

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

北京周报

Vol. 33, No. 4 January 22-28, 1990

International Politics—The Third World's Major Role



ZHEJIANG: GREAT POTENTIAL FOR LIGHT EXPORTS



A woman weaving a fish net—a scene in a fishing village
in Beihai, Guangxi Zhuang Autonomous Region.

Photo by Chen Wenwen



Sign of China's Stability

● The *People's Daily* points out that the lifting of martial law in Beijing is an important sign of China's stability, but the nation has to maintain its vigilance against sabotage by hostile forces (p. 13).

National Culture Becomes a Political Issue

● A top Party leader points out that promotion of China's national culture at the present time will inspire patriotism and help eliminate the influence of bourgeois liberalization (p. 6).

Sound Development of Private Businesses

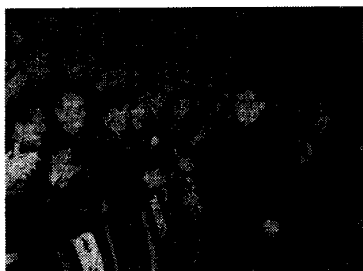
● China upholds the leading position of the public economy but encourages the vigorous development of private businesses. In recent years, these businesses have played a positive role in the economy despite the appearance of some problems. As a result, the government has moved to support their positive aspects and limit any negative consequences (p. 5).

Experts' Forecast for 1990

● In *Beijing Review's* continuing series, experts describe their vision of future developments in various fields of endeavour in 1990 and beyond. Acting Cultural Minister He Jingzhi speaks out on developing socialist culture with Chinese characteristics; MOFERT Minister Zheng Tuobin on the measures necessary to bring about a steady and co-ordinated improvement in foreign trade; and Minister in charge of the State Science and Technology Commission Song Jian on making science and technology serve the goal of economic construction (p. 14-23).

Important Role of the Third World

● Third world countries played a major role in the international political arena in the 1980s. They made great contributions to the settlement of regional conflicts, border problems and racial strife. It is believed that in the 1990s they will make important contributions to the promotion of peace and development (p. 10).



p. 6



p. 14

CONTENTS

NOTES FROM THE EDITORS	4
Keeping Private Business on the Right Track	
EVENTS/TRENDS	5-8
Beijing Applauds End of Martial Law	
Chinese Culture: a Political Issue	
Five Tenets for the Open Policy	
Answers to Some Current Questions	
Key Projects to Be Continued	
INTERNATIONAL	
Berlin Disagrees With Bonn's Plan	9
Third World's Role in International Affairs	10
CHINA	
An Important Sign of China's Stability	13
Experts Look at the 1990s: Socialist Culture With Chinese Characteristics	14
The Key to Modernization — Science and Technology	16
China's Foreign Trade Steadily Developing	18
Finances Continue to Improve	20
Resolutely Punishing Corruption	22
Focus of Procuratorial Work in 1990	23
An Open System: Ensuring Honest Government	24
Zhejiang Taps Export Potential	27
FROM THE CHINESE PRESS	28-29
BUSINESS/TRADE	30-31
CULTURE/SCIENCE	32-34
COVER: Fairy lights, one of Zhejiang's best export commodities, are sought after by foreign customers. Here, Qu Hancheng (second right), director of the Fairy Lights Factory, checks the quality of products with his colleagues.	
Photo by Zhang Lujie	

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

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

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

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

Keeping Private Business On the Right Track

by Zhang Zeyu

There's talk both in China and abroad about a change in Chinese government policy towards private business, including the possibility of banning it altogether. Such speculation has much to do with the drop in the number of individual and private enterprises* in 1989. Statistics show that the number of such enterprises, 14.549 million in 1988, slid down to 12.348 million by June 1989, a decrease of 17.8 percent.

Encouraging the vigorous but circumscribed growth of private enterprises, that is, a diversified economy dominated by public ownership, is a specific feature of Chinese socialism. Such an economy, moreover, is required because the country, still in the primary stage of socialism, is beginning its development on a relatively backward economic foundation.

The policy of supplementing public ownership with private ownership was formulated on the basis of the experience gained over many years of socialist development. As is well known, China once tried to place its entire economy under public ownership. This premature effort hindered economic development, slowed a rise in living standards, and caused the public many inconveniences. The present policy, beneficial to the nation's economy and the people's standard of living, has proved to be correct and so will remain unchanged.

Since 1979, when the Chinese government initiated its policy of encouraging an appropriate level of development of private enterprises, such businesses have played a positive role in three ways:

—They complement and make up for the deficiencies of the state and collective economies. They make the public's life much easier by increasing the availability of a great variety of goods on the free markets. Of the nation's total 1988 retail sales volume, 13.7 percent came from individual businesses.

—They generate funds for the state. Between 1981 and 1988, taxes collected from individual businesses alone were expected to reach 12 billion yuan in 1989.

—They create jobs for China's enormous labour force. By the end of 1988, they had provided jobs for more than 23 million people.

In spite of their rapid development, the individual and private economies remain small segments of the Chinese economy, together accounting for only 2 percent of the gross national product (GNP). Their limited development is, of course, understandable in an economy dominated by public ownership; they should not affect the overall socialist nature of the economy. Moreover, encouraging their growth cannot be construed as supporting the goal of those who advocate bourgeois liberalization. They want to turn private enterprises into the principal sector of the economy, dump public ownership in favour of private ownership, and thus restore

capitalism to China. As the government has consistently noted, such bourgeois liberal ideas are unacceptable. However, the nation will not reverse its policy of encouraging a limited development of an individual and private economy.

It is not surprising that some problems have occurred in the course of private enterprise development. First, there is a certain amount of shortsighted activity which gives rise to an irrational industrial structure. Because many people are interested in high profits, there is less interest in operating businesses with a narrow profit margin; the number of private businesses engaged in commerce is more than half of the total, while those in catering and service trades make up only 15.5 percent. This is a deviation from the original purpose of developing individual businesses. Businessmen were expected to go into the catering and service trades, do repairs and produce handicraft articles because these activities were normally not taken up by state and collective enterprises but were still indispensable to improving the people's standard of living. Some private enterprises have also competed with state and collective enterprises for raw materials and markets and so affected the operation of the latter.

Second, tax evasion has become a serious problem among private enterprises. According to a survey conducted in east China's Jiangsu Province in 1988, some 52.8 percent of the individual businesses evaded taxes.

Tax evasion cuts down on state revenue but, of course, boosts the income of some individual and private enterprise proprietors, so much so that the latter have become far richer than workers, farmers, professors, highly qualified researchers and state functionaries. This unfair income distribution has caused discontent among the public.

Thirdly, poor management has made it difficult for some private enterprise proprietors to continue operation.

In view of the above, the government is improving its administration of private enterprises during the current retrenchment. Law-abiding businesses which contribute to economic development and satisfy the people's needs are being protected and encouraged to expand; those guilty of tax evasion are required to mend their ways; and those which are not likely to meet the nation's needs are being redirected. The drop in the number of private enterprises last year, therefore, was a temporary phenomenon arising from the process of retrenchment.

In a speech marking the 40th anniversary of the People's Republic of China, Party General Secretary Jiang Zemin explained this policy towards individual and private economies by saying: "Our policy towards these sectors is, first, to encourage them to develop vigorously within limits specified by the state; and, second, to strengthen management and guidance over them by economic, administrative and legal means so as to increase their positive role and restrict negative aspects harmful to socialist economic development."

Private enterprises in China are expected to develop on a sound basis after consolidation and improvement. □

*In China, an individual enterprise is one employing no more than seven persons, including the owner. It becomes a private enterprise when the number exceeds seven. For brevity, both, when appropriate, are referred to as private enterprise in this article.

Beijing Applauds End of Martial Law

Foreign businessmen and people from all walks of life in Beijing have welcomed the decision by the Chinese government to lift the martial law imposed in parts of the capital. Chinese Premier Li Peng announced the decision on television on January 10.

Sadao Madokoro, deputy general manager of the Beijing office of Japan's Mitsui and Co. Ltd., said he saw the lifting of martial law as a sign of political stability in China.

He added that China's economic reform and opening to the outside world have made it possible to enlarge the business scope of his company with branch offices in 11 cities in China.

"The foreign businessmen here hope that China's policies of economic reform and opening to the outside world will not change, and we hope that our company will further its business activities in China," Madokoro said.

Keng Lam, executive director and deputy general manager of the China World Trade Centre, said, "What we have seen in Beijing is a return to normalcy. In the long run, we are confident about China." He returned to China last June 18, shortly after the turmoil ended in Beijing.

The China World Trade Centre is a US\$450 million joint venture between China's Foreign Economic and Trade Consultants Corp. and the Hong Kong-based Kerry Industrial Co. Ltd. It opened for business at the end of last November, and about 80 for-

eign companies have since rented space for their Beijing offices there.

Meanwhile, Max Wilhelm, general manager of the Great Wall Sheraton Hotel, said the lifting of martial law will definitely have a positive influence, especially on tourism this year.

The stability of Beijing is the stability of China, he said.

Reaction of Beijing Residents. On the morning of January 11, only hours after the end of martial law, many Beijing residents were seen taking photographs, sightseeing and flying kites on Tiananmen Square, the centre of Beijing. They said they were happy with the government's decision. They also paid tribute to the martial law enforcement troops for their contribution to quelling last June's anti-government riots and restoring stability in the capital.

"The government's announcement of the lifting of martial law in Beijing where it had been imposed is a sign of the stability of the capital and the country as a whole," said Han Zuoli, a famous writer and an educator. "Now the Communist Party and government are leading the Chinese people on the socialist road and pushing ahead with the reform and the economic rectification drive. As a veteran revolutionary, I feel very glad to see all that."

Qian Chuntao, a leading member of the China Democratic National Construction Association, said the lifting of martial law has shown

that the quelling of the counter-revolutionary rebellion has won a decisive victory.

Hu Daofen, an agronomist with the Beijing Municipal Academy of Farm and Forestry Sciences, said he agreed with what Premier Li said in his televised speech, especially the view that "people of the whole country should cherish the country's stability in the same way as they take care of their own eyes."

Many teachers and students from Beijing, universities and colleges expressed their support for the lifting of martial law.

Xu Jialu, vice-president of the Beijing Teachers' University, said that people from all walks of life, including college students, have come to realize that China needs stability.

He said that both the reform and the improvement of the people's livelihood in China need stability, and therefore those who want to stir up chaos in China will find themselves up against the will of the people. China's international exchanges and economic development would benefit from the ending of the martial law, he added.

A student from the history department of Beijing University said that he at first could not understand the martial law announcement last May. Yet, he said, time has shown that it has helped maintain the social order and return the city life to normal.

Some students from the People's University of China said that the stability of the country and the society accords with the will of the people of all nationalities in China.

□

Chinese Culture: A Political Issue

A positive approach to China's national culture is, under the present domestic and international circumstances, not only a matter of cultural development but a question of great political significance, said a top Party official in Beijing.

Li Ruihuan, Standing Committee member of the Party's Political Bureau, said on January 10 at a national seminar on cultural affairs that the debate on national culture going on in China over the last few years is, in essence, a major ideological and political struggle.

Negation of China's historical

and cultural heritage, even to the extent of despising the Chinese nation, was part of the bid for "wholesale Westernization" advocated by those who stubbornly clung to bourgeois liberalization, Li said.

In face of the offensive launched by the Western monopoly bourgeoisie to effect a "peaceful evolution," he said, a flourishing national culture is an important condition for inspiring the national spirit, enhancing the nation's confidence and self-esteem, upholding patriotism and withstanding all pressure from the outside.

He said that, as China works

for its reunification, the promotion of national culture also serves as a bridge linking the two sides of the Taiwan Straits. It is also an important means of deepening mutual understanding among all ethnic Chinese living at home and abroad and makes for a greater degree of national coalescence.

Li pointed out that as a bad effect of the wrong tendencies, for quite some time it looked like there was nothing good to say about China while everything foreign was just wonderful. Some people could hardly open their mouths without talking about foreign countries and abusing their own ancestors.

Li urged Chinese writers and artists to create healthy works to meet the needs of the people. "We must use good literary works to minimize and eliminate the influence of bourgeois liber-

China cannot do without either the four cardinal principles*, construed as the cornerstone for the state, or the reform and opening to the outside world, chosen as the road to the nation's prosperity. This is one of the five tenets guiding the implementation of the policy of reform and opening to the outside world.

The other four principles, as spelled out by Premier Li Peng in his concluding speech at a national meeting on economic restructuring held on January 8, are:

—Reform and opening to the outside world are the self-perfection of the socialist system; they are designed to give fuller play to the superiority of the socialist system, instead of completely altering socialism.

*To uphold the leadership of the Communist Party, the socialist road, the people's democratic dictatorship, and Marxism-Leninism and Mao Zedong Thought.

Five Tenets for the Open Policy

—The fundamental principle for restructuring the economy is to better combine the planned economy and market regulation, and it is imperative now to find an ideal way for such a combination.

—The continuity and stability of the policy of reform and opening to the outside world instituted a decade ago should be maintained to avoid major ups and downs so as to guarantee a stable development of the productive forces. However, this policy should be constantly improved, replenished, consolidated and perfected on the basis of stability.

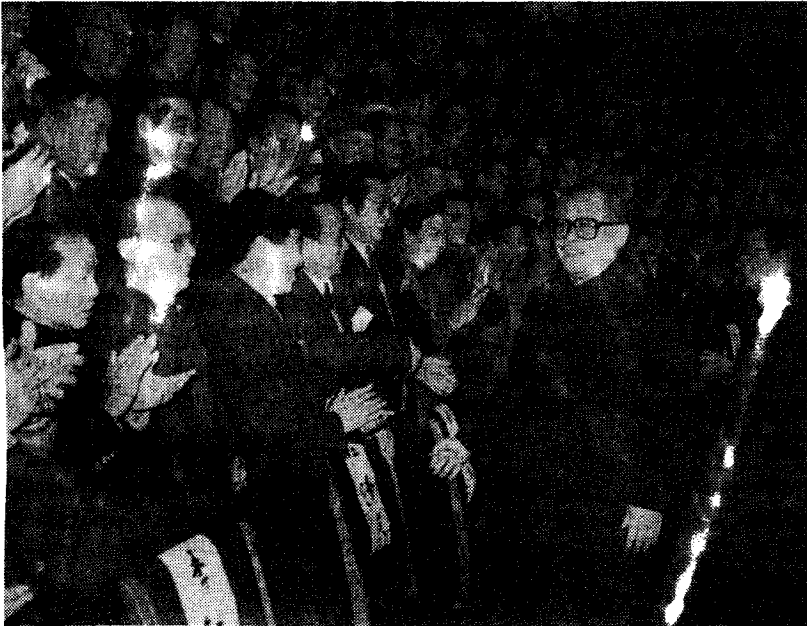
—New reform experiments should be tried out by taking advantage of the opportunities provided by the current economic rectification.

Li, who is also minister in

charge of the State Commission for Restructuring the Economy, urged his audience to overcome an impatience for quick results in China's construction as well as in its reform. "China's economic restructuring will last a fairly long period of time and probably will accompany the whole process of socialist modernization before a complete operational system combining planned economy and market regulation comes into shape," he said.

He pointed out that reform measures should be tried and judged by practice before a decision is made on whether to popularize them.

The premier reaffirmed that, over the past decade, reform and opening to the outside world have boosted the country's production, enhanced its national strength and improved people's



Party General Secretary Jiang Zemin and other Standing Committee members of the Political Bureau of Party Central Committee meet on January 10 the participants in a national seminar on cultural affairs.

LI PING

alization in the field of art and literature," he stressed.

Li said that China should actively draw on everything in foreign culture that is useful to itself. He reiterated that China would adhere to the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," which is a guideline for the fostering of China's socialist culture.

Meeting the participants in the seminar, Party General Secretary Jiang Zemin asked literary and art workers to create more works with a distinct national flavour and style, which will mirror the features of the present great age in Chinese history on the basis of a deep understanding of socialist development and the realities of life.

Excerpts from Li Ruihuan's speech at the seminar will be carried in a forthcoming issue of the *Beijing Review*. □

lives to varying degrees.

China has also made encouraging achievements and accumulated rich experience in exploring the ways and means for reform in a developing socialist country, he said.

Speaking on the relationship between the economic rectification drive and the deepening of reform, Li said that the goal of the rectification is to create more favourable conditions for reform and opening to the outside world. All reform measures, he added, should centre on the rectification during the period of economic restructuring.

Li also spoke positively of the work done by government departments in charge of restructuring the economy over the past decade.

Of course, he added, in these departments there were a few people enamoured of bourgeois liberalization seeking to undermine the process, but they could not represent the departments as

a whole.

Li announced that the State Commission for Restructuring the Economy will remain a functional institution of the State Council for overall planning on economic restructuring.

The commission's main task will be to formulate plans for both urban and rural economic restructuring, to help leaders make decisions on trying out and promoting some reform measures.

Li expressed his hope that those who work in departments for economic restructuring will go down to the grassroots level and integrate theory and practice more closely. They should follow the socialist principles and take China's reality into account in learning from and drawing on foreign countries' economic management experience, he said, and pay close attention to China's economic development plans while working out reform plans and measures. □

Answers to Some Current Questions

The recent announcement regarding the lifting of the martial law imposed in parts of Beijing was a "natural course of development," said State Council spokesman Yuan Mu.

The reason for the step, Yuan told a press conference on January 11, was that "the task of the martial law has been victoriously completed.

"The situation in Beijing and throughout the country is stable and the social order has returned to normal," he added. "And in my opinion, there was no special consideration about the date chosen by Premier Li Peng for the announcement."

Yuan told reporters that the only possible special consideration to call off the martial law at this juncture might be the ap-

proach of the Spring Festival (January 27), the Chinese New Year.

Since the conditions were favourable for calling off the martial law, the announcement would contribute to the joy of the festival, he added.

Proper Arrangements for Those Killed by Accident. Yuan told reporters that local governments and departments concerned have made appropriate arrangements for those who were injured or killed by mistake during the turmoil last June in Beijing.

He said the relatives of those victims were fairly satisfied with the arrangements, though most of them are not willing to have the names of their kin published.

"The Chinese government is obliged to respect their wishes," Yuan added.

Zhao Ziyang Still a Party Member. In response to a question about the former general secretary of the Chinese Communist Party, Zhao Ziyang, the spokesman said that Zhao is still a member of the Party. And his case remains an "intra-Party" one.

Zhao's case, he said, is under investigation. The results will be made public in a proper way upon the completion of the investigation.

He told the meeting that Zhao and his family are living a normal life as anybody else does in Beijing.

Fang Lizhi Issue Calls for Joint Effort. Chinese Foreign Ministry spokesman Jin Guihua told the news conference that the settlement of the sensitive Fang Lizhi issue requires efforts by both China and the United States.

When asked about the possibility that the Chinese government might take a flexible attitude towards the issue after the martial

law put to an end in Beijing, Jin said Fang and his wife, Li Shuxian, have violated China's Criminal Law and the only way out for them is to plead guilty immediately and mend their ways so as not to alienate themselves from the people.

Taiwan's GATT Membership Application Illegal. The Foreign Ministry spokesman told reporters that there is only one China in the world, and the government of the People's Republic of China is the sole legal government of China.

The Taiwan authorities, styling themselves as the government of a sovereign country, have gone so far as to apply for entry into the General Agreement on Tariffs and Trade (GATT) on behalf of the so-called "separate tariff territories

of Taiwan, Penghu, Jinmen and Mazu islands."

"This is utterly illegal and absurd," Jin said. "And it goes without saying that GATT should reject this illegal application filed by the Taiwan authorities."

No French Warships for Taiwan. The Foreign Ministry spokesman said that France's decision not to sell warships to Taiwan was a wise one and that China appreciated the decision. It was wise because it accorded with the agreement on the establishment of the Sino-French diplomatic relations and with the overall situation concerning the bilateral relationship.

"This will be conducive to improving and developing Sino-French relations," Jin said. □

Key Projects to Be Continued

China will continue the construction of 580 large and medium-sized projects this year while carrying out its nationwide austerity programme.

About 200 of these projects are connected with energy. They include 90 electric power projects, 65 coal projects and 22 oil projects. The other 86 projects cover the fields of transport and communications, postal services and telecommunications.

The continuity of these key construction projects is of great significance in ensuring a balanced growth of China's national economy in general and industrial and agricultural production in particular.

The country's general principle governing capital construction in 1990 can be summarized in four points — reducing the total number of new projects to the minimum; readjusting construction patterns; giving priority to key state projects and rais-

ing efficiency.

The scale of China's overall construction projects this year will be kept within the scope of last year. New construction projects allowed to start this year include coal mines, electric power stations, communications facilities, chemical fertilizer plants and projects connected with water conservation, forestry, agriculture and exports.

To ensure the smooth progress of construction in key areas, the government put the money back to where it was earned. For example, revenue from energy and communications will be used for construction of key projects in these two fields. This principle will also apply to railway construction.

Meanwhile, the state will control both the annual scale of investment in capital construction and the general level of investment in projects now under way. □

Berlin Disagrees With Bonn's Plan

by Luo Wen

The West German people generally support Chancellor Helmut Kohl's 10-point plan for the gradual reunification of the two Germanies, but the German Democratic Republic officially criticizes the plan.

The people of West Germany have never stopped talking about the subject of German reunification since Germany was split at the end of World II. And their enthusiasm for a single Germany soared to a new high at the end of last year when the situation in the German Democratic Republic (GDR) changed quickly.

On November 9, the GDR government announced that it was opening the Berlin Wall and its borders. Hundreds of thousands of the GDR residents immediately poured into West Germany and West Berlin. On November 28, Kohl announced in Bundestag his 10-point plan. The proposals have caused strong repercussions in the two Germanies, thus becoming a central topic in both countries' political arenas.

Facing a situation where many GDR citizens poured into West Germany, Kohl's plan proposed granting emergency humanitarian and medical assistance to Democratic Germany. It also proposed setting up an inter-German fund, which will help residents of Democratic Germany pay for trips to the West beginning January this year. In return, the GDR should abolish visa restrictions and the compulsory payments so far demanded from West Germans going to visit the GDR.

Kohl's plan proposes an all-round economic, scientific and technological co-operation with

the GDR if Democratic Germany makes thorough political and economic reforms and holds its free elections this May.

With that in mind Kohl suggests three steps towards the goal of a single Germany. The first is to establish joint committees in such areas as the economy, communication, environmental protection, science and technology, health and culture. The second would be to set up a confederation of two sovereign German states, that is, to establish a joint government committee to coordinate policy and some special joint committees as well as a common parliament. The third is to organize a central government.

Because the issue of German reunification is sensitive to the situation in Europe, the last five points of the plan outline Bonn's position on integrating the two Germanies into the common European home while taking into account its impact on East-West relations.

The plan makes sure that Bonn will not take unilateral action, signalling that it respects the territorial integrity and security of each European country; actively participates in building the European Community, thereby encouraging it to expand beyond the Elbe to develop an over-all co-operation in Europe; continues to promote the process of the Conference on Security and Co-operation in Europe; advocates to

quicken the pace of disarmament in Europe and seeks an integrative European security system.

Kohl's plan explains West Germany's basic interests and, at the same time, removes worries from its allies that Bonn will act alone in reuniting the two Germanies.

At first, almost everyone in West Germany supported the plan. One poll indicated that 81 percent of West Germans wanted to help Democratic Germany without conditions and 79 percent favoured German unity. The Christian Democratic Union, the Christian Social Union and the Free Democratic Party support Kohl's plan. The Social Democratic Party of Germany, the major opposition party, which has long regarded reunification as a forbidden subject, has shown that it's inclined to agree with the government, though it has found some shortcomings in Kohl's plan. The Green Party, which opposes the reunification of the two Germanies, has avoided criticizing Kohl's plan for the sake of the ballot. The Republicans, an ultra-right party, not only expressed support for reunification, but also advocated the re-establishment of the German Reich.

But even in West Germany, there have been different public opinions about the issue of reunification. With the increase in immigrant, housing and employment problems, enthusiasm for unity has declined.

Third World's Role in International Affairs

by Chen Jiabao

The increasingly important role played by the third world in international affairs was one of the most notable developments of the 1980s. Third world countries participated in resolving significant geopolitical issues, easing regional tensions and actively opposing outside interference by the superpowers. In doing so they have defended world peace.

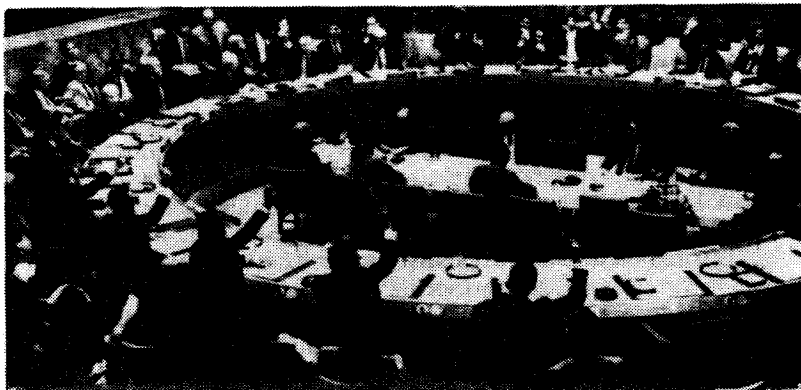
Gone forever is the domination of the world by the superpowers, therefore giving third world countries more room to speak out about international affairs.

At the United Nations, third world influence is increasing. In this influential international organization with 159 members, third world representatives form an overwhelming majority. This majority is a strong force in maintaining peace and upholding justice, thereby preventing the superpowers and hegemonistic coun-

tries from doing whatever they please as they have done in the past.

The UN agenda in the 1980s included discussions on the problems creating regional tensions, such as those concerning Afghanistan, Kampuchea, Lebanon, the Arab-Israeli conflict, South Africa's apartheid policy, the Palestinian issue, Namibian independ-

On January 5, 1988, 15 members of the United Nations Security Council unanimously adopt a resolution demanding Israel stop deporting Palestinians from the occupied territories.



ence and the long time North-South debt issue. In many cases, resolutions were passed in favour of the oppressed nations.

Development and expansion of the non-aligned movement in the 1980s showed that the role of the third world in international political struggles was increasing.

The non-aligned movement, at its nine summit meetings and during many sessions of the UN General Assembly as well as other international conferences, forwarded many resolutions in favour of the national security, independence and economic development of third world countries, thereby fighting for justice as well as their interests and rights.

For instance, at the recent 44th UN General Assembly some countries in the non-aligned

In Democratic Germany reactions to Kohl's plan are as strong as in West Germany with citizens presenting contradictory opinions. Democratic Germany's ruling party and government have clearly rejected Kohl's proposals. Democratic German spokesman Wolfgang Meyer said Kohl's plan runs against the current reality. He criticized the plan for disregarding the sovereignty and independence of the two Germanies as stipulated by the basic resolution of German relations and the document of the Helsinki

Conference.

He stressed that stable relations between the two nations represent the prerequisite for the security and stability of Europe as a whole. He said his country is greatly concerned about Kohl's suggestion for setting up a confederation of the two Germanies, and he said that Democratic Germany intends to establish a confederation of two sovereign countries.

Newly-emerged parties in Democratic Germany also have many opinions and ideas. Some

believe that a single German state will break the balance of power in Europe and that the task is to reform, not to reunify. Some reformist groups are interested in setting up a confederation. They oppose formal unity for fear of being overcome by their economic superpower neighbour and inheriting Western social ills. Some newspapers have described the situation this way: "The German Democratic Republic is being annexed by Bonn and is becoming a source of cheap labour for West German industry."

movement successfully drafted resolutions regarding aid by the international community to third world countries hoping to improve the social environment, enhance North-South dialogue and coordinate drug-deterrence

On February 17, 1989, Afghan guerrilla fighters hold a horse race in Peshawar in celebration of the Soviet troop withdrawal from their country.



measures. Although these resolutions were opposed by a certain superpower or by several developed countries, they were finally passed with an overwhelming majority because they reflected the

wishes of the third world countries.

Because the non-aligned movement reflects the wishes of the developing countries on many international issues, its membership has grown to 102 in the 1980s from 25 in the 1960s, when it was founded. Now, it boasts two-thirds representation of all the countries and two-fifths of the total population in the world. Some developed countries, who in the past paid little attention to the non-aligned movement, began to send observers to its summit meetings in the 1980s.

Any third world countries, even those that are weak or small in size, now have the support of other third world nations when they have been invaded by superpowers or

powers that seek regional hegemony. Therefore, power politics leading to injustice, aggression and interference will be thwarted.

Since the Soviet invasion of Afghanistan in 1979, the United Nations, urged by third world countries, passed numerous resolutions demanding an immediate pullout of Soviet troops.

The non-aligned movement and the Organization of the Islamic Conference also passed similar resolutions supporting the Afghan people's struggle and the mediation by the United Nations. Finally, an agreement was reached and the Soviet Union withdrew all its troops from Afghanistan in February 1989.

After Viet Nam invaded Kampuchea in 1978, the United Nations with an overwhelming majority passed many resolutions demanding Vietnamese troop withdraw.

In December, the United States invaded Panama, provoking strong condemnation from the third world. The reaction from Latin American countries was particularly strong, with some nations recalling their ambassadors from the United States and others offering material and humanitarian aid to the Panamanian people. The UN Security Council held an emergency session to discuss the US invasion.

What is worth mentioning is

Opposing opinions say that unity is inevitable because the two Germanies are actually one nation with the same culture. Unity may narrow the gap in political, economic and cultural aspects between the two Germanies, they say. They even support the present West German president, Richard von Weizsacker, to head a united Germany. In recent rallies and demonstrations in Leipzig, Dresden, Carl Marx Stadt and other cities, ideas about a united Germany were generally contradictory. According to a Leipzig

newspaper, three-quarters of the city's population agreed on the reunification of the two Germanies. However, other surveys indicated that 83 percent of the population of East Berlin wanted to maintain the GDR's independence.

The issue of German reunification is complicated because it involves East-West relations, US-Soviet ties and many contradictions and problems within Europe. These elements make reunification a difficult task. Democratic Germany wants its sov-

ereignty. Both East and West, especially West European countries such as France, are worried about a united Germany and are keeping a close watch on the situation. As well, the concept of the common European home has yet to be realized and people have no idea about when a new European security system will be set up to eliminate anxieties over German neutrality and domination in Europe. Therefore, it might be practical to establish a German confederation, but it will take a long time to go from confederation to a united state. □

that some Western countries, backed by the United States, proposed a resolution on "freedom of speech and peaceful assembly" during a UN special committee meeting in November 1989. The resolution, designed to interfere in the internal affairs of third world countries, was strongly opposed by many third world countries. They proposed amendments to the resolution. The Western countries then attempted to kill the amendments through a voting procedure, but only managed to look bad when the amendments were confirmed by a vote of 85 to 30.

Third world countries have been serving as mediators more frequently. They have helped resolve regional disputes by preventing interference by the superpowers.

In the 1980s, frequent disputes arose among third world countries because of old border and ethnic squabbles. In settling those disputes, regional organizations set up by third world countries played an active role through mediation.

The Arab League, consisting of more than 20 member states, met often during the 1980s and did much towards mediating the Iran-Iraq war. Working with the United Nations, the league finally succeeded in bringing an end to the decade-old Persian Gulf war. The Arab organization is continuing to act as mediator in negotiations towards a final settlement of disputes between the two countries.

The Organization of African Unity is also working towards settlements in the Chad-Libya border dispute and in other border conflicts in Africa. It campaigned continuously at the United Nations for the independence of Namibia. As well, it continues the fight against apartheid in South Africa.

Since its establishment in 1963, the Organization of African Uni-



On March 14, 1989, Norodom Sihanouk (second from right) chairman of the Coalition Government of Democratic Kampuchea, Prime Minister Son Sann (third from right) and Khieu Samphan (right) jointly hold a press conference in Beijing. They announce setting up a Supreme Defence Committee.

XU ZHICHENG

ty has helped nearly 20 African countries break from colonial rule, develop national economies and maintain independence.

Meanwhile, the Contadora Group, composed of Mexico, Panama, Colombia and Venezuela, has made great efforts in easing tensions in Central America. In recent years Latin American leaders have consulted frequently on regional issues and called on the superpowers to stop interfering in the internal affairs of Nicaragua and El Salvador.

Hindsight has revealed that third world countries, which became politically mature in the 1980s, played an increasingly important role in defusing world tension and safeguarding world peace.

However, sources of world tension and turbulence still exist. The superpowers' arms race is still going on; hegemony and power politics are still causing problems in third world countries; regional conflicts continue; and external interference and internal problems are an ever-present irritant in long-standing "hot-spots" in third world countries.

In Afghanistan, the civil war is growing fiercer after the Soviet troop withdrawal; in Kampuchea, war continues unabated because Viet Nam lacks sincerity in re-

solving the Kampuchean problem; the Israeli expansionism with superpower backing is still blocking independence for the Palestinian people; Lebanon is still in the throes of civil war; many unstable factors exist in southern Africa, especially the Pretoria regime's apartheid system; the American invasion of Panama took place a mere two months after a failed coup attempt.

The world political situation remains unstable in some third world countries in Central America, South America, the Middle East, Africa and Asia.

Difficulties facing the third world countries are particularly serious in economics. By the end of 1989, the developing countries owed the developed countries US\$ 1.3 trillion. North-South debt negotiations are now in stalemate. Meanwhile, more and more capital has flown out of third world countries to developed countries.

The general trend as the world enters the 1990s is towards peace and dialogue. But that doesn't mean peace prevails throughout the world. The arduous task of establishing a new international political and economic order lies ahead. And third world countries will play an even greater role as they expand and strengthen their forces. □

An Important Sign of China's Stability

In a televised speech, Premier Li Peng announced the lifting, as of January 11, of the martial law imposed in parts of Beijing. He also signed a State Council order to the same effect. This is an important sign of China's stability.

The political upheaval which occurred in Beijing in late spring and early summer last year plunged the capital city into anarchy. To stop the turmoil effectively, maintain public order, protect people's lives and property from infringement and ensure the normal operation of state organs at the central level and of the Beijing municipal government, the State Council announced, in accordance with Section 16, Article 89 of the Constitution of the People's Republic of China, the imposition of martial law in parts of Beijing as of 10:00 hours, May 20, 1989.

Experience in the past seven months has proved that the order of the State Council was necessary and correct. The imposition of martial law, which promptly and effectively stopped the turmoil and the counter-revolutionary rebellion in Beijing, guaranteed both peace in the capital and the safety of the People's Republic of China. It will be recorded as a brilliant chapter in the annals of the republic.

While carrying out a historic mission entrusted by the Party and the state, the martial law enforcement troops of the People's Liberation Army endured humiliation and hardships as they confronted a critical situation. However, assisted by the police, they did an excellent job

and performed an immortal deed for the Party and the people. The great People's Liberation Army, tested in a sharp, complicated struggle of blood and fire, has once again proved its worth as an army led by the Chinese Communist Party, as a powerful pillar of the people's democratic dictatorship and as an army of the Chinese people. Such a heroic army is the pride of our Party and the glory of the Chinese people; it is the good fortune of the Chinese nation to enjoy its protection. Without it, the people would have nothing. With such a people's army, we can be sure of the nation's stability and of the people's ability to lead a peaceful life.

The martial law enforcement troops of the People's Liberation Army presented themselves to the residents of Beijing as an army of valour, civility and victory. They were supported by the people of the capital. When Beijing was under martial law, there were many heart-stirring stories which demonstrated the army's love for the people, the people's warmth for the army, and the ways by which the army, the police and the people jointly maintained public order. This great struggle to defend the Party, to defend socialism and to defend the basic interests of the people further increased the army's prestige among the people and further cemented the ties between the army and the people, ties as inseparable from each other as fish are from water. As the saying goes, "So long as the army and the people are united as one, no one under heaven can conquer them." Such unity is an ex-

tremely important condition for defeating any enemy.

As public order in Beijing has completely returned to normal, the historical mission of martial law has been accomplished. With its lifting, we wish to extend our cordial regards to the martial law enforcement officers and soldiers. Comrades, you have worked so hard. We thank you from the bottom of our hearts and will be grateful to you forever.

The lifting of martial law does not necessarily mean that peace will reign supreme throughout the land. The reactionary forces abroad will not give up their dream of subjugating our country, nor with the tiny number of people at home who stubbornly cling to bourgeois liberalization be resigned to their defeat. We must not relax our vigilance just because we have won a victory in checking the turmoil and quelling the counter-revolutionary rebellion or because martial law has been lifted. We should more thoroughly struggle against bourgeois liberalization and educate people in the need for such work. We should effectively educate people in the ideas of patriotism, collectivism and socialism. We must take prompt, strong measures against any sabotage by hostile forces. Those who violate the law must be seriously dealt with within the legal process.

Our country needs a stable environment to concentrate its efforts on socialist modernization. Without stability, society's foremost requirement, nothing can be done. All people who love the mother-

Experts Look at the 1990s

Socialist Culture With Chinese Characteristics

by He Jingzhi

The great success in China's literature and art since the Third Plenary Session of the 11th Central Committee of the Communist Party of China can be attributed to the Party's correct line of "one focus and two basic points," a reference to the central task of economic development and adherence to the policy of reform and opening to the outside world and to the four cardinal principles.

Through criticism and elimination of the destructive influence of the ultra-left line pushed by the "gang of four" in the artistic

The author is the acting cultural minister.



He Jingzhi.

world, and through restoring things to order and emancipation of the mind, the Party's line on literature and art has returned to normal.

The policy of serving the people and serving socialism has been put forward and the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" implemented.

As a result, the artistic workers who previously were oppressed and persecuted have been exonerated. Some of their works, unjustly criticized before, are now recognized for their value to society and many new works, done with youthful energy, have come off the press.

In recent years, many middle-

aged and young writers and artists have emerged and their works have given literature, film and television a new, flourishing atmosphere.

However, some erroneous trends, especially that of bourgeois liberalization, have also appeared and spread unchecked. These trends were criticized by comrades upholding correct ideas, but, for various reasons, the criticism, with ups and downs, failed to thoroughly solve the problems.

The disturbance last spring and summer, however, made it necessary to strongly criticize and correct the mistaken trend in the literary and art circles. Now, while still carrying out the policy of reform and opening to the outside world, the tendency of bourgeois liberalization has been, by and large, halted.

In reviewing the literary and art work of the last ten years, we should take note of the following experiences and lessons:

First, the Third Plenary Session of the 11th Central Committee of the Chinese Commun-

land and wish it strong and prosperous should defend the unity of our country and the stability of our society as they would protect their own lives. They must do nothing detrimental to unity and stability.

Serving the people is the fundamental principle of the Chinese Communist Party; the Party does everything in the interests of the Chinese people. Even with a stable political, economic and social situation pre-

vailing in China, the nation will still face some difficulties. In view of these difficulties, it is even more necessary for us to strengthen unity and increase our efforts. Leaders at various levels should go among the masses, clearly explain the current situation, policies and difficulties and describe the methods necessary to overcome them. They should encourage the masses to overcome difficulties and increase their confidence to do so.

At the same time, we should solicit their opinions and criticisms and learn about their thoughts and demands in order to improve and strengthen our work. In this way we can forge closer ties with them. They are the source of our strength. As long as our Party maintains the closest possible contact with the masses, we shall never be cowed by any enemy or difficulty, but shall, instead, be triumphant.

(Renmin Ribao editorial,
January 11, 1990)

ist Party eliminated the "leftist," ossified and dogmatist influence in the arts, while our adherence to the emancipation of the mind and reform and opening to the outside world is unshakable. As the consistent stand of China's Marxist literary and art workers, this principle will be firmly adhered to and will not change even when problems of another nature occurred during this period of time. Although blind opposition to everything foreign appeared as a result of the influence of dogmatism and ossified thinking in the past, true Chinese Communist Party members never act in such manner. During the war years in Yanan, for example, comrade Zhou Enlai tried every means possible to find pianos and foreign books and musical records in the library of the Lu Xun Arts College for artistic workers. Also, during the 17 years following liberation, a great many foreign writers and works by some representative figures of modern Western art, were introduced to China.

In his *Talks on the Yanan Forum on Literature and Art*, Mao Zedong specifically emphasized the use of both past and current foreign materials for reference. His proposal for "making the past serve the present and foreign things serve China" is a principle which we should always uphold.

At the same time, however, we must avoid the indiscriminate introduction of art works with possible negative influence into China as China opens its door wider to the outside world.

Second, China's reform and opening to the outside world are not mindless actions. The goal of reform is not to transform our socialist system into a capitalist one, for, without socialism, the Chinese nation would not be rejuvenated, and China's cultural undertaking would not thrive. This is because the fate of literature and art is closely connected

with the fate of the country. China should, therefore, build a socialist culture with Chinese characteristics, a culture with both a national and revolutionary identity. This objective is complementary to and identical with the policy of reform and opening to the outside world.

Third, just as we must transform and build our country, our literature and art should also be constructive. While we preserve and carry on fine cultural traditions, we must do away with outdated thoughts and old cultural mores which have a negative impact.

During the last ten years, we have been trying to eliminate various dogmatic and ossified things, as well as the dross of feudal culture. At the same time, as we use and assimilate the achievements of the bourgeois culture, we should discard its corrupt influences because they hinder the nation's construction. Our goal is to do away with old ideas so that we can build a new socialist culture with Chinese characteristics.

There is, however, a difference of opinion on how this is to be accomplished. Some people think our target should be feudalism and "leftism" rather than the negative bourgeois elements. The correct method, however, is that we accept the good elements of capitalism and reject the negative.

Cultural developments depend on the nation's economy, but we are in a much more advantageous position than in the past. Our Party has summarized its experiences and lessons from past mistakes; it now attaches great importance to the building of so-

cialist civilization with advanced culture and ideology, and recognizes culture as an important part of socialist civilization.

Those of the literary and art world have also recently summed up both their positive and negative experiences. Most of them love their motherland and their socialist cultural careers, and are willing to continue making con-



Young Zhou Enlai, China's first drama to reflect the early youth of a proletarian leader, was staged recently by Harbin Children's Art Theatre in Beijing. Here the young Zhou Enlai is portrayed with his fellow-students.
WANG ZHONG

tributions to the country.

Only a few literary figures and artists advocate bourgeois liberalization. The situation of some who have stayed abroad is complicated; some expressed understanding as they got to know the truth here at home. It's clear, though, that many friends, including overseas Chinese, have a sincere interest in China's cultural endeavours. Generally, then, the situation is favourable.

China's cultural undertaking, which has had both rich experiences and profound lessons, will certainly achieve new heights of prosperity in the 1990s. The high spirits of writers and artists is demonstrated by the many newly emerged good works. With the new pride evident in Chinese socialist culture, those who are concerned about China's cultural life have good reason to feel satisfied. □

The Key to Modernization —Science and Technology

by Song Jian

At the start of the 1990s, it is important that we review the past in order to better plan for the future.

At the National Science Conference held in March 1978, Comrade Deng Xiaoping, on behalf of the Party Central Committee, delivered an important speech in which he expounded on Marxist philosophy. He stressed that science and technology are key productive forces of the four modernizations, and that scientists and technicians are part of the working class. His thinking, thus, laid the theoretical foundation for policies regarding the country's scientific and technological work as it entered its new period of reform and opening to the outside world. The practice of the past ten years since the Third Plenary Session of the 11th Party Central Committee has shown that this thinking of his was absolutely correct.

In 1982, the Party Central Committee and the State Council announced the strategic policy wherein economic construction would rely on science and technology, and the work of science and technology would, in turn, be oriented towards economic construction. In 1987, the 13th National Party Congress made this policy ever more specific by noting that the development of science, technology and education would take priority, and that economic construction would rely on scientific and technological progress in order to raise the quality of labourers.

Reform of China's scientific

The author is minister of the State Science and Technology Commission.



Song Jian.

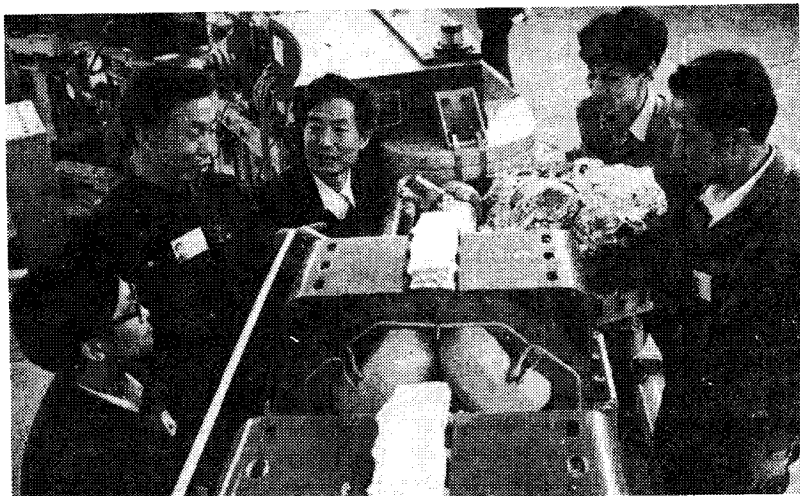
XINHUA

and technological system, an important component of the nation's development, began after the Decisions of the CPC Central Committee on Reform of the Scientific and Technological System was announced in 1985. Practice indicates, to date, the basic success of the reform.

At present, the following situation has gradually emerged: science and technology are being oriented towards economic construction, society and the market. Most institutions concerned with

technology development already take part, in some way, in economic construction. Technical results are increasingly commercialized, and various scientific research and production conglomerates have sprung up like mushrooms. Independent scientific research institutions operate under the director responsibility system and the contract responsibility system. With expanded decision-making powers, these institutions have become more dynamic and vigorous. Various entities which combine technology with industrial production and trade have thus become an important link between science, technology and the economy, provide new opportunities for the circulation of talented people and create an important condition for development of China's new, high-technology industry.

Over the past ten years, China has made significant achievements in science and technology. By the end of 1988, the number of professionals in natural sciences reached 9.66 million, twice as many as in 1979. Of this group, 700,000 are senior experts above the level of associate professor and more than 3 million above the level of engineer. These nearly 10 million people love



The scientists and technicians who have contributed to building the state's synchronous radiation laboratory.

FU ZHENXIN

CHINA

their motherland and are steadfastly loyal to socialism and the people. They selflessly dedicate themselves to science, technology, education, economics and a host of other endeavours. They have made great contributions to the prosperity of their country and can be trusted and relied upon by both the Party and people.

Without question, the vast number of scientific and technological personnel who fill China's economic and social development needs, and help to strengthen its national defence, have achieved many high-level scientific and technological breakthroughs by self-reliance and hard work. This is clearly evident in the more than 10,000 important scientific results achieved annually in recent years.

Prospects for the 1990s make us feel that today's achievements are not enough, that they are relatively minor compared with contributions China can and should make to mankind. Therefore, we must continue our efforts. Comrade Deng Xiaoping pointed out that science and technology are productive forces, and the most productive forces at that, and that science and technology could probably provide a solution to many problems. His words are a great encouragement to the scientific and technological circles. So, in the 1990s, we should be all the more devoted to the development of science and technology and rely on them to cope with the difficulties and challenges we face in economic construction.

It is also true, nonetheless, that the country's economic strength is the basis for the rapid development of modern science and technology. From a long-term point of view, then, it's clear that only by developing the economy can we provide enough funds, manpower and material resources for the development of science and

technology. Conversely, at the present time, the main force of science and technology must serve to build a strong economic base. This policy conforms with the people's interests and is required for scientific and technological development. For quite some time in the future, therefore, we must firmly implement the policy of relying upon science and technology for economic growth.

In recent years, State Council departments have laid down and put into motion various programmes for economic and social development by relying on scientific and technological progress. These include the programme for tackling difficult scientific and technological problems, the spark programme, the technical knowledge spreading programme, the bumper harvest programme (or brilliant achievement programme), the high-tech research programme and the torch programme. All these programmes were mapped out and implemented with China's present situation, future possibilities and international situation in mind. These and other scientific and technological efforts conducted in each province, municipality and autonomous region have greatly stimulated the enthusiasm of scientists and technicians, and played a positive role in economic construction. These programmes will continue to be implemented, enriched and updated according to actual needs. At the present primary stage of socialism, however, the material and financial resources offered by the government and society

are very limited, and so, only by a unified, focused plan and a concentration of available resources can we achieve the desired results. Given the present economic strength, any attempt of developing science and technology in an all-round way or letting-it-go attitude on the part of industrial

China's scientists successfully developed a 100-ton piece of equipment for synthetic oil experiments last year. Picture shows an oil sample is being collected. DONG RONGLIU



departments and local governments are unacceptable for the present and a long period to come. Lack of a unified, focused plan can only result in the weakening of the momentum of China's economic construction and of its scientific and technological progress.

Modern science and technology possess a strong international character for every country and nation has made some contributions to their development one way or the other. It follows, thereby, that any country which wants to develop its scientific and technological undertaking rapidly must establish close international contacts; it must exchange information and form cooperative, yet challenging rela-

tionships.

The policy of opening to the outside world formulated by the Chinese government in the 1980s and the international environment resulting from it greatly promoted the development of China's scientific and technological undertakings. Recently, the Chinese government reaffirmed on several occasions that the opening policy will not only remain unchanged but be expanded. Therefore, all research institutions, colleges and universities and large and medium-sized enterprises will continue to practise this policy in their scientific and technological exchanges with foreign countries. This is of importance and far-reaching significance for the exchange of knowledge, progress in scientific research, attraction of new technologies, renovation and transformation of equipment, nurturing of talented people and the development of new market opportunities. Any practice that violates this policy is bound to result in self-suffocation.

Historical experience also tells us that even under conditions of opening to the outside world, we cannot expect others to freely transfer high technologies to us. The development of modern science and technology requires, first and above all, reliance on the strength and wisdom of China's own scientists and technicians. Only through our own achievements can we be qualified to participate fully in international exchanges and co-operation. On this point, any impractical illusion is detrimental to the nation's interest.

China expects to quadruple its GNP by the end of this century. The burden is heavy and the road long, but our scientists and technicians, forever closely united with the people, will strive to fulfil this mission invested by history. □

China's Foreign Trade Steadily Developing

by Zheng Tuobin

The 1980s, as reflected in the most recent figures, was a period of rapid development for China's foreign trade. By 1988, according to the Ministry of Foreign Economic Relations and Trade, the total import and export volume had reached US\$80.49 billion, 2.74 times higher than that of 1979. US\$40.64 billion of this were exports, accounting for 1.41 percent of the world's total, compared with 0.83 percent in 1979. China's export volume now ranks the 16th in the world, whereas it stood at number 32 in 1979. The country's foreign trade continued to develop in 1989. By December 10, 1989, out of some US\$73.166 billion worth of imports and exports, US\$39.68 billion were in exports, a 6.9 percent increase over the same period of 1988; an estimate showed the total volume of imports and exports in 1989 slightly higher than in 1988.

Between 1979 and October 1989, there were 20,735 foreign-funded enterprises throughout the country approved by the state, 8,000 of which have already begun operations with US\$14.7 billion of funds already invested. Most of these have achieved good economic efficiency with fruitful results in technology import and a take-off in technology export. Also, China's overseas construction projects and labour service have solidly entered the world market, and so the country has begun to earn profits from its foreign investment. Moreover, after readjustment, foreign-aid programmes have developed healthily; China now takes an active

The author is minister of Foreign Economic Relations and Trade.



Zheng Tuobin.

LIU YUHUI

part in multilateral economic and trade co-operation and, in return, has received extremely beneficial international technical assistance.

The 1990s will be vital to China's socialist modernization. In the coming decade, the nation will strive to realize its second strategic target of developing the national economy so that the current GNP doubles and so the Chinese people live a comfortable life. By the end of the 1990s, China's national economy is expected to be greatly strengthened, and thus able to provide a more solid material base for further opening to the outside world.

The international situation, though somewhat relaxed, is still none too tranquil. The tendency to form regional economic groupings in the world is ever more evident and international economic competition more intense. With trade protectionism gaining ground and some Western countries placing "economic sanctions" against China, the development of the country's foreign trade could be adversely affected. Some problems in the domestic macro-economic environment have also caused difficulties to the foreign trade area. It is not

easy to keep a sustained and stable growth in export trade while effectively carrying out foreign economic co-operation. Despite this, we are sure that the current economic rectification and the deepening of the reform will help bring about a stable and co-ordinated development in China's foreign economic exchange and trade.

First, efforts will be continued to maintain a stable growth in the export trade in line with the requirement for development of the national economy. Also, based on international market needs we will more fully use China's advantages and the favourable conditions created by the 1989 devaluation of the Renminbi against other foreign currencies to further improve the mix of exports and actively develop export-oriented industries and products being strongly competitive, and producing quick returns and high efficiency. Efforts will be made to raise the export quality, properly arrange the supply of commodities for domestic and foreign markets, and expand international markets. Effective measures will also be taken to rectify the administration of foreign trade. These include resolutely cleaning up foreign trade companies, bringing into full play the main role of specialized central and local foreign trade firms and industry-trade companies and establishing mechanisms for effective macro-control over foreign trade as quickly as possible. At the same time, we will conscientiously follow the principle of "honouring signed contracts and keeping promises," in order to maintain China's good reputation. While expanding exports, proper arrangements will be



The leader of a Chinese well drilling team in Nigeria discusses a plan with a Nigerian engineer.

DUAN JIYONG

made to import foreign commodities, continuing to keep a proper balance between imports and exports. In line with the development of the national economy, we will readjust the compositions of imports and exports and make more efficient use of foreign currencies.

Second, actively solicit foreign capital. We will actively seek loans provided by foreign governments and international financial organizations so long as they do not attach additional conditions on the country and are based on mutually beneficial co-operation. China focuses the use of foreign capital on attracting direct foreign investment. It will further improve the investment climate and, in accordance with the state industrial policy, give proper guidance to foreign investment. The management of more joint ventures and co-operative enterprises will be encouraged on the basis of renovating China's existing enterprises. We will raise the efficiency of our work and improve services in order to help foreign-funded enterprises solve difficulties crop up in production and management and to increase foreign businessmen's confidence in investing in China.

Third, develop diversified forms of foreign economic co-operation. We will do our utmost to open up markets, expand foreign contract projects and labour services and develop selected overseas investment. We will continue to provide economic and technical assistance to foreign countries, and pay close attention to improving the comprehensive benefits of economic and technical aid to foreign countries. China will also actively partici-

participate in multilateral economic and trade co-operation, and solicit international aid. Together with other developing countries, China will do its utmost to strengthen South-South co-operation, and establish a new world economic order.

In the face of the emergence of regional economic groupings and intensified international competition, we must continue the open policy on an all-round, pluralistic, selective and efficiency-seeking basis, and bilateral, multilateral and regional economic co-operation conducive to the development of the economies of various countries. We will continue to consolidate and develop the economic co-operation with third world countries, strengthen economic exchanges with socialist countries, and continue to develop economic and trade relations with developed Western countries. Additional effort will be made to develop the economic co-operation and trade relations between the mainland and Hong Kong, Macao and Taiwan, the aim of which will be to promote common prosperity and economic development. □

Finances Continue to Improve

by Li Guixian

Over the past year, in line with the Party Central Committee and the State Council's strategic deployment measure for improving and rectifying the economy and deepening the reform, the People's Bank of China, the country's central bank, has adhered to the policy of tight credit and control of the issuance of money and loans, improvement of the credit structure, ensuring the supply of credit to key projects and reduction of credit to ordinary projects.

The bank has put overall scale of various loans under the control of the plan approved by the state and, at last year's end, registered the lowest growth rate of money in circulation in recent years. In accordance with the state industry policy, the bank has improved the structure of credit and loan supply by giving priority to large and medium-sized key enterprises, agricultural production and the purchase of farm produce, import and export trade and other key construction projects. After an inventory of warehouse stocks, the various localities tapped their enormous amounts of idle funds and increased their savings deposits. In addition, the bank has further improved the management of foreign exchange and foreign debts, and tightened its own rules, management and service. To sum up, the nation's financial and economic situation as a whole has gradually taken a favourable turn. Practice has proved that the central authorities' principle of improving and

The author is president of the People's Bank of China.



Li Guixian

XINHUA

rectifying the economy and deepening the reform and the policy of tight credit are correct and effective.

Despite the many achievements, China's finances still faces some problems. The reduction of investment scale in fixed assets and the control of the excessive growth of consumption funds are still not up to the government's plan; the existing industrial structure is far from rationalized; the financial deficit has

not been eliminated; the problem of an excessive amount of idle funds has not been resolved; and the society's overall demand still outstrips the overall supply. All these problems have placed pressure on the central bank to issue banknotes and credit. With limited source of funds, however, the bank is unlikely to balance credit receipts and payments quickly. The country's financial situation, therefore, still remains grim. The only way to thoroughly solve these problems is to continue to tighten the money supply, actively promote the rectification of the country's economic order and deepen reform in line with the strategy of the central authorities. This policy should not be waved because of some localities' complaint that they are short of funds. We should bear in mind the lessons of 1986 and 1987 in which two austerity programmes were given up halfway. The error of "relaxing control whenever there are some complaints" should not be committed again.

1990 is a year of crucial importance to the programme for improving and rectifying the country's economic order and deepening the reform. Whether or not the issue of money and credit can



The Gaolan branch of the Industrial and Commercial Bank of China in Lanzhou City has attracted increased savings deposits by offering deposit "awards" and setting up permanent deposit service stations in rural areas.

LIU FAHUI



Li Guixian (second left), on behalf of the People's Bank of China, signs an agreement with the Asian Development Bank for a railway project in Shanxi Province.

TANG MENGZONG

be strictly controlled, the credit structure reasonably readjusted and funds used more effectively have a close bearing on the sustained, steady and co-ordinated development of the national economy. Hence, we should continue to carry out the government's credit policy and practise the following:

—Strengthening financial planning. The credit control responsibility system will be continued, the method of controlling seasonal loans improved, and the overall supply of money and credit strictly controlled. The central bank's administration of credit and funds will be strengthened and its ability to make timely readjustments increased.

—Striving to readjust the credit structure. Primary importance will be given to credit for agriculture. Measures will be adopted which lend energetic support to agricultural production and the purchase of farm and sideline produce. Continuous support will also be given to the

development of energy, transport and communications, raw materials and other infrastructure projects, the production of large and medium-sized key enterprises, purchase of commodities for export, the state key construction projects and the production of commodities in great demand. Funds will be readjusted flexibly on the premise of curtailing the overall supply; the existing contradictions eased and structure improved through timely readjustments of the credit policy with an eye to promoting the steady development of the national economy.

—Strengthening the supervision and management of enterprises' own circulating funds and adopting measures to solve the problem of default of payment between enterprises.

—Continuing to increase savings deposits. Efforts will be made to strengthen the management of interest rates and improve services to attract more savings deposits and maintain

bank credit.

—Striving to tap fund potential. Idle funds will be tapped through an inventory of warehouse stocks and clearing up of debts.

—Promoting the reform of the financial system. Rectification of financial institutions will be carried out in an active and steady manner to cut the losses of funds to the state. Efforts will also be made to strengthen the management of the country's monetary market in order to constantly improve and establish a healthy monetary order. In addition, the centralized management of finance will be strengthened with an eye to enhancing the central bank's ability of macro-regulation and control.

—Strengthening the management of foreign exchange and foreign debt, increasing foreign exchange earnings, and ensuring repayment of capital and interest to preserve the nation's reputation.

—Improving all basic operations of the bank. □

Resolutely Punishing Corruption

by Wei Jianxing

China's supervising organs at various levels, following the principle of "all-round supervision for a clean government," concentrated their efforts on the fight against corruption in 1989. This includes such violations of the law and discipline as corruption, bribery, seeking personal gains by use of power in hand, malfeasance and dereliction of duty. Statistics show that in the first ten months of 1989, the supervising organs received 168,700 reports of suspected violations and subsequently investigated and prosecuted 38,908 of them. Disciplinary sanction was meted out to more than 23,700 people, including 1,200 cadres at the county head level and four at the provincial governor level. Of these, some 2,700 accused of criminal behaviour were transferred after investigation

to judicial departments for trial. Such action resulted in the retrieval of some 340 million yuan and, moreover, reflected a strong defence of the dignity of law and discipline and the support of clean government. The government action is warmly welcomed by the masses and public

The author is minister of Supervision.



Wei Jianxing

LIN FUCAI

opinion applauds the work done by the Ministry of Supervision in the past two years. The year 1990 is crucial for improving the economic order and rectifying the economic environment and the task confronting the supervising organs at various levels are arduous. In the new year, while the government continues its efforts to improve the economic order and rectify the economic environment in order to deepen reform, the supervising departments will carry out three major



China's supervising departments have received 168,700 reports of suspected violations of law and discipline. Drawn by LI SHIJI

tasks.

Strengthening supervision over law enforcement. During the rectification-improvement campaign, existing economic interests will undergo some changes and the contradiction between the partial and local interests and general interests will become sharper. Given this, supervision will focus on streng-

thening centralization in defence of the authority of the Party Central Committee and the State Council. This will support the implementation of the government decrees.

Deepening the struggle against corruption. The struggle against corruption is a matter of vital importance to the reputation of the Party and the government as well as to the success of the rectification and improvement. Therefore, the supervising departments will continue to focus their attention on the struggle against corruption and investigate and prosecute cases of abuse of power for money involving leading cadres, leading organs and even the law-enforcing departments. They will also focus on cases of strong social repercussion. Cases of serious impact to the whole nation, a single region or a single department will be dealt with most severely as a warning to others. This goal also aims to restore the confidence of the broad masses of the people in the struggle against corruption.

Building a clean government. In this regard, the supervising departments can do a lot, but they will focus their efforts on supervising implementation of the stipulations concerning a clean government which were issued by the Party Central Committee and the State Council. The work will start with problems that involve leading cadres. In this regard, any action in violation of the said stipulations will be severely dealt with, while those who are honest in performing their duties will be honoured. This is expected to promote administrative institutions' advancement towards honesty and efficiency.

In sum, the task shouldered by the supervising organs is honourable but arduous. Creativity is needed to raise the work of supervision to new levels. □

Focus of Procuratorial Work in 1990

by Zhang Siqing

In the past year, China's procuratorial organs at all levels have actively fought against corruption and bribery and participated in the struggle to check turmoil and quell the anti-government rebellion; investigated, arrested and prosecuted a number of serious offenders. Progress has been made in the investigation and handling of cases of those who infringed upon citizens' democratic rights, personal rights, and dereliction of duties, and in other fields of work. They have thus ensured political stability and social order, promoted economic development and advanced construction of clean government.

In 1990, we shall pay close attention to the following areas of procuratorial work: the struggle against graft and bribery, the crackdown on felonious activities, and promotion of other procuratorial business.

The Chinese Party and government have always attached great importance to resolute elimination of graft and bribery. The majority of the Party and government employees are honest, law-abiding and plain-living, a fact determined by the fundamental nature of our Party and government. However, we will not deny that corruption does exist among our Party and government functionaries, and that graft and bribery are very serious. At the same time, we realize that, influenced by the bourgeois liberal ideas and the corrosive influence of corrupt ideology, hostile domestic and foreign forces have

The author is deputy chief procurator of the Supreme People's Procuratorate.

infiltrated, corrupted, roped and attacked state functionaries. As a social phenomenon and special form of class struggle, graft and bribery will exist for a long time in the future. Therefore, in the campaign against corruption and bribery, the procuratorial organs this year will come to grip mainly with the following fields of work:

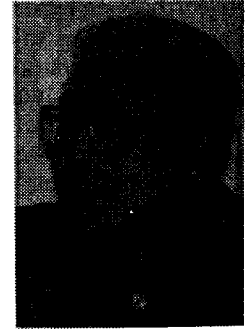
- Conscientiously but firmly deal with the cases of those who surrender and confess their crimes during the period of the Circular on Criminals Guilty of Graft, Bribery and Speculation Who Must Surrender Themselves Within a Specified Time Limit issued by the Supreme People's Court and the Supreme People's Procuratorate in August 1989;

- Take further steps to mobilize the masses and activate the offence reporting system. Special attention will be paid to initial investigation and information feedback;

- Enhance investigative awareness and techniques, ensure proper handling of cases, and continue to focus on major, important cases. The chief procurator will take the lead in handling cases and, at the same time, a system to handle major, important cases at several levels of responsibility, internal restrictive system will be set up; the building of the investigative organizations strengthened; and the procuratorial organs' anti-corruption and anti-bribery functions intensified; and

- While handling cases, adequately publicize and conduct education on the legal system.

While devoting a major effort to investigating cases involving



Zhang Siqing.

corruption and bribery, it is also necessary to deal with criminal cases of tax evasion and refusal to pay taxes, embezzlement of public funds and fraudulent trademarks.

Currently, there are still factors affecting China's social order. The procuratorial organs should severely crack down on serious criminal offenders, persist in the advance involvement system regarding major criminal cases investigated by the public



Disseminating legal information to the public.
LI SHIJI

security organs, promptly and accurately combat criminals and strengthen the supervision of law. In close co-operation with the relevant departments, we should pay close attention to areas where social order is not well maintained. In large and medium-sized cities, particularly communications centres and coastal open areas, we should deal with

specific cases according to local conditions and strike squarely, accurately and relentlessly at criminals, no matter where they flee, who have committed robbery, murder, rape and theft. It is necessary to continue the campaign against prostitution, gambling, the production, traffic and spread of pornographic publications, the trafficking in women and children, the sale and abuse of drugs, the use of feudal superstition to defraud, and other pornographic activities.

While paying close attention to the above, the procuratorial organs at all levels should improve investigations of cases infringing upon citizens' democratic and personal rights, and dereliction of duties; accept, investigate and deal with cases brought and on appeal by the citizens; and exercise supervision over the supervisory and reformatory organs so as to promote the all-round procuratorial work and fulfil lawful obligations.

There are 160,000 procuratorial staff and 10,000 bailiffs throughout the country. This contingent of procuratorial staff, on the whole, does the job well, but there also exist some problems. Therefore, it is necessary to further strengthen ideological and political work, heighten the theoretical level and ideological consciousness of the procuratorial staff and ensure the completion of tasks. It is necessary to enforce strict disciplines among the procuratorial staff and keep building an honest organization. Recently, the Supreme People's Procuratorate worked out and published the disciplinary rules for procuratorial staff. Through the wide publicity, education, examination and supervision, these disciplines will be turned into the conscious action of each public procurator so as to ensure an honest staff of the procuratorial organs and constantly enhance their combat effectiveness. □

An Open System: Ensuring Honest Government

by Our Staff Reporter Wu Naitao

Governments at all levels throughout the country are in the process of setting up a system to eliminate corruption among their employees. One example is the Dongcheng District Government of Beijing. It is paying close attention to departments in daily contact with the public and have been harshly criticized because of corruption. A set of new binding mechanisms characterized by open government work systems and public supervision is being established.

One day in October 1988, Wen Quanyuan, a senior editor of the Art Publishing House, entered the household registration section of the Dongcheng district branch of the Beijing Public Security Bureau with a Ricoh brand camera and a video machine—gifts to the policeman who was in charge of permanent residence registration in Beijing for Wen's wife. She worked in another part of the country, had retired, and wanted to apply for permanent residence in the capital. Wen was already impatient about the various procedures but even more so when he was told, "don't expect them to do it for you for less than 1,000 yuan." So, he bought the generous gifts. When he offered them, however, he was politely refused by the policeman and was told that so long as his wife's situation was in accord with government stipulations, there would be no problem for her to register in Beijing. After a while, Wen returned to the public security bureau and successfully completed his wife's domicile application by paying five cents for

the permanent residence card.

Wen was so indebted that he wrote a letter of thanks to the local government. Actually he needn't have done so. It is only right and proper for government employees, in accordance with the stipulations of the state and with normal procedures, to carry out their duties without expecting gifts. Should people express thanks to the chef for cooking banquet dishes or to the street cleaner for cleaning the street? The answer is, of course, no. Nevertheless, it is true that the dishonesty of a few government employees has left the improper impression on the public that "nothing can be done without money." Sometimes, however, as in Wen's case, people are surprised by normal, honest activity.

In order to do away with corruption among government employees, governments at all levels have made an effort to put into place the system for clean government in various parts of the country. The Dongcheng District Government in Beijing has paid special attention to those depart-

ments that have close links with the public and those which have been harshly criticized for corruption, and has tried to institute a set of new binding mechanisms to prevent improper activities.

Covering 25.38 square km and having a population of 641,000, the area includes the city's busy Wangfujing Street, Tiananmen Square and the Beijing Railway Station. With booming commerce and service trades, the daily floating population here is as high as 300,000. An investigation made by the district people's government in April 1988 showed that the majority of the 8,300 law enforcement officials acted fairly and impartially according to the law. They are charged with enforcing the laws and administrative control of industry and commerce, taxes, public security, pricing, measurement, public health, epidemic prevention, and ten other matters of public concern. A small number, however, acted improperly by accepting dinner invitations and gifts. Some of them took graft, accepted bribes and abused their power for personal ends, actions which defamed the reputation of the government and aroused public indignation. The district people's government believed that the clean and honest government should not only deal with individual cases of corruption, but also plug the loopholes with better laws and more discipline.

The Open System of Handling Affairs

One reason, the Dongcheng District Government believes that corruption is hard to check, is that government power is too mysterious and sealed off from the public. Because the public doesn't understand how the government system works, loopholes are

used by some for selfish ends. To stem corruption, it is necessary to establish an effective and open binding mechanism.

The district's law enforcement departments have always been regarded by people as units "not to be trifled with." People are unhappy with the bureau for industry and commerce because it is difficult to get the licenses, the public security bureau because it is difficult to apply for residence permits, and the tax bureau because of "tax of human relationship." If these departments make clear how they operate and place themselves under the supervision of the public, those who don't act according to law or who take advantage of their position to seek personal gains will be exposed and denounced. To this end, the nine law-enforcement departments of the district have publicized 130 rules and regulations. A list of "ten prohibitions" for the public security officers and 16 stipulations on handling permanent residence registrations are pasted on the wall of the Dongcheng public security branch bureau. The tax bureau publicizes the tax policy, the management system of tax collection, the fines and punishments for illegal activity, work discipline rules and supervisory

channels. The district planning bureau makes known its laws and regulations on the planned management, procedures for examination and approval, the standard charges and administrative supervisory rules.

To sum up, the open system involves, first, the laws and regulations and the decrees and policies of implementing public affairs; and second, the procedures for handling affairs, the internal structure of organizations, the limits of functions and powers, and the work procedure, names and jobs of the law enforcement personnel; third, the time limit for accepting and examining cases; and fourth, the outcome of any case.

Since the open system of handling affairs is quite new, it has attracted the public's attention, and become a hot topic among local residents. After reading the newspaper, one resident of the Xicheng District made a special trip to the Dongcheng district public security bureau to copy the stipulations on registering for a permanent residence. Before, he said, the regulations had been locked in a cabinet. People did not know how to handle even the simplest of matters and had to ask others for help. Nowadays,

though, the clauses are pasted on the wall and people can find out in a glance what to do. This not only promotes the impartial handling of affairs but is conducive to efficient work. According to a public opinion poll, after the open system of handling affairs was begun, 12.5 percent of those polled believed that government departments had greatly increased efficiency while 61.2 percent believed that work efficiency had increased somewhat. According to statistics by the self-employed labourers management section



No gifts to law enforcement officials.

ZHANG JUN

of the district bureau for industry and commerce, some 170 licenses were handled in July 1988. After the implementation of the open system, the section processed 194 licenses in the first half of August and, moreover, all were completed within the specified time. "Formerly," the head of the section said, "the length of time for handling licenses was unclear; there was no supervision nor restriction on the process. The industrial and commercial office could be dilatory in carrying out their task, as could our office. The procedures for some licenses could take as long as six months. Now, the time for handling licenses is known to the public. If the applicant, after completing formalities, cannot get the license within two weeks, he or she can report it to the supervisory official or to the offence reporting station. If the person who is in charge of the work does not have a justifiable reason for the delay, he or she will be criticized or punished."

Guarding Against the Abuse of Power

The arbitrary refusal to handle affairs without gratuities at the grass-roots units of the government and among law enforcement officials is an abuse of power. The district government, therefore, has demanded that all units at the lower level work out measures to curb any activity of this sort.

In the past, for example, when some health workers of the district's epidemic prevention bureau took a foodstuff sample for laboratory testing, it was an opportunity to eat and drink without payment. Even if only one person was needed to take the sample, seven or eight people would go. While testing a roast chicken, it was common that everyone took one home; while testing pastry, everyone would

get a box of them; and while testing soft drinks, a whole carton of them would disappear. The sample supply units could not refuse to "pay tribute" to the epidemic prevention personnel, because if they were offended no hygiene certificate of food quality could be obtained. To halt this activity, the epidemic prevention station has clearly set forth the number of personnel and the quantity of the foodstuff to be used for samples. It has also stipulated that the laboratory technician cannot take any samples home and that those who do the work cannot do the testing as well. The number of people taking samples has thus dropped from 20 to two since the new stipulations were implemented.

In order to check the haphazard imposition of fines, the industrial and commercial bureau of the district has made a series of explicit stipulations. For instance, when a fine exceeding 20 yuan is imposed on a self-employed catering merchant for a violation of regulations, the case must be recorded and reported to the head of the industrial and commercial office for his signature and approval. When a self-operating catering household is ordered to stop doing business, a form dealing with such cases put out by the district industrial and commercial bureau must be filled out. The Dongcheng Industrial and Commercial Bureau is in charge of 6,200 self-employed labourers, 5,300 state and collective enterprises and 38 open markets. It deals with people who violate management rules and with those who engage in speculation and profiteering. In 1988, it handled more than 10,000 such cases, with fines ranging from several to tens of thousands yuan. According to Lu Wei, director of the Dongcheng Industrial and Commercial Bureau, in order to

promote public supervision, the bureau has made known not only the result of typical cases, but also cases of management personnel who have violated the law and regulations. For instance, Wang Juchuan, a managerial staff of industry and commerce, took advantage of his power and sought benefits from a self-employed household. He was reported to relevant authorities. Judged guilty, he was administratively disciplined at a meeting attended by all the bureau's staff along with representatives from the individual workers' association.

In the past, some people had to feast and present gifts to undertakers in order to get services. Today, however, such attempts of bribery won't work.

Open Social Supervision

With a lack of open social supervision, it is hard to guarantee a clean and honest government. The Dongcheng District, however, has implemented open, social supervision through "offence reporting." The offence reporting station of the district government was set up in July 1988 when the district government formulated the "Provisional Regulations of Reporting Government Work Personnel Who Commit the Crime of Graft, Bribery, Abuse of Power and Blackmail" and instituted strict hearing procedures. It has allowed the public to enter the arena of supervision and take part in legal proceedings. The effect has frightened those who neglect their duties. Li Zhongyou, an official of the district government, said that while handling affairs, law enforcement personnel now sense tens of hundreds of eyes fixed on them.

In order to help his brother-in-law to engage in trade, Nan Rongbao, head of the industrial and commercial office, borrowed 12,500 yuan from a self-

employed labourer who operated in the area under his jurisdiction, and by doing so, violated the stipulations of professional discipline which state that industrial and commercial cadres are not allowed to raise money from those who are under their management. A responsible member of the local individual workers' association found out about Nan's action and reported his offence to the higher authorities. The accusation proved to be true after an investigation by relevant authorities. Nan was administratively disciplined and ordered to return the money within a set time period.

Since its founding this past year, the offence reporting station has received 683 reports of offences involving 523 government functionaries. Cases involving graft, bribes and abuse of power accounted for 14.5 percent, squandering and wasting public funds made up 43.3 percent, cases involving bureaucracy and a dilatory style of work accounted for 15.1 percent, and other assorted cases made up the remainder. Some 57 percent of the cases have been handled and closed; 13 percent of the cases have been transferred to judicial organs, and the other cases are under investigation. The Dongcheng District Government also invited nine noted public figures to set up a supervisory Committee to supervise the investigation, handling and closing of all cases reported by the public.

Li Runwu, former head of the Dongcheng District, said, "The construction of the honest and clean government can begin with the open system of handling affairs. It should be based on reform, however, and we should further explore and perfect new mechanisms to restrict any emerging signs of corruption." □

Zhejiang Taps Export Potential

Zhejiang Light Industrial Products Import and Export Corp. (ZLIPIEC) exported US\$72.49 million worth of light industrial goods in 1989, an increase of 7.8 times over 1980.

According to He Shoulin, general manager of the corporation, ZLIPIEC, like other foreign trade companies in Zhejiang Province, could not handle import and export businesses independently before 1980 because of the old management system. All the province's foreign trade businesses were then centrally managed by Shanghai's foreign trade companies. Since China introduced the policy of opening to the outside world and enlivening the domestic economy in 1979, however, the country's foreign trade management system has undergone a drastic reform. The result has been an expansion of the autonomy of the foreign trade companies in some provinces. Zhejiang Province is included and so ZLIPIEC can trade directly with overseas clients. Following the motto of "quality and clients first," the corporation has endeavoured to develop new products and new varieties and quickly increased its volume of export. In 1981, the corporation's export value rose to US\$23.74 million against US\$9.29 million in 1980. It then rose annually, reaching US\$35.93 million in 1985, US\$48.22 million in 1986 and US\$59.21 million in 1987.

The corporation now exports several hundred kinds of products, including everyday articles, hardware for daily use, shoes, gloves, leather products, stationery, sport facilities, souvenirs, toys, paper products, household electrical appliances, building materials, plastics, clocks and watches, and cos-

metics.

The corporation's overseas market has expanded from one or two locations to nearly 100 countries and regions, including the United States, Canada, the Federal Republic of Germany, Britain, France, Italy, Brazil, Argentina, Japan, Southeast Asian countries, Hong Kong, Macao, Libya and Guinea. Its exports to the American and West European markets make up 40 percent of its total



He Shoulin.

export value.

Located in China's southeast coast, Zhejiang has a complete array of industrial branches with a solid technical force and strong production capacity. It particularly excels in processing light industrial products, the output and quality of which have gone up year by year. In recent years, the province's light industrial department has imported a batch of advanced equipment, raw materials and technology, and has created conditions for the expansion of local exports. Products much favoured by overseas clients include S.T.-brand festival decoration lamp set, Gold Gate padlocks, Cow Head pocket knives, West Lake scissors, Tun Huang- and Flower-brand playing cards, Double Sail footwear, Snow Peak- and Sea Lion-brand badminton shuttle cocks and Flying Leave bicycles.

To promote trade and meet the needs of the international market, Manager He said his corporation is willing to develop new products, varieties and designs jointly with overseas businesses and will attach particular importance to cooperative projects involving the processing of imported materials, production of goods with the brand designated by overseas clients, compensatory trade and joint ventures. □

Rural Firms to Face Period of Austerity

ZHONGGUO RIBAO
(China Daily)

Celebrations for the New Year and for Spring Festival in late January, two of the most important Chinese holidays, are expected to draw plenty of money out of consumers' pockets, but rural firms are urged to hold onto more public funds during their annual year-end distribution in order to alleviate the severe lack of capital that might jeopardize their operations next year.

Agriculture Minister He Kang appealed to township enterprises to rely on their own funds to compensate for the reduction of bank loans and also to raise efficiency, practise thrift and cut unnecessary capital construction during the austerity period that is to continue next year.

In east China's Jiangsu Province, where rural firms have been the most prosperous since the early 1980s, the provincial Party committee and the government are telling enterprises to accumulate capital from individual employees' pay rather than pinning their hopes on the banks.

Faced with a tighter market of raw materials, energy and electricity, and affected by the country's financial policy, rural enterprises are expected to slow down their growth rate and production for exports in 1990.

A large number of township enterprises are expected to go bankrupt or shift to processing farm products, become accessories for state-run urban firms, produce raw materials, energy and other products based on local resources, as the state hopes.

The country's rural firms entered their heyday in the early 1980s when thousands of labourers were freed from the land, thanks to the responsibility system introduced into farming that greatly improved work efficiency.

Achievement

This surplus labour force could not enter cities which had yet to find a way to solve their own unemployment problems. Faced with a shortage of funds, the State hardly spent any money to create jobs for them. However, through self-accumulated capital and bank loans, they set up industrial firms, transportation companies and tertiary services, many of which have thrived during the past decade.

In 1988, rural firms employed 95 million people, a quarter of the rural labour force, and turned out 650 billion yuan (US\$138 billion) of products, nearly 60 percent of the gross agricultural production value, *Farmers' Daily* reported.

Township industries generated 27.6 percent of the country's gross value of industrial output and US\$8 billion in exports. Rural firms alone produced half of the garments the country sold abroad, *People's Daily* reported.

During the past decade, the paper said, township enterprises turned in 114.5 billion yuan of taxes to the state, devoted 16.3 billion yuan to farming and another 68.4 billion yuan to rural development. From 1985 to 1988, over half of the net in-

crease in state revenue was made by rural companies.

The paper said wherever the rural firms are well developed, the educational standard is higher and cultural activities are flourishing. More investment is channeled into farming and mechanization and the society is more stable because more people have jobs and the per-capita income is higher.

Problems, however, have cropped up along with the rapid development of the rural firms. The dependence of a large number of them on banks for circulating funds have made them too fragile to stand much outside influence. There have been reports of low efficiency, poor management and serious pollution in many enterprises. Some have been found producing inferior and shoddy goods and too many have been set up in the processing industry in areas where the raw materials, energy and electricity they need are not abundant.

Since the central authorities decided to halt new credits to rural firms under the austerity programme, the once heated growth of rural enterprises started to cool down. The growth was over one-third for consecutive years between 1985 to 1988, but this year it is expected to be around 10 percent, according to reports in *Farmers' Daily* and *Science and Technology Daily*.

More than 3 million companies have been shut down, merged with others or shifted to other businesses in 1989 and 8 million employees had to return to land, which does not seem to need that

much labour.

The weakening domestic market, the rising prices of raw materials, energy and electricity, and a fear among many firms of policy changes and government interference are also factors in the present slump.

The situation is expected to continue into 1990 when, though still on the increase, the growth of rural industry and tertiary trade will be even slower than this year due to the tightening credit.

The country's insufficient cultivated land compared with the size of its labour force will have to absorb some returning workers whose enterprises close down.

The government is trying to reassure the public and create jobs for farmers while encouraging intensive farming and building irrigation projects. So far, these measures appear to be effective. There have been reports of higher efficiency, better management and increased farm yield.

Yet 1990 will be a tougher year when the surplus rural labour force find it difficult to set up new firms or find jobs in the existing companies and some returned workers from bankrupt enterprises discover that the limited farming plots of their families do not need them.

Bao Youti, a researcher at the State Planning Committee, predicted that the exports produced by rural firms will slow down next year because the state-run exporting companies do not have enough money to purchase their products.

He said the growth of rural enterprises in central and west China will, for the first time, overtake that of firms in the coastal areas, which lack natural resources, but he predicted there will still be a large gap between the better developed east and the backward west.

(December 29, 1989)

Changes in Chinese-Made Garments

JINWAN BAO
(The Evening News)

Changes are evident in the fashion world.

1. Clothing styles have been changing day by day and the consumers' desire to keep up with the latest fashion is clearly evident in China's clothing market. According to a 1988 survey conducted in Beijing, 61 percent of the young and 25 percent of the middle-aged were particular about the style of clothing they purchased. They seek fashion and style which pronounce a specific character and function.

2. Chinese-made garments are entering the international market. China's 1988 garment export value amounted to US\$4 billion, a volume reflected by the various industrial clothing delegations sent to participate in world-famous garment fairs, at which graceful Chinese models showed off the latest in Chinese-made garments.

3. No longer is China lacking a "school of fashion design." At the First Beijing International Discussion on Basic Clothing Design

in October 1988, the ideas set forth in the book *Nature of Garments* by Chinese designers was brought to foreign scholars' attention.

4. Major design changes have taken place. Traditional design idea which said the more complicated the newer, the more garish the more beautiful and the more simple the more singular have given way to a simple but novel, and an elegant but practical product series. A new generation of famous designers will soon emerge.

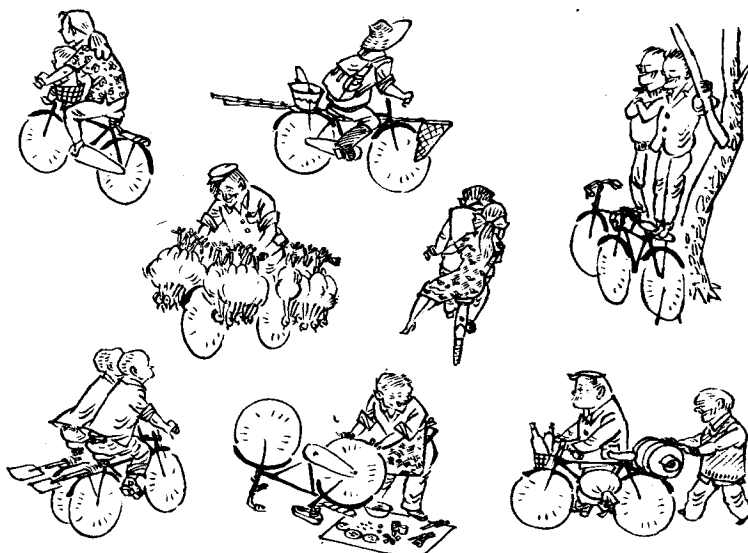
5. Science and technology material research has begun to take root in China. China has established a clothing research and design centre and 105 clothing research institutes throughout the country, the establishment of which forms a scientific research network for garment design and production.

6. Within textile industry, the clothing industry is the most advanced and development research for clothing design is now the focus of current efforts in the industry.

(No. 1792)

A glimpse of "the bicycle kingdom."

JIANG GUFENG



China to Launch US-Made Satellites

Early this year, the Asian Satellite No. 1, manufactured by the American Hughes Aircraft Company for the Asian Satellite Telecommunications Corp. Ltd., will be launched by China's Long March-III Rocket from the Xichang Satellite Launching Centre. It will be positioned in orbit above the South-east Asian equator.

This satellite was used aboard the American space shuttle in 1984, but could not be placed in orbit because of the rocket trouble.

Also, sometime in 1992, China will launch two communication satellites for the Australian Telecommunications Co. Aussat.

The China Great Wall Industry Corp., the Asian Satellite Telecommunication Corp. Ltd. and the American Hughes Aircraft Co. signed contracts to launch US-made satellites on January 23, 1989 and October 31, 1988. The Chinese and US governments reached three agreements on the launching of US made satellites aboard Chinese rockets. After the Chinese government put down the Beijing riots in June 1989, however, the US government banned export to China of three Hughes aircraft satellites, two for Aussat and one for the Hong Kong-based consortium Asiasat, which were to be launched on the Long March Rockets.

On December 19, the US government approved the export of the three satellites to China. Thus, the main obstacle to China Great Wall Industry Corporation's fulfilment of the contracts was cleared away.

Preparations for the launching of the satellites with China's Long March Rockets are reportedly on schedule. In addition, facing sharp competition in the

satellite launching market, China is continuing to develop carrier rocket technology and to expand capacity in order to meet foreign needs. □

Nonferrous Metals Trade Talks

The China Nonferrous Metals Import & Export Corp. will hold trade talks in Hong Kong this February. At the talks all large and medium-sized enterprises of the China Nonferrous Metals Import & Export Corp. will promote export of their products. Some products already enjoy a position in the international markets.

General Manager Zheng Rugui said the annual import and export volume of his corporation increased at an average rate of 63 percent from 1984 to 1988. However, it encountered unprecedented difficulties last year. The price hikes of raw materials in the domestic market, the lack of funds and the price slump in the international market affected exports. The annual export volume last year amounted to US\$450 million, compared with US\$520 million in 1988. Zheng said that imports are a little better off than exports. The import of alumina, for example, has been complete-
 don schedule. The turnover of the corporation's branches in the United States, Japan, Federal Germany, Canada and Hong Kong and other countries and regions reached US\$600 million last year, the best since the establishment of the overseas branches.

Zheng said China's placement of priority on natural resources and the need for economic development have determined the large amount of imported and exported nonferrous metals. As the general manager of the largest nonferrous metals import and ex-

port corporation, Zheng is confident of the corporation's future. At the same time, he complained that the too many export channels have made the price of traditional products, such as wolfram, stibium and rare-earth metals, fall from time to time and thus affected foreign currency income for the state.

It is said that the Ministry of Foreign Economic Relations and Trade will take strict measures to control the licensing of exports of nonferrous metals in large amount, action which is expected to help increase prices.

The integration of copper industry which was organized last year played a significant role in guaranteeing the quality of export products and scheduled delivery of goods. It is hoped that similar organizations for other trades will also be established.

Fei Ziwen, general manager of the China National Nonferrous Metals Industrial Corp., said recently at the annual corporation meeting that in 1989 the output of China's ten most used nonferrous metals (aluminium, copper, lead, zinc, nickel, tin, stibium, mercury, magnesium and titanium) surpassed 2.1 million tons, representing a 4 percent increase over last year. Of these, aluminium made up 750,000 tons and copper 540,000 tons, representing respective increases of 4.4 percent and 4.7 percent. Fei said that in the process of improving and rectifying the economy and deepening the reform, the government supports the development of raw material industry and is adopting effective measures for the development of state-owned large and medium-sized enterprises which produce raw materials (including nonferrous metals). It is expected that in 1994 the output of the ten most used nonferrous metals will reach 3 million tons.

by Han Baocheng

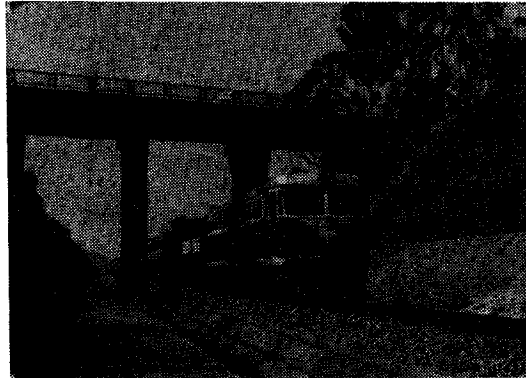
Tanzania-Zambia Railway Continues to Make a Profit

The Tanzania-Zambia Railway, once running in the red, is taking a turn for the better. Statistics show that during the fiscal year from July 1988 to June 1989, the railway's freight volume reached 1.4 million tons and passengers hit 1.6 million; transportation income was 4.3 billion Tanzanian shillings, a net profit of 1.29 billion shillings which represented increases over the previous year.

The 1,860-kilometre Tanzania-Zambia Railway is the largest project China has constructed in Africa. During three previous technical co-operation periods since the railway was built and turned over in July 1976, the volume of goods and number of passengers transported decreased because China only paid attention to technical guidance and did not get involved in business management. In addition, both Tanzania and Zambia lacked managerial experience. During the seven years of operation, the total loss amounted to 900 million Tanzanian shillings, ensuring that the

railway was in dire financial straits.

To help Tanzania and Zambia improve the situation, beginning with the fourth technical co-operation period (July 1983-June



Part of the Tanzania-Zambia Railway at the Zambia border.

1986), Chinese experts provided technical guidance and management assistance in nine areas such as transportation, locomotive, materials and goods, planning and finance. The arduous effort resulted in the total freight volume reaching 3.06 million tons, passengers 3.5 million, in-

creasing respectively at an average annual rate of 28.7 and 37.8 percent compared with the third co-operation period when China did not participate in management. The total net profit was 221 million Tanzanian shillings (about US\$12 million). Locomotives and railway lines were also upgraded, and the number of accidents reduced.

Beginning with the fifth period of co-operation (July 1986-June 1989), situation continued to turn for the better. The annual freight volume was over 1 million tons. The total net profit reached 2 billion Tanzanian shillings (about US\$25 million).

The technical co-operation protocol for the sixth period (July 1989-June 1999) among China, Tanzania and Zambia was signed last July. In addition to continuing to participate in technological and management co-operation, China will provide special loans for reserve tracks, spare parts and personnel training.

by Li Wanming

News in Brief

□ Barber Conable, the governor of the World Bank (WB), announced at a press conference held recently in Washington D.C., that his bank plans to provide China with US\$2.3 billion worth of interest-free loans. The two sides are currently negotiating the details.

He said that his bank suspended loans to China in June last year and hoped to restore the programme as soon as possible. The WB issues loans of this kind every three years. Borrowing countries needn't pay interests, only a 0.75 percent service charge under a repayment term of 35 to 40 years. The loan is mainly aimed at de-

veloping countries with the per capita income of less than US\$400 annually.

□ The State Administration of Foreign Exchange Control announced the use of "purchasing payment certificate" instead of the "preferential certificate for waiving foreign exchange certificate" issued in April 1980. All foreign experts and students who possess certificates of its kind may use Renminbi (RMB) to pay for labour, buy train, ship and plane tickets and purchase commodities in the Friendship Store, other shops and service centres assigned for foreign guests. The certificates are intended for foreign experts, teachers, techni-

cians, foreign students in China at state expense, trainees invited with the approval of different departments of the State Council, provinces, autonomous regions, municipalities and cities with independent planning power. It can also be used by employees working in China whose countries signed payment agreements with China, representatives living in China from the United Nations, the Asian Development Bank and other international organizations, and people who provide China with technology services, and those who receive wages in Renminbi according to concerned provisions.

Validity of the certificate is one year. □

At a time when most young people show a blind enthusiasm for modern art, it takes special courage for an artist to proclaim his works as realistic. One such artist is Xu Yanzhou, whose paintings were recently displayed at the China Art Gallery in Beijing.

Xu, now aged 28, began his career as an artist ten years ago. Since 1980, his oil paintings have been exhibited both at home and abroad, drawing the attention of the artistic community. The Beijing exhibition focused on his most recent artistic experiments and explorations.

The works on display revealed Xu's persistent and daring spirit. Through a detailed depiction of country landscapes, he succeeded in extolling the simplicity and tranquillity of country life.

Xu graduated from the Shandong Arts Academy in 1983. He entered the Central Academy of Fine Arts in 1987 to continue his studies under such masters as Jin Shangyi and Wen Lipeng. There he explored oil painting techniques and Western realism, gradually forming his own style.

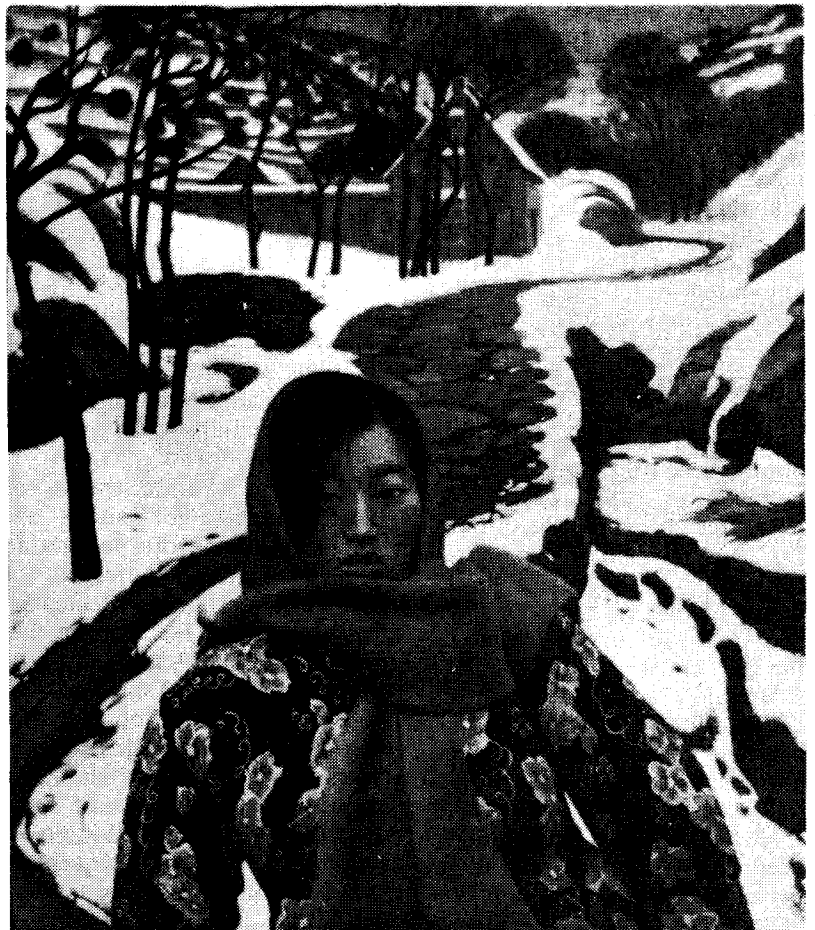
Though he lives in the city, he still cherishes a special affection for the countryside and the farmers on the banks of the Huanghe (Yellow) River. Every year he makes several trips to the countryside to sketch and collect materials.

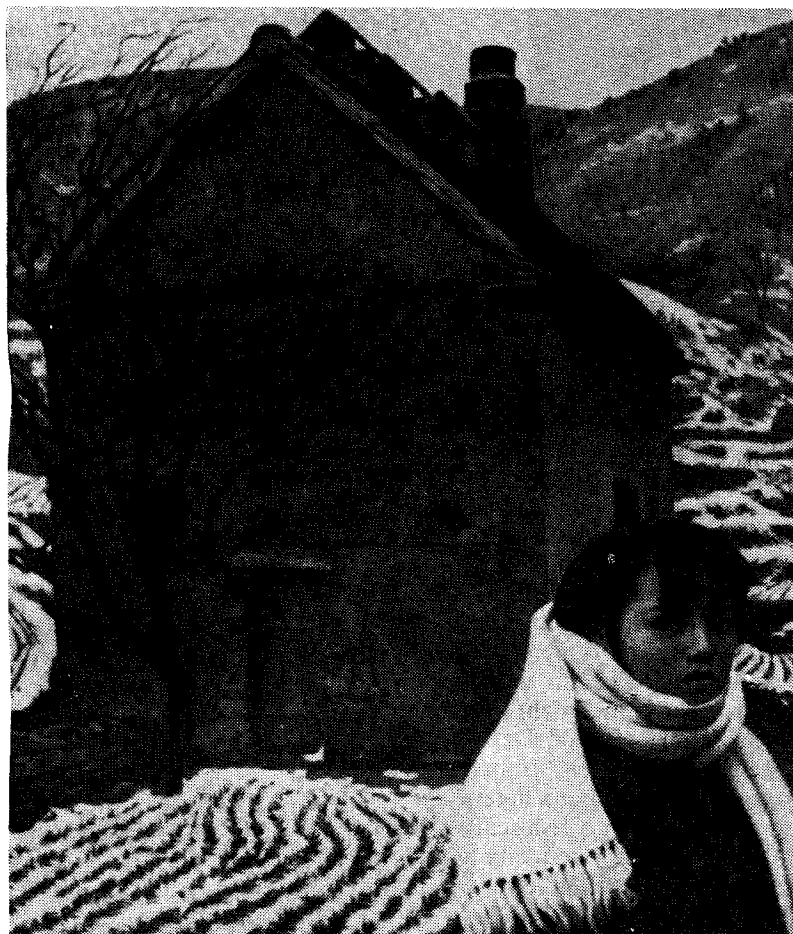
Through his depiction of the honest farmers and their environment, he shows his consideration for human life and his awareness of the significance of nature. This is clearly demonstrated in a series of paintings named after the 24 Jieqi, the divisions of the solar year in the traditional Chinese calendar.

The series shows country girls wearing simple clothes in scenes with seasonal characteristics. Such a combination of realistic depiction and philosophical thinking is one of the most re-

The Charm Of Realistic Paintings

The Spring Equinox is named after the fourth internal of the Chinese calendar.





Xu Yanzhou's painting, *Early Spring Awakens the Worms*.

markable characteristics of contemporary Chinese oil painting.

Chinese oil painting has a solid tradition. In the 1980s, realistic oil paintings by artists such as Luo Zhongli and Chen Yifei began to cause a stir in China's art circles. In 1987 realistic paintings in the Exhibition of Contemporary Chinese Oil Paintings held in the United States, which included Xu's works, received high praise.

Talking about his works, Xu said, "I intend to present my understanding of the age through country subjects which, to my eyes, have the strongest Chinese characteristics."

Wen Lipeng, head of the Department of Oil Painting at the Central Academy of Fine Arts,

praised Xu's works when he said, "One of his most valuable characteristics is that he has never forgotten he is a modern man, a modern Chinese."

Xu's oil works began to take on a strong country flavour when he was still a student. After graduation he further perfected his technique and endeavoured to present the inner reality of the contemporary Chinese people. In doing so, he had surpassed the mere recreational pursuit of colour and image. He pours all of his sincerity into his work and is able to employ philosophy in the creation of his art. He has made remarkable progress in a short period.

by Wei Liming

Removing Aorta Tumours

In November 1989, the Shanghai Zhongshan Hospital succeeded in removing an aorta tumour in the upper right part of the stomach of 75-year-old Lin Decheng, a retired medical worker in Guangxi Zhuang Autonomous Region. Three weeks later, Lin was discharged from hospital.

From January to November 1989, the Shanghai Zhongshan Hospital has succeeded in removing such tumours from thirteen patients.

The stomach aorta tumour seriously endangers patients' lives. If the tumour is not removed immediately, it expands step by step and finally breaks, resulting in a massive hemorrhage and quick death. The removal is extremely difficult, however, and can easily cause massive hemorrhage after an operation.

The removal of stomach aorta tumour was first successfully done abroad during the 1950s. Ten years later, the Shanghai Zhongshan Hospital also did the operation and achieved good results. Over the past nearly 30 years, Chinese hospitals have carried out 200 removals, 110 of which were at the Shanghai Zhongshan Hospital.

According to statistics from the Shanghai Zhongshan Hospital, after operation, the five-year survival rate is 73.37 percent and ten-year survival rate 67.94 percent; in foreign countries, they are respectively 57 percent and 38 percent.

□

The First Romans in China

In a joint study, Chinese, Australian and Soviet historians have recently discovered that the town of Lijian in Gansu Province, set up during the reign of Emperor Yuan Di of Western Han Dynasty (76-33 BC), was used for Roman prisoners of war.

The discovery has not only solved the historical mystery of the whereabouts of a 6,000-man army defeated by Persians, but is also of significant value to the study of Sino-foreign relations.

In Ancient times, China called Rome either "Daqin" or "Lijian." *The Records of the Historian* said, "there is Lijian to the north of Anxi" (in today's northeastern Iran).

In 54 BC, seven army divisions of over 40,000 men under the command of Marcus Licinius Crassus, a wealthy slave owner and military chieftain in Rome, attacked Anxi and was defeated in a major campaign by Persians in the second year. His eldest son led 6,000 soldiers, remnants of the No.1 Group Army, to break through the encircling Persians. After many difficulties, they fled to Kangju (today's Karakh Soviet Socialist Republic), which was then under the rule of Xiongnu King Zhi Zhi, and became a vassal troop of the Xiongnu. From that time on, this part of the Roman army disappeared from Western historical records, leaving no trace of their whereabouts.

In early 1989, Guan Yiquan, a specialist in Central Asian history of the Northwest Institute for Nationalities, Chen Zhengyi, a scholar in Soviet history of the Lanzhou University, an Austrian expert and a Soviet expert both of whom work in Lanzhou

University together made a comparative study using Chinese and Western historical materials and finally solved this historical mystery. Through a study of *The History of the Han Dynasty: The Biography of Chen Tang* by Ban Gu (32-92), they discovered that in 36 BC, more than 40,000 officers and men led by Gan Yanshou, the Han viceroy of the Western Regions (a Han Dynasty term for the area west of Yumenquan, including the area of Xinjiang and parts of Central Asia), and his assistant Chen Tang, sent a punitive expedition against King Zhi Zhi and fought a fierce battle in Zhizhi City (today's Soviet city of Dzambul). Chen Tang and his troops saw strange troops using a defence of round shields in a fish-scale formation and of wood city walls outside the earthen city walls. This defence was used at that time only by Roman troops. After studying this historical material, Chinese and foreign scholars believe that the strange soldiers were the remnants of the Roman troops who had disappeared years before. Han troops won the battle of Zhizhi. They captured 45 and called for the surrender of more than 1,000, most of whom were Lijian people. The government of the Western Han Dynasty then set up a Lijian town within the boundaries of Yongchang, Gansu Province especially for holding the group of Roman prisoners.

Scholars have also found that many Chinese historical books have a record of Lijian. For instance, *The History of the Western Regions* says, "Another name for Daqin is Lijian." *The History of Western Rong of the Wei Dynas-*

ty also has some records regarding Lijian. In *The History of the Five Liang Dynasties*, a history book recording the feudal separatist rule in China between the fourth and fifth centuries, it says that Zhang Zuo, the king of the Former Liang Dynasty (317-376), sent troops to fight against Lijian in the South Mountains and was defeated. A geography book of the Eastern Han Dynasty says, "Local people call the ancestors of the Roman prisoners-of-war Lijian. Lijian is pronounced Liqian in the local dialect." So, during the Sui Dynasty (581-618), the name of Lijian was changed to Liqian. After the Tang Dynasty (618-907), Lijian people launched three uprisings in the Gansu Corridor. During the Qing Dynasty (1644-1911), Tao Baolian, an assistant to Xinjiang viceroy Zuo Zongtang, made a note about Lijian town in his writings.

Scholars have found the Chinese and foreign historical materials tally with their on-site investigations. During the Xin Dynasty, established by Wang Mang (45 BC-23 AD) between the Western and Eastern Han Dynasties, the name of Lijian was changed into Jieli because these two words were similar in pronunciations. In *The Times Atlas of World History* published in the United States in 1979, the location is called Jieli. Scholars have also studied several ancient town ruins concerning Lijian. Relics were gathered from the sites of ancient towns established since the Western Han Dynasty (206 BC-24 AD) in the Gansu Corridor. They note that after Lijian people settled down in the Gansu Corridor, they intermarried with local people. Where are their descendants after more than 2,000 years of development? It's an interesting question waiting for a final answer. □

ART PAGE



A Woman of Miao Nationality.



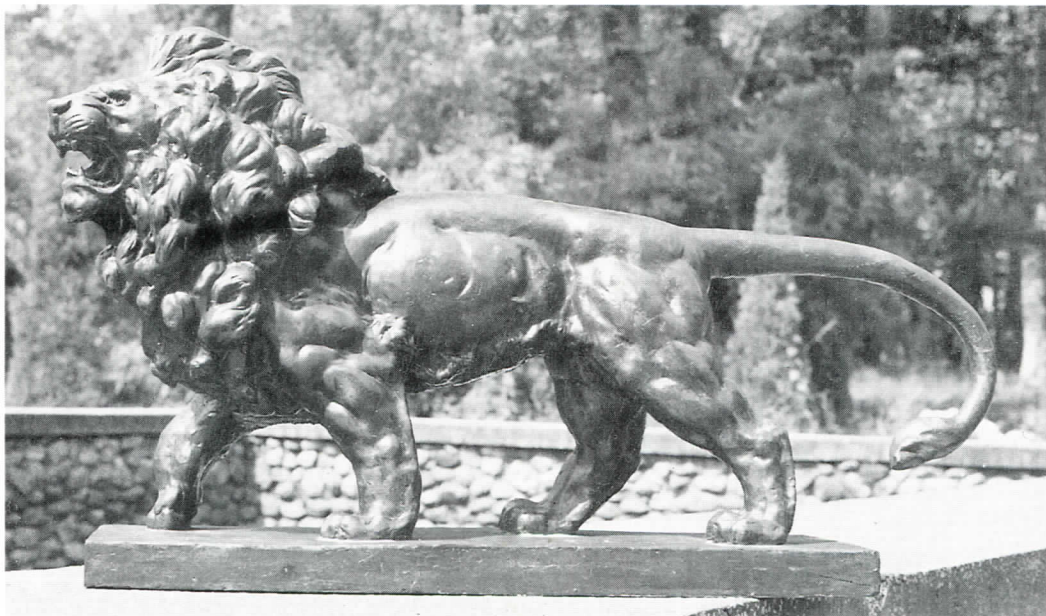
A Girl.



A Sculpture of Myself.

Sculptures by Wu Tianbao

Wu Tianbao, born in Chongqing, Sichuan Province in 1939, now teaches at the Art Department of the Porcelain Institute of Jingdezhen, Jiangxi Province. His works involve a wide range of themes and a variety of techniques. Wu pays close attention to the characteristics of porcelain and pottery and has specialized in porcelain sculptures. His works elicit an array of sensations from viewers.



African Lion.

ST-Brand Fairy Lights



Would you like to create a festive atmosphere? Our ST-Brand Fairy lights can lighten your mood. The lights combine national style with international flavour and are provided with simple but elegant features. With exquisite workmanship and lifelike modelling, the lights are widely used for decorating hotels, stage, stores, entranceways and festive banquets.

The ST-Brand Fairy Lights meet the UL standard of the United States and are very popular on international markets.



Zhejiang Light Industrial products Import & Export Corporation
Address: 223 Tiyuchang Road, Hangzhou, Zhejiang Province
Tel: 558961
Cable: "INDUSTRY" HANGZHOU
Telex: 35018 INTLX CN
Fax: 0571-556213