

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

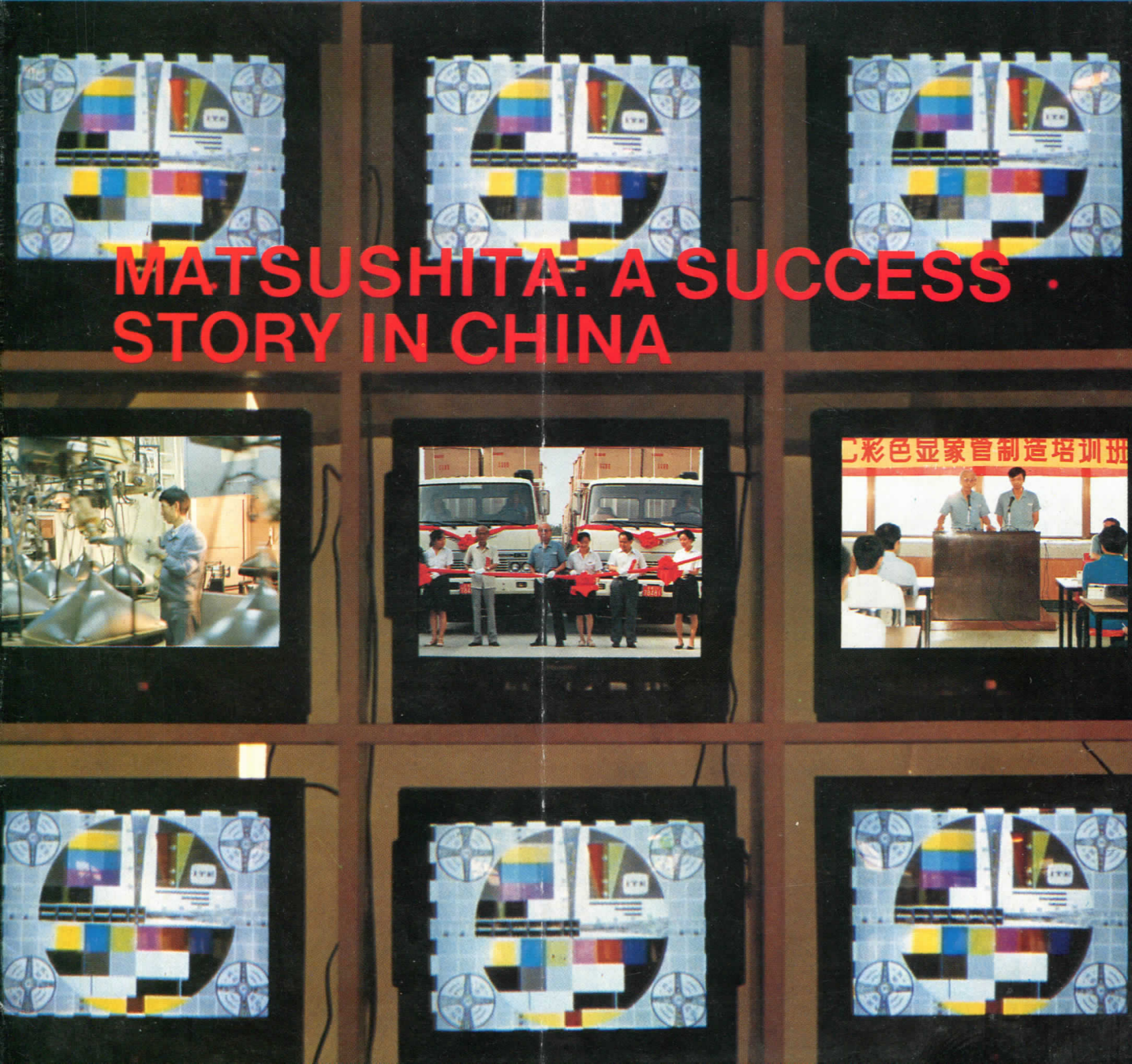
北京周报

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1990—Forecasts by the Experts

**MATSUSHITA: A SUCCESS
STORY IN CHINA**





The 1 million Hani nationality, all kindhearted and industrious farmers, live in the mountainous area scattered between the Yuanjiang and Lancang rivers in Yunnan Province.

A woman of the Hani nationality.

When women of the Hani nationality go shopping in town, they frequently use baskets to carry heavy loads, dispersing the weight by wrapping a band around their forehead.



Photos by Tang Nianzu



Li Speaks on the End of Martial Law

□ In a televised speech on the lifting of Martial Law in Beijing, Premier Li Peng points to the stability of the national situation and declares that, no matter what happens in the world, China will unswervingly proceed along the socialist road. (p. 4).

Chinese Foreign Minister on World Situation

● Despite a relaxation in military confrontation, instability will continue, says Chinese Foreign Minister Qian Qichen. Interviewed by China's *Outlook* magazine, Qian speaks on the rapidly changing world situation (p. 10).

A Forecast of 1990

● In this issue, *Beijing Review* publishes a series of articles in which experts from different fields of work preview the year 1990 and beyond and describe the measures for improving economic environment. Among these experts are He Kang, minister of Agriculture; Zhou Zhiying, an official of the State Planning Commission; Zhou Guangzhao, president of the Chinese Academy of Sciences; and Lu Jiayi, chairman of the Chinese Peasants' and Workers' Democratic Party (p. 15).

Offence-Reporting: A Way of Mass Supervision

● The offence-reporting system, established nationwide in June 1988, offers the public an opportunity to participate in the fight against bribery, corruption and bureaucracy. It has proved to be an effective means of discovering crimes (p. 25).

Kinescope Firm—a Symbol of China's Investment Climate

● The Beijing-Matsushita Colour Kinescope Co. (BMCC), the largest Japanese investment project in Beijing and a major overseas project of the Matsushita Electronics Corp., uses not only the company's equipment and technology, but also its management system. BMCC's management practice has made the joint venture the most efficient one in Beijing's electronics industry and created a production line which meets the quality standards in the United States (p. 23).



p.10



p.23

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COVER: A view of the Beijing-Matsushita Kinescope Co.
Photo by Xu Songchao

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

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Martial Law Lifted in Beijing

The Chinese government lifted as of January 11 the martial law imposed in parts of Beijing on May 20, 1989, to check turmoil and maintain social order and security in the city.

Premier Li Peng announced the State Council decision in a televised speech on the evening of January 10.

"The lifting of martial law imposed in parts of Beijing indicates that the situation in the capital and the country as a whole has become stable, the social order has returned to normal, and a great victory has been won in checking turmoil and quelling the counter-revolutionary rebellion," Li said.

"This fact shows once again to the whole country and the whole world that the Chinese Communist Party, the Chinese government and the Chinese people are capable of running their own affairs well, and maintaining a long-term and stable development in the political, economic and social spheres. No matter what may happen in the world, we shall unreservedly proceed along the socialist road," he continued.

The situation in the seven months since martial law was put into practice has shown, said the premier, that China is stable in a political, economic and social sense, production and life are in good order, commodity supplies are abundant and the people are leading a peaceful and happy life. All this sharply contrasts the chaotic situation last spring. Facts show ever more clearly that imposing martial law in parts of Beijing was a timely, necessary and correct decision. It played a significant historic role in stabilizing the situation in the capital and the country as a whole.

China, said Li, is focusing on economic development for socialist modernization. The major task at present is to improve the economic environment and straighten out the economic order and to deepen the reform. This calls for a favourable and stable social and political environment. "Otherwise, nothing can be done," he emphasized.

"Previous experience, if not forgotten, serves as a guide for the future," he continued. "We must learn from historical experiences and lessons, cherish the country's stability in the same way as we take care of our own eyes, and consolidate and develop the political situation of stability and unity.

"We have made tremendous achievements in reform and opening to the outside world over the past decade. Practice shows that the policy of reform and opening to the outside world is fully correct. The policy will never change because it has taken roots in the soil of China and in the hearts of the people."

The premier said, "We will continue to promote friendly relations with all countries on the basis of the Five Principles of Peaceful Coexistence, and expand economic and technical co-operation with them on the basis of equality and mutual benefit.

"We will, as always, work with the people of all countries for peace and development, for the progressive cause of mankind."

The premier warned that there are still some factors existing in Chinese society which may cause instability. The hostile forces at home and abroad will not give up their attempt to subvert China's socialist system. And there are some temporary difficulties the country needs to overcome in improving the national economy. "We must have a sober understanding of all these," he said.

Li believed that no matter how the international climate changes, the Chinese people will, under the leadership of the Chinese Communist Party, steadily push ahead with their great cause of building socialism with Chinese characteristics.

He extended his sincere thanks to all overseas compatriots, overseas Chinese, foreign friends, and the governments and people of various countries that expressed understanding and support for the measures taken by Chinese government to stabilize the situation. □

Residence Offer: A UK Volte-Face

China has expressed great surprise over Britain's decision to grant 50,000 Hong Kong households full British citizenship, calling the decision a gross violation of its own solemn commitment.

On December 20, the British government unilaterally announced its decision to grant 50,000 Hong Kong households (a total of 225,000 people) status of full British citizenship covering the right of abode in the United Kingdom; despite the fact that agreement was reached on the issue of nationality of Hong Kong residents in Sino-British talks five years ago, and that the two sides also exchanged memoranda on this basis.

"The Chinese government is greatly surprised at this action by the British government," said a Chinese Foreign Ministry spokesman on December 30. "This course of action by the British government is a gross violation of its own solemn commitment."

He then quoted the memorandum of the British side, which states in explicit terms: "All per-

sons who on 30 June 1997 are, by virtue of a connection with Hong Kong, British Dependent Territories Citizens (BDTCS) under the law in force in the United Kingdom will cease to be BDTCS with effect from 1 July 1997, but will be eligible to retain an appropriate status which, without conferring the right of abode in the United Kingdom, will entitle them to continue to use passports issued by the government of the United Kingdom."

The contents and the wording of the memorandum of the British side, like that of the Chinese side, were agreed upon between the two sides through negotiations, the spokesman said.

During the past few weeks, the British side has on many occasions stated that it will continue to abide by the Sino-British Joint Declaration and resume Sino-British co-operation, he noted. But now the British side, in a volte-face, has unilaterally decided to grant full British citizenship to some Hong Kong residents in disregard of the relevant agreement between the Bri-

tish and the Chinese.

The British side, he added, has also declared that it will hold back a portion of the 50,000-household quota so as to "give opportunities for those who may move into key positions in Hong Kong in later years," closer to 1997. It has also called on "partners and allies" of the UK to follow suit in an open attempt to "internationalize" the Chinese residents in Hong Kong.

The decision of the British government will inevitably create contradictions leading to divisions and confrontations among Hong Kong residents, the spokesman said.

As a matter of fact, "it has already caused considerable confusion among Hong Kong residents since it was made public," he added. "All these are evidently detrimental to the stability and prosperity of Hong Kong. Anyone caring for the future of Hong Kong cannot view this development with indifference."

The Chinese government asks the British side to change its mistaken practice. Otherwise, it will have to bear the consequences, the spokesman said. The Chinese side reserves the right to take corresponding measures, he added. □

Measures to Improve Economy

The Chinese government has worked out measures to cope with its economic difficulties, especially two key problem areas — its sluggish market and poor economic efficiency — in the new year.

Ye Qing, vice-minister in charge of the State Planning Commission, said that the measures are designed to improve the country's economic structure and put it on a more scientific and balanced footing.

China, he said, has already made some achievements in its economic rectification programme started last year. Weak links in the national economy such as energy, raw materials and transportation had maintained a steady growth.

The annual output of coal in the past year is estimated to have increased by 40 million tons. According to the State Statistical Bureau, the total output has surpassed 1 billion tons. Steel out-

put amounted to more than 60 million tons. The output of pig iron, steel products and iron ore also met their production goals set by the state ahead of schedule. China now ranks fourth among the world's largest countries that boast an annual steel production capacity of more than 60 million tons. The transportation sector has already fulfilled its production quota for the year.

All this has paved the way for this year's first three months of industrial production, Ye said.

But, he added that the slack market, overstocking of products and the downturn of sales has

A Boy Sets the Example

Young people in China are being called upon to learn from the noble spirit of a 14-year-old boy who gave his life to save state property two years ago.

On March 17, 1988, more than 3,000 people attended the most touching funeral ever held in Shimian County, Sichuan Province.

On a Sunday afternoon four days before, Lai Ning, a junior middle school student, had just finished his homework and walked outside of his home when he heard a distant cry: "Fire! Mountain fire!"

Shocked at the news, he rushed immediately towards Haizishan Mountain to help.

The blaze, driven by the wind, posed a threat to a TV ground relay station, a gas tank belonging to the local petroleum company and a large stretch of state-owned forest.

Lai Ning, some of his schoolmates and many other people battled the 30-metre-high flames and clouds of suffocating smoke for five hours.

At last, the blaze was brought under control and most of the state property was saved. But Lai Ning did not come home that night. The following morning, people found him lying dead on the Haizishan's southern slope where the fire had burned most

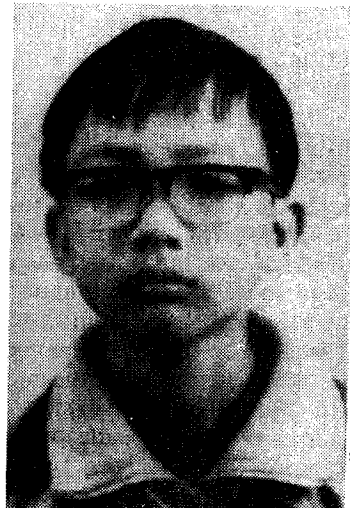
furiously. He was still in a climbing posture with his right leg stretched forward and one of his hands clenched around a tiny pine tree.

To commend his noble deeds, the Central Committee of the Communist Youth League and the State Educational Commission decided on May 31, 1989, to confer on Lai Ning the honour of "heroic youth."

Youth League and Young Pioneers organizations at all levels were called upon to launch educational drive among young people publicizing his brilliant deeds. The Ya'an Prefectural Youth League Committee has accepted him posthumously as a member of the Youth League and the Sichuan Provincial People's Government has recognized him as a martyr.

Lai Ning was born and brought up in an ordinary cadre's family, the only son of his parents. He was fond of reading, which broadened his vision and nurtured his ideals.

He won a first prize for reading activities in Sichuan when he



Lai Ning and some of his schoolmates battle the mountain fire.
LI SHIJI



made it difficult to balance the national books. The economic rectification and improvement programme would be affected if not enough attention was paid to these problems, Ye warned.

Major measures to be taken by the State Planning Commission include:

—Speeding up the industrial structural readjustment, in which enterprises that perform

well are protected and poorly operated enterprises are streamlined or closed down in accordance with the industrial policy. At the same time, all enterprises will be guided positively to improve the quality of their products, reduce costs and provide better service to increase their competitive capability.

—Improving marketing and increasing the number of sales

personnel. A specific policy must be in place to distinguish legitimate sales from those of illegal businesses to ensure a smooth and sound circulation of products on the market.

—Encouraging enterprises to produce more export goods and developing the export-oriented enterprises. The state will support those enterprises in selling their products on the interna-

was a member of the Young Pioneers.

During a discussion about future careers, many boys at his school expressed their wish to become army officers.

But Lai said, "I would like to be a geologist, just like the well-known geologist Li Siguang." When his teacher asked him why, he replied: "There are so many big mountains around here. I'm sure there would be so many treasures underground. I should discover them to make a contribution to my motherland."

He used his Sundays and holidays to collect various mineral ores and stone specimens. He even presented a part of his collection to his primary school



when he graduated.

He liked adventure. He wrote that he wanted to develop modern science and technology and uphold the pioneering spirit to reveal the secrets and treasures of nature.

Lai was a good and well-behaved student and was honoured as an "outstanding Young Pioneer." He had a high sense of collectivism and would like to lend a helping hand to others at any time. He was interested in painting and calligraphy and once won first prize in a county calligraphy contest.

Last October, Deng Yingchao, widow of the late premier Zhou Enlai, wrote an article in memory of Lai. She said that Lai Ning had been brought up since childhood under the care and guidance of the Communist Party.

She said: "The Party's hopes and demands for the young generation produced a profound effect on the development of Lai Ning's ideology through the education he received at school and from society as well as from his family.

"The Party earnestly hopes the young generation will have noble ideals, high morale, more knowledge and good discipline so that when the socialist cause is passed down to them from their forefathers, bright prospects will be opened up for China. Lai Ning was very typical of this new generation." □

tional market.

—Stimulating the initiative of large and medium-sized enterprises. The state will guarantee to provide all necessary outside conditions for production by key enterprises in coal, iron and steel, electrical power and petroleum industries. At the same time, the enterprises will guarantee their production in line with state planning. As well, taxes and

profits to the state from those enterprises must be ensured through a corresponding policy which will be worked out.

—Launching a nation-wide emulation drive to increase production in all the enterprises. Management will also be strengthened to fight against the waste of funds in the new year in order to cut China's expenditures by 5 percent over last year. □

Yuan Mu Meets College Students

China can sustain stability if the Communist Party's fundamental line is adhered to, said State Council spokesman Yuan Mu.

On January 3 and 4, Yuan visited Beijing University freshmen receiving military training at the Shijiazhuang Army Academy, on behalf of the State Council and Premier Li Peng, and exchanged views on the domestic and international situation with the students.

Reviewing the domestic situation after the quelling of anti-government rioting last spring, he said that the national situation and people's morale have remained stable and social order has returned to normal.

"This shows that it is an irreversible historical trend that the Chinese people have chosen the leadership of the Chinese Communist Party and the socialist road," Yuan said.

He noted that if leading officials at all levels take the lead in solving problems in response to people's urgent calls and if the Party's fundamental principles and policies remain stable and continuous and are comprehensively and correctly adhered to, China can sustain stability, gradually overcome existing unstable factors and steadily develop socialism, he said.

The new leading body is winning people's support and trust by its actions, Yuan said, adding that it is the Chinese people's happiness to have an army which is loyal to the Party, the people and socialism.

Yuan also analyzed China's economic situation, saying that China has made tremendous achievements in economic de-

velopment, which have attracted worldwide attention in the past decade of reform and opening to the outside world.

The gross national product increased at an annual rate of about 10 percent and registered a 2.5-fold growth during the last decade. The growth rate was unprecedented in China's four-decade history and compared favourably with many other countries in the period, Yuan claimed.

But China is facing severe difficulties now and people's guard should never be lowered on economic structural imbalance and inflation, which came into being in the second half of 1984.

The economic rectification drive has achieved initial effects, and the ways and means for overcoming the present difficulties have been found, he said.

"With redoubled efforts, China will certainly get out of its difficult economic situation and the goal of quadrupling the gross national product and enabling people to live a comfortable life by the end of this century will be guaranteed," he said.

The Eastern European situation, he said, has had a serious impact on the Eastern and the Western world and "will exert an impact on China to some degree."

Yuan told the students that although major changes have taken place in Eastern Europe, the international situation on the whole has not changed. It features a move from tension to detente and from confrontation to dialogue.

This will enable China to strive for a fairly long peaceful international environment in order to concentrate on its own economic construction.

He stressed that China has never yielded to pressure from outside and will steadfastly

march along the socialist road it has chosen regardless of how the international situation changes.

With lessons drawn from the country itself and the world, China will steadfastly and consistently strengthen the building of the Chinese Communist Party and adhere to the Four Cardinal Principles, continue to fight bourgeois liberalization, stick to socialism and people's dictatorship in reform and opening to the outside world, unite the people of the entire country and build socialism with Chinese characteristics by self-reliance and hard work. □

Beijing Censures Fugitives in Exile

The "Front for Democracy in China" (FDC) is a reactionary organization designed to topple the Communist Party leadership, overthrow the socialist system and turn China from a people's democratic republic into a bourgeois republic, said a leading official of the Beijing Municipal Public Security Bureau on January 7.

China bans any "FDC" activities on Chinese territory, the official said.

The "FDC" was founded on September 22, 1989 in Paris, France, by Yan Jianqi and his like, with the connivance and support of overseas reactionary forces. They are criminals wanted by the Chinese public security departments, the official said.

A spokesman for the Exit and Entry Bureau of the Chinese Ministry of Public Security announced the same day that the passports held by Yan Jiaqi, Wan Runnan, and Chen Yizi have been revoked according to law for their role in initiating and founding the "FDC" overseas and their continued activi-

ties to jeopardize China's security, honour and interests.

The Municipal Public Security Bureau official said since its founding, the "FDC" has been active in carrying out sabotage activities against the people's government of China. The "FDC" has deceived and roped in some Chinese studying abroad, made contacts with hostile elements in and outside China, expanded the reactionary organization and tried hard to infiltrate into China, he said.

They have collected information, concocted rumours and forged an Overseas Edition of *People's Daily* to carry out reactionary propaganda in an attempt to instigate the masses to overthrow the people's democratic political power and the socialist system, the official said.

Wan Runnan and others made contact with an espionage agency in Taiwan and formed a delegation to visit Taiwan to seek financial support, he added.

"In fact, they have associated themselves with the Taiwan secret service," the official said.

According to the official, people who have taken part in activities of the "FDC" will be dealt with in different ways:

The few founders of the "FDC" like Yan Jiaqi who had incited, plotted and directed the turmoil and counter-revolutionary rebellion in the country last spring are wanted by the Chinese public security departments, and they must be dealt with according to the Criminal Law.

Ordinary members of the "FDC" must withdraw themselves from the organization as soon as possible and stop any activities assigned by the "FDC" in exchange for lenient treatment. □

'Basket' Project Bears Fruit

The project to fill the food baskets of 200 million urban dwellers has met with initial success, said Liu Jiang, China's Vice-Minister of Agriculture.

The supply of meat, fish, milk and poultry products increased in 1989 and prices were stable with some lower than 1988, Liu said in Beijing on December 27.

According to the latest statistics from the Ministry of Agriculture, China produced 25 million tons of meat, 7.04 million tons of poultry and 4.58 million tons of milk last year, all of which have increased greatly over 1988.

Meanwhile, aquatic production continued to rise in 1989 after China became the third largest fishery producer behind the Soviet Union and Japan, with a total catch of 11.2 million tons, 600,000 tons over 1988. China is expected to become the second largest fishery producer, Liu said.

The vegetable supply has also increased with higher quality and lower prices. In spite of the current cold weather, Beijing has a good supply of green vegetables in both free and state-owned markets. The consensus in China is that prices over the last year or so have been the lowest in years.

The "food basket" project, set up by the Chinese government, aims to build animal breeding centres, fodder processing plants and storage-transportation systems in major Chinese cities to provide ample supplies of meat, fish and vegetables for urban dwellers:

Since the project was implemented early last year, the central government has granted more than 220 million yuan in loans and constructed



Dwellers in Qingdao, a coastal city in eastern China, are buying sea crabs in market.
CHEN ZONGLIE

1,370 animal farms, a number of forage grass and vegetable seed production bases, supervising stations with advanced testing equipment and fodder

plants with an annual production capacity of 20 million tons. Production bases for milk, beef and poultry have also been built in the northeast and central part of the country and in some southern provinces.

Every locality has made the "food basket" project a priority because it concerns every family.

Before 1989, Jilin, a Chinese northeastern province, had to import pork from other provinces. But after the "food basket" project was established, the province used technology that could bring about obvious increases in production. For the first time, pork output could meet the demand in 1989.

The municipalities of Beijing, Tianjin and Shanghai have invested 800 million yuan to build pig and poultry breeding centres, most of which have started production. The supply of pork, mutton and beef now in storage can meet the demand until next May.

However, China may face a shrinking supply of such products due to a decrease in corn production in the northeast and the present slack market. The Ministry of Agriculture is calling for the widespread use of technology in major production areas. Corresponding policies are being mapped out to stabilize the vegetable growing areas to avoid a decrease in production in the new year. □

Qian Qichen on the World Situation

World attention has been focused on a rapidly changing global situation. Chinese Foreign Minister Qian Qichen, in an exclusive interview with Chinese weekly magazine "Outlook"'s Lin Hai, expounds upon the world situation, which has been undergoing profound changes. —Ed.

Outlook: There have been several notable events in the development of the world situation during the 1980s. Would you please comment?

Qian: The escalation of the arms race between the United States and the Soviet Union and the intensifying of regional conflicts early in the decade once caused extreme tension in the international situation. However, both countries failed to change the rough military equilibrium between them but found themselves in turn forced to bear a heavy economic burden from their rivalry. They also suffered defeats in their several invasions against other nations. And this proves that hegemonism and power politics will get nowhere.

By the mid-1980s, the imbalance of the world economy and the rise of the new technological revolution had changed considerably the relative strength among some major countries and relatively degraded the positions of the United States and the Soviet Union. The trend towards a multipolar world was becoming increasingly evident.

The situation prompted the United States and the Soviet Union to resume after a six-year suspension their summit meeting in 1985 and almost an annual summit afterwards.

East-West tensions tended to relax as a result of dialogue between the superpowers, which



Qian Qichen.

XUE CHAO

has produced fruits on arms control. The two superpowers signed the intermediate nuclear force (INF) treaty to eliminate all intermediate-range missiles and there has been progress in the negotiations on the reduction of strategic, conventional and chemical weapons. Regional conflicts are calming down with their political settlements in sight. Generally speaking, the elements of war are decreasing, though still existing, while the elements of peace are increasing. And it has become possible to see a relatively long period of peace.

However, the relaxation of the superpowers' military confronta-

tion does not mean world stability. The various factors leading to turbulence have not been eliminated, and under certain conditions, an extremely turbulent situation may appear in some regions. Hegemonism, power politics and interference in the internal affairs of other nations and the imposing of one's will upon others are still common.

There has been much concern over the recent drastic changes in Eastern Europe that have accumulated new elements of instability in East-West relations and will produce a far-reaching impact on the European situation as well as the over-all pattern of international relations.

Another threat to world peace and stability is marked by the ever widening gap between South and North economies and that because of the irrational international economic order, funds are flowing not to developing but developed countries, causing polarization between the rich and the poor.

Outlook: While the international situation is moving towards detente, struggles between different social systems and ideologies have been more acute. Do you think detente will be adversely affected?

Qian: Some politicians in the capitalist world have never concealed their attempts to bring socialist countries into the orbit of capitalism.

During the mid-1980s the international situation tended to relax and exchanges between countries with different social systems increased. This was a good thing. However, because the socialist countries met with difficulties in the reform and de-

velopment process and made some errors in policy decisions, the superiority of the socialist system was not fully realized. There appeared an ideological trend that socialism had suffered a "big failure" and that capitalism could "win without fight." This was acclaimed by someone as a historic opportunity to spur the so-called peaceful evolution in socialist countries.

In fact, socialism has not failed and there is no ground to claim a success of capitalism either. The reality is the coexistence of countries with different social systems, and the norm for such a coexistence is the Five Principles of Peaceful Coexistence.

The easing of tension, however, does not mean an end to conflicts and is not tantamount to stability. With the general trend towards detente the struggle between different social systems and different ideologies will become more complicated and more acute. If their relations are not handled with care, regional turmoil and world instability will result, and, in the final analysis, will be unfavourable to the people of all countries.

Outlook: After the US-Soviet Malta summit held in December 1989, there were different views on the future of US-Soviet relations. What's your opinion on those relations?

Qian: People tend to think that the Malta summit is reminiscent of the Yalta conference of 1945. History cannot be repeated and Malta is not Yalta. At the Yalta conference, leaders of the United States, the Soviet Union and Britain mapped a blueprint for international politics after World War II. At the Malta summit the United States and the Soviet Union, with deep concern over rapid changes in Eastern Europe, sounded each other out on their attempts to prevent the situation from slipping out of control, thus

infringing upon their strategic interests.

After the Malta summit, the United States and the Soviet Union will step into an era when there will be less confrontation but more reconciliation and cooperation between themselves. Because of the drastic changes in Eastern Europe the United States is more on the offensive while the Soviet Union is more in the defensive and is retreating. The two superpowers, however, still remain rivals because of their different long-term strategic goals.

Outlook: What are your predictions for the international political situation of the 1990s?

Qian: At the end of the 1980s the international situation experienced its most profound changes since World War II. People all over the world are naturally concerned about how these changes will influence world peace and the development of mankind. At this time, it is difficult to predict the political setup of the 1990s. What is apparent is that the US-Soviet bipolar system, marked by the East-West Cold War formed after World War II, by the confrontation between the two blocs and by the hegemonic struggle between the two superpowers, will be challenged. There will be a stronger trend towards a multipolar world and new centres of power and regional co-operative organizations are expected to emerge.

The economic competition among the United States, Western Europe and Japan will become more heated while in the third world, regional co-operative organizations are expected to develop and small and medium-sized countries will strive for more say in international affairs.

Outlook: The Asian-Pacific region is becoming increasingly important on the world stage. Would you comment on the de-

velopment perspectives of the region?

Qian: Since the 1960s the world has become aware of the economic vitality in the region. Up to now its average annual growth rate has been 8 percent, higher than other regions. The economies of the Asian "four little dragons" (Singapore, South Korea, Taiwan and Hong Kong) have developed markedly. The economic strength of the Association of Southeast Asian Nations has gradually increased, as has its economic activities. The scale of China's economic development has rapidly expanded and its speed of development increased because of its policy of reform and opening to the outside world.

The vast expanse of land and rich resources, especially that of manpower, are characteristics and advantages of the Asian-Pacific region. To adapt to the international competition, most of the Asian-Pacific countries are constantly improving their investment environment, enhancing the quality of their labour forces, drafting and implementing economic, scientific and technological development strategies conformable to the conditions of their countries.

Achievements have been remarkable in their introduction of foreign funds, import of advanced technologies, development of labour-intensive industries, and expansion of processing and export industries. In the wake of continuous growth of the world economy and the keen competition on the international market, countries in the region are sharing the demands and wishes to promote regional economic cooperation and trade exchanges. Together with the economic regionalization and integration trend that is emerging worldwide and is adding momentum to the region's development, the Asian-Pacific countries have raised various kinds of proposals on the

A Significant Step Towards Arab Unity

by Lin Jiaoming and Wu Wenbin

Towards the end of 1989, inspiring news came from Cairo and Damascus that Egypt and Syria had resumed their diplomatic relations after 12 years of suspension.

It marked a significant step not only for the two Arab nations but also for the entire Arab world. The restoration of Egyptian-Syrian relations conforms to their common interests and will have a positive effect on strengthening Arab unity. Moreover, the normalization of their relations will certainly influence the entire situation in the Middle East in a positive way.

At the end of the 1980s, rapid changes took place in the world situation. The two superpowers moved towards detente from confrontation, most "hot-spots" cooled down, international politics took on an increasingly multipolar aspect and the international economy tended to achieve regionalization and integration.

The planned European unified market, North American free trade zone and Asian-Pacific economic

co-operation constitute a great challenge for the Arab world. But Arab countries have responded to the challenge. Last year, two new Arab regional economic organizations — the Maghreb Arab Union and the Arab Co-operation Council — were set up. In all, the Arab world has three regional federations, in North Africa, West Asia and the Persian Gulf region. The new situation facilitated the reconciliation and resumption of diplomatic relations between Egypt and Syria.

History in the Middle East has proved that relations between fraternal Arab countries, which are linked by religion, race and language, cannot be obstructed. In 1977, because former Egyptian President Mohamed Anwar el-Sadat visited Israel, diplomatic relations between Egypt and Syria deteriorated and finally broke off. Consequently, the Arab world witnessed a heavy split.

However, Egypt and Syria continued to pursue the same basic policies in protecting national interests and supporting the Palestinian peo-

ple's just cause. Since the Arab summit in Amman, Jordan, in 1987, almost all Arab countries have restored diplomatic relations with Egypt. Last May, Egypt's membership to the Arab League was restored at the Arab summit in Casablanca. Following Libya, Syria resumed diplomatic ties with Egypt, thus ending the split in the Arab camp and pushing their fraternal relations on to a new stage.

Noticeably, the normalization of Egyptian-Syrian relations has occurred at a critical time when a political settlement is being sought to resolve the Middle East problem. The Arab countries have strengthened their solidarity, reached consensus on a political settlement of the Palestinian question and have strongly demanded the holding of an international Middle East peace conference under the sponsorship of the United Nations. The Palestine Liberation Organization (PLO) has agreed to direct talks with Israel on the condition that it is represented at any future Middle East peace conference. Egypt has mediated among the PLO, the United States and Israel to promote PLO-Israeli dialogue. In preparation for PLO-Israeli dialogue, Egyptian, Israeli and US foreign ministers are likely to hold a meeting this month in Washington. The trend towards dialogue has ap-

formation of a mechanism for regional economic co-operation.

There are no opposing military blocs in this region, but there are differences among the region's countries in social systems and ideologies. Their economic development is imbalanced and their languages, religions, customs and nationalities are different. It is widely believed that unlike the integrated European Community, the form to be taken or a mechanism to be established for economic co-operation in the Asian-Pacific region will follow a loose style. China holds that without its participation, a politico-economic organization

covering the whole region will be incomplete as China's role in that part of the world is well recognized.

Regional co-operation has a long way to go despite its bright future. In achieving real progress in this regard, regional peace and stability will be a vital condition and all countries in the region should strictly abide by the principle of peaceful coexistence and promote economic relations on the basis of equality and mutual benefit. A co-operative mechanism of the region should be open and should not be an exclusive group, and protectionist measures should not be practised.

Outlook: How can China use its diplomacy to create a good environment for deepening reform and further opening to the outside world?

Qian: The foreign policy is the extension of China's domestic policies. As China in the coming two or three years will rectify its economic order, improve its economic environment and further deepen its reforms in an effort to achieve economic development in a sustained, stable and coordinated way, China's primary task in the diplomatic sphere is to create a stable, peaceful and favourable international environment to safeguard its national

Regional Conflicts Ease but Snags Still Exist

by Rui Yingjie

peared in the 40-year Arab-Israeli dispute. Restoration of Egyptian-Syrian diplomatic relations and improvement of Jordan-PLO and Syrian-PLO relations will undoubtedly increase Arab strength in the dialogue, putting new pressure upon Israel. The situation that Israel benefited from a split Arab world in the past will soon end.

Both Arab countries and the international community have praised the resumption of Egyptian-Syrian relations. Progress in the Middle East peace process depends not only on outside influences but also on the joint efforts of all Arab countries. Syria is an important player in the Arab confrontation with Israel. In joint Arab efforts to achieve a political settlement in the Middle East, it is critical for Egypt, Syria, Jordan, Palestine and Lebanon to co-ordinate their policies and increase consultations. The unanimity of the Arab countries will certainly play positively in political negotiations.

Only by relying on their solidarity and jointly meeting opportunities and challenges at the end of this century and the beginning of the next can Arab nations achieve progress on regional stability and national economic development. No matter what complex situations the future holds, the unity of the Arab nations will always be the cornerstone of their efforts to strive for peace and seek development. □

The past year has seen further progress in finding political solutions to conflicts in world "hot-spots." But the current over-all situation is complicated and unbalanced there have been breakthroughs in some regions, stalemates in others, confrontations coupled with dialogue, and even intensified fighting.

In 1989, the most prominent breakthrough in areas of regional conflict was in southwest Africa. November's successful general elections in Namibia showed that independence for the last colony on the African continent is approaching quickly.

Despite some internal frictions which continue to exist in Angola, the end to its 13-year-old war appears to be in sight as a result of work by African heads of state during last June's summit.

Last year, some new factors proved to be favourable in easing tensions in the world's "hot-spots."

First, the Soviet Union with-

drew its troops from Afghanistan; Cuba began the process of pulling its army out of Angola, and South Africa withdrew its soldiers from Namibia.

Except for Viet Nam, which has refused to completely withdraw from Kampuchea under the supervision of international organizations headed by the United Nations, last year was marked by the pullout of foreign troops from conflicting regions. This was one of the major factors in easing world tension.

Second, countries and groups of states bordering on "hot-spots" were active in the reconciliation process and were supported by the United Nations. For instance, the Association of Southeast Asian Nations (ASEAN) arranged the international conference in Paris to discuss the Kampuchean question. ASEAN played a leading role in urging the UN General Assembly to adopt a resolution by an unprecedented 124 majority votes,

interests and state security.

China's second task is to facilitate its further opening to the outside world. A current issue in this area is the economic sanctions imposed by Western countries since last June, which have resulted in damage not only to China, but also to those who initiated the measures. In the past few months, more and more knowledgeable politicians and farsighted entrepreneurs in the world have come to realize that it is neither sensible nor possible to exclude and isolate China, since China's strategic position and great potential are the reality that the Western countries

have to take seriously into their consideration. China will never change its open policy, and its door will remain open to the outside world. In this respect, China hopes that other countries do not close their doors on China.

And China's third task is to devote more diplomatic efforts to the co-ordination with its development in foreign economic and trade relations. It will defend its legitimate rights in economic relations with other countries, which should be built on the basis of equality and mutual benefit, and oppose various discriminative and limitative practices. China will also strive to

resume and defend its legal status in international economic organizations and smooth the co-operation and exchange channels.

Countries of today's world are dependent upon one another, but at the same time there are many conflicts. Mutual respect, harmonious relations and recognition of the diversity of the world is the only realistic attitude. To maintain peace and stability of the world it is high time for all countries to make joint efforts to establish a new international political and economic order based on the Five Principles of Peaceful Coexistence. □

demanding the withdrawal of Vietnamese troops from Kampuchea.

Arab heads of state also met and set up a tripartite committee to act as mediators for rival groups in Lebanon and to settle Arab-Israeli

Soldiers from the Soviet Union wave jubilantly as they leave Afghanistan in 1989, a decade after the invasion by Soviet armed forces.

of the keys to easing regional tensions.

In recent years, the United States and the Soviet Union have readjusted their regional policies.

But judging from the situation in 1989, the superpowers are continuing their fight for superiority. In some regions fighting has even intensified.

In the six months after Soviet troops withdrew from Afghanistan, Moscow supplied the Kabul regime with large amounts of goods and materials, of which 75 percent were weapons and ammunition.

The United States, for its part, continues to keep up its regular flow of weapons supplies to the Afghan resistance forces. Wea-

in regional "hots-pots," making the process towards settlement long and difficult. Elements contributing to upsets include conflicts over the interests of hostile countries and disputes among different political, social and religious forces, often within a single country. The clearest examples of this phenomenon were seen last year.

In Afghanistan, the question is whether a broad-based coalition government can be set up after the Soviet-troop withdrawal. Disputes over the question have led to a civil war.

The Arab-Israeli dispute is centred on the issue of land. The Palestinian people need to return to their homeland but Israel refuses to retreat from the occupied territories.

Iran and Iraq are in a dispute over the Shatt-al Arab waterway, but their hostilities are deeply embedded in the past. Left over from history are disputes between Persians and Arabs and religious

conflicts in the hope of speeding up the Middle East peace process.

Leaders from 20 African countries gathered in Zaire to carve out a ceasefire agreement between warring factions in Angola. Leaders of five Central American countries held two summit meetings and reached agreement on ending the civil war in Nicaragua. A general election is planned for this year in that Central American country.

Third, countries involved in conflicts in "hot-spots" have made compromises and tried to end their disputes through political settlements.

In Lebanon, after more than 14 years of scrapping, Christian and Moslem parliamentarians finally signed a national conciliation agreement known as the Taif Accord.

Iran and Iraq are gradually increasing their oil output and using the money to reconstruct their war-torn cities, ports and oil refineries.

The willingness of the superpowers to pull out of "hot-spots" is one

of the keys to easing regional tensions.

ponents include Stinger missiles. In December, the United States invaded Panama, an action that violated the norms of international relations and aggravated the situation in Central America. The United States, having promised to halt military aid to Nicaragua's anti-government forces, instead provided US\$50 million worth of "humanitarian assistance."

There are many factors involved

differences between the Shiites and Sunni Moslems.

The international situation is mirrored by these regional conflicts. While it is difficult to get rid of old animosities, new problems will inevitably appear. However, when looking towards the future, political settlement of these regional conflicts has become an irresistible trend despite the complexity of the process. □



The second informal conference on Kampuchean problem opens in Jakarta, Indonesia on February 16, 1989.

Experts Look at the 1990s

Beijing Review has invited a number of specialists from different fields of study to talk about the tasks facing China in the new year and beyond. It is hoped that their thoughts will help our readers better understand the tasks facing China in economics, politics, science and technology, and culture.—Ed.

Retrenchment: A Boon to Reform

by Liu Guoguang*



Liu Guoguang.

XUE CHAO

The June 1989 turbulence in Beijing has caused much confusion among the world's China watchers. Many are asking one question: Does China's rectification of its economic order mean relinquishing the policy of reform and opening to the outside world?

Economic rectification is, in fact, nothing new. Set forth at the Third Plenary Session of the 13th Party Central Committee in 1988, the policy is designed to correct the disorder occurring in economic restructuring manifested by inflation, over-heated demand

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and panic buying; it was intended to support, not contravene, the effort of deepening the reform and further opening to the outside world.

After a year's intensive effort, expected results have been achieved. The over-heated industry has started to cool down, the rate of price increase has gradually been reduced, the recovering of money has improved and agricultural production has taken a turn for the better.

Many fundamental problems, however, remain unsolved due to the lack of time and effective measures. The key problem, most economists agree, lies in the fact that general demand surpasses supply. This discrepancy has eased somewhat, but because the problem has been building up over many years, it cannot be rooted out overnight. The general imbalance has caused a real finance crunch—80 billion yuan in domestic debt, US\$40 billion in foreign debt and several hundred billion yuan of residents' surplus purchasing power in the forms of savings deposits, cash and bonds.

A second problem is the lopsided structure of the national economy marked by stagnant agriculture and runaway industry.

While processing industry, rural enterprises and urban small businesses forged ahead, the development of large energy and infrastructure enterprises slowed down considerably.

The situation picked up last year, but the problems are far from being thoroughly solved. New problems have occurred. These include a shortage of enterprise funds, the inability to keep up payments between enterprises, slow circulation of funds, and weak market demand. Factories producing household electrical appliances and other durable consumer goods were the first to be affected, which had an adverse impact on the state revenue.

All these problems need to be solved without delay. Otherwise the policy of reform and opening to the outside world will be derailed. The solution in 1990 will be to carry out the principle set forth at the Fifth Plenary Session of the 13th Party Central Committee: redoubling the effort to improve the economic environment and deepen the reform. The goal of rectification, therefore, is to create favourable conditions for implementing the policy of reform and opening to the outside world.

In 1990, the work to rectify the economic environment, straighten out the economic order and deepen the reform will be a three-sided task:

First, persisting in the policy of curtailing society's general de-

mand, so as to cut investment in capital construction, consumption funds and financial budget down to size, increase revenues and reduce expenditures. Development funds will be provided to selected large and medium-sized industrial enterprises and commercial and foreign trade departments on condition that credit will be limited. The austerity policy may bring difficulties to some enterprises but, it is by far the only alternative available, and is the price to be paid for past mistakes. For China, the belt-tightening is no empty talk; failing to do so will mean retracing the old ways of 1986 and 1987, when inflation worsened.

Second, continuing to restructure the economy. In regard to investment patterns, the state will give support to enterprises whose products have a ready market, particularly those in energy, transportation and communications. The state will resolutely cut back on inefficient and redundant enterprises. At the same time, industrial and commercial enterprises will be pushed to improve their management, raise the quality of products, and develop new varieties by taking advantage of a newly emerged buyers' market.

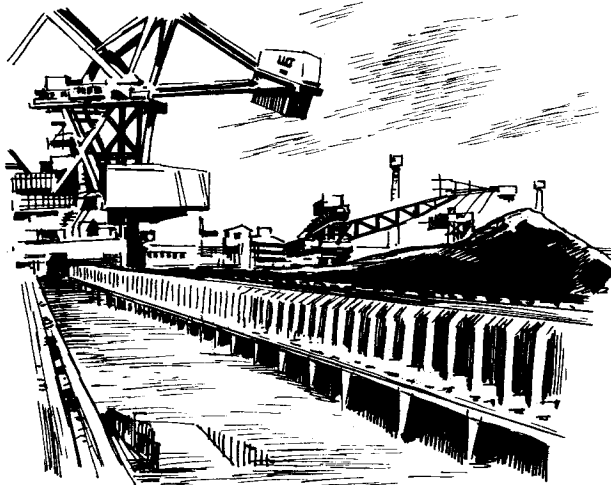
Third, persevering in the policy of deepening the reform. During the reform of the last few years, localities and enterprises have been granted independence in management and allowed to pay less taxes and share of profits to the state. On the one hand, this has helped boost the revenue, but on the other hand, it has resulted in an uncalled-for dispersal of financial and material resources and market confu-

sion. Therefore, a certain degree of centralization of the economy will be stressed; administrative means will be used to restrict enterprises, such as a limit to credit and control of off-budget investment through bank grants. Even these measures, however, are far from enough. China should also establish such economic regulations as are necessary to achieve sustained, stable and co-ordinated growth in the economy while avoiding sharp economic fluctuations.

Such erratic economic fluctuations have taught China its most bitter lesson in its 40-year history. They were caused by, first, an impatience for quick results reflected in the former policies and, second, the old economic system of "eating from the same big pot," under which enterprises suffering losses could always count on state subsidies no matter what the cause. Snowballing consumption and shortage of investment capital were thus una-

Continuing to control capital construction investment while vigorously developing energy sources.

Drawn by LI SHIJI



voidable. Major efforts will be made to tackle both problems during the three-year period of economic rectification. The eagerness for quick-results will be

overcome and the economy will be restructured so that China can achieve sustained, stable and co-ordinated economic development.

In addition to the foregoing, the deepening of reform requires two steps. The first is to establish a macro-control mechanism and the second is to establish a self-restricting mechanism on a microeconomic basis. Specifically, we must do a good job in enterprise and market reform. While continuing to improve the contract system, appropriate ways and means will be explored to separate government functions from enterprise management and ownership from management rights, so that enterprises can stand on their own and assume ultimate responsibility for profits and losses. The market price reform, halted in times of inflation, will be put back on the agenda because the economic rectification has provided the ideal opportunity by bringing down infla-

tion. A good example of this was the price reform in passenger transport last year. If distorted prices are not corrected, economic structural adjustment will be affected, and China's economy will be hindered. At the same time, the tax and bank credit systems will also be revamped, and the current system whereby enterprises, once granted bank loans, are held solely responsible for their own surpluses and losses will be converted into the system of tax distribution. All this will enable China to establish a macroeconomic control mechanism and achieve consolidated, long-term results in economic rectification. □

Steadily Developing the Economy

by Zhou Zhiying



Zhou Zhiying

At the recent Fifth Plenary Session of the 13th Central Committee of CPC, it was decided that economic rectification and improvement would be basically completed in three years or more, beginning in 1989, and would focus on the following: the gradual reduction of inflation and elimination of the financial deficit, control on the scale of credit and money supply, readjustment of industrial structure and improvement of economic efficiency, maintenance of moderate economic development, and the deepening and improvement of all reform measures. At the same time, it was stressed that, based on the experience and lessons of the economic activity of the past 40 years, a policy of continuity, stability and co-ordination for economic development should be adhered to both during the period of economic rectification and improvement and after its completion,

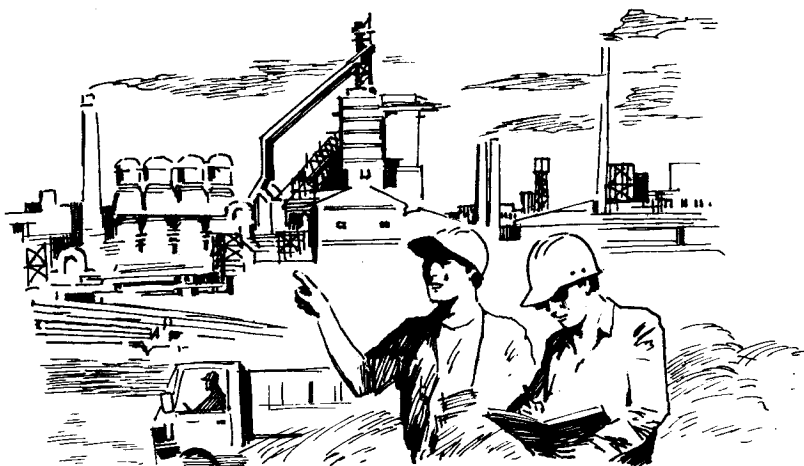
The author is deputy director of the Economic Research Centre under the State Planning Commission.

especially in the year of 1990 which is decisive for the fulfilment of the task of improvement and rectification of the economy. The following would be the focus of work:

To steadily increase the major agricultural production output of such items as grain and cotton. At present, the various localities are firmly implementing agricultural policies and measures; they focus on stabiliz-

ing production conditions. In 1989, agriculture had a good harvest, and, if there is no exceptional natural catastrophe, with more effort, the 1990 cereal production output may surpass the record high level of 1984.

To keep the industrial production at a proper growth rate and ensure that the focus of work is in product mix readjustment and economic efficiency. Active efforts will be made to increase the production of energy and raw materials in short supply. In light and textile industries, the production of necessities will be ensured, the manufacture of products in excessive supply will be reduced, the production of necessary new product varieties increased. In the machine-building and electronics industry, high



Growth of industrial production will be kept at a proper rate by focusing on readjustment of product mix and economic efficiency.

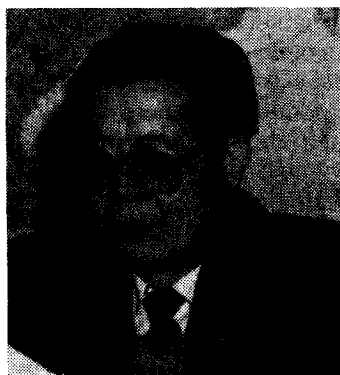
Drawn by LI SHIJI

ing and further improving the household contract responsibility system which links remuneration to output, developing various forms of agricultural service systems, and applying practical agro-technical results which can rapidly increase production output. Local financial resources should first be put into agricultural production and farmers encouraged to increase their input and accumulation along with im-

energy cost production will be reduced and the technological equipment for basic industrial services developed. With ongoing economic rectification and improvement, finances have become flexible, the strain on energy and raw material supply gradually relaxed and the transportation load eased. All these factors are favorable to increase the production of goods in short supply. Accordingly the related de-

Scientific and Technological Development Requires a Stable Policy

by Zhou Guangzhao



Zhou Guangzhao

The first year of work for Chinese scientific and technological workers in the 1990s coincides with the 40th anniversary of the founding of the Chinese Academy of Sciences.

The past 40 years saw the rapid development of China's science and technology. Working hard in various fields of research, industry, agriculture, national defence and education, Chinese scientific and technological workers have become

The author is president of the Chinese Academy of Sciences.

the main force in socialist construction. The endeavours of several generations of scientists have brought about remarkable achievements. A series of scientific and technological problems have been solved for social and economic development and national defence and a great many new talents have been trained. We are proud of these achievements.

An old Chinese saying goes: "At 40, one begins to understand the world." So it is especially significant to review our past pursuit and explorations on the 40th anniversary of our academy. On this occasion, I am reminded of the instruction the late Premier Zhou Enlai gave to my predecessor. Zhou said the Chinese Academy of Sciences was most likely to make mistakes on two questions: one was the relation between theory and practice and the other was the policy towards intellectuals. Today, we find his guidance still helpful and instructive.

In the past 40 years, the Chinese Academy of Sciences has undergone its ups and downs, times of prosperity and times of depression

both of which were the direct results of inconsistent policies. Sometimes, when we unduly emphasized that science and technology should serve the country's economic construction, we neglected basic research; at other times we only advocated basic research, bringing a large number of scientists to devote themselves to pure academic research. Lacking a clear understanding about the mutual reliance between the development of science and technology and the demand of the social economy, we often attended to one and lost sight of the other. This is a profound lesson which we must keep in mind.

In 1987, the Chinese Academy of Sciences, in accordance with the principles and strategies of the Party since the Third Plenum of the 11th Party Central Committee, summed up its historical experiences and defined the principal guideline for the academy as "mobilizing and organizing the major resources force of the academy to build the national economy, and concurrently, maintain a small and capable staff to carry out basic research and high technology studies." Although, at the time, there was a tendency to overstress science and technology's service to the national economic construction, the academy did not neglect basic research. Now this principle has been proven correct. It conforms to the objective law. Facts show that only by a policy based on realism and practicality and only by proceeding

departments are strengthening the management of production, further improving the enterprise contract responsibility system and trying their best to stimulate circulation in order to keep a suitable industrial growth rate in the new year.

To continue reducing investment of fixed assets and to readjust the investment structure. The fundamental method is to reduce investment in general construction and make a corresponding increase of investment

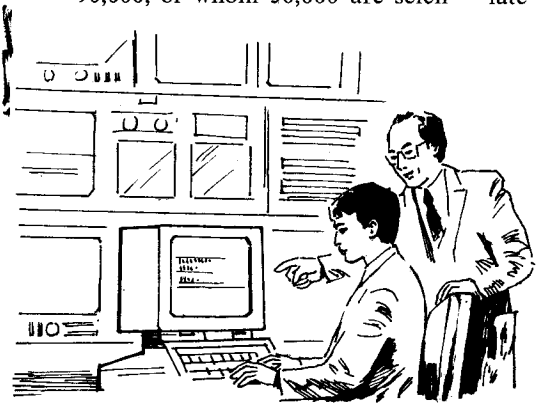
in agriculture, energy and communications. The technological renovation and transformation should be devoted to economizing on energy and raw materials, improving product quality and expanding product varieties in short supply. Construction of office buildings, hotels and auditoriums will be strictly forbidden. In principle, no new processing industry items will be put into operation any more. Proper measures will be adopted to transfer investment from unim-

portant projects to key projects. Waste and loss in construction will be resolutely banned and efficient investment encouraged.

To tighten finances and loans, and be determined to live a frugal life for several years. In finances, a major effort should be made to increase income, reduce and control expenditure, oppose extravagance and waste, resolutely persist in thrift and economy, and reduce the financial deficit. In credit, strict control of credit and money supply will be

in accordance with the scientific and economic laws and in accordance with our country's specific conditions can we stand the test of history. This is just what Premier Zhou meant by teaching us to combine theory with practice and to stand the test of history.

At present, the Chinese Academy of Sciences has a total staff of 90,000, of whom 56,000 are scien-



Science and technology have helped solve many social and economic development and national defense problems.

LI SHIJI

tists. To stimulate the initiative and creativity of such a large scientific force, we must correctly carry out the Party's policies towards intellectuals. To accomplish this we must consider the following three points:

First, trust them politically. Intellectuals are part of the working class. We should adequately evaluate their devotion to socialist China's scientific and technological undertakings. However, we should also help them realize China's spe-

cific conditions and the country's need for science and technology in its drive for modernization. We would encourage them to take a realistic and practical point of view and consciously and actively join the cause of reform and construction.

Second, provide them with good working and living conditions. The late Premier Zhou Enlai once said that if we serve the scientists well, the scientists would, in return, provide socialism with good service. Comrade Deng Xiaoping also pointed out that the Party's leading cadres should make friends with scientists, giving them care and help. This means we should be the honest servants and help them solve their difficulties.

Third, continue to implement the policy of "Letting a hundred flowers bloom and a hundred schools of thought contend." Academic questions should be left to the scientists for debate. Truth should be accepted through academic discussion and we must not replace academic debate with political slogans and we should avoid administrative interference. Historically, political criticism has had negative influence and we should draw the appropriate lesson from it.

In 1990, the work of the Chinese Academy of Sciences will continue to follow the policy of "systematic, proportionate and co-ordinated de-

velopment." That is, about 30 percent of the total force will conduct basic research and high-technology study; 30 percent will research and experiment in the fields of resources, ecology and agriculture and 40 percent take work in engineering technology. Scientific and technological progress is one of the most important factors promoting social economic development and the demand of the social economy is a great propellant of scientific and technological progress. A proper handling of the relation between science and technology and the social economy is the key for the rapid development of science and technology. In our future work, we will continue to attach equal importance to development of science and technology and serving the national economic construction.

The achievements of science and technology are the common property of mankind. The Chinese Academy of Sciences will continue to implement the policy of opening up to the outside world and strengthen co-operation and exchange with scientists all over the world.

Looking forward to the 21st century, we know that the future is bright and the task heavy. We Chinese scientific and technological workers who are fortunate enough to live at the turn of the century should not only leave a shining mark on the scientific and technological history of 20th century but also lay a solid ground for the social progress, economic boom and educational and scientific development in the 21st century. □

exercised, and there will be a reasonable readjustment of distribution of loans based on the state industrial policies. Priority will be given to efficient, big and medium-sized enterprises which are vital to the national economy and to people's livelihood. In 1990, through effective control of investment and consumer needs, market management and prices will be further regulated to make the growth rate of prices, especially that of necessities, lower than that of 1989.

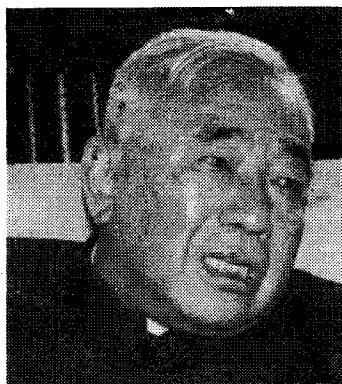
China will continue its opening to the outside world and expand technological exchanges in foreign trade and economy, expand export, update varieties of export products, improve product quality, abide by contracts, perfect sale services and augment its competitive capacity in the international market. At the same time, imports will be reduced and a strict limit placed on import of mechanical and electronic products along with high-grade consumer goods in order to

maintain a foreign exchange balance. The attraction of foreign funds, the import of advanced technology will continue and the scientific and technological exchanges and co-operation with foreign countries will be strengthened.

In short, with the prerequisite of a stable society, 1990 will see progress in the rectification of economic environment and improvement of economic order, and hence a stable development of national economy. □

The System of Multi-Party Co-operation

by Lu Jiayi



Lu Jiayi.

XU XIANGJUN

The system of multi-party co-operation and political consultation implemented under the leadership of the Communist Party of China is the basic political system of China, a system with Chinese characteristics and in keeping with national conditions and is the ideal way to develop socialist democracy.

Dialectics propounds the view that everything has two aspects, that modern science cannot advance without the development of cross sciences, and that the socialist democracy cannot be established and developed without such a doctrine of one thing having two aspects and the interweaving of ideas. A system of one-Party leadership and multi-party co-operation is therefore required. Democratic parties as the friendly and co-operative partners of the Communist Party of China by no means attempt and accomplish nothing of substance or are of little importance. On the contrary,

The author is chairman of the Chinese Peasants' and Workers' Democratic Party.

through their participation in and discussion on government affairs and their democratic supervision over government, they reflect the will of the people and help implement policies. It is quite evident that under the condition wherein Chinese people have a fairly low cultural level, the democratic parties are by necessity an important means by which local conditions are relayed to higher governmental levels and in reverse the situation of the higher levels is made known to the public.

The central task of political



The CPWDP members inspect open coastal areas.

LI SHIJI

structural reform in China, then, is to strengthen socialist democracy which requires an uninterrupted process of development and gradual perfection. The level of democracy is, however, restricted by cultural and educational standards and so, at present, it is clearly difficult to assume that 200 million illiterate people can carry out direct elections and effectively participate in government affairs. Members of the democratic parties, on the other hand, are groups with a fairly high cultural standards; have wide social connec-

tions and are a link between the government and the masses. In addition, with their wide connections and friendly relations with the majority of intellectuals, compatriots in Taiwan, Hong Kong and Macao, and overseas Chinese, they can play a unique, irreplaceable role and have a great influence in soliciting their support, the democratic parties' participation in government affairs, therefore, can expand the social foundation and the scope of united forces.

Participation in government affairs and democratic supervision are the basic functions of the democratic parties. Of the Chinese Peasants' and Workers' Democratic Party (CPWDP), many leaders and members have been elected as deputies to the people's congresses at all levels and as members of the Chinese people's political consultative conferences (CPPCC) at various levels. Some hold leading posts in the people's congresses, government and the CPPCC at different levels and participate in policy consultations and decision making. Through social practice and feedback, the CPWDP has put forward many suggestions and criticisms to help the government correct its faults and do away with corruption. In 1989, the Party Central Committee and some local organizations es-

tablished corruption reporting centres to help the Communist Party of China and government departments expose corruption. In the same year, in order to raise the ability of those wishing to participate in government affairs and offer consultative services, the CPWDP started two classes to study how to perfect the multi-party co-operation system led by the CPC and strengthen its own organization. Some of the provincial CPWDP branches, at local meetings of the CPPCC, reported on the problems emerging in the pro-

cess of reform and construction.

In December 1988, the CPWDP, the China Democratic National Construction Association and the All-China Federation of Industry and Commerce jointly offered a proposal for strengthening the management of the medicinal herbs market. The State Council responded positively and held a special meeting to discuss the issue. An on-site investigation in the Bohai Development Area by a study group of over 20 experts I headed won high praise for its strategic and policy-making proposals. Many valuable steps have been taken to encourage CPWDP members to be socially active, assist the Communist Party of China and the government to solve social contradictions, and raise the political and theoretical standards of CPWDP members.

Composed of highly qualified intellectuals from the fields of medicine and health, science and technology, culture and education, the CPWDP currently has over 40,000 members. At the Second Plenary Session of the Tenth CPWDP Central Committee held recently, it called on members to contribute to further development of multi-party co-operation includ-

ing suggestions to ensure state stability, improve the economic environment, rectify the economic order and deepen the reform. Calls were also made to help the Communist Party of China and the government promote clean government, investigate the major issues of reform and construction; expand investigations, consultations and lecture activities in the border areas, regions of minority nationalities, poor districts and coastal areas; continue to develop friendly relations with compatriots in Taiwan, Hong Kong and Macao, overseas Chinese and foreign organizations; and actively expedite the replacement of the old CPWDP's leading groups at different levels by the new.

Activities in 1990 will mark the 60th anniversary of the founding of the CPWDP. In the 60-year history, it has faithfully co-operated with the CPC and followed its leadership, a tradition formed by the process of long-term revolution and construction. The political programme of each democratic party for building socialism in China, is in keeping with the CPC's objectives during the primary stage of socialism. Adhering to the co-operative method of long-

term co-existence, mutual supervision and joint construction of socialism, the CPC respects each democratic party's political freedom and organizational independence within the limits permitted by the Constitution of the People's Republic Of China. At the same time, all democratic parties recognize the CPC and accept its leadership. There is the fundamental difference between China's system and the existence of opposition parties and multi-party system in capitalist countries. As parties in friendly co-operation with the CPC, all the eight Chinese democratic parties not only participate in government, discuss political affairs and carry out mutual supervision, but also share weal and woe, standing with the CPC through thick and thin. History and reality prove that the system of multi-party co-operation led by the CPC, with vitality and a bright future, is an advantageous feature of China's political system. In the new year, all members of the CPWDP, with ardent enthusiasm and in the spirit of being masters of the country, will carry out their task well and further develop the multi-party co-operation system led by the Communist Party of China. □

Seizing the Opportunity for Rich Harvests

by He Kang

After several years of stagnation, China's agricultural production, especially grain production, took a turn for the better in 1989. The summer grain output reached 95 billion kilograms, the highest ever recorded. Also, despite a drop in the production of autumn grain crops because of natural disasters in nor-

theast Heilongjiang, Liaoning and Jilin provinces and Inner Mongolian Autonomous Region, the total grain yield of 1989 still amounted to 407.45 billion kilograms, China's second richest harvest since 1984, due primarily to the high autumn grain crops in southern and northwest China. The total production value of cotton, edible oil and sugar equaled that of 1988 and, it's expected that the output



He Kang.

XUE CHAO

of the cash crops, except tea and sesame, would continue to increase. Fish breeding and poultry raising industries continued to develop and had augmented the out-

The author is minister of agriculture.

put of meat, egg, and milk and aquatic products, while the marketing volume of vegetables and all kinds of melons was larger than that of the previous year. These achievements significantly raise the social supply, stabilize the market and control prices. Also, township enterprises, after readjustment, have basically attained a growth in their output value, tax and profit, and the production output of state-owned enterprises involved in agriculture, animal husbandry and fishery have increased in an all-round way.

Since the basic problems restricting agricultural development remain unsolved, however, we still face a difficult situation. Accord-

the Fifth Plenary Session of the 13th Central Committee of the Chinese Communist Party for the improvement of the economic environment and rectification of the economic order demands a steady increase in output of major agricultural produce and a mobilization of the whole Party and the nation to make agriculture a success by concentrating all resources. As long as all the agricultural departments seize the opportunity and adopt effective measures, the state goal for the 1990 agricultural development will be fulfilled. These measures include the following:

—Stabilize and improve the household contracted responsibility system which links remuneration to output on a voluntary basis and on the premise of not changing this system, a rational-scale land management can be introduced to localities where conditions permit. At the same time, a system of agricultural services should be established and perfected. Departments in charge of technical popularization, seeds, fertilizer, plant protection, animal husbandry, veterinary medicine, farm machinery and agricultural administration should exert their role. Efforts should be made to get things well done which cannot be done by individual households.

—Ensure, first, that sufficient areas are sown to grain, cotton and oil-bearing crops to increase in real terms grain and cotton production. By expanding intercropped and inter-planted areas, developing ratooning rice in southern China, expanding the sowing of one-season and early-maturing late autumn crops and opening up some saline-alkali land, the sown area for grain in 1990 is expected to be increased by more than 700,000 hectares over last year and cotton and oil-bearing crops by 400,000 hectares each. Second, improve services for agricultural production and spread the technical contract system over a large area. Third, popularize newly developed seeds such

as hybrid rice and crossbred maize and advanced technologies such as plastic film land covering and model cultivation to increase the yield per unit area. Fourth, continue capital construction of farmland, infrastructural facilities and commodity grain bases so as to increase reserves for agricultural development. And fifth, guarantee the timely supply and effective use of such means of agricultural production as chemical fertilizers, pesticides, farm plastic films and diesel oil for rural uses.

—Steadily develop agriculture to enrich the "vegetable basket" for both urban and rural citizens. At the same time as live pig production is stabilized, efforts should be made to raise both poultry and plant-eating animals, to develop fishing, aquatic processing and deep-sea fishery, and also to strengthen epidemic prevention so as to raise output and lower breeding costs.

—Guide the township enterprises in sound development. While readjusting the industrial structure in line with market needs and the state's policy of industrial make-up, efforts should be made to encourage the manufacture of farm and side-line products, processing of local raw materials, co-ordination of energy and raw materials for large urban industries, and to support export-oriented enterprises which are labour intensive and have the technical advantage in making traditional crafts and, also, those enterprises which turn out daily necessities for urban and rural people and yield good economic results.

—Depend more on science and technology for rural economic development. The system of grassroots agricultural services should be tightened, plans put into effect for ensuring harvests of agriculture, animal husbandry and fishery, enriching the vegetable baskets, promoting technical progress in township enterprises, and implementing technical contracts of various kinds. □



China's grain production took a turn for the better in 1989. LI SHIJI

ing to the State Planning Commission, the 1990 grain production will have to increase by 5 billion to 7.5 billion kilograms over 1989, cotton by 250,000 tons to 400,000 tons, oil-bearing crops by 1.5 million tons, meat by 500,000 tons, aquatic products by 300,000 tons and the production value of township enterprises by 80 billion yuan. Although these are very arduous tasks, there are still many favourable conditions underlying agricultural development. A new upsurge of a large-scale capital construction of farmland and water conservancy, for example, has been under way since autumn of 1988. Moreover, one of the principal targets set at

Kinescope Firm Highlights China's Investment Climate

by Our Staff Reporter Han Guojian

Premier Li Peng, in responding to questions of Manfred Schell, the editor-in-chief of *Die Welt* of Federal Republic of Germany, recently said, "In Beijing, there is a Sino-Japanese joint kinescope venture that took only 22 months to put it into production. All entrepreneurs who doubt China's favourable investment environment are welcomed to visit this enterprise and have a look for themselves."

Premier Li Peng was referring to the Beijing-Matsushita Colour Kinescope Co. (BMCC) to which he had twice paid a visit. The company's total investment is 20.057 billion yen, each partner paying in 50 percent over a 20-year term. It is the biggest Japanese investment project in Beijing and as well a major overseas investment project for the Matsushita Electronics Corporation.

A Farsighted Move

China has in recent years become a big producer of TV sets. However, the domestic production volume of colour kinescopes falls short of demand and every year, the state has to import millions of colour kinescopes at a great cost in foreign exchange. The domestic production of colour kinescopes has thus become even more imperative.

Conforming to the government's industrial policy, Matsushita Electronics Corp. recognized the favourable prospects

in the China market and decided to invest. Moreover, unlike many other joint ventures, which only register part of the investment capital and use bank loan for the rest, the BMCC registered all its capital. Thus, from the very start, the investors showed confidence in success of the venture as well as trust towards each other.

The Japanese investors have proven farsighted. Although it has only about 700 staff and workers, the BMCC has provided 140,000 21-inch plane and right-angled colour kinescopes to 18 Chinese TV set factories. From July 1, 1989, when the factory was put into production, to the end of the year, the total sales volume reached 91 million yuan and contrary to both the Japanese and Chinese investors' expectation, they were able to balance revenue and expenditure in the first year of operation.

At the official opening ceremony on November 24, 1989, General Manager Chikagoshi Ninagawa confidently announced that beginning March 1990, the company will change the current two shifts to three and expand the monthly production.

It is predicted that BMCC's annual production capacity of colour kinescopes will increase to 856,000 in 1990 and that 42 factories will make use of its products.

Preferential Treatment and Support

According to China's tax law, a joint venture is exempt from income taxes during the first two years after it begins to earn profit and turns over only half of the income taxes due between the third and fifth year. Since BMCC belongs to a high technology enterprise, it is further allowed to turn over only half of its due income taxes during the sixth and eighth year.

The Chinese government offers not only preferential treatment in taxes to enterprises involving foreign investment, but also provides a variety of conveniences.

For example, from September 1984, when Yamashita Gen, director of the Matsushita Electronics Corp. first discussed establishing BMCC with Beijing Mayor Cheng Xitong, to July 1989, when BMCC began production, the Beijing municipal government gave considerable support to the project.

First, the municipal government asked for a ground space of 134,000 square metres for BMCC in the Jiuxianqiao area where the Beijing electronic industry is concentrated. Zhang Zhongwen, deputy manager of the company, said that such a good location is hard to find for ordinary enterprises and will be convenient source for BMCC's high-quality workers.

Second, the municipal government appointed a cadre at the

municipal level to take charge of the project and the Municipal Construction Committee and the Municipal Public Utility Committee respectively appointed a cadre for the project's corresponding work. They often gathered together responsible parties to solve problems, on-the-spot, which occurred during the project's construction. Thus many complications that might require two or three months to resolve were settled within a week. Because of such support, there were no delays from material shortage or a halt in the supply of water or electricity. The project was completed two months ahead of time.

Third, a group of technicians, backbones of the electronic industry, headed by Zhang Zhongwen, former director of the municipal electronics office, were appointed as partners to the Japanese investors. Most of them graduated from colleges in the 1960s; 25 are currently BMCC's section chiefs.

The Practices of Matsushita Management System

During negotiations, an honest co-operative relation was established between the Chinese and Japanese sides. When BMCC was officially set up on September 8, 1987, the front negotiators from both sides acted as the company's general and deputy managers and laid a foundation for further co-operation.

To ensure product quality and strengthen the company's competitiveness in world market, BMCC not only introduced Matsushita equipment and technology, but also the Matsushita management system. Professional titles, setup, production command system and day-to-day reviews are almost all from Matsushita. Therefore, although there are only seven Japanese in the company, including the general

manager, five department chiefs and one department assistant, the Japanese feel as though they are working in Japan.

Zhang said, because of different social systems and cultural backgrounds, Chinese workers inevitably feel somewhat uneasy under the new management system. In those cases, said Zhang, the Chinese cadres in BMCC explain why workers should adapt themselves to discipline and schedules.

The core of the management system is the need to adhere to schedules, i.e. work must be done on time. There is to be no

workers of the company continued their work as usual, a situation highlighted by the fact that on June 3 the first qualified colour kinescope was produced.

Huang Lide is the chief of the kinescope manufacturing section. He said that the Japanese general manager often dissolves certain quality problems and criticizes the relevant section chief. Talks are held once a day and can last more than a week until a solution to the problem is found. According to Huang, all the 25 section chiefs have received such talks. At first, all of them felt embarrassed, but real-

Assembling electron guns for colour kinescopes.

Photos by YU HUIRU



Manufacturing 21-inch plane and right-angled colour kinescopes.

delay and no excuses are accepted for a disruption of plans. The best example of this rigor is the situation which occurred during the May-June disturbance when both Chinese and Japanese

izing that the general manager was not personally against them but against poor quality products, they became accustomed to process. They have nicknamed the talks the "special repre-

Offence Reporting: An Important Channel of Mass Supervision

by Our Staff Reporter Wu Naitao

The offence-reporting system, established throughout the country in June 1988, has showed the power of the masses in the campaign against corruption. It allows the state to directly rely on the broad masses of the people in its fight against government functionaries who abuse their positions and power for personal gains or other illicit purposes, and is an important guarantee for citizens in the exercise of their right to expose or charge officials with irregularities.—Ed.

Citizens have the right to make, to the relevant state organs, complaints and charges against, or exposures of, any state organ or functionary for violation of the law or dereliction of duty," according to Article 41 of the Constitution of the People's Republic of China.

Since June 1988, procuratorates and supervisory organs at various levels have launched an offence-reporting network by opening round-the-clock hot-lines, reception offices and publishing zip codes of offence reporting centres in an effort to strengthen the struggle against corruption. The masses are encouraged to report officials for such irregularities as embezzlement and bribery, dereliction of duty, and extortion. To date, 89 percent of the nation's procura-

mand."

Now, added Zhang, the Chinese workers have almost got to the strict demands and rigorous management and realize that this is how the modern industrial production is run.

Xu Qiong, a worker recently transferred to the company, said, "It's the first time that I've seen such efficient work and have felt such intense labour since I began work five years ago. There is no idleness and no disputes over trifles; it's a new world."

The practices of the Matsushita management system in BMCC has made the company the most efficient in Beijing's electronics industry. In 1989, the per-capita output value reached 135,000 yuan. In November 1989, after inspecting the factory, the top advisor of the Matsushita Electronics Corp. showed his satisfaction by noting that BMCC is equal to other Matsushita factories in Japan. BMCC's production quality

meets the standards of the US UL.

A Favourable Foreign Exchange Balance

A foreign exchange balance is of key importance to an enterprise using foreign investment if it is going to be successful.

At present, most of BMCC's raw materials and spare parts for the kinescope-line are provided by the Matsushita Corp., a method that requires a lot of foreign exchange. Since 1990, although China is attempting to purchase domestic kinescopes with foreign exchange to replace purchasing imports (This will ease BMCC's problems in using foreign exchange), BMCC's decision-makers think that, in the long term, the problem will best be resolved by China providing its own raw materials and pushing its products into the world market.

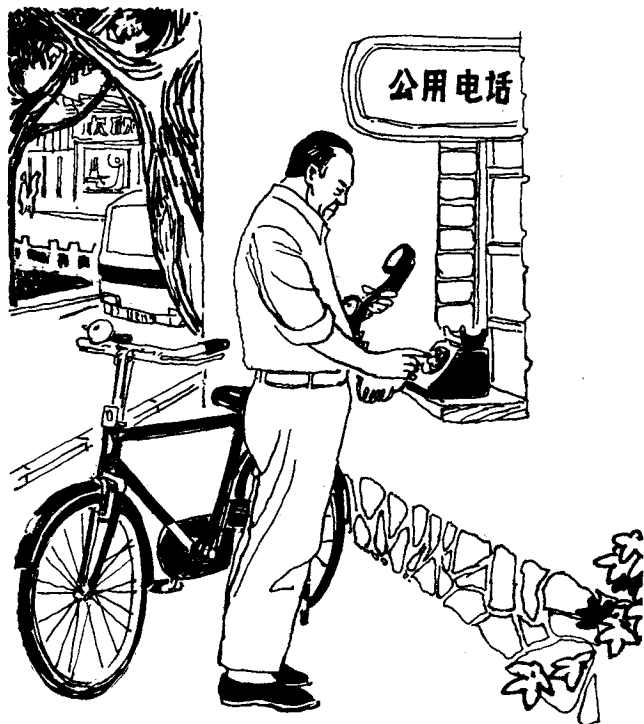
For this, the company has advanced the 1992 export plan to 1990, according to Zhang. In

June 1990, when the second production line begins operation, all 14-inch colour kinescopes will be exported. The relevant export licenses are now being developed.

The Beijing municipal government and the Ministry of Machine-Building and Electronics Industry are organizing the spare parts needed by BMCC. Zhang estimates that about 1991, China will be able to provide most materials.

Regarding the factory's expansion, Zhang said that another assembly workshop will be built on some 40,000 square metres (according to the second construction plan), the production line for kinescopes above 24-inches started and preparations made for the founding of a colour TV production line using the Matsushita technology.

General Manager Chikayoshi likened BMCC to a vessel that, under the co-operation of Chinese and Japanese, is braving the wind and waves in its sail towards a fixed destination. □



Many people make calls to judicial organs to report officials who commit economic crimes.

Drawn by ZHAO REN

torates have set up 3,706 offence-reporting centres. At the same time, supervisory organs throughout the country have opened 1,832 offence-reporting offices and hotlines, employing some 4,000 persons to respond to letters and phone calls and receive visitors.

In January 1988, the Supreme People's Procuratorate (SPP) published the Regulations Governing Offence-Reporting Work of the People's Procuratorates (for Trial Implementation) to give the public an understanding of and garner support for the offence-reporting work. The regulations of the SPP are certain to aid those involved in offence-reporting work and are helpful for expanding supervision by the public. The regulations have four chapters with 35 articles and pertain to the adoption, transfer and filing of reports, urge the concerned organs to respond, handle, and act on

cases, and provide protection for informers. They also provide for reward and punishment.

In addition, supervisory organs have also worked out "Temporary Provisions on Offence-Reporting Work of the Supervision Organs," (Draft), and "Trial Regulations on Handling Letters from Foreigners and Overseas Chinese and Compatriots of Hong Kong and Macao."

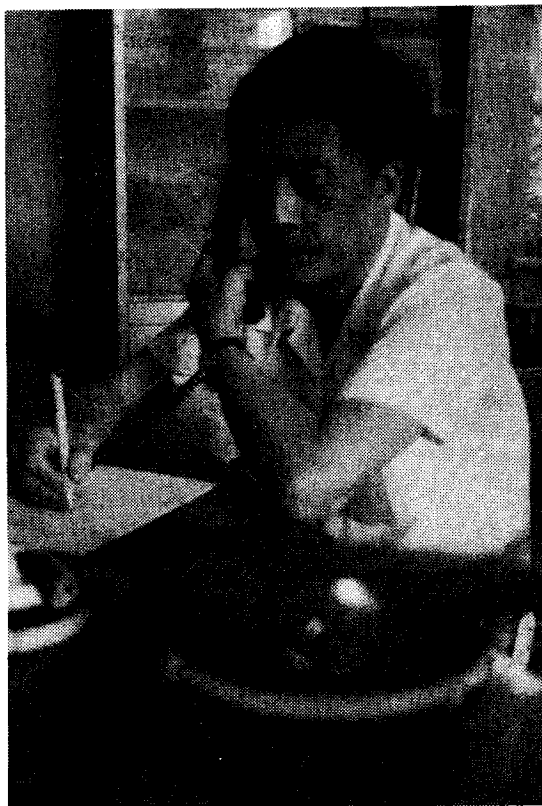
Favourable Response

Because the reporting system is an outgrowth of

the public's desire for punishment of corrupt officials, the letters and phone calls reporting such cases have come pouring in.

According to Yao Shigeng, an official in charge of the offence-reporting work for the Supreme People's Procuratorate, procuratorates throughout the country have altogether received 147,238 tips during the period from July to December 1988, of which 35,928 led to embezzlement and 16,912, bribery. The rest involved misappropriation of public funds, dereliction of duty, counterfeit trade marks and violation of citizens' democratic rights.

More than 43,476 Party and government officials were reported, a figure which made up 29.5 percent of the total involved. Others included factory directors, managers, Party secretaries and salesmen. From January to June 1989 about 172,000



Since opening 24-hour hotlines for the public, the offence-reporting centre of the Supreme People's Procuratorate has received many calls from the masses.

TANG SHIZENG

clues were reported. Among them, 68,000 or 39 percent pointed to embezzlement and bribery. During this time, more than 48,000 Party and government officials were reported, making up 28 percent of the total involved.

One year after the establishment of reporting system, reporting centres run by procuratorates at various levels received a total of 228,000 letters and phone calls. Among them, 1,574 officials who were reported ranked at or above departmental and bureau level, and 12,942 ranked at the county level. It is said that 70 percent of the accusations provincial procuratorates put on file for investigation and 80 percent of the clue put on record by county procuratorates were provided by reporting centres.

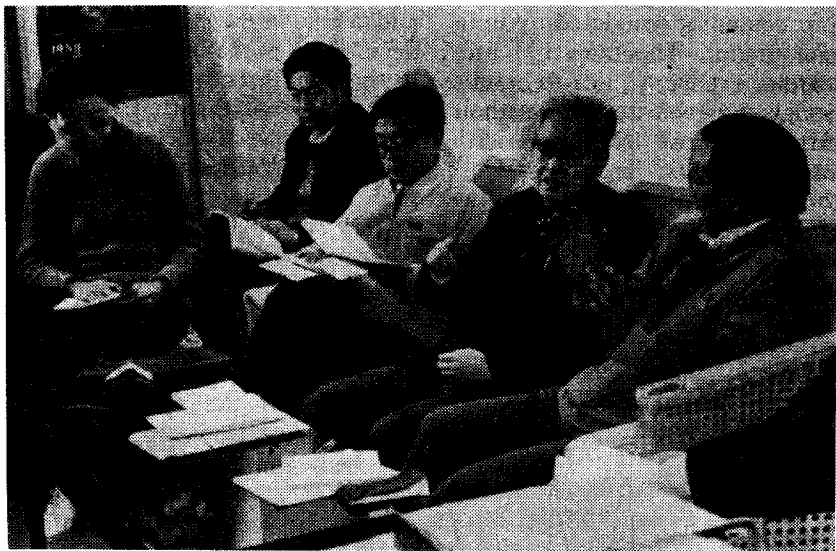
It has also been reported that the Central Discipline Inspection Commission in the first half of 1989 received more than 1,000 letters and visits which exposed the irregularities of officials at or above the prefecture level. More than 50 percent of the cases concerned the abuse of power and violation of economic discipline. Now, the commission has sent 25 groups to 13 provinces and autonomous regions to investigate and overlook the handling of these cases.

Reporting centres open their door wide not only to mainland citizens, state organs, social organizations and enterprises, but also to compatriots of Taiwan, Hong Kong and Macao, overseas Chinese and foreigners. In 1988, 228 tips came from foreigners, 188 from citizens of Hong Kong, Macao and Taiwan. In the first half of 1989, 118 tips came from foreigners, 76 from

Hong Kong, Macao and Taiwan. One example involved a department director of the State Planning Commission accused by a Hong Kong businessman of embezzlement and bribery worth 650,000 yuan.

Probe to the Bottom

Procuratorates and superviso-



Vice-Minister of Supervision Feng Tiyun (second from right) handles cases together with his aides.

CHEN ZHONGLIE

ry departments at various levels take a serious attitude towards accusations reported by the masses and have focused their work on investigation. Every day, leaders of various procuratorates personally take tips and phone calls from the masses and examine serious cases one by one. Yao Shigeng says that Liu Fuzhi, chief procurator of the SPP, is very concerned about the work of reporting centres, and keeps in close contact with daily activities. In the first half of 1989, Yao added, more than 380,000 reports were initially investigated by procuratorates throughout the country, 10,400 of which were put on file. More than 2,200 cases involve over 10,000 yuan each. To date, 1,300

people have been prosecuted and 542 convicted.

In August 1989, Gu Jianguo, former head of the Materials and Goods Supply Bureau of Kaihua County in Zhejiang Province, was accused of embezzlement and bribery by local people. After the report was investigated and proved true, three criminals headed by Gu

were immediately arrested with the approval of the local procuratorate. Encouraged by the news, another informer dispelled his misgiving and brought his accusations to the county procuratorate, which he had prepared three months before. The procuratorate's prompt and earnest actions in dealing with the mass's letters have stimulated the people's enthusiasm. According to statistics, procuratorates in Zhejiang Province have handled 812 cases of embezzlement and bribery during the first half of 1989, thereby retrieving 10.74 million yuan. Some 65.8 percent of the clues were initiated by the masses through the reporting centres.

According to Feng Tiyun,

vice-minister of Supervision and vice-president of China Democratic National Construction Association, by the end of June 1989, reporting centres throughout the country had handled 13,159 cases, 8,600 of which were investigated and settled. Altogether, some 29.74 million yuan in economic losses have been avoided and 1,866 officials given disciplinary sanction and prosecuted or convicted by judicial organs. The fact that procuratorates were quick to handle and complete cases shows their determination to deal with mass's reports. Supervisory organs, previously unknown to the public, are now well known because of the anti-corruption effort and are described as the

selves in.

One of them was Shi Guifu, an office worker of the China Zhujiang Building Materials Enterprise Co. in Shenzhen. He stole 43,000 yuan by making use of the differentials in official and black market exchange rates between Renminbi and US dollars. At the beginning, he was nervous of offence-reporting. After weighing the advantages and disadvantages, he finally decided to make a clean breast to the local procuratorate, turning in all his ill-gotten money. "The mighty offence-reporting campaign frightened me," he said. Since the day I stole the money, I haven't had a day when my mind was at ease. I was always in a state of anxiety."

In Jilin Province, 29 office workers, including 19 cadres of the Yushu County Grain Department, after hearing a report about the offence-reporting campaign of the local procuratorate, turned themselves in and handed over 40,000 yuan in bribes. They were leniently dealt with.

Protecting Informers

The Regulations Governing the Offence-Reporting Work of the People's Procuratorates has a five-article chapter dealing with how to protect and reward offence-reporters as well as how to punish those who

make false accusations. Some provincial procuratorates worked out their own regulations for defending the legitimate rights of citizens who expose officials for irregularities. The Ministry of Supervision is also drafting temporary regulations, based on the established regulations and rules of local supervision organs, for defending

crime-reporters. Those who retaliate offence-reporters for their actions will be investigated and punished once their illegal actions are discovered. Those whose mistakes are not serious enough to be considered to be a crime are given ideological education and/or disciplinary sanctions. Those who commit a crime are investigated and legally punished. For example, Li Xiangzhang, former Party branch secretary of Wudong Township, Jinxian County, Zhejiang Province, was arrested for retaliating against the person who reported his embezzlement and bribery. Using his position and power, Li suspended the person from his job and illegally took him into custody for six hours.

According to Yao Shigeng, procuratorial organs in Beijing and other 15 provinces and autonomous regions had dealt with 144 cases of retaliation; 14 people involved in those cases were convicted according to criminal law. A survey made by procuratorates shows that anonymous reports from the masses made up a certain proportion of all cases who conceal their names are often in the know and 60 percent of their tips prove to be true. Anonymous accusations proven untrue are largely the result of honest mistakes. Only a very few are patently false accusations.

Zhang Siqing, deputy chief procurator of the SPP, said, "Fear of retaliation is the main reason for anonymous reports. It stems from our imperfect democracy, which has existed in China for a long time. With regard to anonymous reports, procuratorates and supervisory organs take a cautious attitude, laying stress on the weight of evidence and investigation. Only a handful of people have brought false charges and they were discovered and sentenced according to the law. □



A criminal turns himself in, saying, "Here are my...."

Drawn by ZHAO REN

"supervision star of the current stage."

With the deepening of offence-reporting campaign and under the influence of the Party's policy of "leniency to those who confess their crimes and severity to those who refuse to," 651 criminals during the second half of 1988 and 651 in the first six months of 1989 turned them-

Statistical Information Services Available

If you want accurate statistical information and data concerning China, you can refer to the China Statistical Information and Consultancy Service Centre. Since its establishment in May 1985, it has provided services for more than 1,000 customers, of whom one-third were foreign.

According to Zhou Zhilin, deputy manager of the centre's consultancy department, the centre depends on wide sources information of the State Statistical Bureau and professional survey groups in both cities and towns. The centre is capable of providing various statistical services including information on the national economy and social development; production, supply, sales, market demand and price fluctuation of major commodities; population, labour force, natural resources, industry, agriculture, transportation, telecommunication, investment, commerce, foreign trade, tourism, finance, scientific research, education, culture, public health and sports; resident income and expenditure in both cities and towns; and the economic and social development of 31 provinces, autonomous regions, municipalities directly under the Central Government as well as all cities. The charges are lower than the international standard.

In order to quicken access to technological information, Zhou expressed his determination to co-operate with colleagues from abroad, Hong Kong and Macao in order to develop and make use of abundant statistical resources for the diverse needs of domestic and foreign customers.

For several years, the centre has provided regular services to some 20 customers, including the

International Tea Committee London, Thilipp Brother Inc., University of Illinois Inc. the Nihon Keizai Ssimbun Inc. and Hong Kong University on an annual, quarterly or monthly basis. In July 1988, a liaison office was set up in Hong Kong to widen the co-operation with foreign countries.

by Kou Zhengling.

Labour Service With USSR

According to the Ministry of Foreign Economic Relations and Trade, between January and August of 1989, China signed 95 contracts and agreements for labour services with the Soviet Union, and 14 joint-venture items with a total value of some US\$240 million.

More than 10,000 personnel were sent to the Soviet Union to implement these contracts. China's investment is represented in equipment and material having a value in excess of US\$10 million.

Ninety-five percent of the contracts and agreements are concentrated in the border areas between the two countries and are managed directly by enterprises of both sides.

There are now more than 500 possible agreements under discussion and the area of co-operation is extending to the middle and European part of the Soviet Union. The fields of co-operation range from agriculture, forestry, communications, fishery to energy and building materials.

Soviet items in China also expanded last year. In September last year, the first Sino-Soviet enterprise between Shanghai Huatung Group Company and a com-

mercial enterprise from Leningrad was established in Shanghai to produce foodstuff and drinks. □

Beijing Jeep Walks Out Predicament

Beijing Jeep Co. Ltd, in a predicament due to China's economic rectification and consolidation, has now come back to normal when its daily output goes up from 138 to 146 jeeps.

According to company data, by December 20, the company's total output in 1989 had reached 39,130, up 26.2 percent over 1988 and realized 125 million yuan in profit, a 23.2 percent increase, thus overfulfilling its 1989 target.

General Manager Chen Xuelin said that when the country strengthened management of automobile production and sales during the campaign of economic rectification and consolidation, overstocks occurred, reaching as many as 4,000 jeeps last May.

Because the company had faced difficulties and overstocks, the related government helped them to clear sale channels: at the same time, the Bank of China credited the company with more than 23 million yuan and US\$7.5 million which allowed the company to meet all its obligations. Now, jeeps made by the company are sold out.

He said that both partners, from China and the United States, worked hard to overcome difficulties. In order to increase the proportion of home-made products, technical personnel of both China and the United States continue to research day and night. At present, the new paint spraying, assembling and steel plate hot-treating lines have been installed and undergone test runs; they will be put into operation by 1990.

The China-America venture, Beijing Jeep Co. Ltd., was established in 1984. The company has since netted 415 million yuan in profits on a total output of 158,600 jeeps. □

Transmission of Economic Information

China's only special economic information line transmitted nationwide through satellite transmission will be extended to open coastal cities in January 1990 to provide economic information for foreign business offices, and embassies and consulates in China.

The line sends 35 to 45 pieces of China's economic information to North America, Western Europe, Japan and Hong Kong in English each day, along with transmission in Arabic to gulf countries. After broadcasting, the information is stored in the international computer materials room for reference. Over the past two years, China's economic information system has enjoyed good reputation abroad for its accuracy and timeliness, and is a central part of the world information industry.

Most clients are transnational corporations and financial organizations such as the World Bank, a bank of the Netherlands, the Brazil Bank, the Daiwa Bank of Japan, and the Daiwa Securities Co. Ltd. of Japan, the Iri Group of Italy, the US-China Business Council and the European Economic Community.

The service includes such project opportunities in China's market as import and export trade, the demand for foreign funds, labor contract, invitation to foreign technicians and tourism; it also provides information on China's investment climate such as the rules and regulations on China's policy, transportation, telecommunications and service facil-

ities; a review of Sino-foreign economic and technological cooperation such as the current conditions and prospects on special economic zones and open coastal cities; and an overview of financial and statistical data such as market detection and analysis and comprehensiveness.

by Wei Liming

Participation in Hannover Fair

Late in November 1989 in Beijing, Jurgen Behrmann, president of the Hannover Exhibition Co. of the Federal Republic of Germany, warmly invited Chinese enterprises and factories to participate in various fairs, to be held in Hannover in 1990.

Since 1979, China has sent delegations to attend the Hannover Industry Fair and the volume of Chinese transactions in the fair has increased annually. The volume of machinery in 1988, for example, reached 7.8 million yuan, the success of which encouraged Chinese authorities to participate in the architecture fair to be held in Hannover in 1990. This is the first time China attended such a fair and will provide an opportunity for China's building-materials products to enter the international market.

Annually, 80 percent of the world's fairs are held in Federal Germany, the largest and most important of which are usually held in Hannover, a famous fair city. Every year, more than 2 million entrepreneurs and visitors attend.

The Hannover Exhibition Co. is the largest of its kind in the world. Some 50 fairs and exhibitions are expected to be held in Hannover in 1990. Seven of the 50 fairs have a large following from around the world. They include the Hannover Industry Fair, the International Carpet

Fair, the Building-Materials Fair, Office Automation and Information and Telecommunications Technology Fair, the Air and Space Technology Fair, the Bio-technology Fair and the Animal and Husbandry Fairs.

by Li Rongxia

China, USSR Co-produce Soybean

An agreement on co-production of beans between China and Soviet Union, with China mainly exporting its bean planting technology, was signed at the end of 1989 in the Soviet Union. It is the first time China will export its bean planting technology.

According to the agreement, the Heilongjiang Wasteland Reclamation Area of China will send nearly 400 experts and agricultural technicians to six state farms in the Soviet Union to teach bean planting technology. The total area under this agreement is 4,000 hectares.

The Soviet Union will provide land, production materials, living facilities, production and management fees. China will provide the needed technology, seeds, fertilizers, growth hormones and necessary farm tools. Remunerations for the Chinese side including pay, technological transfer fees, production materials costs as well as dividends will be paid for by the Soviet Union with chemical fertilizer and farm machinery.

The Heilongjiang Wasteland Reclamation Area, a famous bean production base in China, has an annual planting area of more than 700,000 hectares. □

News in Brief

- According to statistics released by the Ministry of Foreign Economic Relations and Trade, China's export volume reached

US\$39.68 billion by December 10, 1989, an increase of 6.9 percent over the corresponding period in 1988. Of this figure, the export volume of joint ventures, co-operative enterprises and wholly foreign-owned enterprises was US\$2.96 billion, US\$1.59 billion (over 100 percent increase) more than during the previous period in 1988.

China's import volume was US\$33.486 billion, an increase of 1.3 percent over the previous period in 1988. Some imports which were not needed, however, have been brought under control, and so, foreign trade revenue and expenditure were favourably balanced. A large increase in the spot exchange balance of the state was noted.

• A dictionary entitled "Dictionary on China's Key Export Commodities and Production Enterprises" was published in Beijing at the end of 1989.

Edited by the State Administration of Commodity Inspection, the 3.6 million-word dictionary briefs readers on the equipment, organization and quality of products from more than 8,000 export enterprises, and is broken up into such 12 categories as cereals, oils, foods, native and animal products, textiles, light industrial products and chemicals.

• China's 2nd Nantong Folk Arts Festival will be held in Nantong City, Jiangsu Province on March 25-29.

At the festival, a performance of folk songs and dances popular south of the Changjiang River will be given and China's 1st Nantong International Kite Meeting will be held. At the same time, many import and export companies are expected to hold trade talks with foreign businessmen on export commodities and more than 100 economic and technological co-operative projects for the introduction of foreign funds and technology will be discussed.

China's International Health Technology Co-operation

China signed an agreement last November to provide equipment for a modern teaching hospital in Pakistan. The two sides have since been sped up preparations for implementation of the agreement. The specific supply contract will be signed in the spring this year, according to He Hongming, general manager of the China Medical Care and Public Health Corporation for Foreign Technology Co-operation.

Based on the agreement, China will provide a complete set of medical care-teaching equipment worth 60 million yuan for a 1,100-bed teaching hospital in Pakistan. It will be the largest, modern hospital in Pakistan and one of the biggest, co-operative projects undertaken by China with a foreign country in recent years.

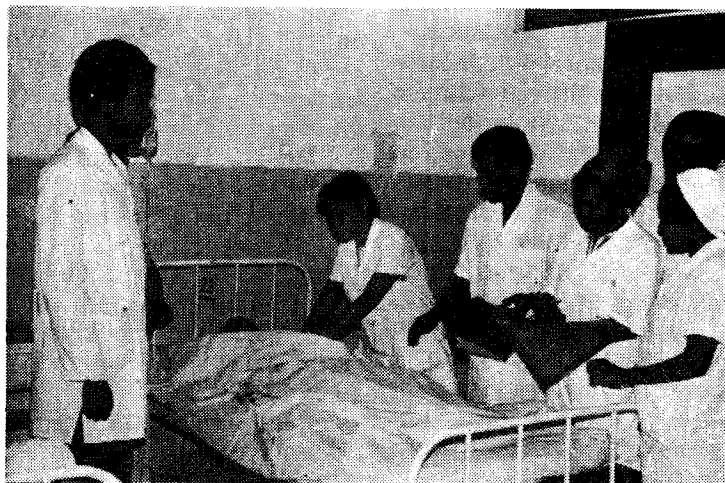
China's health co-operation with foreign countries started in 1963. At first China's field of co-operation was limited to sending medical teams to third world countries. This was gradually expanded to include technological exchanges, personnel training and project contracting. Statistics show that, as of now, China has since sent some 10,000 medical personnel

to over 60 countries and contracted to build some 30 projects.

The China Medical Care and Public Health Corporation for Foreign Technology Co-operation, set up in March last year, is the only one of its kind in China. It contracts to build hospitals and sanatoriums abroad, provides advanced technology and equipment under agreements with governments or organizations. It can also establish co-operative-funded or self-funded hospitals abroad and set up clinics for treatment of all kinds of hard-to-treat cases. Moreover, it sends medical experts and technical personnel abroad, holds technological exchanges and conducts co-operative research in international medical care.

He Hongming said that since the establishment of the corporation, it has contacted some countries in the above mentioned fields and signed some co-operation agreements or letters of intent. It will soon provide 200 nurses to a foreign country and, with foreign investment, set up hospitals in China.

by Li Ming



Chinese doctors in Somalia.

Important Cultural Relics Discovered in Shandong

Valuable cultural relics were recently discovered in two large 4,000-year-old tombs of Longshan Culture in eastern China's Shandong Province.

Archaeologists from the Shandong Team of the Archaeological Institute under the Chinese Academy of Social Sciences started the excavation in October last year. After one month's work, over 100 ancient relics including jade knife, shovel, ring,

pendant and hairpin of elegant and outstanding workmanship. The small delicate jade hairpin deserves special attention: on the upper part of it three vivid human faces are carved. Such a discovery is rarely seen in remains of the Longshan Culture, which dates back to the New Stone Age, 4,000-4,5000 years ago. The Longshan Culture is named after the Longshan Township in Shandong, where it was first discov-

ered. The remains of the culture are mostly located in the middle and lower reaches of the Huanghe (Yellow) River. The production tools of the Longshan Culture were made of carved stone. The unearthed pottery was mainly grey and black in the recognized Longshan style. Longshan Culture is also referred to as "the Culture of Black Pottery."

The two newly discovered tombs, located in Linqu County, are among the most important cultural remains of the Longshan Culture yet discovered. Han Rong, associate professor at the

Two concerts performed by the Shanghai Symphony Orchestra (SSO) during the Second China Arts Festival (Sept.15-Oct.5) showed the ensemble's high level of musical accomplishment.

Principal conductor and musical director Chen Xieyang conducted one of the concerts, a mixed programme of Chinese and Western music. Principal guest conductor Yoshikazu Fukumura led the orchestra through three Western works during the second concert.

Two compositions by Chinese composer Zhu Jianer, the *Symphony No.2* and a concerto for *so-no* (traditional Chinese horn) and orchestra titled *Ecstasy of Nature* were paired with Sergie Rachmaninov's *Symphony No.2 in E Minor* in the concert conducted by Chen. These works of different times and different nations were skillfully performed to highlight their divergent styles. Chen's enthusiastic conducting drew out their contrasting colours and made emotional contact with the audience.

Chen, now in his 40s, is one of the most accomplished musi-

Shanghai Symphony Orchestra

cians to become a conductor since the founding of the People's Republic of China in 1949. In 1965 he was graduated from the Department of Conducting at the Shanghai Conservatory of Music. In 1981 he was invited by the Centre for US-China Art Exchanges to study and perform in the United States. While there he took training in conducting from Professor Otto Mueller of Yale University.

Since the 1970s Chen has performed in Korea, Japan, Canada, the United States, France, the Soviet Union and Hong Kong. His work with the Group for Contemporary Music of New York, the Brooklyn Philharmonic, the Honolulu Symphony Orchestra, the Tokyo Symphony Orchestra, the Tokyo Youth Symphony Orchestra, the Miyagi Philharmonic Orchestra of Japan, Philippine State Orchestra and the Hong Kong

Philharmonic has been greatly praised. He made successful appearances at the 33rd Aspen Music Festival Orchestra in 1982 as well as the Chinese Music Festival in Scotland in 1988. In 1983, at the invitation of a French record company, he conducted the Beijing Central Philharmonic Society in recordings of dozens of Chinese orchestra music. At the same time he participated in conducting the large musical dance production, the *Song of the Chinese Revolution*.

Chen praised Zhu Jianer's *Symphony NO.2* and *Ecstasy of Nature*. Finished in 1987 and based on the "cultural revolution," the *Symphony No.2* manifests the struggle between the people and their oppressors, between good and evils. It mediates on the nation's fate and is marked by strong, tragic colours.

Finished in 1989, *Ecstasy of*

Archaeological Institute, supervised the excavation. He said that the two tombs outshone other Longshan Culture remains in terms of size and the quantity of cultural relics they yielded. Han said that the discovery provided important material for the study of civilization and prehistoric Chinese culture.

Linqu is rich in ancient animal fossils and human cultural artifacts. The bird fossils and fossils of ancient rhinoceroses, deer and other large animals discovered in Wangcun village of the county have drawn the attention of the international palaeontological circles. □

Fossilized Dinosaur Skin Discovered

Arare fossilized dinosaur skin was recently discovered in an area of southeastern China known as "the hometown of dinosaurs." The discovery in Zigong, Sichuan Province, was the first of its kind in China.

The discovery was made accidentally on October 30 when scientists from the Zigong Dinosaur Museum were restoring the remains of a dinosaur from the late Jurassic period. It had been excavated in the outskirts of Zigong in April 1985.

The fossilized skin, located in a layer of slate, was joined to the shoulder bones of the dinosaur. The skin's surface pattern resembles that of present-day reptiles such as snakes and lizards.

A total of 400 square centimetres of fossilized skin have been traced out. Each square centimetre includes three scales.

Experts said that because of poor natural conditions for preservation, the skin of ancient animals rarely becomes fossilized. This discovery is especially helpful for study of the superficial structure of dinosaur skin and in assessing the thickness of the soft tissues under skin. It also provides reliable materials for recreating a realistic image of the prehistoric animal that became extinct on earth hundreds of thousands of years ago. □



Chen Xieyang conducts the Shanghai Symphony Orchestra during a concert.

Nature blends traditional and modern methods, drawing on the *so-na's* bold and humorous characteristics. Chen commented that both works are thoughtful, skillfully composed and reveal the national temperament.

The concert conducted by Yoshikazu Fukumura and accompanied at the piano by Monique Duphil of France included Hector Berlioz's *Carnaval Roman Overture*, Robert Schumann's *Piano Concerto in A Minor* and Stravinsky's ballet suite from *Petrouchka*. Fukumura was the first Japanese conductor

to be invited as a guest conductor by a Chinese orchestra. He was making his third appearance in China, his second cooperation with the SSO. He praised the symphony's high musical level, especially its strings. Duphil, who has performed with the SSO many times, now lives in Hong Kong and is considered

as one of the outstanding pianists in Asia. The audience showed its appreciation to these two old friends with warm applause.

The oldest orchestra in China, the SSO can trace its roots back to the Shanghai Municipal Public Band, which was enlarged into an orchestra in 1907. After the founding of the People's Republic of China, it was renamed the Shanghai Symphony Orchestra. It now has more than 100 players, many of whom have won prizes in international competitions.

Its conductors Huang Yijun, Chao Peng, Chen Xieyang and Hou Runyu, as well as its composers, Qu Wei and Zhu Jianer, are renowned at home and abroad. Over the last 40 years, the orchestra has held more than 2,000 concerts, performed Chinese and foreign works and made many recordings and video tapes. The SSO has cooperated with famous foreign ensembles and musicians, and has visited Australia, New Zealand and Hong Kong.

In China the orchestra is enthusiastically trying to popularize symphonic music, going so far as to found the Symphony Lovers Association in Shanghai. Loved by domestic and foreign audiences the SSO received 37 million yen in donations last year from the Japanese government for buying new instruments. Early last year Kuniko Kodyashi of Japan donated another 1 million yen to the SSO.

Chen sees three tasks for his orchestra: introducing famous symphonic works to Chinese people, developing Chinese symphonies and raising its own playing to an international standard.

by Feng Jing

A Splendid Historical Record: Modern China

The 50-volume series, *Modern China* (Chinese edition), is a great gift for the 40th anniversary of the Peoples' Republic of China.

With Deng Liqun, Ma Hong and Wu Heng as Chief Editors, *Modern China* began to be compiled after November 1982, when the Secretariat of the CPC Central Committee gave its approval. Being a key project of both China's publication cause and the social science research under the Seventh Five-Year Plan, all 180 volumes, about 100 million words, should be published by 1990.

A magnum opus of historic and scientific significance, *Modern China* narrates the country's development, achievement and experiences since the founding of the People's Republic of China. It is divided into comprehensive volumes (such as the *Economy of Modern China*), volumes on industries (such as the *Petroleum Industry of Modern China*), volumes on special topics (such as the *Population of Modern China*) and volumes on regions (such as *Sichuan Province of Modern China*).

As they took up their pens, it is evident that writers and editors believed their words should be able to stand the test of time. To do this, they set out some basic requirements. The materi-

als and data should all be verified by statistical departments and backed up by archive departments. All the facts should be checked. As what the pretext to the series states, it should be a practical and realistic style of work: *Modern China* will proceed scientifically. Being practical and realistic and against falsely adorning facts and glossing over mistakes, *Modern China* will use reliable data to record the 30-year construction of New China in order to provide an accurate historical record. Indeed, it is clear, after our reading of the 50 volumes published so far as well as those provided for a pre-publication review, that the editors and authors have done their job well. Although there is a difference in theoretical outlook and literary level between each volume, they all record not only the achievements but also the reverses of the past 40 years. Each volume provides a concrete and full presentation in one area, while the series as a whole provides a comprehensive category of national history.

Many volumes of the series are quite impressive. For example, the *Aeronautics Industry of Modern China* and *Nuclear Industry of Modern China*, vividly and with great inspiration, tell about the development history of each industry and have, starting from

scratch, made magnificent achievements after overcoming many difficulties. It is also interesting and moving to discover less known material and historical facts including the failures and frustrations experienced before success were achieved. Another example is the *Grain Production of Modern China* which, using selected data from a more than 30 million word source of material, authentically records China's grain production over more than 30 years. By reading it, one learns how China solved the problem of food for hundreds of millions of people. The *Military Work of Modern Chinese Army* (altogether two volumes) describes the various but little known battles in which the PLA struggled to protect the motherland against invasion after the founding of the People's Republic of China. The *Economy of Modern China* gives a detailed picture of China's socialist economic development and achievement as well as the failures. It makes public for the first time that, from 1957 to 1960, the deterioration of the national economy due to mistaken policy caused the death rate of the population to rise from 20 per thousand in 1949 to 25.43 per thousand, a 10 million reduction in the number of the population. Such facts demonstrate the rigorous scientific attitude and realistic spirit of the editors.

Using indisputable facts and materials, *Modern China's* value lies in its reporting which rectifies past misunderstanding and gives a chance for people worldwide to know more about China. It can also help the Chinese people to gain a better understanding of themselves and, by reference, direct the nation's future construction. Moreover, *Modern China* well preserves China's cultural treasure for the benefit of the nation's offspring.

by Wang Lei



Harvesting Maize.



Hoping.



Evening Chat.

ART PAGE

Rural Paintings by Feng Aidong

Feng Aidong, a farmer of the northern suburbs of Tianjin, was born in Tianjin in 1967. Most of his works are based on the rural life and folk legends around Tianjin. He has adopted the methods of embroidery art and uses the folk papercut art for reference. His paintings combine decorative beauty with a vivid, lively style.



Busy Winter Farming in the Rural Area.

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