

A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

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## On Bourgeois Liberalization



CHINA'S NEW GENERATION OF FARMERS



Wang Xian of Xujiagou village, Yanan, Shaanxi Province, is a well-known papercut expert. Here she is making a papercut for a window decoration, a popular activity during the Spring Festival.

*Photo by He Ping*

Most Chinese farmers needn't usually do outdoor farm work in the mid-winter now but can live an easy and comfortable life. These two photos show the lifestyle of farmers in the north and south.

Organized in 1988, a farmers' orchestra from Xixiashu village, Wujin County in Jiangsu Province now has four bands for wind, string, folk, and electronic instrumental music. These members rehearse a performance for other farmers.

*Photo by Yang Lei*



## Why China Rejects Bourgeois Liberalization

● China criticizes bourgeois liberalization because it does not want to abandon socialism and change to capitalism. The struggle does not affect economic and technical exchange with the West. An article by our political editor answers a number of questions on this key political issue in China today (p. 14).

## 'Prairie Fire Programme' Trains New Farmers

● The programme, sponsored by the State Education Commission, aims to help Chinese farmers modernize their farming methods. Successes achieved in little more than a year's time convince economists that a wide implementation of the programme will improve the rural economy significantly within a few years (p. 18).

## UK's Offer of Residence to Hong Kong Families

● Britain's recent decision to grant 50,000 Hong Kong households full British citizenship is seen as a gross violation of its solemn commitments. A signed article points out that the British and Chinese governments should both abide by their joint declarations instead of acting in violation of them (p. 9).

## Third World Countries Revamp Their Economies

● To surmount current difficulties, most third world countries have taken major steps to revamp their economic strategies. These include readjusting the economic structure, cutting public expenditure, limiting imports and encouraging exports. Some countries have also streamlined state-owned enterprises, reduced administrative interference and started to control population growth (p. 11).

## Anti-Illiteracy Target Proposed

● Ushering in the US-sponsored "international year for eradicating illiteracy," China sets the goal of eliminating illiteracy among the young before the end of this century (p. 5).

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**COVER:** To foster a new generation of farmers, Niucun village of Linyi County in Shanxi Province runs a school of agronomy for farmers. Here, students do a laboratory analysis on soil structure.

Photo by Liu Qianju

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

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## Spring Festival: Leaders' Busy Day

**A**s the Chinese lunar New Year was ringing in at midnight on January 26,, Jiang Zemin, general secretary of the Communist Party of China (CPC) and Premier Li Peng appeared in a nationally televised Spring Festival gala to extend holiday greetings to the nation.

As fireworks lit up the Beijing night sky, the two leaders also extended festival greetings to compatriots in Hong Kong, Macao and Taiwan, overseas Chinese and foreign friends.

Jiang told television viewers: "Let's all wish our country stability and unity and the people happiness! A happy Spring Festival and every success to you all!"

Li also gave a short speech. He noted that the Spring Festival was celebrated at a time

when China was enjoying political, economic and social stability, its people were living a happy life and the nation was making solid headway along the course of socialist modernization, re-

form and opening to the outside world.

Later that day, Jiang and other government leaders went to Da Gao Village of Li Yuan Township on the outskirts of Beijing to

**On January 27, Premier Li Peng holds a young boy at Tiananmen Square while getting together with holiday makers on the first day of the Chinese lunar New Year.**

WANG JINGDE



**On January 19, Communist Party's General Secretary Jiang Zemin (second from right) chats with miners at the Yungang Coal Mine in Datong, Shanxi Province.**

DONG RONGGUI

visit local farmers.

Since 1985, the village has been a model in both production and the promotion of socialist culture and ethics. The village's per capita income last year amounted to 1,250 yuan, double the national average.

During the visit, Jiang said that unswerving attention must be paid to agriculture because feeding China's 1.1 billion people was still a major problem.

The premier paid a visit to armed policemen guarding Tiananmen Square. Li extended festive greetings to all the officers and soldiers of the People's Armed Police throughout the country.

The armed police, Li said, must first of all be politically qualified, loyal to the Communist Party and the people, and must absolutely obey the command of the Communist Party's Central Committee, the State Council and the Central Military Commission.

Chinese President Yang Shangkun and retired leader Deng Xiaoping spent the holiday in Shanghai with local leaders and citizens.

Yang also met with commanders of the People's Liberation Army (PLA) and the People's Armed Police units stationed there and inspected Shanghai garrison forces stationed at Wusong area and the PLA naval forces at Wusong military port.

During the first few days of the Spring Festival, Jiang and other Party and government leaders also called on factory workers, shop assistants, street cleaners and the PLA soldiers.

Jiang, also chairman of the Military Commission of the Central Committee of the CPC, and other high ranking officers of the PLA visited a number of officers and soldiers of the ground, naval and air forces stationed in Beijing and wished them a happy Spring Festival.

Jiang told them that the army has always adhered to Marxism-Leninism and Mao Zedong Thought and has made meritorious contributions in the long years of revolutionary struggle of the Chinese people.

He stressed that the armed forces must be under the exclusive leadership of the Communist Party in order to be invincible.

While visiting athletes at a training centre of the State Phys-

ical Culture and Sports Commission, the general secretary wished the Chinese women's volleyball team great success in the Asian Games in September.

Qiao Shi, Yao Yilin and Song Ping, also members of the Standing Committee of the Political Bureau of the Party Central Committee, visited farmers of underdeveloped areas in Guangdong Province, workers in a state-owned grocery market and street cleaners in Beijing respectively. ■

## Anti-Illiteracy Gains Momentum

State Councillor Li Tieying recently called on people's governments at all levels as well as the entire society to strive for the eradication of illiteracy among young people before the end of this century.

Speaking on January 8 at a national telephone conference to usher in the UN-designated "international year for eradicating illiteracy," Li said, "We should grasp this favourable opportunity and mobilize the whole of society to this end."

In 1985, at its 23rd conference, the United Nations Educational, Scientific and Cultural Organization (UNESCO) said the elimination of illiteracy before the year 2000 was one of the most pressing tasks, and wanted a year designated "international year for eradicating illiteracy." UNESCO said stamping out illiteracy should become a top priority for the entire international community.

In December 1987, the United Nations decided that the year 1990 would be the "international year for eradicating illiteracy."

Illiteracy has become one of the most serious problems confronting today's world, a commentary in *Renmin Ribao* (People's Daily) said. Ignorance and poverty merely produces more ignorance and poverty. Illiteracy is increasingly affecting the social and economic

development of the whole world.

Since the founding of the People's Republic of China in 1949, the Chinese government has always regarded wiping out illiteracy and raising the quality of the Chinese nation as an important task for socialist construction. It has put a great deal of manpower and resources into the task, Li said.

By the end of 1988, more than 546 million people had been graduated from primary school, over 163 million adults had learned how to read and write and millions more were receiving continued education. The proportion of illiterates among the total population of the country fell from more than 80 percent before 1949 to 20.6 percent in 1987.

In the past few years, some Chinese provinces and counties—Jilin and Hunan provinces, Bazhong County in Sichuan Province, Wulian County in Shandong Province and Songtao Miao Autonomous County in Guizhou Province—have won international prizes for eradicating illiteracy awarded by UNESCO.

However, China still has about 220 million illiterates, or a quarter of the world's total, due to its large population and backward economy and culture, Li said.

Among China's illiterates, 92 percent live in rural areas and 70

percent are women. About one-third of agricultural workers are illiterates.

Li, who is also in charge of the State Education Commission, called on all people with some educational background, especially in the countryside, to teach their neighbours to read and write, and all people who are illiterate to learn.

Unless illiteracy is wiped out, Li warned, the popularization of scientific and technological research findings and the development of agricultural production will be hampered. Furthermore, the principles and policies of the Communist Party and the government and the laws of the country will not be well implemented, he said.

State Councillor Chen Junsheng said at the conference that the work of wiping out illiteracy should be carried out in both rural and urban areas, with emphasis on rural areas. ■

## Amendment on Sanctions Condemned

**T**he adoption by the US Congress of an amendment on sanctions against China has caused strong reaction on the part of the Chinese government.

On February 2, China lodged a strong protest with the US government when Chinese Vice-Foreign Minister Liu Huaqiu met by appointment in Beijing with James Lilley, American Ambassador to China.

Liu said that the US House of Representatives and the US Senate voted last November 21 and again on January 30 to readopt an amendment to the State Department authorization bill on sanctions against China. The action was an attempt to continue to impose sanctions against China through legislation in disregard of strong opposition from the Chinese people and government,

he said.

"I am instructed to express our utmost indignation," he said, "and lodge a strong protest with the US government against the hegemonistic act of the US Congress which, basing its legislation on rumors; has wilfully trampled on the basic norms governing international relations and wantonly interfered in China's internal affairs."

Liu pointed out that in accordance with China's constitution and laws, the Chinese government last June quelled the foreign-backed rebellion in Beijing aimed at subverting the People's Republic of China. The Chinese government succeeded in defending the socialist system chosen by the Chinese people, he said. This conforms with the fundamental interests and aspirations of the Chinese people of all nationalities and is purely China's internal affair, in which no foreign government or parliament has the right to interfere, he added.

Martial law imposed in parts of Beijing has now been lifted, Liu said, and the whole country is enjoying political, economic and social stability with the people leading a peaceful and happy life.

However, certain US congressmen, disregarding reality and addicted to bias, have readopted the amendment on sanctions against China, he said. This only reveals their stubborn anti-China position and their true nature of pushing power politics.

"No economic sanction can prevent the Chinese people from forging ahead," Liu said. "Facts will prove that, with their anti-China actions, those members of the US Congress are lifting a rock only to drop it on their own feet."

In the end, it is the United States' own interests that will be harmed, Liu continued.

The American government ought to have met its commitments under the successive Sino-US joint communiques and promptly stopped the US Con-

gress from adopting anti-China bills again and again, Liu said.

The problems in Sino-US relations have been caused single-handedly by the United States, he added. And the United States must lift the sanctions if Sino-US relations are to return to normal, Liu stated.

On February 3, the National People's Congress Foreign Affairs Committee also issued a statement strongly protesting the adoption of the amendment on sanctions against China.

History has proved that no foreign power, no matter what method it may use, will succeed in isolating China, the statement said.

On the same day, the Chinese People's Political Consultative Conference Foreign Affairs Committee also issued a strong protest against the amendment. ■

## Counties, Townships To Elect Congress

**L**ocal Party committees have been urged to strengthen their leadership and work conscientiously to ensure the success of the election of county and township people's congresses, a task to be accomplished before the end of this year.

A circular recently issued by the Party Central Committee said the election of new people's congresses at county and township levels is a major event in the country's political life. Success of the congresses is important for implementing the policies and principles adopted at the Fourth and Fifth Plenary Sessions of the 13th Party Central Committee, consolidating the grassroots political power, and ensuring political unity and stability.

Appended to the circular was a report from the leading Party group of the Standing Committee of the National People's Congress concerning the forthcoming election.

The report said that according to the Constitution and relevant laws, new people's congresses at the county and township levels should be elected before the end of this year to replace those elected in the second half of 1986 or in 1987, whose terms expired in the second half of 1989 or will expire this year.

Not only people's congresses at all levels should strengthen their leadership over the elections, the report said, but Party committees at all levels should as well.

Since the Fourth Plenary Session of the 13th Party Central Committee which was held from June 23 to 24, 1989, the entire Party and nation have further enhanced their consciousness in implementing the Party's basic line, the report said. Education in the Four Cardinal Principles and criticism bourgeois liberalization are proceeding smoothly in a deep-going way, and increasing importance has been attached to the role of the people's congress system in the state's political life, it added.

Years of education in the legal system, coupled with participation in three rounds of elections of people's congresses at the county and township levels since 1979, have fostered a stronger sense of democracy and the legal system among the masses. They have become quite familiar with the procedures of direct elections, the report said.

Local people's congresses at various levels have also gained experience and, having experienced previous elections, their staff members have been mentally well prepared to make future elections a success.

"All this provides favourable conditions for the coming elections," the report said.

But it also called attention to possible difficulties, such as an increase in the number of those who tend to move around the country, the trouble of calling meetings of farmers whose residences are

widely scattered over the vast countryside, and the lack of interest in elections on the part of a few local officials.

The report also stressed that education in socialist democracy, the legal system and the situation in the country should be enhanced, and the Party's leadership over the organization of the elections should be strengthened.

In carrying out the election, it is necessary to adhere to the Four Cardinal Principles, fight against bourgeois liberalization, give full scope to socialist democracy, strictly observe the laws, respect the wishes of the electors and protect their rights, and pay due attention to the qualifications of the deputies.

The report emphasized that laws and regulations concerning the direct election of people's congresses at the county and township levels should be strictly implemented.

The relevant laws stipulate, among other things, that:

—There should be more candidates than the number of deputies to be elected;

—Information about the candidates should be made known to the electoral committee or the presidium of the congress;

—The procedures for the registration of electors should be simplified;

—No rigid ratio should be imposed on the composition of deputies. ■

## Resettlement Plan Makes Headway

**O**ver the past seven years China has moved 320,000 people from an arid mountainous area in the northwest and resettled them in places with plenty of water.

Of the resettled people, 95 percent have grown used to their new lifestyles and homes in the Gansu Corridor and the Yellow Riv-

er Valley, where the farmland is irrigated with river water. They now have plenty of food to eat and many have started to sell surplus grain to the state.

This represents an initial success in the country's programme to resettle residents from the poverty-stricken areas of Gansu Province and the Ningxia Hui Autonomous Region. Resettlement began in 1983 and is expected to be completed by the end of the century.

Repeated dry spells through the ages have brought desolation and destitution to the more than 7 million rural people who inhabit the arid mountainous area in central Gansu and south Ningxia. The region was thus called "the poorest area in China."

Moreover, about 1.4 million of these people lived in a tucked-away area inaccessible by either land or water. They had to rely on state relief.

After careful investigations and feasibility studies, the government decided in early 1983 to move 900,000 people from the poor area before the end of the century.

According to the programme, 700,000 would be moved to the Yellow River Valley and 200,000 to the Gansu Corridor, where the farmland is irrigated by snow run-off down the Qilian Mountains.

The programme aims to reduce the population density in the poor area and to allow those who stay behind more space and a chance to prosper by developing agriculture and animal husbandry.

At the same time, the resettled people are expected to help speed up the development of the Gansu Corridor and the Yellow River Valley, where there are 460,000 hectares of reclaimable waste land.

Since 1983, the central government has allocated more than 70 million yuan (US\$15 million) every year for the programme. The money is used for building new houses for the resettled people, re-

claiming waste land and building water conservancy facilities. As well, every resettled person has been given 800 yuan as a settlement allowance.

Two dozen settlement bases have been built in counties and cities in Gansu and Ningxia, such as Jinta, Anxi, Zhangye, Yinchuan, Qingtongxia and Pingluo. Each of the bases has received between 7,000 and 20,000 new dwellers.

Generally, the resettled people were able to become self-sufficient in grain in the first year of their resettlement. In the second year, their annual per-capita grain output usually would exceed 500 kilograms and they would begin to sell some of it to the state.

With the resettlement of the 320,000 people, nearly 1 million hectares of farmland were left behind. The average area of farmland for those left in the arid region has increased to 0.8 hectares from 0.33 hectares per head and the population density has been reduced to 20 from 50 per square kilometre.

As a result, the ecological environment has improved and the economy has started to pick up. Grain output of the arid mountainous region in central Gansu and south Ningxia has increased at an average rate of more than 5 percent annually in the past seven years. Thus, the government has been able to reduce relief grain for the area by 7 million kilograms in each of those years.

The total grain output in south Ningxia alone reached 460 million kilograms last year. It was only 145 million kilograms in 1982. The annual grain output in the area has increased to 252 kilograms from 91 kilograms per person and the annual net income to 285 yuan from 25 yuan per capita.

The area is no longer called the poorest in the country. Only about 12 percent of the people are still living under the poverty line as against 70 percent in 1982. ■

## China Launches Fifth Telecom-Sat

China successfully sent into orbit February 4 its fifth telecommunications satellite from its launch site in Xichang in Sichuan Province.

The satellite, the country's 26th launch, was rocketed into space by a Long March III launch vehicle at 20:27 Beijing time and entered orbit about 20 minutes later.

Statistics from a monitoring centre in Xian, the capital of Shaanxi Province, showed that the satellite moves according to the designated orbit and the equipment aboard was functioning normally.

Premier Li Peng, Vice-Chairman of the Central Military Commission Liu Huaqing, State Councillor Zou Jiahua and Chief of General Staff of the Chinese People's Liberation Army Chi Haotian watched the launching on

the spot in Xichang or before the monitoring screen at the Beijing command centre.

On behalf of the Party Central Committee, the State Council and the Central Military Commission, Li extended warm congratulations to all the personnel involved.

Ding Henggao, minister of the Commission of Science, Technology and Industry for National Defence, said that the successful launching of the satellite had proved again that China had entered the mature stage in launching its telecommunications satellites.

Ding said that China has the capability to provide launching services for foreign clients.

It is predicted that in April China will launch for the first time AsiaSat-I, a US-made telecommunications satellite which will serve Asian countries. ■

## Foreign Experts Help Shanghai Out

In its ambitious modernization drive, China's largest city has been the beneficiary of the talent and hard work of many foreign experts it has invited to its many factories, research institutes and schools over the past few years.

Since 1984, Shanghai has employed 330 foreign experts in such fields as machinery, chemistry, building materials, pharmaceuticals, agriculture, animal husbandry and education. They have helped major factories in Shanghai to update technology and improve management.

Experts from the United States and Britain, working with Chinese colleagues, solved long-standing technological problems for the Shanghai Film Factory and trained hundreds of technical and managerial personnel.

New products have been developed in co-operation with foreign specialists. Shanghai No.3 Phar-

maceutical Factory, using valuable expertise provided by an American-Chinese expert, introduced new technology and developed a new kind of cephalosporin, an antibiotic which earned the factory a profit of US\$5 million.

Another innovative programme added 8.67 million yuan to the revenue of a Shanghai petrochemical plant.

Meanwhile, Shanghai experts have been contributing their share to the development of foreign countries. While studying at a Dutch seed company, Liu Siying, a specialist from the Shanghai Institute of Horticulture, developed a new seed culture method that had eluded the Dutch for years.

Shanghai has exported more than 300,000 saplings to Holland, earning US\$30,000 for China. The two countries are discussing the setting up of a gardening joint venture. ■



# UK's Decision a Violation Of Its Commitment

by Chen Yang

**B**ritish Foreign Secretary Douglas Hurd said in London on December 20, 1989, that up to 225,000 Hong Kong residents will be offered full British citizenship, giving them the right to settle in Britain. The following day a Chinese Foreign Ministry spokesman responded at a weekly news briefing that the Chinese government was still studying Hurd's plan and would comment on it later. The spokesman did say, however, that the Chinese government believed Britain and China should act according to the Sino-British Joint Declaration on the Question of Hong Kong and the memorandum exchanged on the signing of the declaration.

On December 30, the Chinese Foreign Ministry spokesman called Britain's decision to grant 50,000 Hong Kong households full British citizenship "a gross violation of its own solemn commitment."

The Chinese government asked Britain to change its unwarranted practice. Otherwise, the spokesman said, it would have to bear the consequences.

China's reaction to Hurd's announcement has prompted different responses from Britain and Hong Kong. The British Foreign Ministry's statement said that Britain's decision complied with the joint declaration

and the related memorandum. Lee Peng-Fei, a major member of the Legislative Council of Hong Kong, expressed surprise at the Chinese Foreign Ministry's reaction. He noted that China had said earlier that it was a British matter and he did not understand why the Chinese had changed their attitude. Some newspapers said the memorandum was not part of the joint declaration and was not bound by law. Therefore, disregarding the memorandum was allowed.

Xu Shimin, a member of the National Committee of the Chinese People's Political Consultative Conference and director of the Hong Kong newspaper *Ching Bao* (the Mirror), noted that Britain's action violated the joint declaration and was against international practice. It failed to resolve the question of Hong Kong residents' confidence and would cause problems for Hong Kong's future administration.

## A Violation of the Joint Declaration?

Is granting Hong Kong residents full British citizenship covering the right of abode in the United Kingdom a violation of the joint declaration? The Chinese say it is. The British say it isn't. But whether it is or not can be found in the joint declar-

ation. The joint declaration states that the Chinese government will resume the exercise of sovereignty over Hong Kong beginning July 1, 1997, at which time the British government will restore Hong Kong to the People's Republic of China. The joint declaration clearly stipulates that the transitional period runs from the date of the declaration was signed five years ago to June 30, 1997.

But what does the transitional period mean? It is the time before July 1, 1997, when the Hong Kong Special Administrative Region government will be established. The United Kingdom will be responsible for the administration of Hong Kong until June 30, 1997. During this period anything harmful to the transition does not conform to the spirit of the joint declaration. The British government's decision to grant full citizenship to some Hong Kong residents will lead to divisions among Hong Kongers and have adverse effects on the future administration of Hong Kong.

According to the British government, the right of abode will be given to some Hong Kong employees including key businessmen and professionals.

What will happen if those who have the right of abode in Britain settle there during the tran-

sitional period? The British plan of granting the right of abode differs from that of other countries. Britain permits some residents of its dependent territories to become British citizens. Therefore, if a public servant living in Hong Kong becomes a British citizen but chooses not to live in Britain, where will his allegiances lie in the future government of the Hong Kong Special Administrative Region?

The declaration states: "Chinese and foreign nationals previously working in the public and police services in the government departments of Hong Kong may remain in employment."

This regulation was worked out five years ago on the basis that the British government affirmed that all Chinese employees in Hong Kong government departments would not become British citizens. If they now can choose to become British citizens, there will be difficulties for Hong Kong's government in 1997, thus damaging the smooth transfer of government power.

In view of this, the British government's announcement does not conform to the memorandum exchanged by both sides and does not observe the joint declaration.

### **Should the Memorandum Be Complied With?**

Some noted that the memorandum was not a part of the joint declaration and therefore not binding, so the British government overlooked it. These people have actually recognized that Britain has broken its promise on the memorandum but they consider the violation permissible.

The name given to an international agreement — treaty, convention, agreement, accord, exchange of notes, declaration, statement, memorandum or

provisional agreement — is decided by the signatories according to its content, nature, degree of importance, method for signing, position of parties, concrete conditions of parties and number of signatories. However, no matter what it is called, it is equally authentic in law and all parties should strictly comply with it.

One of the basic principles of international treaties is that the signatories must be bound by the treaty and implement it in good faith. They cannot invoke the provisions of their internal law as justification for breaking a treaty. These principles have been written in the *Vienna Convention on the Law of Treaties*. According to Article 26 of the convention, "Every treaty in force is binding upon the parties to it and must be performed by them in good faith." Article 27 notes that "A party may not invoke the provisions of its internal law as justification for its failure to perform a treaty."

Britain's promise in the memorandum means clearly that before July 1, 1997, some Hong Kong residents are citizens of a British dependent territory but they will not possess this status after July 1, 1997. The British government will then issue them suitable passports, which China refers to as travel certificates. Later, this status was defined as "overseas British citizen." The difference between an "overseas British citizen" and a British native citizen is that the former has no right of abode in Britain. Therefore, if no difference exists, why is it necessary to use the word "overseas?" After more juggling of words, some say it means that the British government will not grant these people the right to settle in Britain after July 1, 1997, but it may do so beforehand. If this explanation was tenable, however, all people

who possess British dependent territory citizenship and hold British passports would enjoy the right of abode in Britain. So why is it necessary for the British government to give some Hong Kong residents the specific right to settle in Britain?

### **Do Chinese Comments Contradict Each Other?**

Last year, when the British parliament sent a foreign affairs group to China, the Chinese said the British government's plan to grant some Hong Kong people the right of abode was Britain's own affair. But when the British government made its plan official, the Chinese government contradicted itself and voiced its disapproval.

In fact, at that time the British side only stated its intention and had not offered any official plan. Certainly, it is Britain's own affair to express its intention. But, when an official plan is announced, it must conform to the joint declaration. Before the British government announced its plan, the Chinese government had warned it to consider the issue prudently and take into account harmful results that might arise. However, the British government ignored the warnings. China is consistent in its position, and it is the British government that has changed its attitude.

### **What Are the Basic Interests Of the Hong Kong People?**

The people of Hong Kong want their region to remain stable and prosperous. The future of Hong Kong will be bright if its people adapt themselves to the changes on the international stage, open up new markets, improve its institutions and give full play to its role in the international economy.

In general, the situation in Hong Kong is stable. But there are many unstable elements lurking within its boundaries. Unrealistic slogans have been causing anxiety among the Hong Kong people. The issue of Vietnamese refugees remains unresolved. Imbalances exist in the interests of various classes, and some social problems exist. A combination of these could make Hong Kong unstable. Lack of confidence and the exodus of skilled personnel are problems that will harm the stability and prosperity of Hong Kong. Surely it is important to increase the confidence of the Hong Kong people. However, some people are forever insisting on raising unrealistic demands. They are also trying to make use of some Hong Kongers' misunderstandings about the mainland to make demands that the Chinese government cannot accept. They are playing on "the will and confidence of the people." They are not trying to tackle the issue of confidence; rather, they are intentionally undermining the confidence of the Hong Kong people. This is completely against the principle of keeping Hong Kong stable and prosperous.

The stability of Hong Kong depends on China's mainland, as well as Britain and Hong Kong itself. As a result, friendly co-operation between China and Britain should be increased. The harmonious relationship and friendly co-operation between the mainland and Hong Kong should also be enhanced. There should also be more unity and co-operation among the Hong Kong people themselves. Therefore, the British government's plan to grant some Hong Kong residents full citizenship in the United Kingdom will harm Hong Kong. (Reprinted from *Hong Kong Wen Wei Po*, January 9, 1990.) ■

## Third World Struggles to Develop Its Economy

by Yie Zhixiong

**F**or the third world, the past decade featured wide regional imbalances in economic development. Some areas achieved dynamic expansion, but most others suffered severe difficulties and were forced to explore adjustments in their economic strategies.

The rise of East Asia and Southeast Asia was the most prominent feature of this imbalance.

Socialist China introduced in late 1978 a policy of reform and opening to the outside world, which enabled the country to develop rapidly its national economy and raise considerably the living standards of its people. Marked expansion was also achieved in other East Asian areas. In Southeast Asia, Singapore has risen to become a newly industrialized country, while Thailand, Malaysia and Brunei are catching up. India, though burdened with a population of 800 million, has also made steady progress in its economy.

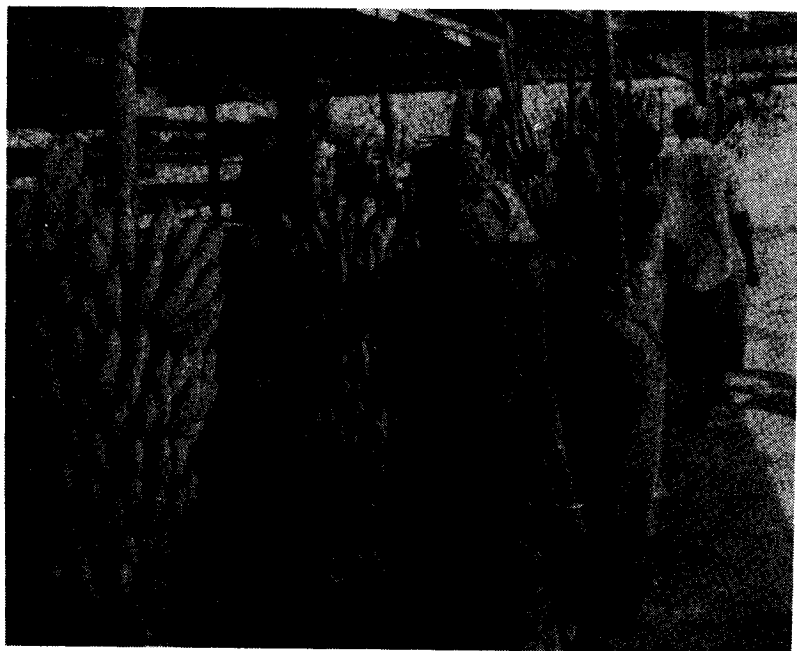
While the Asian economies are dynamically prospering, those in Latin America are seriously thwarted by heavy debts, and Africa is mired in a deep crisis. According to the 1989 annual report by the World Bank, since 1980, per capita national income has grown by 60 percent in Asia, slightly decreased in Latin America and dropped by 15 percent in black Africa, except for Nigeria. It is estimated that 85 percent of the African population is living below the poverty line.

What is worse is that the North-South gap is still widening. Estimates put last year's average economic growth rate of the major industrial countries at 3.3 percent, 6 percent for Asia and 0.8 percent for Latin America. Africa, though having an economic growth rate of 2.2 percent, had a 3.3 percent increase in population, which means a drop in actual per capita income. The gap in per capita national income between developed countries and low-income developing countries was 30 fold in 1955, 40 in 1980 and 50 in 1989.

The economic difficulties can be attributed to instability in the political situation, endless wars, mismanagement and other factors in some countries, but mainly they should be attributed to the irrational international economic order.

Fluctuations in oil prices caused major problems to third world countries. While going up, the prices consumed one-third to one-half of the foreign currency income of oil-importing third world countries. When going down, the prices plunged the nearly 30 oil-exporting countries into crisis.

New technologies that developed in the 1980s, such as microelectronics and biotechnology, have steadily decreased the price of raw materials and other primary products that make up the bulk of third world countries' exports. But at the same time prices of manufactured goods from the West have increased, severely worsening trading con-



Bananas from Somalia are mainly exported to Italy and Arab countries.

WANG ZHENHUA

ditions for third world countries.

To surmount the present difficulties, many third world countries borrowed money from the West. Taking advantage of the hardship, Western creditor nations raised the value of their currencies and interest rates and decreased overseas investment and loans. This sparked a debt crisis in 1982 and the situation continues to worsen. In 1989, third world debt totalled US\$1.3 trillion, 40 percent of its gross domestic product. Africa owed US\$235 billion, or 44 percent of its gross domestic product.

To get out of this vicious circle, most third world countries have taken major steps to revamp their economic strategies. These include readjusting the economic structure; cutting public expendi-



A homeless child in Beirut symbolizes the severe chaos the Lebanese people have been subjected to due to years of war.

ture; easing inflation; limiting imports and encouraging exports; lowering foreign exchange rates; reorganizing state-owned enterprises; reducing administrative interference and expanding the role of market regulation; increasing food production and controlling population growth.

To meet the challenge of the trend towards regionalization in the world economy, the third world has strengthened economic co-operation to resist growing Western protectionism. Regional co-operative organizations have been established in Latin America, western Africa, southern Africa, central Africa, the Middle East and Southeast Asia. In addition, a global trade preferential treatment agreement, signed by 46 developing countries in Belgrade, took effect in April 1989.

More and more developing countries have realized that a fundamental solution to their difficulties lies in the altering of the current irrational international economic order. Since the 1980s, the United Nations has convened many extraordinary sessions to discuss the third world economic problems. On December 4, 1989, the 44th UN General Assembly, despite opposition from the United States and other Western countries, passed a resolution that reasserted the just demand for a new international economic order.

Without development of the third world, which constitutes three-quarters of the world's population, global economic development and stability will be out of the question. It is time for both the North and the South to realize the importance of this. ■

# Soviet-US Relations Face New Test

by Zhou Borong

**B**ilateral relations between the United States and the Soviet Union improved greatly in 1989, characterized by detente and dialogue. It could even be said that US-Soviet relations have entered a new period. The decision by the two countries' leaders to hold informal talks in Malta last year and the increasing exchanges of high-level military personnel were signs of the improved relationship.

This development came after the United States adopted a positive attitude in its relations with the Soviets following a few years of indecision in its Soviet policy. The new attitude is reflected in President George Bush's policy of "beyond containment," which stresses the use of political, economic, technological and cultural means in dealing with the Soviet Union. Washington has also responded to Soviet disarmament measures by deciding to cut its defence budget, withdraw some military personnel and equipment from Europe and close some domestic military bases.

The policy of "beyond containment" is not the result of a change in Washington's estimation of Moscow's strategic goals. Nor is Washington convinced that the Soviet Union will give up its socialist system. In this writer's opinion, the US government took the following considerations into account:

First, it was time for the US government to work out a definite policy towards the Soviet Union after five years of watching and waiting. Washington knew that the failure to enun-

ciate a new policy could lead to confusion between it and other Western countries that could be exploited by the Soviet Union. In fact, divergent approaches have already emerged among some of the main Western countries. In late 1988, while the United States was still taking a wait-and-see attitude, some West European countries were showing great enthusiasm for enhancing their relations with Moscow. The prime ministers of West Germany and Italy and French president visited the Soviet Union in succession and soon afterwards banks in West Germany, Italy, France, Britain and the Netherlands agreed to provide a total of US\$6.4 billion in loans to the Soviet Union. In the face of the Soviet craze in Western Europe, the United States had to develop a definite policy towards the Soviet Union that was co-ordinated with its European allies to prevent Moscow from utilizing the contradictions in Western approaches.

Second, as the Soviet domestic situation got more and more serious, the Bush administration feared it could lose a historic opportunity to develop its relations with Moscow. The five-year Soviet reform has not brought any obvious benefit to the people of the country, only more difficulties. Ethnic disputes take place frequently and disagreements within the party have been brought into the open. The Soviet press has even boldly questioned the leadership of President Mikhail Gorbachev. Given such unstable conditions and after weighing the advantages and disadvantages, Washington de-

cidated to support Gorbachev in order to exploit the situation for its own benefit.

Based on the "beyond containment" policy, the United States will, politically, utilize Gorbachev's "new thinking" to promote the trend in the Soviet Union towards openness, democracy, freedom and plurality.

It will gradually increase contacts with Moscow and prudently and conditionally provide economic and technological aid. Washington will encourage Moscow to expand the private sector and market economy.

The White House will continue high level dialogue with Kremlin and increase exchanges in every field including the military. It will further develop bilateral relations and promote the process of detente.

At the same time, it will continue its efforts to maintain military superiority and try to reach disarmament agreements with the Soviets in favour of both the United States and the North Atlantic Treaty Organization. It will strive to reach agreements on reducing conventional weapons in Europe, banning the production and use of chemical weapons and cutting Soviet and American strategic nuclear forces by 50 percent.

The short-term aim of the US approach is to strengthen Gorbachev's position and enhance results of detente. Washington considers Gorbachev to be the easiest man to deal with in the Soviet Union. The long-term aim is to keep the Soviet reform process on a track favourable to the West and at last merge the Soviet Union into "the international community."

It has been said that detente between the United States and the Soviet Union means the cold war has ended and a period of peace and co-operation has begun. In my opinion, it is too early to reach such a conclusion. ■

# Why Does China Oppose Bourgeois Liberalization?

by An Zhiguo

A lot has been said and written abroad about China's criticism of bourgeois liberalization. Many people wonder what the Chinese have against it. To answer the question, we must begin by pointing out, first, that "liberalization" has a specific meaning in this context, and second, that what is meant is *bourgeois* liberalization, not liberalization in general.

Let us examine the concept of liberalization as seen in China today and see why it is being criticized in the Chinese media.

## The Origin of the Term

The term "liberalization" is not a Chinese invention but a political one first used by the West. Chinese theoreticians have added an adjective to form the phrase "bourgeois liberali-

world," Dulles said:

"We must always have in mind the liberation of these captive peoples. Now, liberation does not mean a war of liberation. Liberation can be accomplished by processes short of war" ("Testimony of the New Secretary of State at a Senate Hearing," January 15, 1953).

"It must be and can be a peaceful process," Dulles said, "but those who do not believe that results can be accomplished by more pressure, by the weight of propaganda, just do not know what they are talking about."

He therefore urged the Voice of America and the US media in general to work up antagonistic sentiments among the people of countries behind the "Iron Curtain" (i.e., the socialist countries), and assure them of the "moral support" from the United States. Dulles further asserted, "We believe that it is almost certain that there will be an evolutionary change—probably evolutionary" ("Secretary Dulles' News Conference on July 2, 1957"). Since then Dulles' name has been associated with the term "peaceful evolution," and the term "liberalization," used in this context, has become synonymous with his brand of "peaceful evolution."

Since the days of Dulles, anti-socialist forces in the West have constantly pursued a strategy of "liberalization" or "peaceful evolution" within the socialist countries. Through the media and other means, such as cultural exchange, they have sought to infiltrate the socialist countries and publicized the ideology and values of the Western bourgeoisie and its pattern of "free society." They have incited "dissidents" in these countries to seize every opportunity to create splits, stir up riots and subvert their governments. The turmoil in Beijing that finally developed into a rebellion against the Chinese government in late spring and early summer last year was just such a result of joint efforts by anti-socialist elements at home and abroad to achieve their strategic goal of "liberalization" or "peaceful evolution" in China.

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zation," indicating something totally different from the proletarian concept of liberty.

In many public speeches he made in 1953-57, the then US Secretary of State John Foster Dulles repeatedly averred that it was the established policy of the United States to promote "liberalization" in the Soviet Union, China and other socialist countries and to place its hope on the third and fourth generations in these countries.

Calling the people of the socialist countries "enslaved" and the capitalist countries the "free

## China's Struggle Against Bourgeois Liberalization

Imperialist activities to subvert the coming new state of China placed the Chinese people on the alert even before the birth of the People's Republic. In a Letter of Transmittal to President Harry S. Truman on July 30, 1949, US Secretary of State Dean Acheson openly declared that "... ultimately the profound civilization and the democratic individualism of China will reassert themselves...."

Answering the challenge, Chairman Mao Zedong pointed out that Acheson and his like had a flimsy social base in China. He called on the "democratic individualists" among the Chinese who still had illusions about US imperialism to "cast away illusions and prepare for struggle" and take the side of the people instead of being pulled over by the imperialists (Mao Zedong: "Cast Away Illusions, Prepare for Struggle," August 14, 1949, *Selected Works of Mao Tse-tung*, Vol. 4, p. 428).

Ever since 1978, when China adopted a policy of reform and opening to the outside world in 1978, her leadership has kept a constant watch on bourgeois liberalization.

In an interview with American-Chinese scholar Chen Guu-ying on May 20, 1985, Deng Xiaoping said, "A new trend of thought has appeared after the 'gang of four' was toppled in 1976 and it is called bourgeois liberalization. Its believers worship the 'democracy' and 'freedom' of Western capitalist countries and negate socialism—This cannot be done."

"While carrying out the policy of opening to the outside adopted at the Third Plenary Session of the 11th Party Central Committee," he added, "we should also do something to curb the tendency towards liberalization. The two tasks are interrelated. Without holding the tendency towards 'liberalization' in check, the open policy can hardly be implemented."

At the 12th Party Congress held in September 1982, the four cardinal principles (adherence to the socialist road, to the Communist Party's leadership, to the people's democratic dictatorship and to Marxism-Leninism and Mao Zedong Thought), with Party leadership at the core, were reiterated and the nation was urged to criticize and check the tendency towards bourgeois liberalization and strike hard at criminal activities against socialist construction.

In September 1986, a resolution adopted at the Sixth Plenary Session of the 12th Party Central Committee expounded the guid-

ing principles for building a socialist society with an advanced culture and ideology. It said: "Bourgeois liberalization, which means negating the socialist system in favour of capitalism, is in total contradiction to the people's interests and to the trend of history, and it is therefore firmly opposed by the masses."

Addressing the session on September 28, Deng Xiaoping said, "'Liberalization' means, by itself, confrontation with, opposition to or revision of, our current policies and system. In actual effect, 'liberalization' leads China onto the capitalist road."

Then again, in March 1987, referring to the few intellectuals who had whipped up campus unrest in Beijing, he said that these people

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***Liberalization" means, by itself, confrontation with, opposition to or revision of, our current policies and system; it means nothing but the wholesale Westernization of China and shifting China to the capitalist road.***

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"want to reject the socialist system and promote bourgeois liberalization. What is called bourgeois liberalization means nothing but the wholesale Westernization of China and shifting the country to the capitalist road" ("China Can Only Follow the Socialist Road," March 3, 1987).

The facts cited above make it clear that China's policy of opposing bourgeois liberalization did not take shape after the student unrest in late 1986 or in 1989, as some people allege, nor did it come into effect only after the quelling of the anti-government rebellion in Beijing last year. Rather, it has been repeatedly stressed since the Third Plenary Session of the 11th Party Central Committee in December 1978; it was actually adopted at the same time as the policy of reform and opening to the outside world. To oppose bourgeois liberalization means to oppose the rejection of the socialist system and the adoption of the capitalist system.

### Some Misunderstandings

Here are some misconceptions concerning China's criticism of bourgeois liberalization that call for clarification.

First, some say that the struggle indicates a change or a retrogression in China's policies.

The quotations given above show that it is China's consistent policy to uphold the four cardinal principles while combating bourgeois liberalization. China has always emphasized the importance of opposing bourgeois liberalization and will continue to do so in the future.

Only those who want to change this policy advocate "liberalization." They talk about reform and opening to the outside world but say nothing about the struggle against bourgeois liberalization or about the four cardinal principles. Therefore opposition to "liberalization" actually means opposing a change in China's current policies.

Second, the criticism of bourgeois liberalization is sometimes seen as contradicting the policy of opening to the outside world.

In fact, such criticism is designed precisely to ensure better implementation of the policy of reform and opening to the outside world. There are two different approaches to the policy of reform and opening to the outside world. While the Chinese Party and government see the policy as a means of improving the socialist system and accelerating socialist development, those who long for "liberalization" want to replace socialism with capitalism. The reason why China has achieved universally recognized successes over the last decade is exactly her adherence to the four cardinal principles and rejection of bourgeois liberalization while carrying out reform and opening to the outside world. It is a pity that the vigour of the struggle has been affected by interference from time to time, which prevented the nation from achieving more.

Third, China's opposition to bourgeois liberalization has given rise to worries that foreign business people may not want to have economic exchange and co-operation with China.

As stated above, by bourgeois liberalization is meant the negation of the socialist system and the adoption of a capitalist system in China. Opposition to such "liberalization" in China has nothing to do with the capitalist system in foreign countries. And it is not in the

least designed to stop economic and technical exchanges with the Western countries or to keep foreign capitalists from investing in China.

General Secretary Jiang Zemin of the Central Committee of the Chinese Communist Party reiterated, in his speech delivered at a meeting to celebrate the 40th anniversary of the People's Republic of China, that in China, "the four cardinal principles are the foundation of our state, and the reform and opening up to the outside world are the road to its strength and prosperity" (*Beijing Review*, issue No. 41, 1989, p. 15).

China extends a sincere welcome to foreign business people who come for investment and other forms of business, for co-operation and exchange on the basis of equality and mutual benefit. Our effort to root out corruption and profiteering by government functionaries, to eliminate tax evasion and to establish a fair and equitable market order can only help improve the investment environment for foreign businesses. We are also wiping out pornography, drug trafficking and prostitution—vices which are also despised by the general public in the capitalist world.

Fourth, the struggle against bourgeois liberalization is sometimes mistaken for "suppression of democracy."

We always maintain that there are two types of freedom and democracy. One is bourgeois freedom and democracy which belongs to a small minority of people. The other is socialist freedom and democracy for the vast majority. What we need is the latter, not the former. In present-day China, the people already enjoy extensive rights to freedom and democracy that are free from control by capital, and we are working to expand such freedom and democracy still further. By opposing bourgeois liberalization, we are safeguarding the people's rights to freedom and democracy. We are keenly aware of the importance of democracy. As Deng Xiaoping says, "Without democracy there can be no socialism and no socialist modernization" ("Uphold the Four Cardinal Principles, *Selected Works of Deng Xiaoping*, p. 176). The continuous expansion of the scope of democracy is a salient feature of the reform of the political system in China.

Fifth, some people are afraid that opposition to bourgeois liberalization will give intellectuals a hard time.

This fear seems to take it for granted that the intellectuals in China are for "liberalization." If this were true one could hardly explain Chi-

**O**pposition to "liberalization" in China is not in the least designed to stop economic and technical exchanges with the Western countries or to keep foreign capitalists from investing in China.



na's enormous successes in socialist revolution and construction, especially during the decade that has just passed. Such achievements would have been impossible without the support and participation of the intellectuals.

In fact, only a tiny number of intellectuals advocate bourgeois liberalization, while the vast majority are for socialism and reject the capitalist road. Together with the workers and farmers, China's intellectuals have long been a basic force counted on by the Party and the government. Since the Third Plenary Session of the 11th Party Central Committee held towards the end of 1978, the Party and government have attached greater importance than ever before to the role of intellectuals. As General Secretary Jiang Zemin put it, "Without knowledge and intellectuals, it would be impossible to build socialism" ("Speech at the Meeting in Celebration of the 40th Anniversary of the Founding of the People's Republic of China," September 29, 1989, *Beijing Review*, issue No. 41, 1989, p. 15).

The Party and the government have resolutely carried out the principle of "respecting knowledge and respecting talents" and thus won the support of the great majority of the intellectuals. This was one of the reasons why the anti-government rebellion last year was put down so quickly and the situation returned to normal so soon.

Sixth, there are also people who think that the struggle against "liberalization" contradicts the policy of one country, two systems.

It is China's unswerving policy to realize the reunification of Taiwan, Hong Kong and Macao with the mainland in accordance with the concept of one country, two systems. To combat "liberalization" means to oppose the rejection of the socialist system and the adoption of a capitalist system on the mainland; it is not at all directed against the capitalist system practised in Taiwan, Hong Kong and Macao. Chinese leaders have repeatedly stated that they will not export socialism from the mainland to Taiwan, Hong Kong or Macao. But they have also asked people in these regions to refrain from any attempt to change the socialist system on the mainland.

During a recent meeting with journalists from Hong Kong, Party General Secretary Jiang again stressed that after 1997, interior China and Hong Kong will follow the policy of one country, two systems. "You practise your capitalism, and we maintain our socialism," he told his guests, "so that, as the saying goes, 'the well water does not interfere with the river

water and vice versa—none may encroach upon the precincts of the other.'"

These words are a clear indication that opposition to "liberalization" on the Chinese mainland has nothing to do with the policy of "one country, two systems" towards Hong Kong and Macao. Socialism for the mainland, capitalism for Hong Kong and Macao—this is precisely the true sense of this policy.

### Long-Term Struggle

China's struggle against bourgeois liberalization has an important bearing on the future and destiny of the Chinese nation and the People's Republic of China, on whether we can preserve the fruits of revolution for which so many martyrs shed their blood and laid down their lives and on whether the socialist cause pioneered by the proletarian revolutionaries of the older generation can be carried through to the end. Let no one have the illusion that China will make any concession on so great an issue.

However, the struggle against "liberalization" is bound to be a protracted one. As Deng Xiaoping has said, "This struggle will run through the entire process of modernization. It will be carried on during this century and will continue into the next century. Because the struggle will be so protracted, we will not launch any campaign but will devote our major efforts to education. Hence the process is not only one of struggle but also one of persuasion—but we cannot finally convince those who do not believe in socialism until we have built up the country" ("Educating Our Young People in Chinese History," February 18, 1987).

When China has steadily achieved the strategic goal for her development, when her socialist system has almost been brought to perfection through reform, when this system has fully displayed its superiority over capitalism—that will be the time when there is hardly any market for the ideas of bourgeois liberalization, which cannot but wither away. ■

***To combat "liberalization" means to oppose the rejection of the socialist system and the adoption of a capitalist system on the mainland; it is not at all directed against the capitalist system practised in Taiwan, Hong Kong and Macao.***

# 'Prairie Fire Programme' Trains New Farmers

by Our Staff Reporter Cui Lili

*The goal of this rural education programme is to help Chinese farmers modernize their farming methods. Its success over little more than a year's time has convinced economists that its wide implementation will bring about significant improvements to the rural economy within a few years—Ed.*

Two years ago, scores of county-level, secondary technical schools in rural Hunan Province began a new special course of study. During a three-year, 12-course programme, students focus on seven subject areas including crop growing, breeding and agricultural processing and management. After completion of their studies, the students are required to return to their hometown and put their newly learned skills into practice. By the end of 1989, some 10,000 people had undergone training in Hunan Province alone, while rural secondary technical schools in more than ten other provinces and autonomous regions have begun or are planning to begin similar programmes.

The programme is dubbed "prairie fire" perhaps because of the late Chairman Mao Zedong's famous saying, "A single spark can start a prairie fire." Sponsored by the State Education Commission, it endeavours to provide most rural people,

80 percent of the Chinese population, with a comprehensive, general education through the primary and middle school level, followed by special adult technical training, in 15 years or less. The idea behind the programme is that farmers with a solid general educational background are more comfortable in making use of new scientific and technological methods.

The programme was first tried in a few counties and townships in September 1988, and has now spread to 786 counties and 2,870 townships in 29 provinces, municipalities and autonomous regions. Its success is, in part, evidenced by the farmers' enthu-

siasm, which greatly exceeds the programme designers' initial expectations.

## Orientation of Rural Education

Providing good rural education, though of central concern to the Chinese government because of its fundamental importance to rural development, has always been a difficult undertaking. The "prairie fire programme," however, is the latest and most highly regarded effort in this regard.

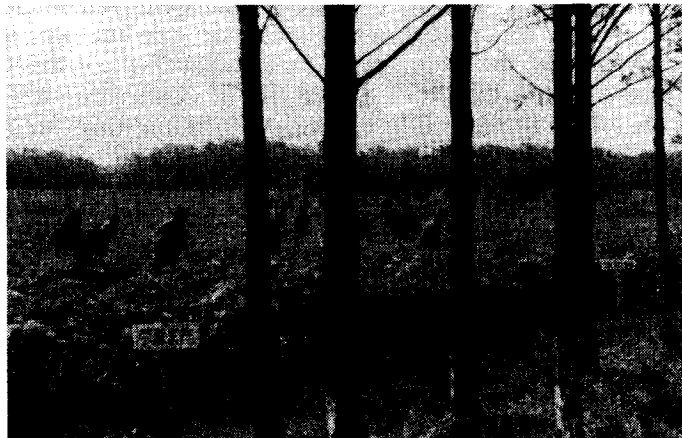
In the last 40 years, more than 150 million rural people have received a middle and high school

level education, the number increasing annually by 10 million. Of all counties nationwide, 66.8 percent or 1,368 have brought about popular, compulsory primary school education.

This progress is obviously significant, especially if one compares it to the former situation when the overwhelming majority

**The Farmers' Secondary Technical School in Yuanjiang County, Hunan Province, now teaches how to cultivate ramie.**

LIU QUANJU



# Decision on Further Improving the Economic Environment, Straightening Out the Economic Order, and Deepening the Reforms (Excerpts)

(Adopted at the Fifth Plenary Session of the 13th Central Committee  
of the Chinese Communist Party on November 9, 1989.)

At the Fifth Plenary Session of the 13th Central Committee of the Communist Party of China (CPC), earnest discussion and serious analysis of the nation's economic problems resulted in unanimous agreement that firmly continuing the policy of improving the economic environment, straightening out the economic order and deepening the reforms is the basic way to solve the existing economic problems and to guarantee a sustained, stable and coordinated development of the nation's economy. Accordingly the following decision was drawn up and adopted.

## I. Achieving Throughout the Party a Uniform Understanding of the Current Economic Situation

1. We should recognize the achievements but realistically size up the problems as well. The main thing for Party leaders at various levels to guard against is underestimation of the difficulties. In the decade since the Third Plenary Session of the 11th Central Committee of the CPC in 1978, we have upheld the four cardinal principles and implemented a policy of reform and opening to the outside world with economic construction as the center. As a result, the nation's economy has experienced a sustained development; its economic strength has increased remarkably; the life of residents in both urban and rural areas has improved a great deal; tremendous achievements have been made in

all fields; and profound changes have taken place throughout the country. This is the mainstream in China's historical development. At the same time, many problems and difficulties have arisen in the course of economic advance. We should fully recognize the seriousness of the existing problems and find their causes so as to further enhance our awareness and resolve while readjusting the economy.

2. The current economic problems have been accumulating over several years. Only by realizing this can we deeply understand the need for the present economic readjustment and the arduousness of the task. The problems confronting us are mainly manifested in the obvious worsening of inflation, imbalance between supply and demand, an irrational economic structure, and economic disorder. These are not new occurrences of the past couple of years but represent a concentrated expression of deep-seated problems which have piled up over several years.

The main problems are:

—Total social demand has far exceeded total social supply. The country's available resources and social productivity can no longer sustain the tremendous scale of construction and excessive consumer demand. Between 1984 and 1988 national income increased 70 percent (or 149 percent if calculated according to current quotations) while total capital investment in fixed assets increased 214 percent and the cash income of urban and rural residents went up 200 percent. The increase in both investment and social consumption is largely sustained by

draining our accumulation, deficit financing, the excessive issuance of banknotes, domestic loans and the use of foreign exchange reserves. The country's internal debt amounts to more than 80 billion yuan and a repayment peak is approaching. The amount of money in circulation far exceeds the needs of economic growth. This situation must not be allowed to continue.

—A serious disproportion exists between industry and agriculture. Agriculture can no longer support the excessive scale of industrial production. A slow agricultural growth rate over the last few years, marked by a four-year stagnation in grain production, has combined with a population increase to account for a drop in per capita grain yield to 365 kilograms. Cotton output has also decreased by a wide margin. On the other hand, industry has undergone an over-rapid growth on a snowballing scale. Particularly noteworthy is the fact that in many rural areas, water conservancy facilities have fallen into disrepair or have even been damaged, large tracts of farmland have been put to other uses, too much of the rural labor force has been switched prematurely to non-agricultural pursuits, and investment in land by the state, collectives and farmers has decreased. With a weak foundation and inadequate reserves, China's agriculture is in a grave situation.

—The basic industry, the infrastructure and the processing industry are seriously out of balance. Energy and raw material supplies, transport and communication facilities are unable to support the over-extended processing industry. Nation-wide shortages in coal, power, oil and steel have long left idle vast numbers of industrial production facilities. Transport and communications have fallen far behind in development, and limited transportation capacity has strained freight and passenger services.

—Inordinate decentralization in the distribution of funds, foreign exchange and materials has seriously weakened the state's macro-control powers. The distribution of national income has tilted too far towards enterprises and individuals, while funds and materials controlled by the state have been dwindling. From 1984 to 1988, the state revenue dropped, in proportion to national income, from 26.7 percent to 22 percent, and the financial revenue of the central government dropped, in proportion to national income, from 56.1 percent to 47.2 percent. Foreign exchange controlled by the central authorities made up only 40 percent of

the national total. Similarly, the share of foreign exchange controlled by the various provinces, autonomous regions and municipalities also dwindled. Materials for centralized distribution decreased in terms of both variety and quantity. As a result of decentralization in the control of financial and material resources, the state has not been able to curb the inflated demand, or readjust the deteriorating structure, however much it wanted to, while production and construction of ordinary processing industries increasingly overlapped, and it became even more difficult to undertake key projects or reinforce the weak sectors.

—The phenomena of high consumption versus low efficiency, big investment versus small returns, enormous expenditure versus poor performance, accompanied by appalling waste, are widespread in production, construction and circulation. Many enterprises have become a heavy burden on the state's finances due to their sub-standard products, rising consumption of materials, and increased costs and deficits. As too many projects have been started, the scale of capital construction is over-extended and many of the projects have failed to go into production on schedule, tying up immense amounts of funds and materials for too long. This situation is fatal to the nation's economy and is the main cause of the present economic difficulties.

**3. The Party Central Committee and the State Council bear major responsibility for the difficulties and problems which have arisen in the economic life of our country, and it is necessary to draw profound lessons from our experience.** Since the Third Plenary Session of the 11th Party Central Committee, the Party Central Committee and the State Council, while implementing the correct line, principles and policies, have also committed errors in the specific guidance they gave to economic construction and to the reform and opening to the outside world. They failed to take timely and decisive measures to solve such problems as an overheated economy, the excessive issuance of currency and the excess distribution of national income, which began to surface in the latter half of 1984. Though the Party Central Committee and the State Council put forward, in 1987, a policy of retrenchment for finance and credits, it was not implemented thoroughly, resulting in the emergence of more and more problems. In recent years, we have been over-

optimistic in our evaluation of the situation in the countryside and have not effectively stopped the unbridled development of the processing industry; we have neglected to exercise necessary and an appropriate degree of centralization in our effort to revamp an economy that had suffered from overcentralization and too much control; and we have neglected comprehensive balancing and the strengthening of macro-control while emphasizing invigoration in a microeconomic sense. We have also shown impatience for success in both construction and reform due to our lack of a comprehensive, deep understanding of the country's conditions and a sober estimation of the country's strength. These problems in economic work are connected with the weakening of the Party's leadership and ideo-political work. The responsibility for all this does not lie with the grassroots departments. The Party Central Committee and the State Council should seriously draw lessons, do more investigation and stick more to the mass line so as to make their decisions as correct and scientific as possible.

**4. We have achieved initial success in improving the economic environment and straightening out the economic order. We must seriously study the new situations and solve the new problems and thus deepen our efforts.** The decision adopted at the Third Plenary Session of the 13th Party Central Committee to improve the economic environment and straighten out the economic order is a correct one. After a year's effort, the excessive rate of industrial development has been slowed down; better harvests have been brought in; investment in fixed assets has been brought under control to a certain extent; price increases have tended to relax; the withdrawal of currency from circulation has been relatively effective; and the whole economy continues to advance in the course of readjustment. The State Council's whole series of policies, focused on controlling demand and adjusting the economic structure, have played an active role in all this. However, the Third Plenary Session of the 13th Party Central Committee, limited by the prevailing circumstances, did not analyze thoroughly enough the problems and difficulties in economic life and their causes. As a result, people in quite a few departments, units and regions lacked a full understanding of the necessity, urgency and difficulty of improving the economic environment and straightening out the economic order and many measures were

not carried out effectively. Limited by time, we have not been able to solve many in-depth problems in the national economy. We have not yet bridged over the difficult phase.

The process of economic readjustment has recently been accompanied by a sluggish market, the slowing down of sales for some enterprises and a sharp fall in industrial growth. While this situation is on the whole conducive to readjustment, it also produces some negative effects which call for serious study and concrete analysis and must not be ignored. On the one hand, we should grasp favorable opportunities to increase the enterprises' economic efficiency and improve their performance by turning the market pressure on them into a motive force and actively adjusting the economic structure. On the other hand, necessary macro-guidance must be provided to actively develop domestic and international markets, increase effective supply, and ensure the stable development of the economy.

Economic stability is the foundation of political stability. If the economy remains in difficult straits for long, the political situation can not be stabilized, nor can social stability be maintained. Our effort to improve the economic environment and straighten out the economic order must be deepened, and there must be no wavering on the implementation of the principles for this effort.

**5. We should fully understand the favorable conditions for overcoming difficulties and increase our confidence in improving the economic environment and straightening out the economic order.** We are facing serious economic difficulties, but they are, after all, temporary difficulties that have arisen in the course of development, and are entirely surmountable. Over the past decade of economic development and reform, the economic strength of our country has been greatly enhanced and the people's lives have markedly improved; the year-long readjustment has provided us with some experience and we have made a good beginning; the recent victory in stopping turmoil and quelling a counter-revolutionary rebellion and the convocation of the Fourth Plenary Session of the 13th Party Central Committee have brought about a political situation of ideological agreement and enhanced unity in the whole Party. These are favorable conditions for overcoming difficulties. Fear of difficulties, pessimistic ideas and inertia are all unjustifiable. As long as we face

up difficulties, draw the proper lessons from experience, pull ourselves and work in unity, we will surely accomplish the task of readjustment and set the economy on a course of long-term and stable development.

## II. The Duration and Goals of Economic Readjustment

**6. Three years or a somewhat longer time are needed to basically complete the task of improving the economic environment and straightening out the economic order.** Since the existing problems and difficulties are numerous and hard to cope with, we cannot hope to achieve quick results in a short time. The Party Central Committee has decided, in three years or more, to gradually resolve the contradiction of total social demand exceeding total social supply, gradually bring down inflation and set the national economy on the track of stable and coordinated development so as to lay a sound foundation for achieving the strategic goal of quadrupling the gross national product by the end of this century.

**7. The major objectives of the economic readjustment are:**

—Gradually lower the inflation rate and keep the increases in the national consumer price index under 10 percent a year.

—Put an end to the situation in which the issuance of currency exceeds the economic growth rate and gradually achieve, on a yearly basis, a compatibility between the amount of currency issued and the rational needs of economic growth.

—Strive for a balance between revenue and expenditure and gradually wipe out financial deficits.

—Maintain an appropriate economic growth rate, that is, an average annual growth rate of 5-6 percent in the Gross National Product, on the basis of an intensified effort to raise economic efficiency, economic quality and the scientific and technological level.

—Change the irrational industrial and agricultural structure, and strive for a gradual increase in the supply of major agricultural products and for the gradual alleviation of the shortage of energy and raw materials and the inadequacy of transport.

—Further deepen and improve the various reform measures and gradually establish a ma-

croeconomic control system that operates in line with the principle of combining a planned economy with market regulation, and that facilitates the comprehensive use of economic, administrative and legal means.

**8. We must grasp four important links for improving the economic environment and straightening out the economic order.**

1) Continued efforts should be made to cut the total social demand, so as to eliminate the problem of earmarking an excessive portion of the national income for consumption.

2) Vigorous efforts should be made to adjust the structure of industry, increase effective supply, and build up the reserve strength for future economic development.

3) Effective steps should be taken to straighten out the economic order by overcoming the serious confusion in the realms of production, construction, circulation and distribution.

4) The campaign for increasing production and practising economy, and for increasing revenue and cutting expenditure should be deepened to vigorously raise the economic efficiency in all fields.

What we must stress is that, in the course of improving the economic environment and straightening out the economic order, education, science and technology must be accorded a strategic position and priority for development. We must strengthen the construction of and education in national defense, control population growth strictly and strive to raise the quality of the population, make rational use of resources and protect the ecological environment.

**9. During the period of economic readjustment and after this task is completed as well, China must at all times pursue the principle of a long-term sustained, stable and harmonious economic development.** In the process of developing China's economy, we have learned a most important lesson in the past 40 years: losing sight of the nation's conditions; transcending the national strength; and being impatient for success, all of which caused ups and downs in economic development. Such mistakes in the guiding principle were crucial problems in China's economic work as they dampened the enthusiasm of the masses and often caused enormous losses. Therefore, during the period of economic readjustment as well as after this task is completed, we must keep these lessons in mind and must at all times proceed according to the

country's basic circumstances, pursue the principle of a long-term sustained, stable and harmonious development, and refrain from any one-sided pursuit of high speed of development. And in economic matters priority should always be given to the constant improvement of efficiency.

### III. Continuing to Control Social Demand, Finance and Credit

**10. Resolute control of total social demand remains the most important task during the further readjustment.** Basically, the problems and difficulties in the national economy result from the continual excess of total social demand as compared with total supply over many years, and from the distribution of national income beyond a reasonable quota. Without a firm resolution to reduce social demand and enforce austerity measures for a few years, it will be hard to solve problems like improving the economic setups, rectifying the economic order and raising efficiency, nor will there be a real, solid turn for the better in the national economy. All Party members should have a clear understanding of this point.

**11. The total scale of investment will be further reduced, and the investment structure will be strictly readjusted.** The central authorities demand that the total investment in fixed assets in 1990 and 1991 remain at the 1989 level or below. With this as the prerequisite, investment in ordinary projects will be cut down sharply to allow for the investment needed by the primary industries. During the period of readjustment, no construction of non-essential buildings will be allowed. In principle, no ordinary projects for the processing industry will be considered, especially those with high energy consumption or dealing in goods that are beyond consumers' purchasing power. Construction of major projects in basic industry should be arranged whenever and wherever financial and material resources and other conditions permit in order of priority and should not be undertaken all at once; priority should be given to projects related to agriculture, coal, crude oil, electricity, railways and some raw and processed materials industries. Before approval for any new project is granted, normal procedures must be observed and strictly supervised. A tax will be levied on investment to direct the investment flow, and different tax rates will be employed to improve

the investment structure. Local governments and policymakers in various trades and professions should assume more responsibility in so far as the construction of basic industry and infrastructure is concerned.

**12. The excessive rise in consumer demand must be checked.** The erroneous practice prevailing in recent years of blindly advocating high consumption must be corrected to keep the increase of consumption funds below that of the national income and labor productivity. Funds for wages and salaries should be better managed; in particular, private incomes other than salaries and bonuses should be strictly controlled; indiscriminate distribution of bonuses and articles and unauthorized increase of allowances and subsidies should all be prohibited; and the method of linking an enterprise's total volume of wages with its economic efficiency should be improved and perfected. Institutional purchasing power will also be curtailed and purchases of controlled or uncontrolled goods must be restrained. Basically, all government organizations and agencies must stop buying new equipment.

**13. Gradually alleviate the contradiction arising from an unfair distribution of social wealth.** Unfair distribution of society's wealth has become a matter of concern for the public in general and has caused resentment among the laboring people in particular. Full attention should be paid to this problem and conscientious efforts should be made to solve it in the process of putting consumer demand under control. The wage and bonus systems must be improved to eradicate equalitarianism in the distribution of workers' income. Concrete measures should be taken to strengthen supervision and control over the incomes of company staff, certain moonlighters, private business owners and self-employed commercial and industrial households. Illegal earnings should be banned, legal incomes protected. A system for reporting taxable personal income should be introduced, and measures taken to improve the levying and handling of the regulatory tax on personal income.

**14. Adhere to the policy of tightening control over finance and credits.** This is a fundamental measure for reducing total social demand. The policy, which has proved effective over the past year, should not be given up simply because some enterprises are short of funds. Flexible measures may be adopted to overcome the shortage of funds for some key projects in the

interest of a stable growth in production. The measures, however, must not be used to expand the scale of capital construction or increase consumption funds.

—Efforts should be made to cut expenditure while increasing revenue. Measures should be adopted to strengthen tax collection, especially from collectively-owned and privately-owned enterprises and self-employed people. Exemption and reduction of taxes not in accordance with the industrial policies of the state must be eliminated. By adopting appropriate policies and transitional measures, we should gradually transfer some funds not in the budget into budget receipts so as to enlarge the proportion of state revenue in the national income and of the revenue of the central government in total state revenue. Except for the defense expenses, key project construction funds, and necessary price subsidies, other expenses within the next two years will remain largely at the 1989 level. Some expenses, especially operating and administrative expenses, will have to be less than the 1989 figures. Organizations which are repetitive and of no great importance, including some administrative setups and some of the academic societies, association and centers, must be streamlined or dissolved and the size of their staff cut down.

—The central bank must keep the cash flow and the scale of credits under its tight control. The total sum of new loans and the currency supply for 1990 will basically remain at the 1989 level. In accordance with the industrial policies of the state, new loans will be granted by giving priority to key industrial sectors, projects, products, and enterprises. Storage facilities must be cleared and the inventories put to use in order to avoid tying up funds unnecessarily. Enterprises must not increase their own circulating funds beyond the proportion specified in the regulations. The cash flow must be strictly controlled. More effective steps must be taken to clear debts and collect payments and to minimize the circulation of funds beyond the channels of the banks.

#### **IV. Strengthening Agriculture and the Other Basic Industries and Readjusting the Economic Structure**

**15. The whole Party and the nation should be mobilized to run agriculture well.** A stable devel-

opment of agriculture is the basis for economic, political and social stability. It is vital to the security of the country and the key to economic restructuring. A vigorous campaign to emphasize, support and develop agriculture should be launched immediately within the Party and across the country so that concerted efforts can be made to boost agriculture and guarantee the steady increase of major farm products such as grain and cotton. The all-round development of agriculture, forestry, animal husbandry, fishery, and side-line occupations should be promoted.

—Party committees and governments at the central, provincial, prefectural, city and county levels must put agriculture high on their agenda and carry out the principle of taking agriculture as the foundation of all economic work. Those at the provincial level should strengthen their leadership in agriculture. Provinces importing grain from other parts of the country must work out plans to steadily increase self-efficiency in grain. Party organizations and governments at the prefectural and county levels should devote their major efforts to the development of agriculture, especially grain and cotton production. Whether the output of grain, cotton and other farm and side-line products has been increased, and whether agriculture has gained strength for further development will be set as the major criteria for evaluating the work done by Party committees and governments at the provincial, prefectural, city and county levels.

—Input for agriculture originating from various fields of endeavor should be increased. The central government will increase investment in agriculture year by year within its budget for capital construction. Local governments at provincial, prefectural, city and county levels should allocate as much of their reserve funds as possible to agriculture production. Township enterprises, after paying their taxes, should gradually increase the portion of their profits for subsidizing agriculture. The major channel for increasing agricultural input lies in encouraging the farmers to invest more in farming and to increase their accumulated labor in the form of irrigation and other farmland improvement projects. It is imperative to organize the farmers into a sustained drive to build those farmland capital construction and water conservancy projects that can yield tangible results. All



households should be encouraged to collect and use farmyard manure to increase soil fertility. The construction of pastoral areas should be stepped up and animal husbandry should be vigorously developed. In light of their specific needs and local conditions, governments at all levels should draw up and earnestly carry out plans for the construction of water conservancy projects, the development of agricultural resources, the transformation of medium and low-yielding farmland, and the expansion of agriculture and poultry farming, the promotion of farm mechanization, afforestation, as well as construction of rural highways and other facilities.

—Advanced and practical agricultural science and technology should be popularized. Agrotechnicians should be encouraged to go to the countryside and concentrate their efforts on promoting certain highly effective techniques for improving crop strains, cultivation and fertilizer application which cost little money but help increase production noticeably. At the same time, more should be done to train farmers in scientific techniques. Governments at all levels should give full support to this effort in terms of funds, materials and technical personnel.

—All trades and professions should energetically support agriculture. Relevant departments of the State Council and local governments should attach great importance to the development of the industries manufacturing agricultural means of production. In allocating funds and arranging the supply of energy and raw materials, priority should be given to the production of chemical fertilizer, pesticides, plastic sheeting and farm machinery. Industries producing materials for farming should strive to meet the production and supply quotas fixed in the state plan. The method of placing some agricultural means of production under special control will be perfected and continued.

—To promote agricultural development, the state will, where necessary and possible, gradually readjust the purchasing prices for important agricultural products in a planned way so as to balance the comparative returns in the rural economy and encourage farmers to produce more grain and cotton.

—We should carry on with the rural reform and uphold rural policies that will remain unchanged for years to come. The contract respon-

sibility system based mainly on households should be maintained and improved. Networks for production and scientific services during the whole farming process should be established or completed. The dual operation system combining centralization with decentralization, by which the farmers sell their produce to the state and also market it on their own, should be improved in order to promote the development of the rural commodity economy. In areas where the conditions are suitable, scale operation may be developed voluntarily by the farmers to an appropriate degree for the development of a new collective economy. State-run farms should be further improved.

—While going all out to develop agriculture, the nation should continue to conscientiously carry out the basic state policies of family planning and farmland protection. Efficient measures should be taken, and a quota system instituted to control the birth rate so as to remedy the situation of the past few years in which birth control was loosened and population growth was out of control in rural areas. Land resources should be protected and reclamation should be carried out in a planned way. The practice of indiscriminately diverting farmland for other uses must be strictly forbidden.

**16. We should maintain a steady growth of the production of energy and major raw and processed materials, and strive to improve transportation efficiency.** In the coal industry, priority should be given to better management of the mines subject to unified state allocation of their output. Production in the eastern area should be stabilized while coal mines in the central and western areas are to be developed. Meanwhile, efforts should also be made to build and develop local mines. The production of crude oil and the output of electricity should be increased steadily. The iron and steel, nonferrous metal, chemical and building material industries should actively readjust their product mix, turn out more products in short supply and improve product quality. The transportation departments should raise their overall efficiency by enlarging the traffic-handling capacity of the "bottleneck" sections of railways and tap the potentials of available facilities. Highway, waterways and aviation management should also be improved to render well-coordinated service and increase transport efficiency. Communications will be further developed.

—To increase the production of energy and

raw materials, expand transport capacity and restructure the setup in these fields, it is essential to involve the staff members and workers in these departments in an effort to fully tap the potential, increase production and practice economy. In the mean time, proper measures will be taken in terms of investment, loans and supplies to help key enterprises in these departments alleviate difficulties in production and management.

—While doing a good job in increasing production in energy and raw materials and improving transportation, we have to further conserve energy, raw materials and transportation capacity. People in all areas should be urged to economize on the use of coal, electricity, oil, raw materials, water and transportation capacity.

**17. Major efforts should be devoted to readjusting the processing industry and overcoming blind development.** A major task in economic restructuring is to bring the growth of the processing industry in line with that of agriculture, the other basic industries and the infrastructure and adapt it to changes in market demand. In curtailing the processing industry, the emphasis will be laid on 1) the overlapping production of ordinary goods marked by a low technical level and a high rate of consumption of energy, raw materials and foreign exchange; 2) trades and products that serve no purpose but to boost consumption and induce people to buy more than they can afford to. Simultaneous efforts should be made to continue the technological transformation of existing enterprises, improve the organizational structure of these enterprises, give full play to the great potential of enterprises in machine-building, electronics and defense industries, turn out more products that will effectively augment supply, and increase the output of goods which can earn foreign currency through exports or serve as import substitutes.

—The light and textile industries should gradually change their product mix according to the varying demand and purchasing power of urban and rural residents, with due attention paid to developing goods for daily use in the rural areas. The machine-building and electronics industries should develop complete sets of equipment and basic components necessary for production in the fields of energy, raw materials, transport and telecommunications; they should also increase the manufacture of farm mach-

ines and implements geared to actual needs.

—All departments and localities should, in accordance with the requirements of readjusting the processing industry and the criteria set for judging economic efficiency, work out a catalog of products whose production shall be limited, stopped or guaranteed. As to goods whose production has been banned or suspended by government decrees, banks should stop extending loans, power departments should cut off the supply of electricity, supply departments should withhold supplies of fuel and raw materials, and transport departments should refuse to provide services. In view of the redundant production in the processing industry and the shortages of energy and raw materials, public bidding will be conducted among localities and enterprises for the provision of supplies for major production projects so that the stronger competitors will get the business while the weaker ones will be the losers.

**18. We should give full play to the role of big and medium-sized state-run enterprises as the backbone of the national economy.** It is necessary to foster the understanding that only by running well the big and medium-sized state-owned enterprises can the overall economic situation be stabilized, the economic strength of the nation strengthened and modernization realized gradually. Bearing this idea in mind, we should work in real earnest to free these enterprises from their worries and help them achieve progress.

—All big and medium-sized enterprises must put themselves on a sound basis by improving their management, raising their own quality and that of the workers, bringing the initiative of the staff and workers into full play, carrying out technological transformation and innovation, and increasing economic results through managerial and technological improvements. They should also strengthen their ability in acting as their own bosses, bearing the responsibility for their profits or losses, seeking self-development and restraining themselves whenever necessary. This is the key to enabling these enterprises to play their role as the backbone of the national economy.

—Each industry should put its enterprises into different categories according to their quality. It is required to come up with a list of enterprises, which will be given priority in the supply of energy, raw materials, transportation facilities and funds. This should be done in

compliance with the state's industrial policy, in light of the availability of energy, raw materials and shipping capacity, and on the principle of a rational distribution of resources according to the economic efficiency of the enterprises. It is impermissible to misappropriate the funds, energy and raw materials earmarked for backbone enterprises.

—Firm steps will be taken to stop the practice of forcing enterprises to pay unnecessary fees or make monetary contributions unreasonably apportioned to them. This will reduce their financial burden and create better conditions for fair competition among them.

**19. Active guidance should be given to township enterprises for their healthy development on the principle of readjustment, consolidation, remolding and improvement.** Since the Third Plenary Session of the 11th Party Central Committee in late 1978, township enterprises have made major contributions to supporting agriculture, solving the employment problem, promoting economic prosperity, increasing people's income and earning foreign currency through exports. They have become an important pillar of the economy in the rural areas and also an important component of the national economy. As township enterprises developed, however, problems also arose, such as poor product quality, a low level of management, poor economic results and competition with large and medium-sized key enterprises for raw materials and energy. These problems should be solved in line with the principle of readjustment, consolidation, remolding and improvement, step by step and in a planned way.

—As township enterprises develop, they should 1) be based on the processing of agricultural and side-line products and local raw materials, instead of scrambling with large enterprises for raw materials and energy; 2) bring their advantages into full play in labor-intensive and traditional handicraft production, actively developing products for export; and 3) serve as adjuncts to major industries. They should be encouraged to develop along the above-mentioned lines under the prerequisite of developing agriculture on a large scale.

—Local governments should make a serious effort to streamline the township enterprises in accordance with state industrial policy by encouraging the development of those enterprises with good returns and closing down, suspending, merging or shifting to other production

lines enterprises marked by a high rate of energy consumption, low product quality and serious pollution problems, and those enterprises which are poorly managed but tend to scramble with large enterprises for energy and raw materials. Structural improvement should be made among rural enterprises through economic readjustment and consolidation, so as to revamp their management, update their technology and increase their efficiency.

**20. Developing a variety of economic sectors on the premise of adhering to public ownership as the mainstay.** In China, the economic sectors under individual ownership and private ownership are a helpful and necessary supplement to the socialist economy. Better administration and guidance should be provided through economic, administrative and legal means to encourage their continued development within the scope prescribed by the state. Thus the individual and private sectors will be able to play its due role in developing social production, bringing more conveniences to the people and creating jobs. At the same time, the negative aspects of these sectors detrimental to socialist economic development should be restricted.

**21. More support should be given to economic development of the former revolutionary bases, minority nationality areas, remote places, and poor districts.** In the process of economic readjustment, supportive policies should be continued to help these areas develop production and strengthen their ability to make themselves prosperous by their own efforts to gradually overcome their backwardness.

**22. Wide opportunities should be opened up for employment and appropriate arrangements made for job seekers.** Along with the retrenchment of the investment scale and readjustment of the industrial setup, some projects will be stopped and some enterprises will be closed down, suspended, merged or shifted to other production lines. The policy of overall arrangement, social relief and personal initiative in seeking employment should be adopted, and new production fields should be developed in rural and urban areas in order to create jobs for surplus labor. This is important for guaranteeing the smooth progress of economic readjustment as well as an important guarantee for social stability. Careful guidance and well-considered arrangements will be necessary for work in this area.

## V. Straightening Out the Economic Order in Earnest, Especially the Circulation Order

23. We should proceed further in cleaning up and streamlining the companies, especially those engaged in circulation, so as to gradually eliminate the chaotic situation in commodity circulation. A breakthrough should be made first in the coal market in 1990. The coal produced by state-owned mines, coal handed over to the state by local mines, and coal transported by rail beyond provincial boundaries in excess of the state plan will be brought under state administration for centralized distribution, ordering, transportation and management. No individual or institution other than those approved by the state or designated by the departments concerned may be involved in the coal business. As for the management of other capital goods, efforts should be made to clean out companies and units engaged in profiteering as middlemen, as well as service companies set up by productive enterprises to raise ex-factory prices in disguised ways and engage in re-selling at a huge profit. The intermediate links designed to seek huge profits, disrupt the market and boost prices must be eliminated.

24. **The market must be restored to good order.** All capital goods produced in excess of the state plan and marketed by the enterprises themselves should be sold openly, that is, by making public the quantities, prices, buyers and methods of settling the accounts. No individual is allowed to engage in the handling of important means of production. All local governments, departments and units should strictly limit themselves by the price ceilings fixed by the state. In the circulation of major consumer goods, wholesale business should be handled by state-run commercial departments and supply and marketing cooperatives in order to give full play to their function as the major channels. No individual is allowed to handle long-distance wholesale business.

25. **The "double-tier" price system in the marketing of capital goods should be gradually phased out.** The "double-tier" system is a transitional measure adopted under our country's specific conditions, and its disadvantages have now become increasingly clear, as it has become a hotbed of corruption and economic disorder. It has been decided that, in 1990 and 1991, as part of the price readjustment effort, the

"double-tier" prices of coal subject to centralized allocation will first be phased out and replaced by a single price, after which more and more commodities will be brought under a single-price system. As for goods for which "double-tier" prices are difficult to abolish in a short time, the gap between the two different kinds of prices should be narrowed gradually by properly raising the prices governed by state plans, keeping demand under tight control and supervising the prices of commodities sold by the producers.

26. **Much more has to be done in market administration and price control.** Departments handling commerce, the supply of materials and foreign trade should have a healthy managerial philosophy and style, draw up necessary rules and regulations, forbid illegal sales of materials and goods in short supply or in great demand, and improve their services. Industrial and commercial administration and tax department should be better staffed and the capability of their present members should be raised so as to resolutely crack down on illegal businesses and ban them altogether. As for commodities whose sales are under the exclusive control of departments designated by the state, experience should be summed up in order to improve and perfect the methods of handling the exclusive sales. The price control system should be strengthened, price control personnel reinforced, and supervision by the public and by the media tightened. Price gouging must be forbidden. Indiscriminate price-raising, raising prices in disguised forms and the shifting of commodities to another place for sale at higher prices must be stopped.

27. **We should firmly curb and correct the wanton charge of fees, compulsory apportionment of financial burdens and unreasonable imposition of fines.** All these forms of extortion, for which various pretexts are used, have grown to serious proportions in some departments, offices, and institutions in the areas of production, construction and circulation, and have caused wide dissatisfaction among the people in urban and rural areas. Effective measures should be taken to resolutely curb and correct such practices. No department, office, institution or enterprise is allowed to resort to such extortion on any excuse. Those who act against this principle will be held responsible and punished. All enterprises, institutions and individuals have the right to refuse to pay the fees

and fines or share the financial burdens imposed in violation of state regulations.

## **VI. Improving Economic Efficiency by Every Possible Means**

**28. We should shift our economic work to the right track by focusing on the increase of economic efficiency.** In the process of improving the economic environment and straightening out the economic order, every locality and department should adopt the correct guiding ideas and take effective measures to rectify the tendency of placing undue emphasis on the rate of development, aimlessly expanding the scale of production and resorting to random price increases for the purpose of raising income. They should make big efforts to improve management, raise their scientific and technological levels, seek high economic efficiency, and take a course of economic development by which investment is minimized while output and economic returns are maximized. Effective measures should be worked out to specify the requirements for lowering the costs and the consumption of materials and funds, improving the quality of products and increasing product variety; these measures should be implemented at all levels and taken as a major criterion for assessing the work done by economic organizations at various levels and by various enterprises.

**29. Improved economic efficiency should be based on scientific and technological progress.** Amidst the vigorous development of the world's new technological revolution, science and technology are playing an increasingly obvious and important role in economic development and social progress. The promotion of science and technology should be put in a pivotal strategic position in our efforts to overcome China's current economic difficulties, ensure a long-term, stable economic development, and accomplish the tasks of socialist modernization.

—In the process of improving the economic environment and straightening out the economic order, technical resources and research funds should be pooled to popularize, on a large scale, selected scientific and technological achievements which need little investment but yield high economic returns. The purpose is to effect a general improvement in the enterprises' productive and technical level.

—In line with the requirement for the implementation of the state's industrial policy, large and medium-sized enterprises and research institutions will be organized in an effort to effect technical breakthroughs. The items to be tackled will be chosen from among items of technical transformation in traditional industries that have an important bearing on the nation's economic development, from among imported items of technology that are being adapted to China's conditions and from items related to high-tech products, products for export or products intended to be import substitutes. The purpose is to revamp the traditional industries, speed up the domestication of imported equipment and develop high-tech industries.

—Appropriations for technical transformation should be strictly used for this purpose, including raising product quality, reducing material consumption and upgrading products; on no account should they be spent on the expansion of the productive capacity of enterprises handicapped by low technical levels.

**30. Enterprise management should be strengthened and improved.** The phenomenon of "substituting contract system for management" must be overcome. Serious efforts should be made to improve all the essential aspects of an enterprise's management, including the rules and regulations concerning quotas, costs, funds, quality control and business accounting; tighten up technical rules and labor discipline; comprehensively raise the quality of the workers and the enterprise; give full play to the employees' enthusiasm; raise labor productivity; increase production at reduced cost; and raise economic efficiency by revamping the management. The principle of "putting safety first, with the emphasis on prevention" should be carried out to ensure safety in production.

**31. Efforts should be made to eliminate deficits and increase profits.** The authorities in various localities and departments should draw up plans for eliminating deficits and increasing profits and further improve the various forms of the responsibility system designed to enable enterprises running at a loss to make good their losses and earn a profit. They should also earnestly help the trades and enterprises running at a loss so that they can reduce and gradually eliminate their deficits by improving their management and tapping their potential. Trades and enterprises making a profit should

also work hard to eliminate products on which they are losing money and should further increase their profits.

**32. We should carry on in an all-round way the movement for increasing production and practising economy, increasing revenue and cutting down expenditure.** Waste is a serious problem in virtually all units in production, construction and circulation, in organizations and institutions. This shows the great potential for increasing production and practising economy, for increasing revenue and cutting down expenditure. All Party and government organs, public organizations, institutions and enterprises should do a good job of increasing production and revenue and practising economy, make a thorough investigation of their assets and funds, strengthen the management of state-owned property, make every cent count in all spheres of work, practise strict economy, oppose extravagance and waste, eliminate any waste of raw materials and fuel through leakage or evaporation, and improve work efficiency. Strenuous efforts should be made to strengthen auditing and supervision of various kinds of economic activities and to strictly enforce financial discipline. Throughout the socialist modernization process, the workers and staff must be fully involved in the socialist labor emulation drive with increasing production and practising economy as its major content, a drive which should be launched in a protracted and profound way. During the period of economic readjustment, this campaign should be carried out in real earnest. It is of vital importance not only for overcoming economic difficulties, but also for establishing a clean government, improving the social moves and maintaining close ties between the Party and government and the people.

## VII. Deepening the Reforms and Opening Wider to the Outside World

**33. We should correctly understand and handle the relationship between readjustment and the deepening of reforms.** First of all, to improve the economic environment and straighten out the economic order does not mean to hold up or even relinquish the reform effort. On the contrary, the endeavor will provide conditions indispensable to the in-depth and healthy de-

velopment of the reforms and, at the same time, needs the coordination provided by the reform effort. Secondly, the reforms should be centered on and placed at the service of economic readjustment. Finally, neither improving economic environment and straightening out the economic order nor deepening the reforms is the end. Both are instrumental for achieving a sustained, steady and well-balanced economic growth. Therefore, the two must not be separated, nor should they be set against each other. Lack of enthusiasm for economic readjustment means apathy towards the reforms.

**34. We should adhere to the socialist orientation of the reforms and clarify the focus of the current effort to deepen the reforms.** The socialist economy in China is a planned commodity economy based on public ownership. The current reform is the self-perfection of the socialist economic system. The key to the reforms lies in the gradual creation of an economic mechanism which combines a planned economy with market regulation. The extent, forms and scale of such a combination will have to be adjusted and readjusted with ever better results in the light of actual conditions. Delegating more decision-making powers to localities and enterprises and allowing them to retain more profits in order to energize the economy is a reform; rationally coordinating the interests of different quarters and perfecting the macro-control system is also a reform, and the more arduous one at that. The major tasks for the current period of readjustment include: 1) stabilizing, enriching, readjusting and improving the reform measures introduced over the past few years on the basis of combining a planned economy with market regulation; 2) increasing centralization to an appropriate extent to meet the requirement for more planning in the period of improving the economic environment and straightening out the economic order. Such centralization should be effected to a moderate extent on the basis of bringing into play the initiative of local governments and enterprises; it is by no means the kind of over-centralization that tends to deny localities and enterprises their decision-making power; and 3) establishing a macro-economic control system which promotes a stable development of the economy while at the same time continuing to invigorate the micro-economy. It is expected that the reforms will be put on a sounder footing and will be further deepened after the economic environment is

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markedly improved through readjustment.

To deepen and perfect the reforms, emphasis will be laid on the following points:

—The contract responsibility system in enterprises should be continued because it is good for further arousing the enthusiasm of enterprises and employees for developing production. In the meantime, efforts should be made to earnestly sum up the experience and by eliminating the drawbacks, continuously perfect the system. If the base output quotas and the contracted part of the production task as specified in an enterprise's contract are too small, they should be increased appropriately. Local authorities should look for diversified forms of the contract system which will correctly handle the relationship between the state and the enterprises, and try them out step by step under proper guidance. The system whereby the director of a factory assumes overall responsibility for its operations should be maintained and improved as well, so that management can be strengthened, and reforms advanced in the enterprises. The leading role of the Party organization in an enterprise in political and ideological work should be enhanced so as to give full play to the enthusiasm, initiative and creativeness of the workers and staff. The Party organization and management should work in close coordination, and the factory director and the Party secretary should support each other and coordinate their actions in a joint endeavor to run the enterprise well. Horizontal cooperation between enterprises should be further promoted and the establishment of enterprise groups encouraged.

—The current system of financial contracts between the central and the local authorities has both advantages and disadvantages. The advantages lie in that it brings into play the enthusiasm of local authorities for financial management and increasing revenue. The disadvantages are that it leads to the erection of barriers between different localities, split up the market and encourage overlapping construction. The current reform does not aim at a return to the old system under which local revenue and expenditure were all under central government control. Rather, it is intended to tap the strength and eliminate the weaknesses of the system and enable the central authorities to increase their financial resources to a certain degree. Until the current financial contract system is changed, the portion of revenue turned

over to the central authorities by provinces and municipalities which are required to do so will be raised somewhat according to their abilities for the purpose of tiding over the financial difficulties in 1990 and remedying the unbalanced financial burdens of different localities. In the meantime, special subsidies allotted by the central government to localities will be cut down somewhat.

—Reforms in the financial system must favor unified control. The macro-control of the central bank should be strengthened, and the scale of currency issues and the total amount of credit should be put under tight control. The central bank will exercise unified leadership and authority over all specialized banks. The monetary situation must be further straightened out. The illogical overlapping of services among different financial institutions must be ended. Loans should only be provided according to the government's industrial policies and credit plan. The need for banks to be managed in the manner of enterprises should not be over-emphasized. It is necessary to resolutely close down or merge financial institutions other than banks and trust and investment companies run by banks. Private banks including old-style money shops, must be banned. Reforms in the financial system should be brought in line with readjustment of the credit structure and the checking of loans already issued.

—The current contract system adopted in foreign trade has played an active role in developing foreign trade, but it has also contributed to the dispersion of foreign exchange and the disorder in foreign trade. Appropriate measures should be taken to gradually alleviate the over-decentralization in foreign trade and foreign exchange management and establish a proper measure of centralized control. The export of primary products in bulk and import of major goods will be placed under the unified administration of foreign trade corporations designated by the state. Foreign trade companies will be banned if they are not state-owned specialized foreign trade companies, companies that are authorized to integrate industrial production with foreign trade and other production enterprises empowered to carry on foreign trade. Individuals are not allowed to conduct foreign trade. Production enterprises with foreign trade licenses are not allowed to purchase other enterprises' products for export or resell imported goods for a profit. The portion of foreign ex-

change earnings retained by localities and enterprises will be readjusted, and the preferential treatment for various localities in this regard will in principle be abolished. All foreign trade transactions should be conducted through banks, except for those governed by specific government regulations. Unified management of foreign debts will be strengthened. Channels through which loans are borrowed from foreign countries should be regulated so as to avoid duplication of borrowing. The ceilings for borrowing set by the state must not be exceeded.

—The system of materials management will be improved. The proportion of important materials subject to state unified allocation will be raised appropriately. The previous quotas of materials an enterprise turns over to the state for unified distribution should not be decreased, and quotas which are relatively low should be increased properly. Newly commissioned enterprises should turn over a certain amount of their products in proportion to state investment. Enterprises marketing their own products are required to set aside a certain amount for sale to customers designated by the state and according to the state quotas to meet the needs of the nation's key construction projects. Strong measures will be taken to carry out the state plan for the unified distribution of materials and the fulfillment of contract orders. The supply of important materials will be suspended for producers which fail to provide goods for distribution according to the state targets.

—The reform of the pricing system should be advanced step by step in a steady way on the basis of reinforced macro-control. Power to manage prices should be further centralized for stricter administration over prices of goods of vital importance for state construction and people's livelihood. Effective measures should be taken to stabilize the prices of daily necessities. The relaxation of control over the prices of certain commodities will be continued. If necessary, ceilings may be set for the prices of some of these commodities, or a system of submitting plans for price increases for approval may be introduced. The reform of the price structure should be carried out step by step, under competent leadership and by focussing on the prices of some commodities at a given time on the principle of a strict control of the general price level.

—The planning system should be improved

appropriately enlarging the scope and proportion of products covered by mandatory plans. The mandatory plans should be strictly carried out and the methods for carrying out the guidance plans should be perfected. Power to examine and approve construction projects already delegated to lower levels will be taken back by authorities at higher levels. Large and medium-sized capital construction projects as well as those whose investment exceeds the stipulated norms must be examined and approved by the central authorities and the norms of investment for some industries will be readjusted according to the industrial policy of the state. In principle, small local construction projects and those whose investment is below the norms will be examined and approved by the authorities of provinces, autonomous regions or municipalities directly under the central government. To keep pace with the reforms in the systems of finance, investment, material supply and foreign trade, it is necessary to define the planning and managing powers vested in the central government and the authorities of provinces, autonomous regions and municipalities directly under the central government, and the way large and medium-sized enterprises and enterprise groups are managed according to a centralized plan should be improved and perfected. The relations among the planning, financial and banking departments will be straightened out so as to give full scope to the planning department's role in effecting an overall balance of the economy and implementing the state's industrial policy and as an economic lever for close cooperation between the planners, financiers and bankers so that they can work in sync according to the requirements of economic readjustment.

**35. We should persist in opening to the outside world and expand foreign trade and economic and technological exchanges more effectively.**

Opening to the outside world is our country's consistent, long-term policy. During the whole period of improving the economic environment and straightening out the economic order, China must make full use of all favorable international conditions that can be used, minimize unfavorable factors, and accomplish all work well so that opening up and the economic readjustment may promote each other.

—We should make every effort to guarantee a sustained development of the country's foreign trade. Stick to and improve the policies



and measures for encouraging exports, effectively solve the difficulties that exist in the production of key export items, in major areas producing exports and in key export-oriented industries as a way to actively develop export commodities. We shall continue the readjustment of the mix of export commodities based on the principle of giving consideration to sales both at home and abroad. Exports of resources and related products that are scarce in China and exports of primary products will be controlled and reduced. Actively increase the exports of manufactured goods like machinery and electronic products, and finely-processed and high-tech products, and further expand exports of agricultural products to earn foreign currency. Efforts will be made to update designs and varieties, improve product quality, abide by contracts, improve sales promotion service and strengthen China's competitiveness in the international market.

—While making every effort to increase exports and foreign currency earnings and reduce imports, we should spare no effort to seek a balance of revenue and expenditure in foreign trade and even to gain a surplus in foreign trade in order to repay our foreign debts, including principle and interest. Strictly ban imports of luxury goods, high-grade consumer commodities and general machinery and electronic products, so that the limited foreign currency can be spent on importing badly needed equipment and materials. Positive measures should be taken to produce raw materials, machinery and electronic products that can be produced domestically. Various regions and departments must actively develop import substitutes, speed up the process of the domestication of imported products and try to reduce the impact of reduced imports on national production and construction and people's lives.

—We should continue to actively use foreign funds and import advanced technology, and to reinforce scientific and technological exchanges and co-operation with foreign countries. In order to further improve the investment climate, we should go to great length to carry out laws and regulations concerning China's foreign economic affairs. Concentrated efforts should be made to make sure that the Sino-foreign equity joint ventures and contractual joint ventures which have already been set up are run well, so as to enable them to play an exemplary role and to attract more foreign investment. We should

work harder to incorporate more direct foreign investment which accords with our country's industrial policy, set up more equity and contractual joint ventures based on the transformation of existing Chinese enterprises, and actively seek available long-term, low-interest loans from foreign governments and international financial organizations. The contracting, use and repayment of foreign loans will be kept under tighter control.

—We should redouble our effort to run the special economic zones well and give full play to their function as windows and bases for the policy of opening to the outside world. We should continue to encourage coastal areas to develop export-oriented economies. The basic policies and measures in respect to the special economic zones and open coastal areas remain unchanged and will be perfected gradually in the course of practice.

## VIII. Strengthening the Party's Leadership Over Economic Readjustment and Reforms

**36. Strengthening the Party's leadership is the fundamental guarantee for realizing the tasks of improving the economic environment, straightening out the economic order and deepening the reforms.** To extricate ourselves from economic difficulties, we should strengthen Party leadership, give full play to our political superiority and unite the whole Party and the people of all nationalities throughout the nation to work hard as one in a down-to-earth way.

—The nation's stability is precisely where the basic interest of the whole Party and the whole nation lies. Political stability is the premise and economic stability the foundation. Neither can be dispensed with. Party organizations at all levels, especially those in economic departments, enterprises and villages, should, proceeding from the overall interest of the state, see to it that the Party's role as the core of leadership and a fighting bastion is brought into full play, and conscientiously carry out the Central Committee's principles and policies. While firmly safeguarding the political situation characterized by stability and unity, they should do their best to ensure the smooth progress of economic readjustment. They should strengthen public security, crack down on various law-breaking activities and create a social

environment conducive to stable economic development.

—We should strengthen Party's ideological and political work, study Marxism-Leninism and Mao Zedong Thought in earnest, deepen education in current affairs and the nation's situation as well as the ideological education designated to foster patriotism, collectivism and socialism among the people. We should carry through to the end the long-term education in the Four Cardinal Principles and the protracted struggle against bourgeois liberalization; on no account should we give up these endeavors halfway.

—All Party members and cadres, especially leaders, must maintain close ties with the people, be the first to bear hardships and the last to enjoy comforts, conduct investigations, improve their ways of thinking and working style and play an exemplary role in uniting with the people of all nationalities throughout the country in the socialist modernization drive. What the people are required to do, the leaders, especially the high-ranking leaders, must do first. What the localities are required to do, the central authorities must do first. Thus we can surely rally the people to tide over the difficulties.

**37. We should enhance unity and a sense of organization and discipline and combat decentralism.** In order to accomplish the arduous and complicated task of readjustment, each Party member and Party official must bring his ideas, words and deeds in line with the political line, principles and policies of the Party Central Committee, so that the whole Party can be united in thought and in action. Only in this way can we have the strength to overcome the present difficulties. We must firmly oppose decentralism, because any kind of decentralist action or tendency is bound to weaken the Party's fighting power. The nation's economy is an organic whole. Only by working as one in the current economic readjustment and achieving a fundamental turn for the better in the country's entire economic environment can all localities and departments develop soundly. Those who refuse to abide by the orders or insist on doing what is forbidden, and those who take counter-measures toward state policies or feign compliance but act otherwise, should be criticized severely; serious cases should be dealt with according to Party and administrative discipline.

**38. We should get rid of corruption, foster a clean administration, and promote the Party's fine working style.** Depraved Party and government officials who damage the cause of the Party and the people must be sternly punished in accordance with the law, without being treated with indulgence or tolerance. Otherwise, it would be impossible for the Party to maintain its high prestige, and the Party would surely be divorced from the people and even exposed to the danger of becoming morally degenerate. The Party's working style is a matter of life and death for the Party. We must persevere in the principle of serving the people heart and soul and in the fine style of integrating theory with practice, of maintaining close ties with the masses and of criticism and self-criticism. We must run the Party strictly according to the Party Constitution. We should, by adopting firm and effective measures, surmount all obstacles, stop all forms of corruption and bureaucratic styles of work, and renew and develop the flesh-and-blood ties between the Party and the people.

**39. The spirit of self-reliance and of doing arduous pioneering work should be carried forward.** The Chinese people never gave in to any external pressure and will never do so, nor will they abandon the socialist road and national independence to barter for charity from others. The Chinese people are fully able to solve the problems they face. We are not frightened by temporary economic difficulties or trouble-making by hostile force at home and abroad. So long as we make unceasing efforts, rely on ourselves and work hard, our country will surely grow stronger and more prosperous to the admiration from the people in the rest of the world.

The Central Committee believes that our socialist modernization, reform and opening up to the outside world have won great achievements and are continuously forging ahead. The difficulties confronting us are, after all, occurrences in the process of making progress. So long as the whole Party and the people of all nationalities of the country rally closely around the Party Central Committee, raise their enthusiasm, immerse themselves in hard work, make concerted efforts and unite in struggle, we will certainly surmount the present temporary difficulties and achieve new and greater victories. ■

of rural Chinese children could not read or write. One factor of concern, however, is that rural education, to date, has often been unpractical in rural work. A case in point is Yangyuan County in Hebei Province. Although the county was a national model for popularizing primary education in 1964, its annual per-capita income was still below 200 yuan in the mid-1980s and,

countywide, 33.3 percent of all the villages had an annual per-capita income below 120 yuan.

Nationally, of course, the negative effects of an inability to adopt scientific methods are magnified. Some 70 percent of all research results, for example, cannot be used in the field. Consequently, 66.6 percent of the farmland is still of low yield and the rate of livestock which die of diseases is as high as 10 percent.

One reason for the discrepancy between rural education and the needs of the local economies lies in the orientation of China's rural educational system. Although only 3 percent of China's rural secondary students could enter college or universities, almost all rural schools geared themselves exclusively towards this purpose of sending as many students as possible to school of higher learning. For a variety of reasons, however, the attempt doesn't pay off. The majority of students, having learned almost nothing useful for agricultural work, often found themselves



**On September 10, 1988, farmers from Quzhou County, Hebei Province, erect a gigantic tablet in honour of local rural university teachers and students who helped improve 18,666 hectares of saline-alkali land and raise the per-unit output by nine times.**

TANG SHIZENG

at a loss when they returned home. It was little wonder that farmers said "all our children were reading at school but we still could not rid ourselves of poverty."

To change the situation, the CPC Central Committee issued the Decision on the Reform of Educational System in 1985 which says, in part, "Education must serve socialist construction, and socialist construction must rely on education." This decision shifted the orientation of rural education.

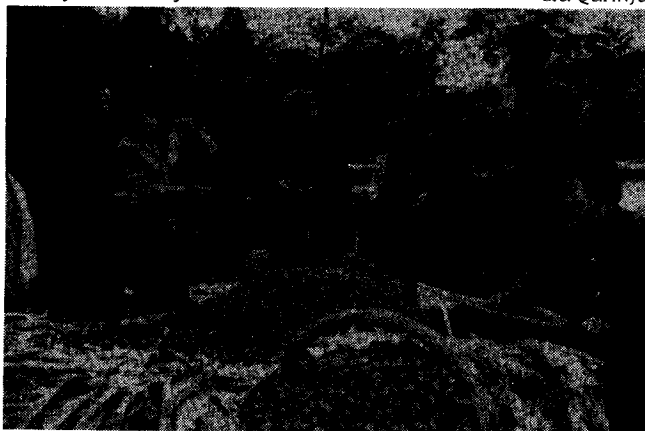
In the discussions which followed this decision, many people pointed out that the former ten-

farmers' scientific methods and management," they asserted, "will it be possible to improve the rural economy within a few years."

A consensus was reached and the "prairie fire programme" developed. The programme stresses not only training talented people for rural employment but also the need to develop voc-ed programmes jointly because of the mutual dependency of education and economics. The programme, therefore, is entirely different from past campaigns to wipe out illiteracy and so has received widespread attention and support in rural areas.

**Associate Professor Zhou Jixiao (third right) of Hebei Agricultural University helps promote technology for high-yield date production in Fuyuan County.**

LIU QUANJU



### **Becoming Rich Through Education**

Encouraged by the "prairie fire programme," special schools were set up in areas like Chenxian County in Hunan Province. Many farmers quickly realized benefits as their incomes soared. One such farmer is Zeng Baobao, a middle school graduate who

has, since the late 1980s, started a chicken farm, a pig farm, a fish farm and an orchard. Applying what he has learned to increase production, he uses chicken droppings to feed pigs, pig droppings to feed fish, and silt from a fishing pond to supplement the soil of fruit trees. In 1988, he sold 25,000 chickens, 7,500 kg of fish and 100 pigs and planted fruit trees on more than 1.5 hectares of land, reaping a gross income of 280,000 yuan and netting some 45,000 yuan in profit.

The "prairie fire programme" has taken root in many other locations. In Hebei Province, for example, special cultural and technical schools for farmers have been set up this past year in 259 pilot villages and townships

school in Yangyuan County, Hebei Province has set up a rabbit breeding farm, a sheep farm, and a chicken farm, covering a total area of 8.6 hectares, plus eight, out-of-school bases to popularize technology in selected nearby villages. Thus far, they have introduced and experimented with some 20 scientific and technical research projects, disseminated 20-odd items of practical technology, and supplied more than 2,000 breeding rabbits, 20,000 breeding chickens and over 200 sheep to local farmers. In addition, this school dispatched 214 teachers and students to local villages to help build up household production bases, provided more than 100 kinds of information materials,

and piled a textbook entitled *How to Prevent and Treat Pig Diseases* for local middle schools. Various localities also stipulate that primary, middle and high school graduates must receive pre-work technical training provided jointly by primary and middle schools, secondary technical schools and special technical schools for farmers. Only those students holding two kinds of diplomas—those issued by both the "regular" school and technical training school—can obtain employment in agricultural production.

As part of the reform in the existing rural primary and middle schools, efforts also are made to closely link school programmes with technical projects needed for local production. For example, to increase grain, vegetable, meat, milk and egg production, various schools in a township in the suburbs of Chifeng City, Inner Mongolia, organized a technique training class for local farmers. In 1984, the township's income from these products hit 4.18 million yuan, averaging 355 yuan per person, and made up 35.5 percent of the total township income. Another example is Gushi Town in Nanxiong County, Guangxi Zhuang Autonomous Region. To increase production of yellow tobacco, for which the town is famous, various local agricultural schools sponsored technical training classes for farmers. The result was that, in 1989, the town's yellow tobacco output topped 1.4 million kg, the value of its output 1.8 million yuan more than the previous year, and its per-capita income topped 1,000 yuan, or 16 percent higher than 1988.

### Promoting Education Through Production

Local governments and farmers in areas which have introd-



Dazu Town in Shandong Province opens an adult cultural technical school for local farmers.

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and provided training to over 1.07 million people, including 400,000 rural middle school graduates.

Nationwide, there are some 33,000 and 180,000 schools, respectively, of this type at the village and township level which have become educational centres and hubs of economic development. For example, a county-level secondary professional

and run scores of training classes for village agricultural schools.

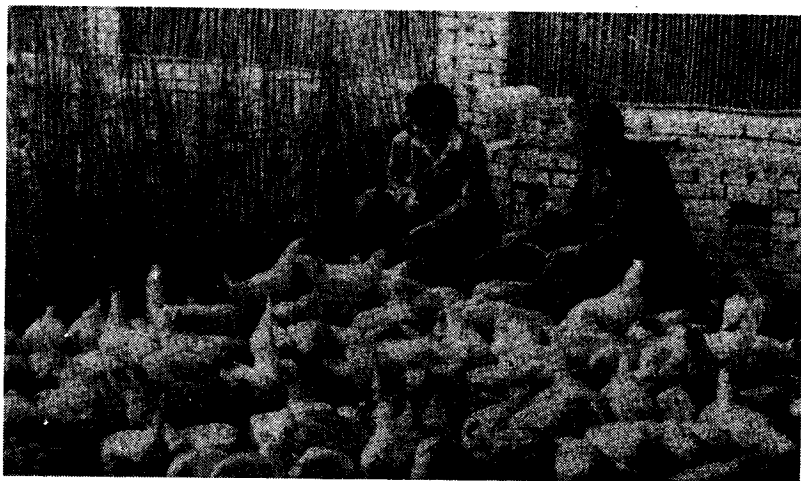
Reforming the existing 800,000 rural primary and middle schools is also an important part of the "prairie fire programme." To this end, professional education, such as farmwork, is included in the teaching materials for primary school pupils. One township in Chuan-sha County of Shanghai com-

uced the "prairie fire programme" have all shown a higher awareness of the importance of education. This is most evident by an increase in funding. A survey of Shanghai, Henan, Hubei and three other provinces show that more than 30 million yuan has been invested in education, in addition to the special state allocations. And farmers in Huatang Town, Chenxian County of Hunan Province, invested 80,000 yuan, an average 4 yuan per person, to construct a new building for a local middle school, in addition to the 170,000 yuan provided by the county government.

This increased willingness to spend money on education is not tied to any particular locality. Various counties and townships involved in the "prairie fire programme" have spent huge amounts of money improving school facilities and replenishing teaching materials and aids to boost education. Most plan to have the nine-year compulsory educational project in place by the late 1990s, but it is estimated that many will meet their planned target five or less years ahead of time. Qingpu County in Shanghai, chosen to experiment with the programme earlier than other locations, planned to universalize nine-year compulsory and elementary technical education by 1990. It also plans to improve the quality of its basic education and develop a plan for intermediate technical education around 1995, and secondary school education and intermediate technical education before the year 2000.

### The Role of Schools of Higher Learning

The Beijing Teachers' University is an enthusiastic supporter of the "prairie fire programme." Since it began its co-operation with Yangyuan



Li Zhenqing (left), a lecturer with the veterinary department of Hebei Agricultural University, and Zhao Yongfu from the Dingxian Livestock Bureau, work together to promote chicken breeding with scientific methods.

LIU QUANJU

County, Hebei Province in 1987, Associate Professor Gong Naichuan and his colleagues went there almost every month to investigate the programme. They helped the local county government formulate plans for overall development, train primary and middle school teachers and compile teaching materials. Other universities such as Qinghua University in Beijing, Nankai University in Tianjin, Tianjin University and Hebei Agricultural University also worked to help implement the programme in various pilot counties of Hebei Province.

Support provided by universities and colleges for the "prairie fire programme" includes scientific and technological consulting services, training of senior and middle-level agronomists and management guidance. The implementation of the programme, in turn, has promoted changes in the schools' curriculum, especially those of agricultural universities and colleges.

A few years ago, the curriculum at Hunan Agricultural University was divorced from the reality of rural life; many graduates were reluctant to return to the countryside, and

those who did go back were found to be of little use in agricultural production. The new programme, however, prompted the university to introduce a series of reforms, including the restoration of experimental plots and technical training, to encourage the students to be more productive. Students majoring in livestock breeding, for example, are now required to learn veterinary medicine and freshwater fish breeding.

Perhaps the most productive reform of all, however, is the introduction of a new subject, rural household management, to secondary technical schools. It is clear, though, that all aspects of the "prairie fire programme," taken together, are necessary to have a significant impact on the rural economy. Rural China is populous but scarce in farmland and a further increase in the rural population is sure to make the country's economic situation more difficult. The best way out, experts agree, is to raise per-unit production. They also point out that the comprehensive "prairie fire programme" is the best method developed to date to ensure the educational system meets the economic needs of China's rural economy. ■

# The Population Boom and Family Planning

by the State Statistics Bureau

**O**n April 14, 1989, the population of China surpassed 1.1 billion. Such an explosion in the nation's population makes it necessary to take stock of the aftereffects, fully assess the consequent problems and come up with measures to adequately control any possible future expansion.

## Historical Lessons

Since the founding of the People's Republic of China in 1949, there have been two dramatic periods of expansion in the population.

During the first increase in the population, from 1950 to 1957, some 167.73 million people (20.97 million a year on an average) were born. The annual birthrate in the eight years exceeded 31.9 per thousand and after five years had surpassed 37 per thousand. The annual natural growth rate was more than 19 per thousand and the net increase in the population over the eight years was 100.54 million people.

The second expansion occurred from 1962 to 1975 when 361.36 million people were born in 14 years (21 million annually). The annual birthrate in the 14 years was more than 23 per

thousand; 1963 saw the highest rate of 43.6 per thousand. During the 14 years, the natural growth rate exceeded 15.77 per thousand; in 1963 it was as high

restoring production, developing the economy and improving the standard of living for all the people. It was wrongly thought at the time, however, that the problem of over-population did not exist in a socialist society.

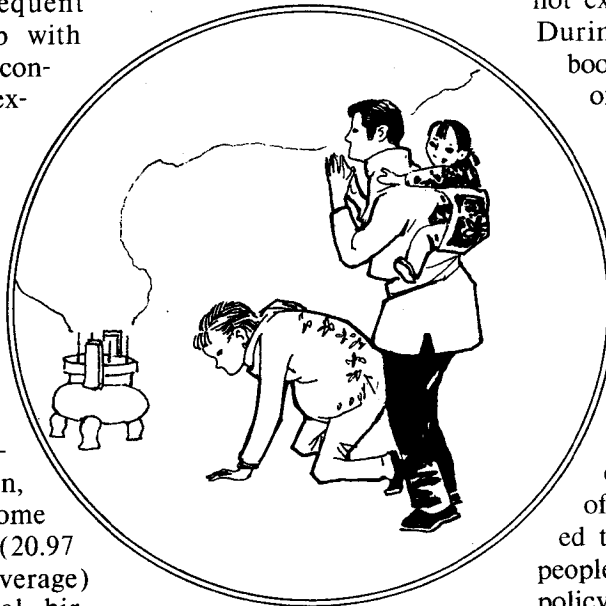
During the first population boom, the former president of Beijing University and economist, Ma Yinchu, devised family planning guidelines and measures for controlling the size of the population but, at the time, was wrongly criticized for his work.

## Mistakes in policy.

During the early years following the founding of the People's Republic of China, the nation adopted the policy of encouraging people to bear many children, a policy for which China has paid a high price because of the resulting population boom.

The cost of this boom has been evident in the following:

**Uneven social development and a lower standard of living than otherwise possible.** According to the statistics, from 1953 to 1987, consumption volume in China's national income grew 6.4 times along with a 5.5 percent annual growth rate. This occurred at a time when the population nearly doubled and the per-capita consumption



Praying for a son.

as 33.5 per thousand. There was an overall increase of 270 million people.

## Reason Behind the Population Expansion

**Mistakes in population reproduction theory and in the guidance of the leadership.** At the founding of the People's Republic of China, the entire country faced the urgent tasks of healing the wounds of war,

volume grew only 3.4 times or 3.6 percent in the annual growth rate. Moreover, nearly 50 percent of the newly increased consumption material was used to satisfy the need of the new population born during the same year.

**Gradual disappearance of economic advantages.** Many of China's natural resources are the most abundant, and the output of many of its industrial and agricultural products, the highest in the world. Its cultivated and prairie land, for example, rank fourth internationally. Its output of coal, cement, cloth, grain, pork, beef, mutton, cotton, peanut and rapeseed rank first; televisions and tea second; chemical fertilizers and soyabean third; and steel, cement and chemical fiber fourth. The burgeoning population, however, has eliminated any advantage such a large output in production might have presented to the population.

### The burden on society has increased.

—Advancement opportunities for employees are continually shrinking. The phenomenon of waiting a long period of time for jobs and of at-home unemployment is compounded by the growing surplus of urban and rural labourers.

—Compulsory education has been confronted by two outstanding difficulties: financing and teaching standards. According to rough statistics, if the nine-year compulsory education is provided to the current 300 million children under 14 and, later, to the 200 million

children to be born before the end of this century, the country will need to pay out 500 billion yuan, more if inflation is taken into account, a sum equal to half of China's national income in 1988. In regards to teaching standards, there is a need to improve the quality of teachers to keep up with the demands of a changing society. In 1988, there were still 42 percent of rural primary, middle and high school teachers who did not have the formal schooling officially required of them for their

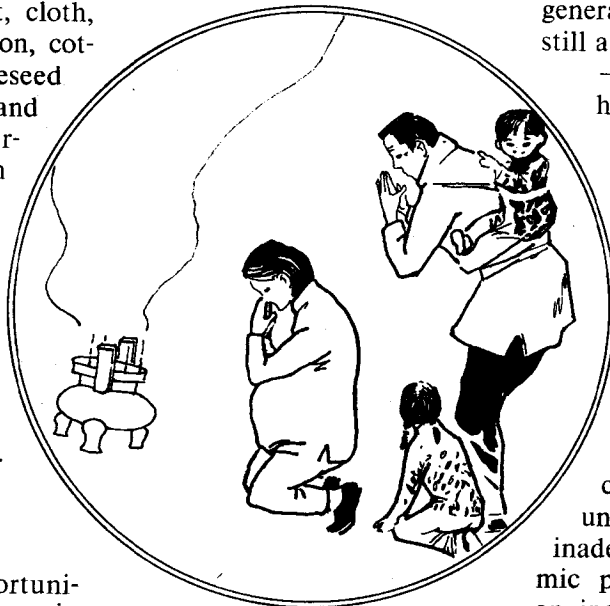
inoculated against measles and 38.79 percent had not had BCG vaccine inoculations. Today, many rural areas still lack doctors and medicines.

—The poor transportation service and inadequate housing are unlikely to improve. Continual upgrading of transportation capacity cannot keep up with the demand for bus, railway, plane and ship transport. In housing, 16 percent of urban residents do not have sufficient or convenient living conditions. Some people have no housing. The situation wherein several generations live in one room is still a frequent occurrence.

—The population boom has brought public security problems. There is special concern for the hidden perils which future expansion of the population will bring.

### Family Planning

The pressure of the population expansion on China's economic and social life and the contradiction between its unchecked growth and the inadequate increase in economic production have become an increasingly acute problem since the beginning of the 1970s. Faced with the gravity of the situation, the government brought the family planning work to the fore of the national agenda. Birth control departments were set up at the central and local levels. For the better implementation of the government policy of one or two children per couple, the economic and administrative measures necessary were taken. These initial steps in family planning were successful and the mo-



Still praying for a son after several years.

respective teaching posts.

—There has been an increasing burden placed on the provision of medical care. By the end of 1988, there were only 23 hospital beds and 34 doctors and nurses per 10,000 people. Only 12 provinces and municipalities out of 30 reached the planned number of immunity inoculations. About 17 percent of children, aged five and under, had not been

mentum of the population increase thereby checked.

**There are 200 million fewer births because of the policy of family planning.** This is a great achievement. If China's population had reached the 1.3 billion mark, there would have been even less room for the country to deal with its current difficulties.

**The increasing rate of population growth has slowed.** Between 1954 and 1973, when China's population grew from 500 million to 900 million, the time period for each increase of 100 million people was respectively ten years, nine years, five years and five years, a particularly high rate. Since the 1970s, however, the rate has slowed. The increase in the population from 900 million to 1 billion took seven years, and nine years were required for the population to increase from 1 billion to 1.1 billion.

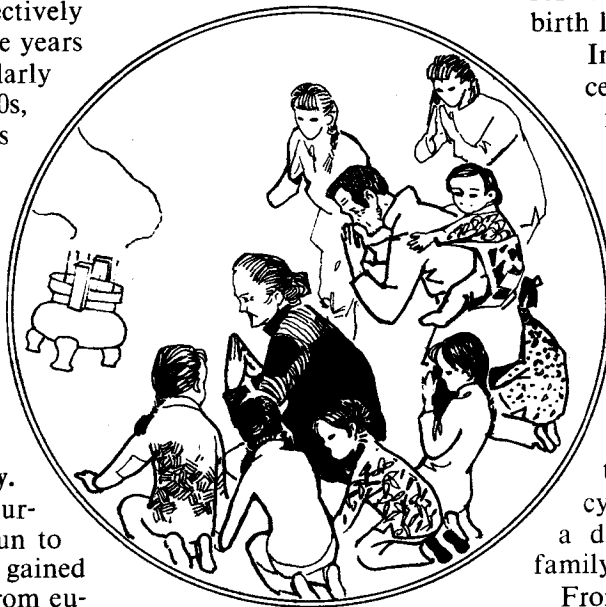
**Renewed understanding of the need for a sound population policy.** The public, especially urban residents, have begun to realize the benefits to be gained from fewer births and from eugenics, and have set a good example in their exercise of family planning.

### Problems to Be Faced

A third boom in the population can not be avoided. When this occurs, the number of women of child-bearing age will grow from 280 million to 340 million, 12 million of whom will reach their peak age for bearing children annually. If family planning of this age group is not carried out well, there will

be perilous legacy for the population of the next century. There are thus some major problems to be dealt with by the current generation.

Some farmers still believe that many children bring prosperity and that a family with few children, particularly if there is no son, brings unhappiness. Their desire for large families is very strong. In some areas, there is no control over the number of births, a major contributing factor to the excessive increase in the population.



After several decades, too many children, all daughters. *Drawn by ZHAO REN*

Under the new economic system, there are no effective measures to control people who disregard the family planning policy. The former economic means do not have much force behind them and there is little incentive on the part of the rural population to check early marriages and increased births.

### Measures

Planned increases in the po-

pulation and elimination of the difficulties brought about by the people boom to China's social and economic life requires comprehensive measures. These measures must include educational, administrative, economic and legislative means such as firm implementation of on-going family planning policies and acceleration of legislative work; strict rules on the allowable age for births, marriages and the number of children; prohibition on the birth of the mentally retarded; and fines for exceeding the allowable birth limit.

In the long term, it is necessary to carry out an effective educational campaign and improve people's cultural level mainly in the rural areas. The effort to eliminate illiteracy, enforce compulsory education and provide vocational education should be integrated. There's no doubt that improving the literacy level of farmers will play a decisive role in effective family planning.

From this date on, it is necessary to gradually set up and implement the old-age pension system to eliminate people's fear that fewer births will spell trouble in their old age.

It is also clear that more research needs to be done on convenient and acceptable contraceptive measures and that sufficient medical and technological means for birth control operation, especially for people in rural, outlying and backward districts, must be provided. ■



# Serving Mankind With Knowledge

by Our Staff Reporter Huang Wei

*Intellectuals play an important role in China's socialist construction. Many of them have emerged as model workers, whose outstanding accomplishments have inspired hundreds of millions of fellow citizens in the ongoing modernization drive. Following are the stories of three of them—Ed.*

**J**in Qingmin, 50, is a Chinese geologist who became the first woman in the world to travel far into the Antarctic continent and the first to discover mineral deposits there. Jin, now an associate research fellow, works at the Nanjing Geology and Mineral Research Institute.

After passing a strict screening in October 1987, she took part in China's first round-the-world marine exploration and third expedition to the Antarctica. At the Great Wall observation station built on the King George Island off the Antarctic continent, she withstood the subfreezing temperature and won high esteem for 77 days of remarkable activities.

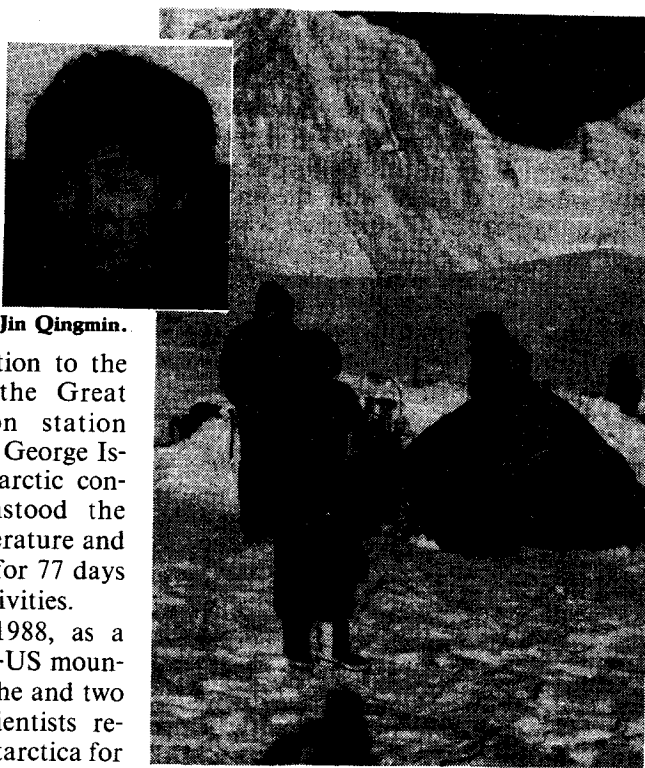
In December 1988, as a member of a Sino-US mountaineering team, she and two other Chinese scientists revisited central Antarctica for a scientific survey of Vinson Massif mountain range, called "the death zone." Jin

Qingmin, the only geologist and the only woman on the team, demonstrated her intelligence, and warm and cheerful disposition along with her lofty sense of responsibility as the team explored the mysterious Antarctica. When

the United States government asked each explorer to sign a contract agreeing, in case of a fatal accident, to burial on Antarctica, she signed without hesitation.

"If I die during the exploration," Jin said to her companions, "would you please lay my head in the direction of my motherland and my feet towards the South Pole. Then, even if I die, I'll continue walking to the pole."

After flying over thousands of icebergs, the party of six finally arrived at the foot of the Vinson Massif at an elevation of 5,140 metres. To the north of the range are many precipitous mountains and valleys and to the south lies a vast expanse of snow-clad grassland studded with glaciers. A cold and desolate place, the temperature year-round is between 40-80 degrees below zero Centigrade. They got straight to work upon arrival, however, as she and five other male companions chiseled rocks and ice in order to build a settlement. Every day, when she collected samples, conducted analysis and took photos on glaciers about 400-500 metres in height, she had to



Jin Qingmin (front) beside the group's mountain-climbing camp on the Vinson Massif mountain range.

carry several instruments on her back and wear mountain-climbing boots fitted with steel awls weighing three kilograms. She often worked more than a dozen hours each day. In one four-day stretch, relying on her wealth of geological knowledge and field work experience, she drew five geological cross sections in locations she had surveyed. With her drawings and 40 kg of rock samples she had collected at the site, she was able to determine the distribution of mineral resources in this area. On December 2, 1988, she discovered an iron ore seam hidden deep in a rocky mountain ridge at an elevation of 3,000 metres. A preliminary survey showed that the red iron mineral formation was more than 20 km long, 200 metres wide, and had an iron content of some 30-50 percent. It was later verified by other scientists that the mineral bed had a geologic age between 322 million and 327 million years.

When she finally left the Antarctica, she had to discard her precious mountain-climbing gear to make room for the 40 kg of mineral samples she had collected and packed in three boxes.

In the 1950s, Jin Qingmin had studied in the Beijing Institute of Geology. After her graduation in 1960, she volunteered to work with a geological team in Xinjiang. Her husband, a former schoolmate, also went to Xinjiang from scenic Hangzhou in south China, and the two worked together there for 20 years. Jin has participated in the exploration of more than a dozen large and medium-sized mines and, together with her colleagues, drew a map of mineral resources in Tianshan Mountains. In 1980, Jin discovered a "breccia-mica-olite" rock mine in the Tarim Basin in northwest China, which was determined by the state to be a new geological discovery. Her

five papers were twice read at international symposiums and in 1981, Jin was transferred to the Nanjing Research Institute of Geology and Mineral Resources. Since then, she has conducted repeated exploratory researches on the Yunnan-Guizhou Plateau and collected more than a dozen boxes of geological materials.

Jin has a deep affection towards deserts, mountains and mineral deposits. Her strong spirit was reflected in the message she gave her daughters before she left for Vinson Massif in November 1988. "If something unexpected happens," she wrote, "you should console your grandmother and dad. I also hope you will study diligently, work hard, and face life bravely."

After returning from the Antarctica, Jin was cited as a national model worker. When explaining the motive behind her work in the Antarctica she said she was concerned about the fact that China's geological study of the Antarctic started several decades later than other countries. "To catch up with advanced world level in this field, I think we should start with the most dangerous place, the place where no one has gone. The Vinson Massif range is still a blank page in geological study; it is therefore an ideal place for geologists to display their talent. If I'm lucky enough to have another chance, I'll try to go there again."

#### **'The Father of Hybrid Rice'**

I started to study hybrid rice out of a strong desire to help people rid themselves of hunger," said Yuan Longping, the man honoured as the "Father of Hybrid Rice" by world agricultural circles.

China is a big agricultural country, but with the growth of its population, its cultivated area is proportionately decreasing and provides only 350 kg grain per

person annually.

Yuan, a senior research fellow with the Hunan Hybrid Rice Research Institute, is the first person in the world to succeed in cultivation of hybrid rice. The "Nanyou No.2" hybrid rice developed by him can produce 1,125-1,500 kg more per hectare than ordinary varieties. This success of his has been a key to increasing the output of rice and to alleviating shortage in food supply. In the late 1980s, Yuan succeeded in growing hybrid rice in vast tracts of farmland, thus making China the first country in the world to apply high-yield hybrid rice in large production areas.

Yuan began to study hybrid rice in 1964. In the process of breeding new strains of rice, he found that certain hybrids had a distinctive potential for high yields. Encouraged by the successful application of hybrid maize and sorghum in production, he thought about how to cultivate a hybrid rice marked for fast growth, high resistance to adversity and high output. The universally accepted viewpoint at that time in the agricultural circles was that no vigorous hybrids could be produced for self-pollinating plants such as rice and wheat. Yuan's assumption was, therefore, regarded as a challenge to the theory of genetic inheritance, and some people even accused him of "genetic ignorance." Yuan insisted, however, that the theory derived from his observation of hybrid rice was in conformity with biological laws.

Yuan began to look for a plant suitable for experiments in paddy fields. Using a magnifier, he observed individual plants one by one, working several hours a day under the hot sun. To find one plant which retained all its hereditary features, Yuan and his assistants spent nine years conducting countless experi-

ments in the fields. In 1973, they finally bred a hybrid rice "Nanyou No.2" which produced over 7,500 kg of rice per hectare.

Yuan's success, which opened a new trail for China's grain production, had a wide international impact. The popularization of hybrid rice in production was hailed as the "second green revolution" in the world. For his effort, in 1981, Yuan was awarded a special invention prize from the Chinese government, the first of its kind since the founding of the People's Republic, and the UN Food and Agriculture Organization awarded him a gold medal for his accomplishments. He also received a UNESCO science prize of US\$15,000 for 1986-1987, which he contributed as a fund to cultivate young scientists. In 1988, he won another prize from an international foundation. He visited the Philippines, the United States, Italy, France, Britain, Japan and Iran on academic exchanges and lectures.

Yuan said that in 1988 China's hybrid rice-growing area reached 12.6 million hectares, making up 39 percent of the nation's total rice-growing acreage and that hybrid rice made up 48 percent of the country's total rice output. The remarkable production increase and the resultant economic returns have attracted agronomists from many countries to China in order to obtain the seeds. Hybrid rice became China's first agricultural technology to be transferred to Occidental Inc. of the United States.

In 1985, Yuan put forward new proposals for simplifying seed breeding procedures and lowering the cost. He also attempted to develop new strains by the use of hybridity bridging rice subspecies in order to further increase the per-unit output. The new variety is expected to bring a 20 percent increase in

output over the hybrid rice strain now in use, and a 40 percent increase over standard varieties. Yuan said that after several years of experimentation, the research has brought remarkable progress and that the new variety is expected to be planted over vast rice-growing areas in the near future. If this new rice hybrid is used to replace a conven-

autics.

Huang, who majored in electrical machinery at the National Central University, studied in Britain in the early 1940s with the aspiration of saving China with science. In 1947, he got his Master's Degree in radio technology and returned to China. In 1957, he began his rocket research at the Fifth Institute of



Yuan Longping (centre) is warmly greeted in Beijing by the State Commission of Science and Technology after he was awarded UNESCO's 1986-1987 science prize on November 10, 1987.

YANG WUMIN

tional rice strain over 100 million *mu* (about 6.67 million hectares) of paddy fields, there will be an annual increase of 2.5 billion kg in grain yield.

### A Pioneering Rocket Expert

It was hard to believe that the plain-dressed, lean man was one of New China's first rocket-launching experts. Huang Weilu, 73, is still active as the general technical adviser for the Second Research Institute of the Ministry of Aeronautics and Astronautics. He has, over the past 30 years and more, participated in the development and launching of dozens of carrier rockets of various types. His history leaves no doubt that he has made great contributions to China's astron-

China's Defence Ministry.

Huang said that in the early 1960s it was very hard for them to conduct research. Due to political reasons, technological aid originally available from abroad was cut off, and China had no option but to continue its research by relying on its own scientific and technical resources. During that period, Huang, as head of a control system research institute, worked more than ten hours each day, sometimes deep into the night.

In 1964, Huang and his colleagues successfully developed and tested their first carrier rocket. Several years later, they launched China's first man-made satellite.

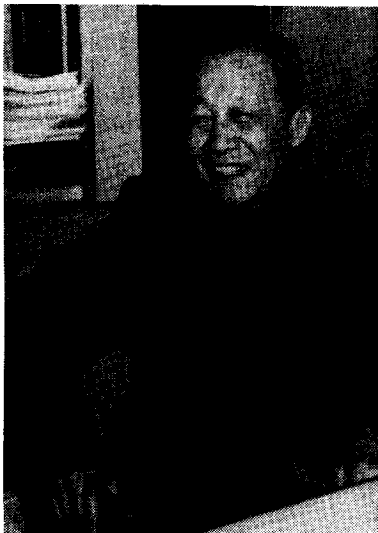
As rocket research is a complicated, systematic project and

costs a huge amount of money. Huang says each system must be carefully developed to ensure they are precisely integrated with one another.

In 1982, Huang acted as the general designer for developing a new submarine-launched carrier missile. He worked several months at the testing site together with his colleagues until the experiment succeeded. For his effort, the state awarded him a special prize for scientific and technical progress.

Over the years, Huang had worked under the Ministry of Aeronautic and Astronautics as deputy director of the Science and Technology Committee, vice-president of the Second Research Academy and chairman of the academy's science and technological commission.

Referring to his 30-year career in rocket research, Huang said that it was not just a matter of sitting in an office reading documents. Since the factories, experimental sites and launching



Huang Weilu.

ZANG XINHAN

grounds are spread around the country, researchers always have to rush from one place to another. In 1988, he became the general technical adviser and no longer participated in the trial production of rockets, but he was still very much needed to help submarine-based carrier missile.

Huang said that China's submarine-launched carrier missile technology ranks fourth in the world, behind the United States, the Soviet Union and France.

With the introduction of the policy of reform and opening to the outside world, China began to exchange astronomical information and technology with foreign countries. Although it is just a beginning, Huang said, it helps to promote the development of the space technology of both sides and makes for a promising future.

Though a strict scientist, Huang is easy to get along with. He lives a plain life with his retired wife and eldest daughter in an ordinary department in Beijing's western suburbs. His son is studying in the United States, and his youngest daughter is a doctor in a Beijing hospital. In his spare time, Huang plays chess with his young friends and sometimes goes sightseeing with his wife. ■

## ***China Reconstructs Renamed China Today***

*China Today* is the new name of *China Reconstructs*, the general interest monthly founded by Soong Ching Ling (Mme. Sun Yat-sen) in 1952. Starting with the January 1990 issue, the magazine will use the new name, but continue to provide readers with varied, colourful and informative articles about China and its people.

The 72-page illustrated monthly still presents news, features, regular columns and up to 20 pages of colour pictures, plus many black-and-white ones. It is published in seven languages—English, French, Spanish, Arabic, German, Portuguese and Chinese, and in eight different editions. The extra North American English edition is printed and distributed in the United States. The Arabic and Chinese editions are printed and distributed in Egypt and Hong Kong respectively. *China Today* is distributed worldwide to 153 countries, plus Hong Kong and Macao.

China Today Press (formerly China Reconstructs Press) also continues to publish and distribute books, art and photo albums, postcards and audio-visual materials.

We welcome subscriptions and advertisements in *China Today*!

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## Science Helps Change Farmers' Lot

RENMIN RIBAO  
(People's Daily)

**U**nder a new practice in Qidong County in south China's Hunan Province, groups of farmers have been sending some of their educated youth off to study new farming techniques. Afterwards, the young people pass along what they have learned and everyone benefits in the battle to get rid of poverty and become affluent.

In the past three years, about 500 groups of farmers have tried this method which has proved effective in promoting rural economic development.

With economic reform in rural areas, Qidong farmers realized the value of science and technology, and many learned new techniques for farming, animal breeding and the processing of farm produce at their own expense. Though eager to learn new techniques, some farmers could not because of shortages of funds and labour. They decided to get together and formed what they called technology-learning groups. The groups not only paid the expenses of those sent to learn new technology but also ensured that the work at home was done while they were away.

Last March, six farmers of Liuya Village wanted to attend a course in Yueyang City on the cultivation of edible fungus. Because it was the busy spring ploughing season, nobody could afford to be away so they decided to send an educated young farmer to the course. While he was gone his farm work was done by the other farmers. When he returned, he taught them what he had learned, therefore helping all six farm households rise above poverty.

In 1987, Chengguan Township decided to set up an export-

oriented carpet factory and planned to send 23 people to a seven-month course to learn the carpet-making business. The cost to send each worker was about 1,000 yuan, an amount quickly raised by the local technology-learning groups. Later, after they came back, the 23 young workers taught the others what they had learned. Today, the factory employs 130 workers and produces 300,000 yuan worth of carpets annually.

(December 13, 1989)

## China's Leading Energy Centre

CHENGXIANG KAIFA  
(Urban and Rural Development)

**A**fter four decades, Shanxi Province has become the most important energy centre in China.

Statistics show that one in four industrial enterprises in China relies on coal provided by Shanxi Province; 25 percent of China's revenue is linked to coal from Shanxi; 500,000 tons of coal per day are shipped out of the province and an average of ten trains are used to transport Shanxi coal every hour. The trains pass the Beijing-Baotou Railway in the north, cut across Fenglingdu in the south, go beyond the Niangzi Pass in the east and cross Yumenkou in the west. Thirteen thousand trucks loaded with Shanxi coal speed along the 12 main highways from Shanxi to other parts of the country.

Since the founding of New China in 1949, coal shipped out of Shanxi has topped 2 billion tons. Eight out of 10 tons of coal transported from coal-producing areas to various parts of the country come from Shanxi. The

old industrial centre of Shanghai, the newly emerging economic province of Jiangsu, and Liaoning and Shandong provinces each buy more than 10 million tons of coal from the province annually.

In the past four decades, the state has invested 13 billion yuan in the province's coal mines and turned Shanxi into the biggest energy centre in China. Datong, Yangquan, Xishan, Luan and Jincheng have become large coal centres with an annual output of more than 10 million tons. Advanced technology and managerial expertise have been adopted for the Antaibao Opencut Coal Mine in Pingsu, a Sino-American joint venture. Township coal mines which started when China adopted the policy of reform and opening to the outside world a decade ago have opened a new chapter in the development of Shanxi's coal industry. In 1989, output of township coal mines reached 96 million tons, for the first time surpassing the output of coal produced under central planning.

Since the policy of reform and opening to the outside world was introduced, the output of Shanxi coal has increased 2.5 times and that for 1988 amounted to 246 million tons. During the period, China saw an additional increase of 330 million tons of coal, and that from Shanxi accounted for 45 percent.

Shanxi Province also supplies electricity to other parts of the country. With 3 million kw of newly equipped generators, the province supplied 58 times more electricity to the Beijing-Tianjin-Tangshan grids over the past ten years. Electricity transmitted from Shanxi to other parts of the country exceeded 6 million kwh in 1989, making it the biggest power supplier in China.

(Issue No. 84)

## Shantou: 100 New Projects

**S**hantou, a city in subtropical Southeast China, recently offered 100 new joint venture projects to foreign businessmen, ranging from a large ethylene project, aquatics preservation, a ground satellite station and traditional pottery and porcelain factories to agriculture and light, mechanical, medicinal, building materials and food industries.

The city's special economic zone for overseas investors, has demonstrated a healthy vitality after eight years of continuous, steady development.

Last year, the special economic zone started 138 new foreign funded projects having a value of US\$121 million. In addition to a large number of small and medium-sized projects, 11 overseas investors have invested US\$21 million in developing the zone area by area. There are now 283 joint ventures and co-operative and foreign-owned enterprises in the zone, one-third of which are exclusively foreign-owned business.

The authority of the special economic zone strictly implements all contracts and ensures the legitimate rights and interests of investors. For approved foreign enterprises, it was recently re-emphasized that contracts would continue unaffected despite any problems resulting from the revision of state regulations. The investment and managerial environment has instantly improved due to efforts of all sides. The correct policy of developing support services while projects are under construction gives investors a guarantee of workshops, water and electric supply, transport, telecommunication and, life services and amusement facilities. Now

of considerable scale, the annual handling capacity of Shantou Port is about 2 million tons and air routes to Hong Kong, Bangkok, Singapore and a dozen of domestic cities have opened up. Most foreign investors, having economic returns, have expanded production scale and increased their investment. Only two foreign-funded enterprises broke contracts because of poor management.

Granting more favours to investors in addition to the preferential state policy has made Shantou more attractive. Recently the administration committee of the special economic zone decided that land prices for foreign industrial projects would decrease 5-10 percent below that of the previous year to support the development of small industrial districts.

Shantou is one of China's most densely populated areas and possesses abundant labour resources. With a comparatively high cultural standard and lower cost (only one-fifth that of Hong Kong workers). Under such conditions, foreign businessmen enjoy high profits in assembly industry for foreign customers and by way of compensatory trade.

Shantou Special Economic Zone has 52.6 square km of land available for development. At present, only one-eighth has been developed and so there is a much opportunity for foreign investors. ■

## China Purchases New Planes

**H**u Yizhou, director of the Civil Aviation Administration of China (CAAC) announced that China plans to buy 19 jumbo jets including Boeing-747s and Mc-

Donnell Douglas-82s in 1990 as well as more than 100 other jumbo jets, the most sophisticated available in the world by the year 2,000 in order to improve service.

Although China boasts nearly 200 planes, some 97 civilian airports and opened more than 360 international and domestic air routes, it is still unable after the 40 years of the constructions to meet the increasing needs of passenger and cargo transportation. More than 30 planes were put into service in 1989, 20 of which were purchased from abroad. In addition, China invested 2.1 billion yuan in renovating and building over 20 civilian airports including international and domestic air routes such as Harbin (China)-Khabarovsk (the Soviet Union) and Chengdu in China's Sichuan Province-Changchun in northeast China.

In addition to the purchase of planes in 1990, China also plans to open international air routes to Egypt, Indonesia, Nigeria, Bangladesh, Sri Lanka and other countries. Meanwhile, China's comprehensive, long distance, ticket ordering centre for both international and domestic scheduled flights will begin operation on July 1 of this year.

by Li Ming

## Sino-US Venture in Container Industry

**S**ince China's first Sino-foreign harbour joint-venture, the Nanjing International Container Loading and Unloading Co. Ltd., started business two years ago, the container shipping business has expanded its connections to more than 40 harbours around the world. In 1989, the number of containers handled at the port

reached over 20,000 standard containers, a 6-fold increase over 1988. The 1989 revenue was more than 3 million yuan, a 5-fold increase compared with 1988.

The Nanjing International Container Loading and Unloading Co., a joint venture between China's Nanjing Harbour and the US Encinal Wharf Co., has a registered capital of US\$3 million. The Chinese side provides such facilities as wharves, stacking area, warehouses, container loading and unloading lines and personnel etc., while the US side provides advanced equipment like computers.

Since the company was established, its business scope has continuously expanded, spreading across six provinces and cities and along the middle and lower reaches of the Changjiang (Yangtze) River. It has forged business ties with over 100 foreign trading firms, opened up container navigation routes from Nanjing to Hong Kong, and Nanjing to Kobe and Yokohama of Japan, and made business relations with over ten countries and regions including Japan, the USA, Western Europe, Australia and Hong Kong.

The result of the good cooperation between China and the US is the decision by both sides to the company to extend the time of the contract from the original 15 years to 25 years. ■

## Foreign Trade Increase in 1989

Despite the turmoil in Beijing and consequent sanctions adopted by Western countries, China's foreign trade still grew strongly in 1989. Statistics of the Ministry of Foreign Economic Relations and Trade (MOERT) show that China's

1989 import and export value totalled US\$81.55 billion. Of this total, exports were worth US\$43.28 billion, an increase of 6.5 percent over 1988 while imports were worth US\$38.27 billion, a 3.9 percent increase. There was a favourable balance of trade worth US\$5 billion and contributed to the large increase in the country's foreign exchange reserve.

Over the past year, MOERT spokesman Liu Xiangdong said, China's trade with Hong Kong and Macao basically remained at the 1988 level, while trade with the United States increased by 13.7 percent. In the first 11 months of last year, for example, the value of China's trade to the European Economic Community rose by 4.9 percent and to the Soviet Union by 28.9 percent while trade to Japan dropped by 5 percent. Generally, trade with most other countries grew at varying rates.

The mix of imports and exports, however, improved. The proportion of industrial products among exported commodities, for instance, soared to 71.6 percent, but the proportion of primary products dropped. In imports, the proportion of imported key equipment and raw materials necessary for production rose, while imports of high-grade consumer goods were limited. Specifically, the import value of high-grade consumer goods decreased overall by 20.3 percent. Of this figure, the import value of cars went down by 54.2 percent, TV colour sets by 56.3 percent, washing machines by 95 percent and refrigerators by 15.5 percent.

China signed 328 contracts for

technological imports with foreign countries involving communication, electric power and raw materials having a total value of US\$2.926 billion in 1989, Liu added. The number of approved contracts and their transaction volume were reduced by 25 percent and 18 percent respectively because of economic sanctions applied by some Western countries and the reduction of foreign loans to China.

Technological exports developed rapidly. China concluded 168 contracts with foreign countries for technological exports in 1989. The total export value was US\$879 million, an increase of



All of the high quality, Western-style clothes, produced by the Xinghua Clothing Co. in the Jiangzhou area, Dalian City, are exported to Japan.

XUE CHAO

26 percent and 405 percent respectively over 1988. Exports were mainly complete sets of technological equipment involving machinery, electronics, chemical industry, agriculture and textiles.

Liu is confident that China's foreign trade will further develop in 1990. He added that with the economic rectification and consolidation, China's export base will be further strengthened. Imports are also expected to develop apace with the increase in exports and its foreign trade value is expected to exceed that of the 1989.

by Yao Jianguo

## Cutting Pictures on Photo Paper

A woman painter from Jiangsu Province in eastern China has mastered a new art form after two years of research. Zhao Yili, 31, uses coloured photographic paper as a background for images she cuts into the paper.

Zhao colours the photographic paper by allowing it to be exposed to light in the darkroom. The length of exposure dictates the background colour. She then uses knives to carve out the image her creative whims seek to express. Often her pictures have just three colours, black, white and gold or red—carefully cut silhouettes in colour.

Unlike ordinary painting styles, which express their artistic concepts by piling colours on to the canvas, cutting images on photographic paper goes into the opposite direction by cutting through layers of colours. However, Zhao's artistic creations also share characteristics of ordinary painting styles, such as the artistic concepts of traditional Chinese painting, the colours of oil painting, contrasts as shown in silhouettes, and also the sense of reality of a photograph.

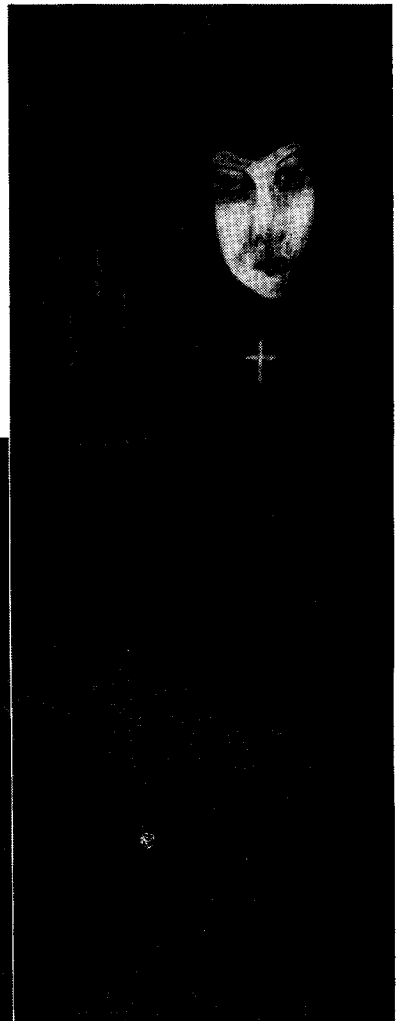
Zhao's artistic works come in a variety of styles. *Return at Dusk* depicts the peacefulness in a region of waters and lakes

in southern China. *The Maiden and Her Straw Hat* sketches the purity and tenderness of a girl standing with her back to prying eyes. *The Consciousness of Hunting* allows the viewer to



A nun.

ZHAO YILI



Lotus at night.

ZHAO YILI

let his imagination capture the hunter's life in the United States' West. The viewer sees the tools of hunting—a rifle, a straw hat and a pair of spectacles.

Zhao, an art designer with the Changzhou Tape Recorder Factory in Jiangsu Province, is currently a member of the province's Young Artists Association. Instead of going to regular art schools, she has participated in correspondence and television teaching programmes and training classes. However, with her keen insight, rich imagination and refined art skills, she has opened

a new road for herself and been highly praised by many experts. Many lovers of her work have written to her seeking instructions and advice.

Zhao said future subjects in her artistic creations will be about life, love, the human body and rural life.

A well-known artist once commented: "Though no decision has been made as to which category cutting pictures on photographic paper belongs to, it has been appreciated and acclaimed since its appearance and will have a bright future."

by Li Ming



## Retina Pigment Degeneration Treated in China

The news that Chinese ophthalmologists at the Beijing Guanganmen Hospital of Traditional Chinese Medicine are treating patients of retina pigment degeneration has traveled fast. In recent years, the Guanganmen Hospital has not only given treatment to patients from Beijing and other parts of the country, but has received many letters soliciting medical help from Greece, Iran, Thailand and other countries. Most recently, on December 29, 1989, six Japanese patients returned home after receiving three months of treatment at the hospital.

Since November 1988, some 70 male and female patients from Japan have come to Beijing in three groups to receive treatment at the Guanganmen Hospital for degeneration of retina pigment. Among them, 17 had suffered from the eye disease for over 30 years and 28 for 16-30 years. Nearly one-fourth had associated complications such as cataract.

Degeneration of retina pigment is one of many hereditary diseases and the illness of some patients has been tied to the problem of family inbreeding. Patients first begin to suffer from night blindness, hypopsia, contraction of visual field and, finally, loss of sight in both eyes.

No progress had been made in clinical treatment of degeneration of retina pigment since 1853. With the development of ophthalmology, many diseases which cause blindness are now treatable, but the proportion that retina pigment degenerations to blindness has continued to grow. The number of patients suffering from such disease in Japan is between 40,000 and 50,000 and has left ophthalmologists there quite at a loss as to the best form of treatment.

After their treatment in Beijing, however, 65 Japanese patients improved their vision, and 47 of them had demonstrably better visual field. In addition, such symptoms as diabetes mellitus and anaphylactic colitis, which degeneration of retina pigment patients often have, were alleviated. Sixty-nine patients indicated a desire to come again to Beijing to continue treatment if necessary.

The Guanganmen Hospital, a key hospital attached to the Chinese Medical Research Academy, has a department of ophthalmology established in 1955, which has become known because of its successful combination of Western and traditional Chinese therapies.

Under the guidance of a diagnostic and treatment theory

based on overall analyses of the illness and the patient's condition, doctors rely mainly on traditional Chinese medicine with the support of some Western medicine for treatment. For all examinations and diagnosis, however, they use advanced medical apparatus and instruments.

The hospital's ophthalmologists began study and treatment of degeneration of retina pigment after considerable progress they made in treating cataract with acupuncture therapy, and optic-atrophy and keratitis with traditional Chinese medicine therapy in the early 1960s.

One patient, a navy admiral, is a successful example. Doctor Tang Liangchen used Chinese medicine to treat him and after treatment for more than 20 years, his vision was restored to 0.6 and has since remained at the level even though he is now 70.

According to Dr. Li, the Guanganmen Hospital now uses the following comprehensive therapies in clinical practice.

**Traditional Chinese medicine.** Based on the patients' conditions, doctors will ask them to take a variety of medicines including decoction, pills, powders and tablets.

**Auxiliary medicine treatment.** This is the use of medicinal aids to improve patients' micro-circulatory functions. The results of study and clinical practice show that the ideal medicine is an injection made of *radix salviae mitiorrhizae*, *rhizoma ligustici chuanxiong* and *radix puerariae*.

**Acupuncture.** Pinking eight points near the eyes and other parts of the body has achieved good effects. Based on the patients' conditions, the doctor will give acupuncture treatment on two or three points at each treatment session. After the patient feels sensation at the acupuncture points, the needles are kept

at the point for about half an hour and twirled every 10 minutes. In recent years, doctors have often used what is called the "plum-blossom" acupuncture therapy to satisfactory results.

Massage therapy. According to traditional Chinese medical theory, there are 12 channels and collaterals of sensation in human body. The clinical results indicate that degeneration of retina pigment is connected with problems in the liver. Doctors massage the patients' related channels and collaterals for 15-30 minutes each day.

Breathing techniques. Regulat-

ing breathing is considered good for the treatment of eye diseases. Self-exercises for regulation of breathing include standing and sitting posture as well as eye exercises.

Doctors of the Guanganmen Hospital say that the final breakthrough in the treatment of degeneration of retina pigment depends on an improvement in general medical science and the joint efforts of Chinese and foreign medical personnel. They intend to continue to combine traditional Chinese and Western therapies in treatment of this problem.

Most ophthalmologists of the hospital have received both traditional and modern medical education and so have rich experience to fall back on in treating eye diseases. In the future, they hope to supplement this with wide contacts with foreign ophthalmologists.

The latest results of treatment for degeneration of retina pigment will be read at the 1990 international symposium on traditional medicine organized by the International Society of Ophthalmology.

by L. Y.

## Shang Artifacts Found

Never before have so many Shang Dynasty (16th century—11th century BC) bronze wares been found in Jiangxi, a southern province far from Central China's Henan Province which was considered the home of the Shang civilization.

Archaeologists in Jiangxi Province discovered a trove of more than 300 bronze pieces, nearly 100 jade ornaments, about 40 pottery wares and other artifacts last October in Dayangzhou, Xingan County, after local farmers reported finding some artifacts.

The farmers were digging for sand on barren land when they found several ancient objects. The Jiangxi Provincial Archaeology Institute immediately rushed to the scene and began excavation in October.

The excavation in a pit 15 metres long and 9 metres wide has uncovered an array of bronze wares, including pots, wine containers, animal masks, plows, stoves, spears, arrowheads, and halberds.

The Shang Dynasty is noted for its splendid bronze culture. Some of its smelting and casting technology continues to puzzle modern engineers.

It is believed Xingan County was merged into the Shang map some 3,200 years ago.

The finding has excited many Chinese archaeologists and historians. Shen Zhu, deputy chief of State Administration for the Protection of Cultural Relics, led a group of renowned experts to the excavation site in October.

They said that they have not yet determined if the site was a burial ground or a site for ritual ceremonials.

But they noted that such excellent bronze wares had never been found before in South China. Some of them were apparently local products with Southern characteristics. These works may shed light on the life and culture of South China during the Shang period.

Chinese history books have long deemed that the people south of Yangtze River in this era were barbarians. The finding in Xingan County may change this notion.

Earlier, scientists discovered Shang Dynasty ruins 20 kilometres away in Qingjiang County, but the evidence they found there was too meagre to present a clear picture.

Since the new discovery was made known to the public, many people went to the site to satisfy their curiosity. The influx of visitors posed problem to relic protection and research. Now Jiangxi Provincial Archaeology Institute and the county government have erected a bamboo fence around the excavation site.

by Lai Houxiang

## Fu Hong's Chinese Paintings

Born in Liaoning Province in 1946, Fu Hong, now in charge of a Beijing art studio, undertakes not only fine art creations but also both oil and Chinese paintings. These are some of his favourite Chinese landscape paintings.

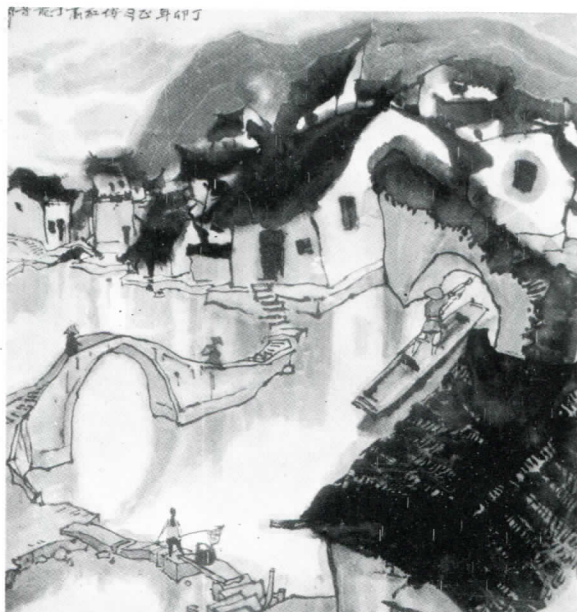


The Sun Sets in the West.

### ART PAGE



A Mountain Road.



Morning at a Riverside Village.

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China National Silk Import & Export Corporation, Zhejiang Branch  
55 Tiyuchang Road, Hangzhou, China Tel: 554249 Cable: "ZJSILK" HANGZHOU  
Telex: 35016 TZCSB CN Fax: 558411