilometres from the



glacier and 2,600 metres above sea level, makes a wonderful scene, deep in the forest of Hailuo Valley. Water temperature over 90°C gushes from the ground at a rate of some 8,900 tons daily. The spring water is potable (after cooling, of course!) and contains various trace mineral elements but is low in sulphur.

Not far away at the No. 2 Campsite, there is another hot spring with water temperature of 52°C.

An ice cave.



Surrounding the mouth of the spring is a terrace of shallow water from which steam rises all year round. On end of the terrace opens up to form a small waterfall, 8 metres high and 6 metres wide, under which people will often cool themselves. Nearby, a bath house and swimming pool (water temperature about 40°C) have been constructed by members of the campsite. Surrounded by the azaleas of the primitive forest and close to the glacier and snowy mountains, it

is a popular site for people travelling through the area to refresh themselves and relax.

The mineral water, without the smell of sulphur, is very comfortable for swimming and has a certain degree of medical value for skin disease and neurasthenia.

At the No. 1 Campsite hot spring, the water temperature and flow rate are lower than that of the No. 2 Campsite, but the water is said to have greater recuperative qualities. The local authorities plan to publicize the health benefits of the Hailuo Valley springs to attract more tourists but campsite amenities are very simple and additional investment will have to be made.

In any event, the area is expected to retain its unique style. People depend on local materials for all tourist facilities. For example, with the cutting of several large trees, several sets of comfortable, but inexpensive, houses can be built, and, with its rich water resources, small hydroelectric power stations are expected to solve the current problem of power supply.

But the area has many obstacles. Some sections of the 20-kilometre mountain path ringing the area are in poor conditions and impassable because of mud on rainy days. Some sections of the Luding-Moxi Highway are also in very poor conditions and in need of investment for rebuilding.

With the prerequisite, however, that the area's natural scenery be retained, there are plans to rebuild the mountain paths with stone slabs, construct simple and unsophisticated, but fully equipped, hotels and restaurants and establish a small airport at nearby Moxi.

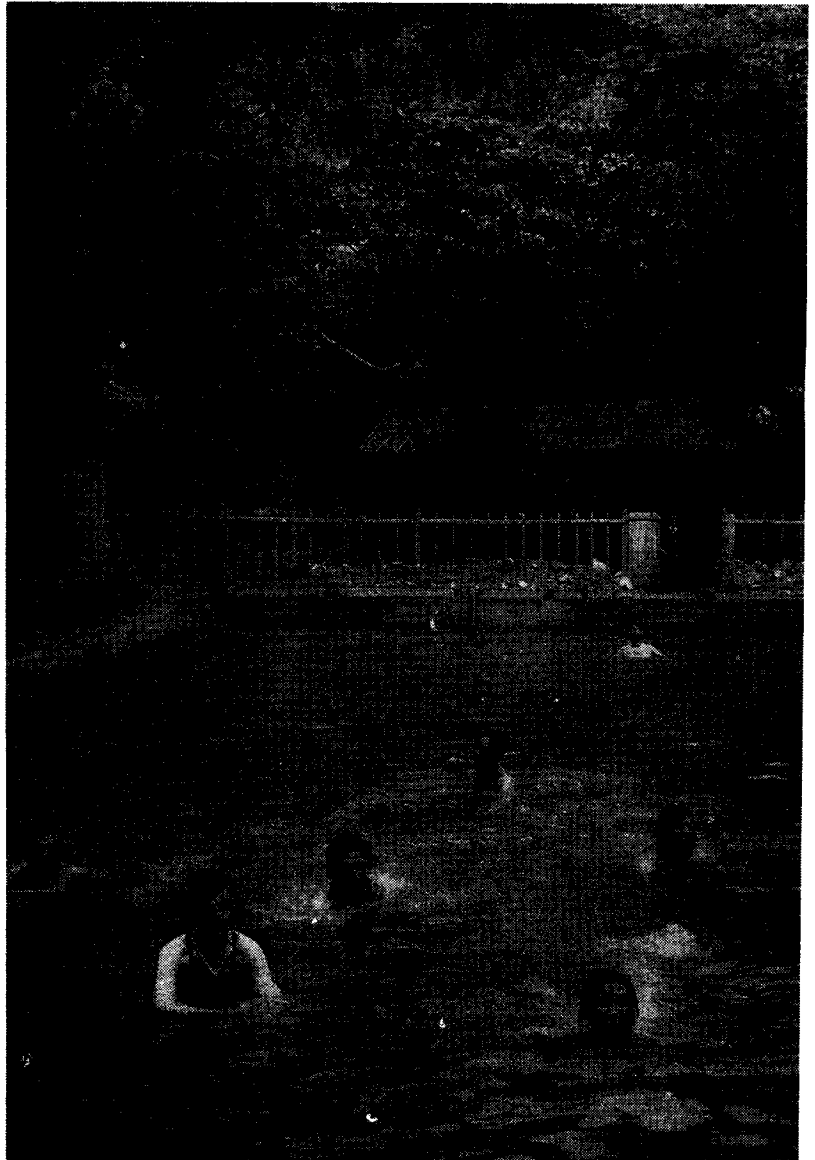
## People of the Valley

Moxi Town is inhabited by

both Han and Yi peoples who make a living by tilling the land and gathering medicinal herbs. There are now more than 30 shops, which provide board, lodging and other daily necessities for tourists, established on its 200-metre-long street.

The town's ambiance has not changed with new development. Old, ancient wood houses still stand by the street side. To the south of the main street stands a French-style Catholic Church, established in 1885 by a French missionary, which, in 1987, was rebuilt by the local government. Such a church is common at the foot of Alps but surprising to find in a small Chinese town at the foot of the Gongga Mountain. Nearby, there's a two-storey building where Catholic priests lived in earlier days. In 1935, Chairman Mao Zedong once stayed there a night and commanded the Chinese Workers' and Peasants' Red Army at a famous battle during the Long March. Mao's stay at the site has been recorded on a placard set before the building's door.

The county seat of Luding on the bank of the Dadu River, 25 kilometres from Moxi, is the only way to reach Hailuo Valley from Chengdu. Like the town of Moxi, Luding is an historic site of the Long March where the Chinese Workers' and Peasants' Red Army faced a life-and-death fight. In order to beat off the Kuomintang's army troops, the Red Army had to quickly cross the Dadu River on May 29, 1935. Under enemy fire 22 soldiers heroically risked their lives to charge enemy positions on the opposite side of the river by way of an iron chain bridge. The bridge's importance was recognized as early as 1706 when it was built by the Qing Emperor Kangxi (1653-1723) to strengthen the control of Tibet and Xikang. The Red Army was suc-



Swimming in a hot-spring swimming pool.

cessfully in battle and captured the Luding iron chain bridge. It still exists and nearby, there's a monument to the martyrs of the Red Army.

Tourists can take in both the natural vista and the sites of historical interest on the way to Hailuo Valley. It's a popular way to go for even as one crosses the Erlang Mountains by bus, visitors can enjoy many scenic spots, especially at the top of the mountain range with the best

view of Gongga's snowy peaks.

The distance from Moxi to the ice fall is 25 kilometres. Local people travel to and from delivering grain and vegetables to the No. 3 Campsite in a day's time, but other visitors would do well to plan a two-day stay if they want to see "the sunshine upon gold mountain."

A trip from Chengdu, the best time for which is in early summer and late autumn, requires four days in all. □

## Overview on Resolution of Economic Disputes Involving Foreign Interests in China:

# The Legal Basis & the Major Methods

by Xiao Yongzhen

Director of Foreign Affairs Bureau, Supreme People's Court, PRC

**A**long with the development of China's socialist legal system and the improvement of the legal environment for economic and trade transactions of foreigners in China, China has already built up a relatively systematic and complete legal basis for settlement of the Chinese-foreign economic disputes. Please allow me to explain this issue with following points.

### I. Legal Rights and Interests Protected

Firstly, Article 18 of the Constitution stipulates, "The People's Republic of China permits foreign enterprises, other foreign economic organizations and individual foreigners to invest in China and to enter into various forms of economic cooperation with Chinese enterprises and other Chinese economic organizations in accordance with the law of the People's Republic of China;" "All foreign enterprises, other foreign economic organizations as well as Chinese-foreign joint-ventures within Chinese territory shall abide by the law of the People's Republic of China. Their lawful

rights and interests are protected by the law of the People's Republic of China."

And Article 32 of the Constitution stipulates, "The People's Republic of China protects the lawful rights and interests of foreigners within Chinese territory," "Foreigners on Chinese territory must abide by the laws of the People's Republic of China."

These stipulations are the foundation and kernel of China's foreign legislation. They are also the starting point and basic principles for the legislation and practice concerning settlement of Chinese-foreign economic disputes. They are the reliable guarantee of fair, reasonable and proper settlement of Chinese-foreign economic disputes.

Secondly, the Chinese laws ensure the foreigners the same position as the Chinese citizens and legal persons in the process of settlement of economic disputes such as arbitration, litigation, etc. It is so in application of both procedural laws and substantive laws. It is stipulated in Article 186 of Civil Procedure Law of the People's Republic of China (For Trial Implementation), "Foreign nationals and stateless persons who institute or respond to prosecutions in the peoples' court shall have the same litigation rights and obligations as citizens of the People's Republic of China;" "Foreign enterprises and organiza-

tions that institute or respond to prosecutions in the people's court shall have litigation rights and obligations in accordance with the provisions of this law." There is a special chapter in this procedure law which sets forth relevant stipulations on arbitration and the relation between its procedure and litigation procedure and these stipulations apply equally to all parties to a lawsuit of economic dispute.

Article 8 of General Principles of the Civil Law of the People's Republic of China also stipulates clearly, "The stipulation of this law as regards citizens shall apply to foreigners and stateless persons within the People's Republic of China, except as otherwise stipulated by law." In this General Principles of Civil Law, a nine-article special chapter is laid down to stipulate Application of Law in Civil Relations with Foreigners, according to which the law to apply to settle a Chinese-foreign economic dispute may be either Chinese law or foreign laws, either an international treaty, concluded or acceded to by the People's Republic of China or international practice. Such stipulations, no doubt, are very fair and reasonable, and very important for settling Chinese-foreign economic disputes.

Thirdly, China has formulated more than 80 laws and administrative regulations concerning Chinese-foreign economic affairs. Many of them con-

\* The author was an official of Dept. of Treaties and Law, MOFERT, before he was appointed (1986) deputy director of Legislative Department of Finance, Trade and Foreign Affairs, State Council's Legal Affairs Bureau, and appointed deputy chief judge of the Economic Division, Supreme People's Court (1988).

tain articles on the settlement of Chinese-foreign economic disputes. For instance, in the Law of the People's Republic of China on Joint-Venture Using Chinese and Foreign Investment and its Regulations for Implementation and the Law of the People's Republic of China on Chinese-Foreign Contractual Joint Ventures, there are articles stipulating possible ways or options for settling the economic disputes arising between the Chinese and foreign parties concerned through consultation (amicable settlement), mediation (conciliation), arbitration or courts of justice. Also in the Income Tax Law of the People's Republic of China Concerning Joint Venture With Chinese and Foreign Investment, Income Tax on Foreign Enterprises and its regulations for implementation, there are articles stipulating the way of settlement of disputes with tax authorities about tax payment-applying to higher tax authorities for reconsideration or bringing the matter before the local people's court if the decisions made after reconsideration are not accepted. As for Law of the People's Republic of China on Economic Contracts Involving Foreign Interests, it not only lays down a chapter for stipulations of settlement of disputes through consultation or mediation, arbitration or bringing suit in a people's court, but also stipulates in explicit terms in its General Provisions, "Parties to contract may choose the proper law applicable to the settlement of contract disputes. In the absence of such a choice by the parties, the law of the country which has the closest connection with the contract shall apply." "The law of the People's Republic of China shall apply to contracts that are to be performed within the territory of the People's Republic

of China, namely contracts for Chinese-Foreign Equity Joint Ventures, Chinese-Foreign Contractual Joint Ventures and Chinese-foreign co-operative exploration and development of natural resources," "For matters that are not covered in the law of the People's Republic of China, international practice shall be followed."

Fourthly, international treaties concluded or acceded to by China are also an important basis for settlement of economic disputes involving foreign interests. These kinds of treaties which enter into force under due legal process or procedure shall be legally binding. Civil Process Law of the People's Republic of China (for Trial Implementation,) General Principles of Civil Law of the People's Republic of China and Law of the People's Republic of China on Economic Contracts Involving Foreign Interests provide commonality and clarity. If any international treaty concluded or acceded to by the People's Republic of China contains provisions differing from those in the laws of the People's Republic of China, the provisions of the international treaties shall apply, unless the provisions are ones on which the People's Republic of China has announced reservations. Now, among the international treaties which have been concluded or acceded to by the People's Republic of China, there are more than 50 treaties which involve judicature and arbitration. For instance, UN Convention on Contracts for the International Sale of Goods, Paris Convention for Protection of Industrial Property, UN Convention of the Recognition and Enforcement of Foreign Arbitral Awards. China has signed 23 agreements on the mutual protection of investment with 24 countries and

almost all of them contain articles concerning settlement of investment disputes between a contracting state and national of the other contracting state.

The two countries also confirm in this Agreement. In the event that the People's Republic of China and the other side become party to the 1965 Convention on the Settlement of Investment Disputes between States and Nationals of other states, a dispute may be submitted to the International Centre for Settlement of Investment Disputes for Resolution in accordance with the terms on which the contracting Party which has admitted the investment is a party to the Convention.

In 1987, China participated in the 1958 New York Convention on Recognition and Enforcement of Foreign Arbitration Awards and filed an official application for resumption of China's membership in GATT. Since then, China has been negotiating tariff deduction with the relevant countries. Last year saw China participating in MIGA (Multinational Insurance Guarantee Agency). As for the 1965 Washington Convention and ICID. We have been actively studying it and considering it, it will be hopefully resolved before long.

All these facts show that China has, in a comparatively all-around way, accepted the usual international methods for settlement of economic disputes.

To sum up, as regards the way of settlement of economic disputes involving foreign interests, from the Constitution to the civil procedure law and the general principles of civil law, to the main laws and regulations concerning foreign economic affairs as well as the international treaties concluded or acceded to by China, China has set up a relatively systematic and com-

plete legal basis, which will definitely guarantee fair, equitable and proper settlement of economic disputes involving foreign interests.

## II. Four Methods for Solving Disputes

In accordance with the provision and practice of China's law and regulations, there are four major methods for settlement of economic disputes involving foreign interests in China. They are consultation, conciliation, arbitration and litigation.

### 1. Consultation (amicable settlement)

Friendly consultation is a good way for amicable settlement of disputes between parties involved. We encourage the parties to disputes to thrash out the rights and wrongs and eliminate differences to resolve the disputes in a friendly atmosphere and in the spirit of mutual understanding and mutual accommodation so as to achieve the objective of continuous and friendly co-operation. Even if co-operation cannot continue, the parties should not hurt each other's feelings at the expense of harmony. They may disband in an amicable atmosphere, saying "goodbye" in a good manner. This is a traditional method of the Chinese people to resolve disputes. As a Chinese saying goes "amity is great and precious." Of course, the "amity" referred to here should be based on the principle of legitimacy, equitableness and mutual benefit. There have been numerous cases or examples of settling disputes involving foreign interests in such an amicable way.

Up till now, there have been 15,000 Chinese-foreign equity joint-ventures and contractual joint ventures established in China and most of them are run

well. According to the survey report made by the American A.T. Kearney International Management & Consulting Corp. and China International Trade Research Institute, the investment result of 50 percent of such joint-ventures exceeded their expected earning goal, and 44 percent of them reached their expected earning target. There were only 6 percent of them which failed to get the expected earnings.

It is necessary to point out that when I speak of the fact that the majority of Chinese-foreign joint ventures were run well, I do not mean that there had been no contradictions and differences between Chinese and foreign parties. They were run well because of the fact that both Chinese and foreign sides had been good at resolving problems through friendly consultation as their partnership progressed, paying special attention to nipping their contradictions and differences in the bud.

### 2. Conciliation.

Conciliation is a method of settling disputes through mediation of a third party to encourage the parties concerned to adopt conciliatory attitude and reach an agreement. This is also a traditional way of resolving disputes among the people in Chinese history. Since the founding of the People's Republic of China, the conciliation method has spread and developed greatly. Committees and subcommittees for mediation or conciliation have been established all over China through legislation, and have several million cases of civil and tariff offences resolved per year. In the past few years, we tried to graft this method onto projects of economic co-operation and technological exchange between China and other countries and

received very good results. The method has been highly commended by our foreign friends.

Regarding the major specific methods of conciliation in settling economic disputes involving foreign interests, I would like to comment as follows:

Firstly, conciliation outside the procedures of arbitration and litigation. This is a method for settling disputes through neither arbitration nor litigation, but rather through a third party's mediation between the parties in dispute by finding a common ground on which the disputants can agree. The third party may be a conciliation or mediation organization as well as an institution, enterprise entity or even an individual. Administrative conciliation occupies a very important place in the practice of conciliation in China. Let me give you an example which is called "Xi Teng Disturbance." "Xi Teng" is the abridged name of "Xi Hu (West Lake) Ratten Products Co. Ltd." which was an equity joint-venture set up by Furniture and Grocery Co. of Zhejiang Province and three Hong Kong businessmen. It was the first joint-venture in Zhejiang Province, one of the first equity joint-ventures successfully run in China. It was a good project getting raw materials from overseas and exporting products abroad. It was very competitive in the international market. However, in 1986, a series of contradictions occurred because raw materials (ratten) provided by the foreign party were not up to standard. The contradictions were so complicated that the higher authority of the Chinese party to the joint venture, violating the Chinese-foreign joint-venture law and breaking the joint-venture contract, dismissed the chairman of the board of directors and concurrently the Presi-

dent of the joint-venture from his posts without authorization and discussion, thus disrupting the normal order of Xi Teng's production and sales. The contracting volume of business of the joint-venture at Chinese Export Commodity Fair (i.e. Guangzhou Fair) diminished 72 percent. Many co-ordinated processing factories which relied upon raw materials provided by Xi Teng Co. Ltd. had to suspend production for lack of rotten materials and suffered heavy losses. "Xi Teng Disturbance" attracted the attention of people in China and abroad. Later on, thanks to the concern and mediation (conciliation) made by the provincial Department of Foreign Economic Relations and Trade, the provincial People's Government through to MOFERT and the Central Leading body in charge of foreign investment, the rights and wrongs were thrashed out, the errors were corrected, and the Chairman of the Board of Directors and concurrently President of the joint-venture was reinstated at his posts. Finally, the tumult of the disturbance subsided.

Other similar cases included the dispute over Site Tower project, the dispute over Jinglun Hotel project, the dispute over Wuhan Sealings Factory. All of them, under the circumstances when both Chinese and foreign parties failed to solve their contradiction through consultation, and their dispute was finally settled through administrative conciliation (or mediation) without going through the procedures of arbitration and litigation. In the mediation, lawyers played an important role.

I would like to mention, by the way, that the conciliation agreement has no legally binding force. The parties concerned shall enforce it voluntarily and

conscientiously. If any disputing party backs out of the conciliation agreement, any one of the disputing party has the right to submit the dispute to an arbitration body for arbitration in accordance with the agreement between the parties concerned or file a suit with the people's court.

Secondly, conciliation conducted in the course of arbitration procedure. In China, any body of arbitration must pay great attention to conciliation conducted in the course of the arbitration procedure. Both arbitration rules of China International Economic and Trade Arbitration Commission and Arbitration Rules of China Maritime Arbitration Commission provide that the Arbitration Commission and the arbitration tribunal may conciliate cases under their cognizance. In case a settlement agreement is reached through conciliation, the arbitration tribunal shall make an award in accordance with the contents of the settlement agreement reached between both parties. The commissions always try as far as possible to settle by conciliation every case which can be resolved this way in the spirit of combination of arbitration with conciliation. In fact, 50 percent of the cases handled by China's foreign-related arbitration institutions were settled through successful conciliation.

The Chinese arbitration institutions, together with some foreign arbitration bodies, created a new type of conciliation method, i.e. Chinese-foreign joint conciliation. The method is that each disputing party requests an arbitration body in its own country to appoint one or the same number of conciliators. Then, the appointed conciliators make joint conciliation. We have done a good job together with the United States in this

way of resolving disputes. Two major dispute cases of Sino-US trade contract were settled through Sino-US joint conciliation. The result was welcome by both the Chinese and American disputing parties. In addition, China and the Federal Republic of Germany established respectively the Beijing Conciliation Centre in China and Beijing Hamburg Conciliation Centre in the Federal Republic. The two centres signed an Agreement on Bilateral Conciliation Cooperation and jointly formulated the Beijing-Hamburg Conciliation Rules. Any economic and trade dispute and any maritime dispute can be applied to the two centres for conciliated settlement respectively or jointly. At present, ten and more cases of international trade disputes are under conciliation in the two centres. The establishment of these two centres marked a further development of the new method of the joint conciliation.

Thirdly, conciliation in the course of litigation procedure. The Civil Procedure Law of the People's Republic of China (for Trial Implementation) stipulates that: In conducting civil proceedings, the people's courts shall stress conciliation; if conciliation efforts prove ineffective, they shall render judgments without delay. The section stipulates a series of specific rules for conciliation conducted by courts. All of the stipulations mentioned above are applicable to economic disputes involving foreign interests. That is to say that the same principles and rules are applied in people's courts when handling cases involving foreign interests, stressing conciliation, on the basis of ascertaining the facts and distinguishing between right and wrong, urging the parties to reach mutual understanding

and compromise and rendering judgments without delay if conciliation efforts are ineffective.

It should be pointed out that conciliation is not applicable in handling economic administrative dispute cases.

### 3. Arbitration

The system of arbitration involving foreign interests in China was established in the 1950s. At present, there are two permanent arbitration institutions: China International Economic and Trade Arbitration Commission and China Maritime Arbitration Commission. Both of them are set up in China's Council for the Promotion of International Trade (CCPIT), i.e. the China Chamber of International Commerce. In order to suit the needs of the policy of opening to the outside world and the development of Shenzhen Special Economic Zone, the Foreign Economic and Trade Arbitration Commission of CCPIT—the predecessor of China International Economic and Trade Arbitration Commission set up a branch office in Shenzhen in 1983 (renamed as Shenzhen Sub-commission afterwards), which takes cognizance of cases of disputes arising from the local transactions. Shenzhen Sub-commission maintains a panel of 15 arbitrators, eight of whom are noted personages specially invited from Hong Kong legal and industrial and commercial circles. A sub-commission will be established in Shanghai before long.

Over the past decade, the Chinese foreign-related arbitration institutions, basing themselves on facts and taking the law as the criterion, following the three principles of independence, equality and mutual benefit, and referring to international practice, have handled many

cases of economic disputes between Chinese and foreign parties fairly and properly, and have earned good reputation. More and more applications for arbitration have been filed with the Chinese arbitration institutions in recent years. At present, the two Chinese arbitration institutions have handled nearly 300 cases which involve concerned parties from dozens of countries and regions.

Now, I would like to say something about the scope of handling cases, their major features and the question of reform of the Chinese foreign-related arbitration institutions:

#### A: The scope of taking cognizance of dispute cases

China International Economic and Trade Arbitration Commission takes cognizance of any cases of disputes arising from international economic and trade transactions. China Maritime Arbitration Commission takes cognizance of—

(1) disputes over remuneration for salvage services rendered by sea-going vessels to each other or by a sea-going vessel to a river craft and vice versa;

(2) disputes arising from collisions between sea-going vessels or between sea-going vessels and river craft or from damages caused by sea-going vessels to harbour structures or installations.

(3) disputes arising from chartering agency, towage, raising, sale, repairing and building of or in respect of sea-going vessel, carriage by sea in virtue of contracts of affreightment, bills of lading or other shipping documents, and marine insurance;

(4) disputes on pollution damages to marine environment;

(5) other maritime dispute cases submitted for arbitration by the parties concerned, based

on an agreement between them.

#### B. The major features of Chinese arbitration relating to foreign affairs

(1) uphold the guiding principle of handling cases in a way of: equality and fairness. No matter whether a party is a Chinese or a foreigner, all men are equal before the law, and are treated equally in proceedings. Whoever has justice on his side prevails.

(2) arbitration procedures are simple and convenient to follow, and application of law is proper. Autonomy of the parties concerned is respected. All these points are ensured by the Arbitration Rules of the Arbitration Commissions. The people's courts do not interfere in arbitration.

(3) combine arbitration with conciliation. This is a salient of China's arbitration institutions. Views on the relations between arbitration and conciliation in China are different from those in other countries. In foreign countries conciliation is separate procedures completely from arbitration procedures, while China arranges conciliation to be conducted in the course of arbitration procedure. The advantages of such procedure save time and cost. In Western countries, conciliators cannot serve as arbitrators in subsequent arbitrations procedure if the conciliation failed, and arbitrators cannot conciliate disputes in the course of arbitration procedure; in China, the practice is exactly the reverse, if the conciliation failed, conciliators may be appointed arbitrators in the subsequent arbitration procedure, and arbitrators may conciliate dispute cases in the course of arbitration procedure.

#### C. The reform of China's arbitration involving foreign

### interests

During the past three decades, especially in the past ten years, China's arbitration system involving foreign interests have been much improved as evidenced by the constant expansion of the scope of handling cases and the widening of the application of law. Recently, China improved and perfected its arbitration system involving foreign interests, and amended the arbitration rules. For instance, the scope of handling cases by the former Foreign Economic and Trade Arbitration Commission of CCPIT has been broadened from the original scope of handling cases relating only to disputes arising from China's foreign economic and trade transactions to all disputes arising from international economic and trade transactions between any parties concerned. The original Panel of Arbitrators included only Chinese whereas after the amendments, the Panel of Arbitrators also consisted of foreigners who are invited. The presiding arbitrator shall, now, be appointed by the Chairman of the Arbitration Commission from among the Panel of Arbitrators instead of being selected by the arbitrators appointed by disputing parties respectively as stipulated in the old rules; hearing cases in open sessions is changed into hearings not in open sessions; but if both parties request hearings in open sessions, the arbitration tribunal shall decide thereon; the new rules added a provision of a withdrawal of the arbitrator from his office when the arbitrator has personal interest in the case. The rules were amended in reference to United Nations Model Law with International Arbitration and the amended rules are consistent with the rules of most permanent international arbitration institutions

in the world. Because of this, in June 1988, Foreign Economic and Trade Arbitration Commission of CCPIT was renamed as the China International Economic and Trade Arbitration Commission and the Maritime Arbitration Commission was renamed as the China Maritime Arbitration Commission.

The Chinese arbitration institutions have established ever-broader friendly links with foreign arbitration bodies in recent years. For example, they reached either writing or oral agreements on arbitration and conciliation co-operation with Japan, France, Italy, Ghana, the United States, Sweden and the Federal Republic of Germany respectively. They also signed agreements on co-operation with the arbitration bodies of Australia, Belgium, Canada, Spain and Holland. The International Council for Commercial Arbitration invited the Chinese arbitration institutions to send representatives to participate in the Council as its members, and the arbitration organizations of Britain, Australia, Canada, Poland and Hong Kong invited their Chinese colleagues to serve as their arbitrators. The World Trade Centre of UNCTAD GATT extended special invitations to members of the Chinese arbitration institutions to serve as its arbitration experts. China participated in the drafting and formulation of the United Nations Model Law on International Commercial Arbitration. The Chinese arbitration institutions hope to further strengthen their international co-operation with other countries on the existing basis and is willing to devote all their efforts to promoting the progress of the international arbitration cause and boosting the development of international economic and trade

relations.

### 4. Litigation

As already mentioned above, China's law provides that foreigners and stateless persons enjoy the same litigation rights and obligations as Chinese citizens. Well, under what circumstances shall a suit of economic dispute be brought before the people's court?

In accordance with the stipulations of Civil Procedure Law (For Trial Implementation) when a dispute arises from the foreign economic, trade, transport or maritime activities of China, if the parties have reached a written agreement to submit the dispute for arbitration to the foreign affairs arbitration institution of the People's Republic of China, they shall not bring a suit with a people's court; if they have not reached such a written agreement, they may bring a suit with a people's court. Once an arbitration award has been made on a case by the foreign affairs arbitration institution of China, the parties shall not file a suit with a people's court. In addition, in accordance with the stipulations of China's tax laws, in case of disputes with the tax authorities over the payment of taxes, the withholding agent and taxpayer must first pay tax before applying to higher tax authorities for reconsideration, and if they do not accept the decisions made after such reconsideration, they can bring the matter before the people's court.

In handling cases of economic disputes involving foreign interests, the Chinese people's courts adhere to the principles as provided by the Constitution and laws that there shall be unified exercise of judicial power by the people's courts, that the people's courts shall administer justice independently, that the



law applies equally to all parties to a lawsuit, that the people's courts must base themselves on facts and take the law as the criterion. Such systems shall also be adhered to as hearing in public, defence, withdrawal, the collegial system, the second instance being the last instance, appeal and petition, and trial supervision. These principles and systems will ensure fair and legal trial as to realize fair settlement of economic disputes involving foreign interests.

Now, please allow me to make a briefing on trial system related to economic disputes involving foreign interests.

### 1. Jurisdiction

There are four levels of courts in China, the Supreme People's Court, higher people's courts, intermediate people's courts and basic people's courts. In accordance with Civil Procedure Law (For Trial Implementation), the intermediate people's court shall have jurisdiction as courts of first instance over cases involving foreign interests, and higher people's courts shall have jurisdiction as courts of second instance over such cases. This is to say that if a party to an economic lawsuit refuses to accept a judgment or order of first instance, he shall have the right to file an appeal with the higher people's court, namely higher people's court as court of second instance (last instance). The higher people's courts shall have jurisdiction as courts of first instance over economic cases involving foreign interests that have major impact on the areas under their jurisdiction (provinces, autonomous regions and municipalities) and under these circumstances, the Supreme People's Court shall have jurisdiction as the court of second instance. Regarding cases that have major impact on the whole

country, the Supreme People's Court shall have jurisdiction as the court of first instance and be the last one. Of course, there has been no such precedent in China. What I am talking of here is jurisdiction by level of the people's courts. Besides, there are territorial jurisdiction and referral and designation of jurisdiction in the Civil Procedure Law which are also applicable to settlement of economic disputes involving foreign interests.

2. In accordance with the Decision adopted in November 1984 by the Standing Committee of the National People's Congress on the Establishment of Maritime Courts in Coastal Port Cities, Maritime Courts have jurisdiction over maritime cases and maritime trade cases of first instance. The higher people's court which is located in the same area as the maritime court handling the case shall have jurisdiction as court of second instance over the case mentioned above.

3. The cases of patent disputes are special. In accordance with the designation of jurisdiction made by the Supreme People's Court in February 1985, patent lawsuits shall be under the jurisdiction of following different courts respectively:

a. disputes over the conferment of patents of invention, declaration of the validity or invalidity of patents conferred, the coercive enforcement of licenses or over charges for the use of patents shall be under the jurisdiction of Beijing Municipal Intermediate People's Court for first instance, and Beijing Municipal Higher People's Court shall act as the court of second (last) instance.

b. disputes over charges for use of patents, infringement of patent right and violation of contracts on the assignment of

patent right after the publication for patent prior to its conferment shall be under the jurisdiction of the intermediate people's courts in provinces, autonomous regions and municipalities directly under the central government as well as special economic zones for first instance and under the jurisdiction of their higher courts for second instance.

### 2. The division of administration of justice and the scope of accepting cases in the people's courts concerning economic disputes involving foreign interests.

A. The economic division of a competent people's court shall accept and handle following cases:

a. cases of disputes arising from economic and trade relations between Chinese and foreign parties concerned (mainly economic contracts disputes) and a suit thereof brought to a people's court;

b. cases of disputes arising among foreign enterprises and organizations from economic and trade relations with in the territory of the People's Republic of China and a suit thereof brought to a people's court;

c. cases of disputes arising from economic and trade relations outside the territory of the People's Republic of China and a suit thereof brought to a people's court in accordance with the written agreement between the parties concerned;

d. cases of economic disputes over industrial property, including cases of economic-administrative disputes in this regard;

e. cases of labour disputes between Chinese and foreigners, etc.

B. The administrative division of a competent people's court

shall accept and handle cases of economic-administrative disputes (not including cases of disputes on industrial property) brought to the people's court in accordance with the law by foreign parties who do business in China and who challenge administrative penalty or fine or other kinds of administrative decisions made by competent administrative units in China.

C. Maritime courts shall accept and handle

a. cases of disputes involving infringement of maritime rights which mainly include disputes arising from such serious accident due to negligence as collisions between sea-going vessels or damages caused by sea-going vessels to harbour or offshore structures or installations, pollution or contamination of waters, obstruction of navigation by maritime operations, injuries, deaths caused by transport and operation, etc.;

b. various cases of disputes involving maritime trade contracts which mainly include cases of contract disputes such as those on affreightment, transport of passengers and their luggage, sea-going vessels, building, repairing, dismantling and sale, chartering and agency, marine insurance, remuneration for salvage service, towage or raising, harbour operation and labour service, etc.;

c. other cases of maritime or maritime trade disputes such as general average, development and utilization of marine resources, maritime preservative measures and maritime execution, etc.

### 3. Application of laws in trial of cases of economic disputes involving foreign interests

Laws enacted by the National People's Congress and its Standing Committee concerning foreign economic affairs, similar

administrative rules and regulations enacted by the State Council and international treaties concluded or acceded to by China all serve as basis (legal grounds) for the people's courts in trying case of economic disputes involving foreign interests. In addition, local regulations concerning foreign economic affairs adopted by the people's congress of provinces and municipalities directly under the central government and their standing committees, which must not contravene the Constitution and the law and administrative rules and regulations, and regulations on the exercise of autonomy and other separate regulations enacted by the people's congress of national autonomous areas may also serve as basis for the people's courts in trying cases of economic disputes involving foreign interests arising within such provinces, municipalities directly under the central government and autonomous areas. In July 1988, in light of the need of deepening reform and widening opening up, the decision was that (provided they do not contravene laws, rules and regulations adopted by governments of higher levels) the following local regulations may serve as basis for the people's courts in trying cases, a local regulation formulated by the people's congresses and their standing committees of cities where provincial and autonomous regional people's courts are located and the people's congress of relatively large cities, with the approval of the State Council;

b) regulations issued by ministries and commissions of the State Council and regulations drawn up by the people's government of a province, autonomous region, municipality directly under the central gov-

ernment, and by the people's government of a city where the people's government of a province or autonomous region is located, or of a city which has a separate economic plan or which is a relatively large one, with the approval of the State Council, and by the government of a special economic zone.

Besides, the parties to a contract involving foreign interests may choose the proper law applicable to the settlement of their contract disputes. In the absence of such a choice by the parties, the law of the country which has the closest connection with the contract shall apply. The law of the People's Republic of China applying to contracts is to be performed within the territory of the People's Republic of China, namely contracts for Chinese-foreign equity joint ventures, Chinese-foreign contractual joint ventures and Chinese-foreign co-operative exploration and development of natural resources. For matters that are not covered in the law of the People's Republic of China, international practice shall be followed. It is also necessary to point out that if new legal provisions are formulated while contracts for Chinese-foreign equity joint ventures, Chinese contractual joint ventures, or Chinese-foreign co-operative exploitation and development of natural resources, which have been concluded with the approval of the state, are being performed within the territory of the People's Republic of China, the performance may still be based on the terms of the contracts so as to guarantee the effect of the contracts. Such a stipulation in legislation shows obviously and fully in itself that China takes contracts seriously and keeps promises honestly. □

## Women's Association for Banning Gambling

**RENMIN RIBAO**  
(People's Daily, Overseas Edition)

**W**hat do people of the Shuangxi Village in Dafeng County, Jiangsu Province, do in a year? Here is what they say, "Tilling the land for three months, celebrating the New Year for two months and getting together to gamble for seven months." Gambling runs rampant in the village, ruining many families.

But since September 1986, even the village's hardened gamblers have quit gambling. Local women, their wives included, have pressured them into changing their ways.

Three years ago, more than 500 women in Shuangxi Village set up an association to ban gambling, declaring a "war" against the local scourge.

"This is really great," exclaimed three TV reporters from Federal Germany visiting the village in May last year. "We'll cover this practice and let our country fellows know and learn the good experiences."

### Wives Talk Over Husbands

Feng Cuiling, an honest and industrious woman, married a cobbler in the village eight years ago. The business was good and their life happy. But later she discovered her husband was gambling. With tears in her eyes, she talked to him many times, but the man continued gambling day and night.

Feng's husband was so addicted to gambling that when she started having labour pains before her son was born, he refused to call the doctor immediately because he was in the middle of a game. And during the month of confinement after the baby was born, he didn't spend much time at home helping Feng. As a

result she suffered stomach aches.

Feng joined the Women's Association for Banning Gambling in autumn of 1986, and warned her husband's fellow gamblers not to gamble with her husband any more.

One day, when Feng came back from visiting her mother for four days, she found that her money, hidden behind a wall brick, had disappeared. Her husband confessed that he had gambled it away. She reported the matter to the association, which conducted an investigation. The association imposed a fine on her husband and his fellow gamblers and educated them on the evils of gambling. Realizing his wrongdoing, her husband swore to have two of his fingers cut off if he succumbs to the sickness of gambling again.

The man hasn't gambled for the last two years. He mends shoes during the day and helps his wife with household chores in the evening. Happiness has returned to the family again.

### Return of a Prodigal Son.

Shen Deyou, the only child in his family, became a notorious gambler upon graduation from the middle school. For this he was jailed for a few years.

When he was released, he returned to his two small rooms furnished with almost nothing but a dinner table. He was so sad that he cried his heart out before his father's tomb.

Later, when life improved, however, his hands got the old gambling itch. His wife, a member of the village's association to ban gambling, realized he may start gambling again and persuaded him to attend the local legal study class. As Shen fought to overcome the powerful urge to

gamble, one of his neighbours was sentenced to death after killing a person over gambling money.

While helping her husband ideologically, Shen's wife showed full trust in Shen. Whenever Shen asked for money, she would give it to him without asking why. All this added to his self-respect and made him understand his role as a husband. "It's a shame for a man to gamble outside while his wife works hard at home," he said.

### Family Effort

Zhou Hengfang, over 50, has four children. The life was just so-so, but her husband became addicted to gambling. Once, the old man gambled away half of the money from selling a pig.

Zhou and one of her daughters-in-law joined the village's association to ban gambling when they learned it could help them. Zhou realized her husband went gambling because of idleness. She asked him to sell vegetables during the day and baby-sit their grandson in the evening. Now the old man has given up gambling.

(July 15, 1989)

## Changing Jobs Becomes a Fashion

**RENMIN RIBAO**  
(People's Daily)

It used to be quite an embarrassing thing in China for a person to be dismissed by his or her employer. But things are different now. Many people seek the opportunity to be sacked.

Last year, some 14,000 people in Beijing succeeded in leaving or having their employers dismiss them. Many of them were skilled workers and college graduates just assigned to their work places.

A leader of the Beijing No. 2

Cotton Mill said that the changing of jobs by employees had brought about a problem in the production and management personnel of some enterprises. There used to be more than 9,000 employees in his factory, but in recent years more than 1,000 had left. Most were about 30 years old. They include electricians, vehicle drivers and ordinary workers.

Enterprise leaders hold that there are many factors contributing to this situation. Some people are not satisfied with their work units; some are attracted by the higher income of the self-employed and those who work for foreign interest-involved businesses.

But money is certainly not the only reason. Take Jiang Quanjun for instance. She was a Communist Youth League secretary, deputy-head of the general office and a workshop Party branch secretary at a Beijing chemical factory. She got good wages and had a bright future as an official. But the factory was so far away from her home that every day she had to spend at least four hours travelling. She has switched to work in the nearby Dongan Bazaar as a secretary in charge of publicity. She is satisfied because she saves a lot of time every day.

A Beijing commercial college teacher interested in office work in a corporation said, "Satisfaction in my career is what I want."

Not all of those who leave their work units find new jobs immediately. They become frequent visitors to the labour market in the capital. Some are lucky and get a good reception, but some are not, especially those who do not have special skills. It is, however, unusual for people to try to return to their original work units because they fail to find suitable new jobs.

Some who quit enjoy new success in their careers. A street pedlar said, "I just regret I left

the factory too late..." He wore Western-style clothes and appeared to be well-off.

But another pedlar said that they endured hardship to earn their money. "We suffer cold in winter and heat in summer, spending all day in the open air," he said. "One of us has returned to his original work unit because he found it too hard to be a self-employed worker."

Some specialists say that the frequent changes of jobs among employees represents a challenge to China's long-established job assignment system, showing that people have begun to pay attention to their personal preferences and developing a competitive spirit. They said the resultant flow of personnel cannot be stemmed by mere administrative measures. Such a flow is inevitable in the development of a commodity economy. The problem can be solved only through further reforms.

*(June 29, 1989)*

## **A View of the Class Struggle**

**GUANGMIN RIBAO**  
(Guangmin Daily)

**T**he recent anti-government rioting in Beijing shows that although the class struggle is no longer the main contradiction in Chinese society, its existence is independent of man's will.

The main front of China's class struggle is in the ideological and political fields and centres on the struggle against bourgeois liberalization.

Although private enterprises have expanded in recent years, they are only a supplement to the economy of socialist public ownership.

However, bourgeois influence, in ideological and cultural fields can not be underestimated.

Reviewing the situation over the past few years, one can see

the startling tendency of bourgeois liberalization in these fields.

For example, the cultural market was once flooded with illicit publications and tapes, a number of newspapers and publishing houses issued articles and works spreading the views of bourgeois ideological theory. Classrooms became the place to disseminate bourgeois liberalism and a few newspapers and radio and television stations banged the drum for bourgeois liberalization.

If such a tendency corrodes communists, the decision and policy makers in particular, it will latently change the nature of the Communist Party and turn socialist power into bourgeois power.

Therefore, the fight against bourgeois liberalization is a political struggle to win the younger generation away from the bourgeoisie, expand the ranks of the proletariat and defend the great socialist achievements and the People's Republic.

One feature of the present class struggle is that representatives of bourgeois liberalization undertake capitalism under the banner of reform and opening further to the outside world and adhering to the four cardinal principles (the socialist road, Communist Party leadership, people's democratic dictatorship and Marxism-Leninism and Mao Zedong Thought) while changing their essential content.

Another feature is the contradiction between the people and the enemy, among the people, inside and outside the Party, and at home and abroad. The interweaving of these contradictions makes the class struggle more complex and the alignment unclear and cause people to exert arduous efforts to recognize and carry out class struggle.

*(September 11, 1989)*

## Eight Exhibitions to Be Held as Scheduled

**E**ight international exhibitions will be convened as scheduled in Beijing, Guangzhou, Shanghai and Shenyang before the end of this year. They include the Shenyang Printing Exhibition (September), the Beijing Aviation Exhibition (October), the Beijing Imitations Exhibition (October), the Beijing Water Conservancy Exhibition (November), the Shanghai Furniture and Carpenter's Tool Exhibition (November), the Shanghai Sound Exhibition (November), the Guangzhou Meter and Instrument Exhibition (November) and the Guangzhou Automobile Exhibition (December).

They are sponsored jointly by Hong Kong's China Promotion Ltd. and the China Council for the Promotion of International Trade and other units. Representatives of more than 120 companies from 13 countries and regions such as the United States, Canada, France, Britain and Singapore as well as Hong Kong will attend the aviation show, the biggest of its kind ever held in China. The Taiwan Asian Airline Co. Ltd. will attend the occasion for the first time in its history.

Hong Kong's China Promotion Ltd. is preparing a series of exhibitions to be held on the mainland in 1990. These include a medical apparatus exhibition in Shanghai, and a printing exhibition, a metallurgy exhibition and a machinery and electric exhibition in Beijing.

by Kou Zhengling

## Co-operative Exploration in China

**I**n late August, representatives from 33 foreign geophysical exploration companies gathered for the five-day Beijing (89) International Symposium on Exploration Geophysics in the hope of strengthening their co-operation with China in this field.

Most of the companies are special manufacturers of geophysical exploration instruments. They include the French Company Generale de Geoph.(CGG), the Western Atlas International of the United States and the Phoenix Geophysics Ltd. of Canada. These companies exhibited their advanced exploration instruments, facilities and related software applications used in the industry.

According to Huang Dexu, Chinese president of the meeting, a majority of the companies attending already have a good track record for instruments sales, personnel training and technological exchanges. Six of them have set up permanent offices in China. Professor Huang believed that because of the meeting foreign business people would understand China better and the scope of their co-operation with China would expand in the future.

During the exhibition, many foreign businessmen talked with their Chinese counterparts about oil exploration, products sales and technological exchanges; and some finalized their discussions by signing letters of intent.

by Li Ping

## Fujian Expands Tea Export

**F**ujian Province, situated on the southeast coast of China, is now becoming an important tea exporter. In 1988 a total export amounted to 10,000 tons, 12.5 times 1955's 800 tons and an average annual increase of 37.5 per cent.

The province first exported tea to Southeast Asia, Hong Kong and Macao and then to the United States, Canada, Britain, Federal Germany, France, Pakistan and Japan. The oolong tea, for example, won the state gold medal and is very popular with Japanese people.

To meet the requirements of the international market, the province continues to develop new products. In 1987, the province with a Japanese business co-operatively produced oolong tea concentrate at an annual capacity of more than 250 tons. The province has recently developed nine kinds of diet tea and scented tea on the US, Canadian and European markets for trial sales. The products have been well received by clients in the world.

With more than 1,000 years of tea history, Fujian Province produces more than 300 kinds of tea in five categories including jasmine tea, oolong tea, green tea, black tea and white tea. The jasmine tea, Xinya brand oolong tea and Lujiang brand diet tea and others won the Gold Cassia Leave Award of the International Foodstuff and Tourist Association.

by Yao Jianguo

## China Aids Cairo Conference Centre

**T**he Cairo International Conference Centre which China helped to build will officially open before the end of this year, said the Foreign Aid Department of the Ministry of Foreign Economic Relations and Trade.

The centre stands as a symbol in the Egyptian capital of the martyrs of the Arab cause. With a construction area of 58,415 square metres and a total area of 25.67 hectares, it has a 2,500-seat conference hall or theatre, an 800-seat meeting hall and a delegation office building. There is also a banquet hall, which can seat 1,300 people and press briefing centres and facilities for foreign heads of state.

The centre is equipped with air-conditioners, simultaneous translation, an automatic fire-fighting system, closed circuit televisions, TV transmission and radio facilities, fax, a hydraulic orchestra pit and revolving stage. The centre will be home to all kinds of large

and small international meetings, theatrical festivals, cultural and art exhibitions and large-scale banquets.

Construction of the project began on January 1, 1986. The establishment of the centre has embodied China's standards of building design, modern construction, organizational and managerial expertise. Meanwhile, it has played a positive role in expanding China's influence in Egypt and the Middle East and promoting economic and technological co-operation between China and Egypt.

by Li Wanming

## Tin-Technology Surprises World

China's introduction of a new tin refining process has shaken the tin world. The new technology is being pleasantly received in several countries including Brazil, Britain, Malaysia and Bolivia.

The new automated system is capable of refining tin ore without polluting the environment and at a lower cost than the traditional chemical processes.

The new system, the continuous electrothermal crystallizer, developed by the Yunnan Tin Corp. (YTC), is described as a world breakthrough in tin refining. Already representatives of 11 factories from seven countries are negotiating with YTC to transfer its technology.

The new system crystallizes tin ore while removing both the lead and bismuth content in a simple pollution-free continuous electrothermal process.

The Chinese system should help improve the image of tin refining which has often blighted populations located in tin-rich areas. In the past chemical extraction techniques often took a large toll in social costs owing to the pollution and labour intensity that came with it.

YTC is one of China's few metallurgical enterprises that is cap-

able of exporting its technical know-how and machinery. Research into the electrothermal crystallizer started as early as 1975 and its export began in 1984.

China's progress in the tin world is supported by Peter Wright, a world famous expert on tin metallurgy and professor at Oxford University, who said that YTC has a three to five years lead over other countries in tin refining and related technology.

Tin mining at YTC can be traced back to 1889 but it wasn't until China mounted its policy of opening to the outside in the late 1970s that real strides in exports were made.

Besides accounting for 55 percent of China's total tin output YTC exports her production to 44 foreign countries and regions.

The firm has been honoured with two state gold medals and has been granted the privilege of exemption from export examination.

by Li Rongxia

## News in Brief

- The China International Trust and Investment Corp. (CITIC) is preparing for a Chinese-Foreign Economic Co-operation Seminar to be held in Beijing, October 4.

More than 120 senior entrepreneurs, public figures and their assistants from 12 countries and regions have been invited. More than 30 Chinese officials at the ministerial, provincial and municipal levels will also attend the meeting to exchange ideas with their foreign colleagues on the current international economic situation and China's continuing to open to the outside world.

Through the seminar, CITIC hopes to promote Chinese-foreign economic exchanges and co-operation, develop its business and attract more foreign investment.

CITIC succeeded in sponsoring a similar seminar in 1984.

- The Huaxiang Apartments in eastern Beijing will hold a month-long martial art health-building

training class for foreigners. The class will be coached by famous martial art masters and experts in traditional Chinese medicine. The hotel's general manager, Cai Xiaopeng, said, "Many foreigners are quite interested in Chinese *qigong* (breathing exercises) *wushu* (martial art) and traditional medicine. Our class will be able to satisfy their demand."

The Huaxiang Apartments, a dome-shaped building combining the style of both European and American courtyards, contains 45 villa flats. Its income has reached nearly US\$2 million since it opened in July 1988.

- The Soviet Union will order over 40 kinds of daily consumer goods from China this year and next.

Of these, 30 are light industrial products, including shoes, leather and down products, glass utensils, thermos bottles, toys, recreational and sports articles, arts, crafts and handicrafts.

It is reported that the Soviet Union will spend a total of 1.2 billion Swiss francs on these consumer goods this year.

- The First National New Technology and New Product Fair will be held in Guangzhou, November 11 to 14, 1989. The fair will cover transfer of technological products, purchase of technology shares, joint exploitations and joint-venture management. It will also open new technological products corners for foreign, Hong Kong and Taiwan companies and introduce new technology home.

- The Hangzhou Toothpaste Factory, the largest of its kind in Zhejiang Province, turned out 825,000 pieces of toothpaste for export to Fiji in 1988. The factory and Fiji also agreed to establish an equity joint venture in the capital of Fiji to produce 10 million pieces of toothpaste a year. This is the first joint venture between China's toothpaste industry and its foreign counterpart. □

## 'China Today: Aviation Industry'

The history of China's aeronautics industry, the many varieties and models of China's aeroplanes and of its modern missile systems, is now available to the general public with the publication of *China Today: Aviation Industry* (English edition).

Xu Hansheng, deputy chief en-

gineer of the Ministry of Aeronautics and Astronautics Industry, chief editor and publisher, says it's the first time the experience of the development of China's aeronautics industry over the past decades has been publicly recorded. The authoritative materials and data are accurate, reliable and comprehensive.

"There's even a summary analysis," says Xu, "of past failures in development of some highly sophisticated products."

The book's Chinese edition, part of the 200-volume *Contemporary China Series*, is now on sale throughout the country. Distribution of the English edition abroad, handled by the China Aeronautics Industry Publishing House, has already begun. □

## 'Past and Future'

This is a commemorative book of collected works in Chinese. It looks at the science, technology and industry of New China's national defence. It will be published on the eve of October 1, China's National Day, and the country's 40th anniversary.

Deng Xiaoping inscribed this book's title while President Yang Shangkun wrote the foreword. The new General Secretary of the Central Committee of the Chinese Communist Party, Jiang Zemin, and Li Peng, Premier of

the State Council, wrote an address to readers. More than 100 celebrities, including Marshal Nie Rongzhen who directly led and personally took part in the build-up of New China's national defence, Zhang Aiping, former Minister of National Defence, Zhang Jingfu, former state councillor, and Qian Xuesen, a well-known scientist, contributed articles.

Clearly written with more than 400 informative photographs, *Past and Future* highlights the pioneering effort made by those

in charge of modernizing the country's defence industry. It describes the energy and interest of those dedicated to China's development of atom bombs, hydrogen bombs, the intercontinental missile system, man-made satellites, aeroplanes, nuclear powered submarines and other major scientific projects.

Nie Li, deputy director of the science and technology section of the State Commission of Science, Technology and Industry for National Defence, and Huai Guomo, deputy director of the Commission are chief editors. It will be published by the National Defence Industry Publishing House. □

## 'Military Affairs Encyclopedia of China'

The Encyclopedia of China Publishing House, after eight years of compiling material, has published the two-volume *Military Affairs Encyclopedia of China*. Foreign distribution is managed by China International Book Trading Corp. (Guoji Shudian).

China's rich legacy of military knowledge, begun thousands of years ago and continuing through the development of military strategy by Mao Zedong in

the first half of this century, is summarized in this new work.

Nearly every field of military science has been clearly arranged under 25 categories. The description of the current state of the military has a particular focus on the recent achievements of the People's Liberation Army (PLA).

The two volume set is a collective work. Marshal Ye Jianying, Xu Xiangqian and Nie Rongzhen, other senior PLA generals

and comrades and respected science and technology specialists of national defence contributed essays. The well-researched background material is put to good use in the production of this authoritative, well-written book.

China's relevant governmental departments are expected in the future to compile an even more extensive eleven-volume *Military Affairs Encyclopedia of China*. □

# Dragon Palace Has Extra Dimensions of Interest

In the mountains of southwest China's Guizhou Province there is a little-known scenic spot that has an extra dimension of interest. The Dragon Palace, as it is known locally, is not just another cave. This one is half filled with water, half filled with legends.

There is a colourful history behind the cave's name. A local man named Wu Renzhi said that one of his forefathers saw a giant thing in the cave's water when he was fishing. When he disturbed it, the creature flew into the sky with a red glow, he said. Another man, well into his 70s, said that the dragon is still there and sometimes coughs. Once it coughed so hard that the mountain shook, he said.

While few people today believe in dragons, once they are in the cave some people find themselves drawn into its legends.

In his book *The Mountain Is Real and the Water Is Real*, Zhang Ke describes his experience while exploring the cave:

"I often stood long and quietly in the cave. There, in such vastness, serenity and seclusion, I listened attentively, hoping to hear a cough, or even a sneeze, by the dragon.

"I also sat on the stone steps at the pool as attentive as if I were fishing. Groups of fish swam by, but why did not the giant thing make an appearance?

"I didn't give up. I will continue to explore until I find the traces of the dragon."

More and more tourists are coming to visit the palace, perhaps with the same dream.

Actually, the Dragon Palace is a karst, or cave area. It is 27 kilometres from Anshun and about an hour's drive from the country's biggest waterfall, the Huangguoshu Waterfall. The Dragon Palace is composed of groups of caves and underground lakes, like a string of pearls. The whole string stretches about 15 kilometres, linking more than 90 lakes.

## By Boat

Only about 800 metres, or about one-fifth of the whole area, have been opened to public. The lakes that are open are seven to 17 metres deep. For one yuan, tourists are taken on tours in 12-person boats.

The temperature in the caves is mild, ranging from 16 to 20 degrees Centigrade all year.

The narrowest part of the Dragon Palace is only wide enough for a small boat, while the most spacious cave takes up almost 4,000 square metres. The highest ceiling in the caves is about 110 metres above the water.

Numerous small springs pour from the ceilings, making a music of their own beat. Somewhere above are tiny holes that serve as skylights, providing fresh air and sometimes letting in enough light to make the scene more dramatic.

Many Chinese and foreign karst experts believe that China's karst caves are best in the world.

## Natural Radiation

Another legend of the Dragon

Palace is that its very low natural radiation somehow makes it an ideal place for resting.

Local tourist officials say that people working in the palace do not tire as easily as other people. One of the employees was said to have had high blood pressure, but after working two months there his blood pressure dropped to normal.

The provincial Environment Protection Research Institute later made an interesting finding. In a two-year study using US-made ionization testing devices, scientists determined that the radiation rate is close to zero in one place. Since some natural radiation is hazardous to humans, the caves are considered safe places.

Only six years ago, the Dragon Palace was virtually unknown to the rest of the country, as it is located in a poor mountainous area inhabited only by a few people of the Miao and Buyi nationalities. In the late 1970s, engineers were studying the possibility of building a hydroelectric generating plant there. While exploring the water resources, the engineers happened to discover the caves, giving the local government a pleasant surprise.

The local people are living a better life as the reputation of the palace grows. There are about 80 families in the area and previously none of them owned so much as a watch. Now each family earns more than 1,000 yuan a year from tourist services.

by Ma Lixin





'Village'—woodcut by Wei Qicong.

## Award-winning Works on Show in Beijing

**A**ward-winning artistic works from the Seventh National Art Exhibition are on display at the China Art Gallery in Beijing until October 5 as part of the three-week-long Second China Art Festival.

The works, a selection of the best of 5,000 entries between April and August, feature 13 gold-medal winners, 65 silver-medal winners and 221 bronze-medal winners.

The national art exhibition is held every five years. Since the last exhibition in 1984, Chinese artists have made remarkable

progress in artistic expression, concept, subject, style and technique. Some artists have experimented with breaking from tradition while other artists show a maturity with their realistic presentation. While absorbing modern ideas and techniques, some artists put great emphasis on the artistic quality and ideology of their works. Many artists use new materials, which have greatly enhanced the development of new styles and forms. This year, artists showed a tendency towards innovation in the style of traditional Chinese paintings.

The gold-medal winning painting *Rosy Memory* shows six women veterans of the Eighth Route Army standing by the Yanhe River thinking of the old days. Although there isn't startling image or typical story-line in the painting, the meaning is clear to the viewer.

A second work of traditional Chinese painting that won a gold medal is *The Colour of Dawn*, which depicts morning in a mountain village. In the light blue morning fog, small children carrying school bags are in a hurry to get to school. Using the

technique of combining dots and lines, the artist painted many layers of mountains. As a result, the human figures are very small. The "dot and line method" is quite popular among painters of traditional Chinese painting. According to some artists, this method both absorbs traditional techniques and that of the French impressionists.

The exhibition's oil paintings display the potential and talent of Chinese artists. The oil painting entitled *The Boy Who Seeks Balance At Dusk* by Wang Yan attracts many viewers. The picture shows a school boy walking home along the railway tracks at dusk. It seems that the boy is bored with the monotony of walking, so he stands on the rail with one foot while lifting the other foot to keep his balance. The composition and subject of the painting are extremely creative.

Another oil painting that won a silver medal is called *The Shell of Industry—Iron Filing No.1*. It is an abstract painting. Against a deep blue background, some iron filing-like objects give off a shining silvery light. Looking at the painting, people can almost hear the rumble of machines used in industrial production. In previous national art exhibitions,

few abstract works have won awards. This silver-medal winner may be an indication of people's acceptance of abstract paintings.

It seems that the Chinese people find realist oil painting more acceptable and that may explain why so many of them have won awards. The artists put their brush into every corner of social life from the country baby with the traditional tiger-hat of Shandong Province to the young woman sitting beside a lighted candle waiting for her lover to come.

*Guizhou People*, a set of woodcuts by Wang Huaxiang, won a gold medal in its division. One woodcut depicts an old man and the other shows an ordinary woman. The artist has successfully captured the simplicity and personality typical of the people in Guizhou Province in southwest China. Experts say the woodcuts show maturity and creativeness in the cutting, use of colour and printing techniques.

Another gold-medal winner in woodcutting was Wei Qicong, an artist from Yunnan Province who created a multi-coloured work of natural scenery. Taking red as the base colour, the picture is full of passion and shows an exquisite sense of colour and skill in cutting. His work re-



'Rosy Memory'—a traditional Chinese painting by Xing Qingren.

minds people of the oil paintings of Vincent van Gogh.

The judging committee of the Seventh National Art Exhibition concluded that this year's artistic works were generally very good. However, there was no outstanding piece.

Art work from Hong Kong and Macao, which had been selected to take part in the Seventh National Art Exhibition, is also on display at the China Art Gallery as part of the festival. There are 57 pieces from Hong Kong and 24 from Macao. As well, 13 works by Taiwan artists are on display.

by Wei Liming

'The Red Ribbon of the Earth' by Shen Yaoyi.





Wind From the Mountains.



Transporting Lumber.



The Hunter Goes Home.

## Woodcuts by Chen Yiwen

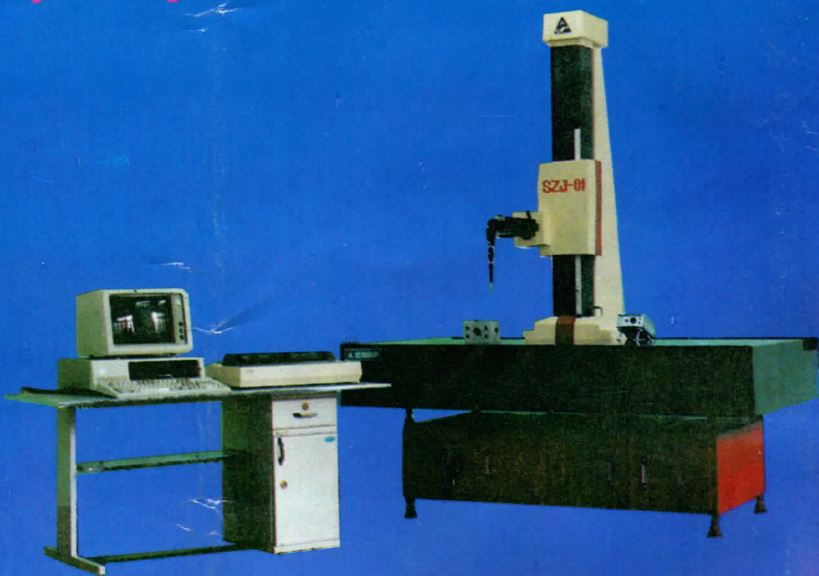
A staff member of the Jiangxi Provincial Studio of Art and Calligraphy, Chen Yiwen was born in Jiangxi's Ningdu County in 1945. He is keenly interested in depicting aspects of people's daily life. In his woodcuts he pursues the harmonious combination of local colour with modern aesthetic interest.



Osprey and Fisherwomen.

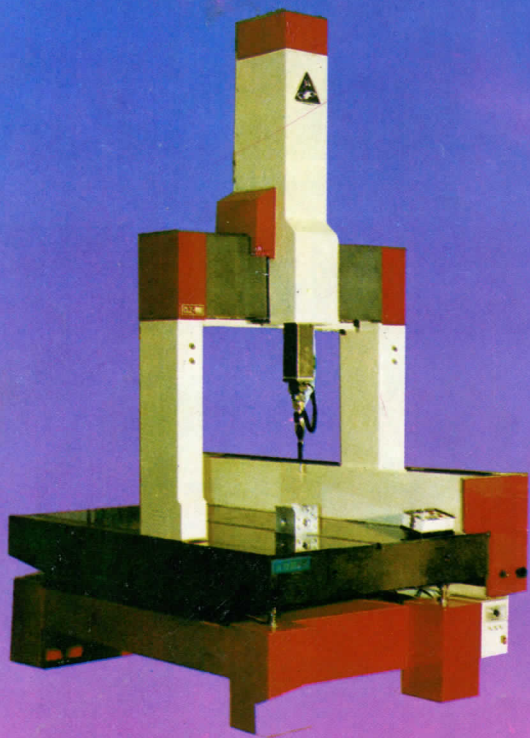
# Putian Municipal Jingpu Precision Machinery Corporation

Our corporation is an enterprise financed by Putian City and the Beijing Machine-Tool Research Institute under the Ministry of Machine-Building and Electronics Industry. It has factories equipped with microtricycle, precision machines and numerical-control equipment. We manufacture and deal in technology-intensive, optical-electronic integral products.



CLZ 686; CLZ 1086; CLZ 1286; three co-ordinate measuring machines the aerostatic bearings of a movable column structure are adopted. They have two transmission functions—manually and motorized. They can measure the geometric size of machine parts, models and products, as well as the relative position, shape and location tolerance, curve and curved surface. They are widely used in factories, mines and research institutes.

- Aerostatic bearings which are stable and can stand wear and tear.
- Principal components are made with granite.
- The crossbeam and main shaft are of a hollow structure.
- Microcomputer data-processing system with a wide range of software.
- Reflecting-style grating measuring system.



General Manager: Ms. Zheng Shunying  
Address: 80 Huancheng Road, Putian City,  
Fujian Province

Tel: 22176, 22676  
Cable: 6639 PUTIAN  
Fax: 059423096