

A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

北京周報

Vol. 33, No. 16 April 16-22, 1990



**WILDLIFE  
PROTECTION**

**Premier Li Meets  
The Press**



# You're Welcome to the Million-People Signature Drive For "the Asian-Games-Tourism-Friendship-Peace"

The million-person signature drive to promote understanding of, and participation in the Asian Games will be held at scenic spots from April 4 to October 7, 1990.



*A million metre-long signature colour ribbon*

*the wishes of 1 million people*

*A gift to the Asian Games*

The Travel Service Department of the Organizing  
Committee of the 11th Asian Games  
Beijing Tourist Administrative Bureau



## Beijing Tourist Hot-Line Telephone



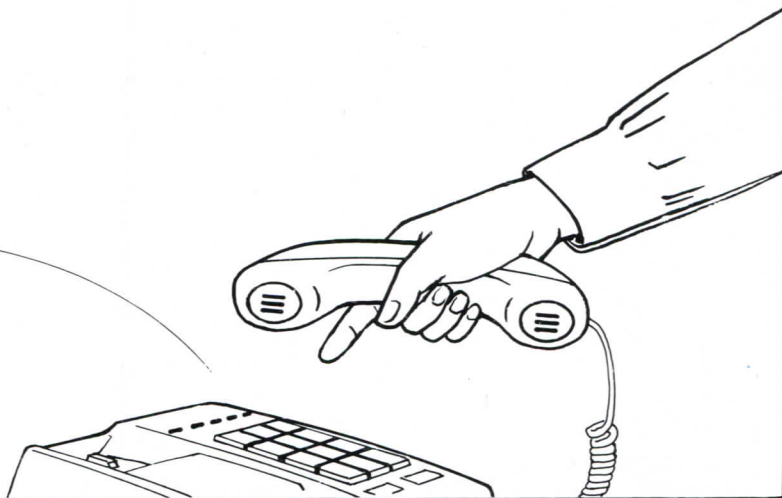
Beijing Tourist Administrative Bureau

If you encounter difficulties  
during your visit in Beijing,  
please dial:

the tourist hot-line telephone

# 5130828

*We hope we will be your  
intimate friends during  
your visit in Beijing*





## Premier Li's Government Work Report

□ Chinese Premier Li Peng delivered a report on the work of the government at the Third Session of the Seventh National People's Congress on March 20. Full text of the report (centrefold).

## Government Is Confident of China's Future

□ At a press conference held shortly after the conclusion of the Third Session of the Seventh NPC, Premier Li Peng and several vice-premiers answered questions raised by Chinese and foreign reporters on China's political and economic situation and foreign policy. "Despite some difficulties, the Chinese government is full of confidence in the future," Li said at the press conference (p. 8).

## HK Basic Law Outlines Legislative Body

□ One of China's greatest concerns after it resumes sovereignty over Hong Kong in 1997 is how to develop political democracy in Hong Kong. With a view towards Hong Kong's history and the current situation as well as the interests of Hong Kong residents, the Basic Law endorsed at the recent Third Session of the Seventh NPC has constituted a legislative system to help the Hong Kong people run their affairs well. The system will not totally copy that of capitalist countries or imitate China's system of people's congresses (p. 13).

## A Nation Mobilized to Save Wildlife

□ The extensive efforts made by China to protect its wildlife over more than a decade has saved and brought about increased numbers of formerly endangered species. Dozens of wildlife sanctuaries have been marked off to keep the nation's animal world out of harm's way and maintain a balanced ecosystem. The nation's effort, however, is still in its infancy and there are still many problems to be tackled (p. 18).

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

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## NPC Passes Three Decisions on HK

Three decisions related to the Basic Law of the Hong Kong Special Administrative Region (SAR) were adopted at the closing meeting of the Third Session of the Seventh National People's Congress (NPC) April 4.

The first decision approves the establishment of the Hong Kong Special Administrative Region as of July 1, 1997. Under its jurisdiction are Hong Kong Island, the Kowloon Peninsula and a number of isles and adjacent waters.

The second decision deals with how the first government and legislative council for the region will be formed. They will be established in accordance with the principles of safeguarding state sovereignty and ensuring smooth transition.

According to the second decision, a preparatory committee for the Hong Kong SAR will be established in 1996 by the NPC. It will prepare for China to resume its exercise of sovereignty the following year and set up the selection committee for the first government.

The selection committee of 400 members will be composed entirely of permanent Hong Kong residents and must be broadly representative. It will recommend a candidate for the first chief executive through local consultations or through nomination and election after consultations, and report the recommended candidate to the central government for appointment.

The decision also stipulates that the region's first legislative council will be composed of 60 members, with 20 members returned by geographical constituencies through direct elections, 10 members returned by an election committee, and 30 members

returned by functional constituencies.

If the composition of the last Hong Kong legislative council before the establishment of the Hong Kong SAR conforms with this decision and relevant provisions of the Basic Law, those members who uphold the Basic Law, pledge allegiance to the region, and meet the requirements set forth in the Basic Law may, upon confirmation by the preparatory committee, become members of the region's first legislative council.

The third decision deals with establishing a committee for the Hong Kong Basic Law under the NPC Standing Committee on the implementation of the law as of July 1, 1997.

According to the decision, the function of the committee, which will be composed of six members from the mainland and six from Hong Kong, is to study problems arising from the implementation of Articles 17, 18, 158 and 159 of the Basic Law and submit its views to the NPC Standing Committee. ■

## Railway to Link Datong, Qinhuangdao

Construction of the second half of the Datong-Qinhuangdao Railway in North China is in full swing.

About 30,000 workers are engaged in the project which covers a distance of 242 kilometres from Dashizhuang in Sanhe County to Qinhuangdao in Hebei Province at Bohai Bay, via Jixian, Yutian, Zunhua, Qianxi and Qianan counties.

The first half of the line, from Datong to Dashizhuang, was completed and put into operation in December 1988. During its first year, 20.15 million tons of coal were carried on the line

out of Shanxi where the verified coal deposits amount to one-third of China's total reserve.

So far, about 40 percent of the roadbed work of the second half has been completed and the digging of nine tunnels has already begun. Of the 115 bridges to be built on the line, 106 are now under construction, and 764 of the total 852 culverts are being dug.

The Datong-Qinhuangdao line, which is designed to stretch 653 kilometres from Datong in Shanxi Province to Qinhuangdao, is one of the state capital projects being carried out during the seventh Five-Year Plan period (1986-90). It is designed mainly to ship the abundant coal resources in less developed Shanxi Province to the northern, northeastern and eastern coastal areas of China.

China's railway transport capacity has long been a chronic bottleneck in the entire chain of national economy. As a result, the coal produced in Shanxi could not be transported to other places and had to be stockpiled, even burned, while many enterprises in the eastern part of the country had to cut their production capacity as much as 20 percent because of coal and power shortages.

The Datong-Qinhuangdao line is scheduled to be open to traffic by 1991. By that time, the freight capacity of the line will reach 55 million tons a year, and is expected to rise to 100 million tons eventually. The line will greatly boost the development of Shanxi's coal production and will ease coal supply problems in northern and northeastern China and the coastal area in the eastern China.

The new line is being built with up-to-date technology and equipment. Most of the modern equipment and installations are the scientific findings of Chinese researchers and scientists. ■



## Tibet: Stability Is Order of the Day

The situation in Lhasa, capital of the Tibet Autonomous Region, has returned to normal since martial law was imposed on parts of the city in March, 1989, according to Ngapoi Ngawang Jigme, vice-chairman of the National People's Congress Standing Committee.

In an interview with 30 reporters from Hong Kong and Taiwan on April 3, Ngapoi said that Tibet's economy has made new headway thanks to the quelling of last year's riots in Lhasa, implementation of economic retrenchment policies and deepening of the reform and the state's special policies for Tibet.

Last year, Tibet's gross national product increased by 4.2 percent over 1988 and its national income increased by 5.6 percent, said Ngapoi, who is also chairman of the People's Congress of the Tibet Autonomous Region. The region's grain output reached a record-high of 530,000 tons and construction of infrastructure in relation to energy and transportation has come a long way.

The per-capita income for peasants and herdsmen also increased to 397 yuan.

Hu Jintao, secretary of the regional committee of the Chinese Communist Party, described stability and development as the two major tasks for the region.

Long-term stability, he said, is in the interest of Tibet's two million people and indispensable to Tibet's development.

Although great progress has been made over the past 30 years, especially in the last decade, Tibet still faces challenges in developing its economy as some local people continue to live in poverty and local productive forces are still backward due to historical

and geographical reasons, Hu said.

Over the past decade, the central government has granted a series of special policies and flexible measures for Tibet. As examples, Hu said farmland in Tibet is contracted out to rural households while herdsmen are allowed to engage in individual business. Both practices, he added, will remain unchanged for the future.

Tibetans are also exempt from taxes on agriculture and animal husbandry. Some collective and individual enterprises in the region are exempt from industrial and commercial tax for a certain period of time.

Hu promised that these and other preferential policies and measures would continue in place for many years to come.

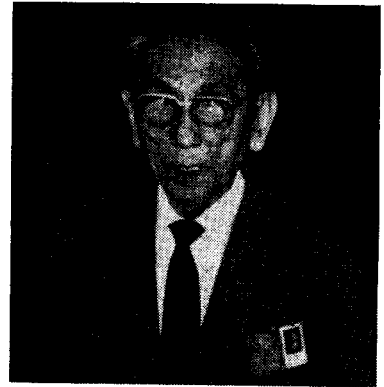
Regarding martial law, Doje Cering, chairman of the regional people's government, assured the reporters that the enforcement of martial law would not keep Tibet or the capital city from opening to the outside world and promoting exchanges with foreign countries.

"As a matter of fact, we have never stopped our foreign economic and technical co-operation and trade," he said. "Tourist groups are visiting Tibet. We will never close the door that has been opened."

When the martial law will be lifted from where it has been imposed in Lhasa depends on the local situation, he told the reporters.

Talking about the Chinese government's policy toward the Dalai Lama, Hu said the Dalai Lama must be held responsible for his failure to start negotiations with the central government.

"The Dalai Lama has shown no sincerity in the dialogue with the



Ngapoi Nawang Jigme. CHEN ZONGLIE

central government," Hu said.

Referring to proposals the Dalai Lama made while visiting Europe, he said the Dalai Lama has not given up on independence for Tibet. The fundamental difference between the central government and the Dalai Lama, he said, is whether to accept the fact that Tibet is part of China.

"This is also the reason why his Strasbourg proposal is unacceptable to the central government," Hu added.

The proposal was set forth by the Dalai Lama at a press conference on June 15, 1988 in the European Parliament building at Strasbourg, France. In the proposal, he tried to present a Tibetan history of independence and said that Tibet "should become a self-governing democratic political entity... in association with the People's Republic of China."

The Dalai Lama claimed that his proposal was the "only reasonable" solution for Tibet and should be the "basis" for negotiation with the Chinese government. In response, the Chinese government pointed out that since the proposal had not fundamentally given up the proposition of the "independence of Tibet," it could not be used as the basis for negotiations.

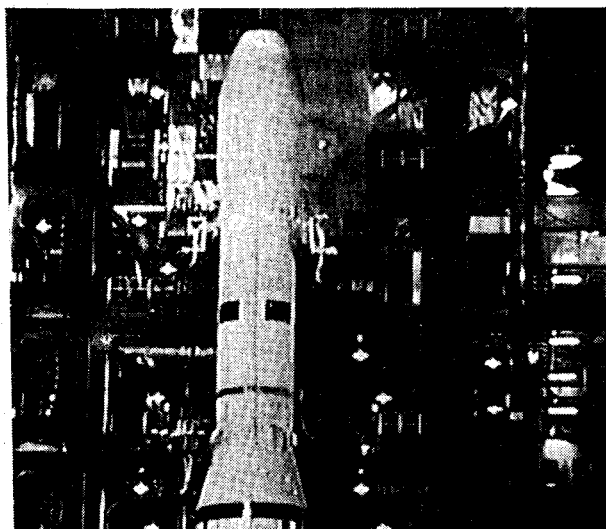
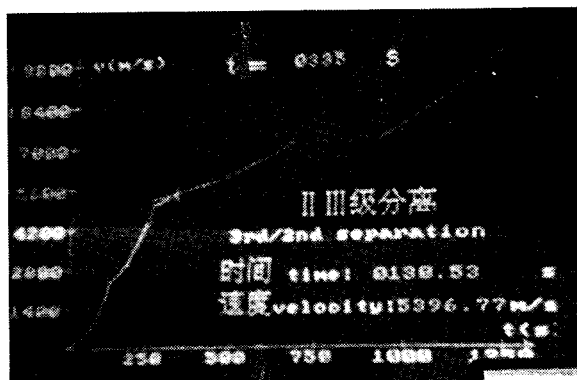
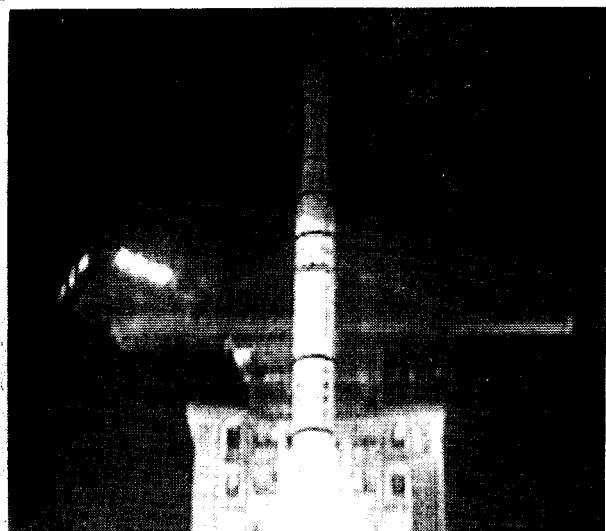
However, Hu said, "the door leading to talks between the central government and the Dalai Lama remains open provided he gives up his stand for the independence of Tibet." ■

## China: Debut on

The successful launching of an American-made telecommunications satellite in China by a Chinese carrier rocket has earned the world's largest developing nation a precious seat on the international satellite market hitherto occupied by only a few countries.

The satellite blasted off at 21:30 hours on April 7 aboard a Chinese Long-March 3 carrier from a launching pad in Xichang, Sichuan Province,

A TV screen tracking the Asiasat I's motion during the launching process.



(from bottom to top) "...Three, two, one" — Blasting — Taking off.



At the Xichang Satellite Launching Centre.



# World Sat Market

southwest China. At 21:51 hours, it separated from the rocket and entered its orbit 36,000 kilometres above the equator.

The 1,242-ton Asiasat I, made by the US Hughes Aircraft Company and owned by the Hong Kong-based Asia Satellite Telecommunications Company Limited, will provide a wide range of television and telecommunications relay services over most of Asia to serve more than 2.5 billion people.

According to an Asiasat official, 80 percent of the satellite's capacity will be used for TV programmes while the rest will be for public telecommunications networks, including long-distance telephone and data transmission.

It will provide three free transponders for broadcasting the 11th Asian Games in China this September, the official said.

Up to now, he said, 24 of the satellite's transponders have been booked or ordered by clients from Asian countries.

The official estimated that about one-third of the 24 transponders will be in operation by the end of 1990 and that the satellite will be in full operation in 1992. ■



The central commanding officer declares Asiasat I's launching a success.



A senior official of the Asia Satellite Telecommunications Company Limited addressing the crowd.



Applauding the success.



A senior official from the US Hughes Aircraft Company extends his congratulations.

photos by Xu Xiangjun

## Premier Li Meets the Press

**A**fter the closing ceremony of the Third Session of the Seventh National People's Congress (NPC) in Beijing on April 4, Premier Li Peng and Vice-Premiers Yao Yilin, Tian Jiyun and Wu Xueqian answered questions raised by Chinese and foreign correspondents at a press conference on China's political and economic situation and foreign policies.



Li Peng at the Press Conference.

The press conference was moderated by Yao Guang, spokesman for the Third Session of the Seventh NPC in the Great Hall of the People.

**People's Daily:** Premier Li Peng, as head of the Chinese government, how do you evaluate the just concluded Third Session of the Seventh National People's Congress and the Third Session of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC)?

**Li Peng:** As head of the State Council, I am quite satisfied with the just concluded sessions of the CPPCC and the National People's Congress for the following reasons. First, the NPC session ratified the report on the work of the government and the CPPCC has expressed its agreement with the report. The ratification of this report implies that there is general approval of the work of the governments at all levels in the past year and there is agreement with the ten tasks for this year and approval of our foreign policies. Therefore, I believe the two just concluded sessions are inspiring and heartening. These two sessions will inspire the Chinese people to work with one heart and one mind to promote integral political, economic and social stability and development.

Also at the two sessions, the Bas-

ic Law of the Hong Kong Special Administrative Region was adopted. That Basic Law gives expression to the concept of "one country, two systems." Its adoption will surely exert an important positive influence on Hong Kong's long-term stability and prosperity.

At the session, Jiang Zemin was elected to the post of Chairman of the Central Military Commission of the People's Republic of China. At the session, the membership of the Central Military Commission was redefined and reconfirmed. This is an indication of the principle that the People's Liberation Army is placed under the absolute leadership of the Communist Party of China. And also, the fact that Jiang Zemin, as General Secretary of the Communist Party of China, is now Chairman of the Central Military Commission of China will surely contribute to political stability throughout the country.

During the sessions, the NPC deputies and the CPPCC delegates engaged in earnest discussions on the government work report and made very good opinions and suggestions in an atmosphere of democracy; they proposed many amendments and supplements. As a result, the report became more comprehensive. I would like to tell

you that the final work report was revised in 80 places. Many of these amendments and supplements were substantive in nature.

**Radio Moscow:** Premier Li, in regard to your visit to the Soviet Union, what do you think is the significance of this visit and also, how do you evaluate Sino-Soviet state relations? What are the prospects for this relationship?

**Li Peng:** Last May, President Gorbachev paid a visit to China and during the visit he had talks with Chinese leaders, thus bringing about normalization of Sino-Soviet relations. During the visit we put an end to the past and opened a new chapter in our relationship. During the visit, he extended an invitation to the Chinese leaders to visit the Soviet Union. So, my forthcoming visit will be a return visit.

China stands ready to develop political, economic, cultural, scientific and educational relations with the Soviet Union on the basis of the Five Principles of Peaceful Coexistence.

As our two countries share a border of 7,000 kilometres, the development of friendly relations between China and the Soviet Union is not only in the interests of the two peoples but also, I believe, will contribute to peace in Asia and throughout the world. I hope my visit will be crowned with success.

**Hong Kong Wen Wei Po:** Today the NPC has adopted the Basic Law of the Hong Kong Special Administrative Region (SAR), thus ushering in a new transitional period for Hong Kong. Now, I would like to know the assessment by the top Chinese leadership about this transitional period in Hong Kong and what preparations you think



should be made by the Chinese government for the enforcement of the Basic Law in 1997.

Wu Xueqian: The Basic Law of the Hong Kong SAR was adopted at the plenary meeting of the NPC this afternoon. After the adoption of the Hong Kong Basic Law we will enter into a second stage of the transitional period in the coming seven years. We can then make preparations in accordance with the spirit and principles as set down in the Basic Law. One of the essential provisions is that China and British Hong Kong authorities and the Chinese and British governments should ensure that the various items of work are made dovetail through our joint efforts persisting through 1997 in accordance with the provisions of the Basic Law so as to bring about a smooth transition and handover of sovereignty.

China News Service: It's been reported in the foreign press that the plan for the development of Yangpu Zone has been pigeonholed. Premier Li Peng, is this true? And what progress has there been in this development plan?

Li Peng: The State Council is supportive of the development of Yangpu Zone on Hainan Island. For some time, some people in China didn't fully understand the significance of developing Yangpu Zone. They have the worry that it might turn into a kind of new concession or a colony. I can tell you that these are two entirely different matters. Through protracted struggles over the years, the Chinese people succeeded in taking back all the concessions. And, just recently, we adopted the Basic Law of the Hong Kong SAR through which we will recover the sovereignty over Hong Kong in 1997. So, in these circumstances, how would it be possible for China to turn Yangpu into a kind of new colony and give land to foreigners? I think these are entirely different matters and that it is an obvious misunderstanding on the part of some Chinese.

It is one of the forms to earn foreign funds by encouraging this

kind of development of an entire area. The development of an entire area will mean we will attract foreign businessmen to make investment to develop infrastructure of the region and then bring in new projects. However, in this area the sovereignty is still in the hands of China and people must observe the laws of China; China exercises executive powers. The only thing it will do is provide a good, preferential environment for foreign investment.

We hope to introduce from abroad good projects through developing the infrastructure and we hope to promote the development of the infrastructure through introducing good projects. In China, in this kind of development of a whole area by attracting foreign investment, we have tested this method out in some small areas and have gained some successful experience. On this basis, the State Council is ready to work out some documents, rules and regulations so as to guide this method to develop in a healthy way.

TASS: Recently, it has been much reported in the press and it has been talked about by Chinese leaders on many occasions that it is of primary importance to maintain economic, political and social stability and this is the guarantee for your success in all fields of endeavour. Premier Li Peng, what measures are you going to take this year?

Li Peng: At the Third Session of the Seventh NPC, I delivered the government work report, entitled "Continue to work for Stable Political Economic and Social Development in China." What you have asked just now is included in the report and in order not to waste the time of others I suggest you

refer to my report once again.

CCTV: Now the problem of the sluggish market still has not been solved. What measures is the government going to take to resolve this problem as soon as possible?

Yao Yilin: The problem of the sluggish market remains in China and in his report, the premier explains the methods for dealing with the problem. Some have been saying that the prescription that we have given is too strong, while another argument says it is too weak. In my view, as to our prescription it is both effective and prudent. When we say effective we mean it is effective in solving the sluggish market sales in China without giving rise to renewed inflation. That's what we mean by



A foreign correspondent raises a question for Premier Li.

being prudent. As to whether we can solve the problem by relying on this prescription; we have just started our work in this regard, but in my view the first step is to implement the programmes which have been set forth in the premier's report. This requires the efforts by both the central and local governments. Now that the State Council has already taken action, I hope the various localities will follow suit. We have to wait for some period, for example one or two months, before we can see the results. If the prescription is not strong enough we can add a few more other medicinal herbs. But I don't think it's too strong; we need prudence. Because now that we have already curbed the mounting

inflation we will not do anything to give rise to another round of inflation. So this is why we should deal with the problem of the sluggish market and at the same time refrain from doing anything that would lead to new inflation.

South China Morning Post: Yesterday it was revealed that Chai Ling, one of the students on the most wanted list, got out of China after hiding for more than nine months. How can you explain this?

Li Peng: We've learnt of the news you just mentioned. I don't think what you have said just now is very accurate. As China is such a huge country, it is unavoidable that some people, one or two of them, will flee China. Chai Ling and Feng Congde are criminals wanted by the public security organs. I have taken note of the statement released by the French Foreign Minister Dumas at the French parliament in which he says the French government is opposed to any political activities by anyone on French soil against a government which has diplomatic relations with France. We hope that his statement can be honoured.

New York Times: Mr. Li, we know that Chinese leaders do not regard the "June 4" incident as a tragedy. This has been made clear by Jiang Zemin at a press conference. Do you feel any regret at all about so many deaths?

Li Peng: I wonder if it is a bit late to raise this question since it is almost a year after the event. Frankly speaking, at the beginning of the turmoil which took place last spring we didn't think about using force to solve the problem. And only after a long period of patient waiting and only when at long last the fate of the People's Republic of China and the socialist system was in serious jeopardy and Beijing was thrown into great chaos, was the Chinese government forced to take the measures that it did. I think in treating the matter, one should not be divorced from the circumstances prevailing at that time. After the event we can perhaps consider the possible alternatives but at that time it was

impossible to think about another alternative. Generally speaking, if we consider this matter from a comprehensive, long-term and historical perspective, then we can say that because of our struggle the People's Republic of China and the socialist system have been saved and so it has the support of the vast majority of the Chinese people. Historical development testifies to this point more and more clearly.

British Broadcasting System: Mr. Li Peng, was there any order for troops to fire at anyone that night of last June 4 and who gave it?

Li Peng: Actually, I answered this question just now when responding to the question from the New York Times. I think there is no need to talk about this question now because Chen Xitong, state councillor and mayor of Beijing, had given a detailed report and account of the June 4 event at a Standing Committee meeting of the NPC last year. So, if anyone is interested in this matter I would like to refer him to this report.

China Times of Taiwan: With regard to the just concluded election of leaders in Taiwan, the Chinese press, especially the Xinhua News Agency on the mainland, carried reports that it was an election of bogus president and vice-president and that criticism was voiced against President Lee Teng-hui for his indulgence of the forces for "Taiwan independence." The reports also gave support for candidates in Taiwan who supported the reunification of China, such as Chiang Wei-kuo as many people in Taiwan assumed. So I wonder how the Communist Party of China got this information and came to this conclusion. Now that Lee Teng-hui has already been elected I wonder what expectations Beijing has about the policies Lee Teng-hui might adopt towards the mainland.

Li Peng: If I remember correctly, none of the Chinese leaders or any of the Chinese government departments have voiced any opinion about the so-called presidential election of the Taiwan authorities.

We haven't voiced support for General Chiang Wei-kuo or for Mr. Lee Teng-hui. I don't think that all the confusion that has taken place in Taiwan during the election for the national assembly should be blamed on the mainland. I think in reporting the news in Taiwan, our agencies have been quite restrained. We didn't in the least give a full and adequate account of what is happening in Taiwan to the Chinese people. Naturally, they are very much concerned about the political chaos in Taiwan.

It is our hope that Mr. Lee Teng-hui will take the overall interests of the reunification of China and the Chinese nation into account and actively respond to our call for achieving national reunification through the concept of "one country, two systems" and establish exchange of mail, trade and air and shipping services across the Taiwan Strait as soon as possible. It is also our hope that Taiwan authorities will ease their restrictions on Taiwan investors to come to the mainland for investment; we will adopt a co-operative attitude in this regard. We are firmly opposed to any attempt to create "one China, one Taiwan" or an independent Taiwan.

Independent of London: Premier Li, I was recently reading an official biography of yourself which was published last April and I was struck by the opening paragraph which said you have a very good chance of remaining prime minister until 1998. I would like to ask if you think these chances have been increased or reduced by the events of last year.

Li Peng: I was nominated to the post of premier in 1988 and was then approved in the same year at the First Session of the Seventh National People's Congress for a term of five years. If you can't remember this I can tell you. I don't think that I'm especially capable or that I'm very rich in political experience or that I'm entirely up to this job. But since I was nominated by the people I will try my best to fulfil this job. I think that I can do my job well with the





The press conference hall.

Photos by CHEN ZONGLIE

support of the Chinese people and the support of the Party. What is more, I have more confidence now than when I was first appointed to the post in 1988. As for whether I will be re-elected in 1993, that is, at the session of the Eighth NPC, I cannot make any prediction just as you cannot make any prediction whether Mrs. Thatcher will be re-elected.

I want to mention in passing that before the convening of this session of the NPC there were many guesses about the personnel arrangement and changes in China. So I suppose that your question comes from those guesses. But now I can tell you those guesses were not accurate. What I can tell you is that the core of leadership with General Secretary Jiang Zemin as the nucleus is united, strong and I believe that it merits the support of the Chinese people. So in spite of the difficulties that we are facing I believe we can do a good job in China.

Japanese reporter: It has been reported in the Western press that the Chinese government has issued a circular to the various work units advising them against going to Tiananmen Square. So, in this case, tomorrow will be the Qing Ming Festival, and then if this comes true, there won't be any wreaths around the Monument to the People's Heroes. Premier Li, would you please say something about this?

Li Peng: Tiananmen Square is a symbol of Beijing and of the People's Republic of China in general; it is a very solemn place. Here we have many state and mass activities and so it is very normal for the

Beijing municipality and the public security department to take all the necessary measures to maintain order in Tiananmen Square on occasion of state activities and other major activities involving a lot of people. Of course, Tiananmen Square was thrown into chaos last year at the turn of spring and summer during the turmoil and counter-revolutionary rebellion. We do not hope to see a repeat of that chaos, nor do the Chinese people hope to see a repeat of the chaos. Tomorrow will be the Qing Ming Festival and, according to traditional Chinese custom, it will be an occasion to honour the dead and we believe Tiananmen Square will pass the day in an orderly way. People's Liberation Army Daily: Last year, some "political elite" called on the PLA to take a neutral position in that struggle in which the fate of the People's Republic was at stake. However, it is stipulated in the Constitution that the PLA is entrusted with the sacred duty of defending China against all invasion and protecting the life and work of the Chinese people in peace. In regard to this, what hopes and expectations do you have for the PLA?

Li Peng: I think that what you have said is a correct and comprehensive account of the sacred duties entrusted by the Constitution to the PLA. I have nothing new to add. I think what you have said is correct.

Yugoslavia News: The Chinese Party and government leaders have consistently said that China will continue to deepen the reform and pursue the opening up policy. Mr. Li, what are the most success-

ful political and economic reform measures taken last year?

Li Peng: We have said on many occasions that our policy of opening up and reform will remain unchanged and that we will maintain the continuity and stability of our policy. In my report on the work of the government, there are specific principles of combining the planned economy with market regulation and this is the direction in which we should exert ourselves. China's economic system is not an absolute planned economy nor is it an absolute market economy. What we are trying to do is combine the advantages of these two economic modes. At least we will assimilate the advantages of a planned economy and bring into play the initiative of the market economy. Of course, it is not all that easy and we are still in the experimental phase. We have already set out five principles and I will not repeat them now. It is our hope that this year in the course of implementing these principles we will further enrich and improve them.

Of course, we also hope to get greater success in our policy of opening to the outside world. This policy should not be limited to developing small and medium-sized joint ventures, co-operative enterprises and solely foreign-owned enterprises; it is also applicable to introducing big projects so as to further develop China's economy. In this regard China will create favourable investment environment and as I mentioned just now one of our methods in this respect is to develop entire areas. Yangpu is one of the regions and so are

Xiamen in Fujian and Pudong in Shanghai.

According to the theory that China is in the primary stage of socialism, it has the economy of public ownership as the base and at the same time also permits a certain role for private economic undertakings and self employed business people and permits them to play a certain role in China's economy. We support the development of these economic sectors. For example, in China the self-employed can continue to develop their operations if they operate according to law and pay taxes according to regulations. The State Council is now considering the possibility that these people can engage in some wholesale operations in addition to their previous retail operations.

There is the problem of the sluggish market. Because of the sluggish market, many enterprises cannot sell their products unless they make changes. For example, readjusting the product mix, raise the quality, etc. So it is necessary for us to take advantage of the market regulatory mechanism to urge the enterprises to readjust their product mix, raise the quality and reduce the cost of the product and so to raise the competitive capacity of those enterprises in the market. This is something we should try our best to do.

In China, we have a total rural population of 800 million and it is important to stabilize the situation in the rural areas through our economic policies. In the course of our reform and opening up in the rural areas, we adopted a system of household contract responsibility with remuneration linked to output. That system has served to boost agricultural production and raise the living standards of the rural people. We believe that system is suited to the conditions of the overwhelming majority of the rural areas. However, that system is far from enough. We have to improve on it. That is to say, we have to establish all kinds of service systems. For example, in some fields of endeavour such as wat-

er conservancy projects, developing power generating capacity, and cultivating better grains and so on, one single household cannot accomplish the task and it is necessary to establish a social service system to solve these problems. Therefore, in the rural areas, besides the contract responsibility system, we have now worked out a plan to set up the service system, which is called the double-tier management system. This is intended to further deepen the reform in the rural areas.

China Daily: In the past few years agricultural production has stagnated. What measures is the government going to take to increase production?

Tian Jiyun: In the last few years there has been stagnation in agricultural production. That is the result of both defects in our policies and in our practical work. However, over the past two years, as a result of the policies and measures adopted by the central authorities and Party and government organizations at all levels to strengthen agriculture, we are beginning to see the end of this kind of stagnation. Last year, we had a bumper harvest, especially in grain output, which was even higher than the record level in 1984. Therefore, I believe if we can further stabilize the agricultural policy and if we can constantly improve on this policy and increase agricultural input and especially encourage and expand measures to develop agriculture through technology and science, then I believe that we are in a good position to put an end to the agricultural stagnation of the past years and push production to new heights.

Reuter: Mr. Li Peng, can you tell us where is Zhao Ziyang? Is he a free man or is he in prison? Is he in a hospital as has been reported or is he healthy? Do you think that there is any possibility that he may make a return to politics in China? Is he still under investigation?

Li Peng: Comrade Zhao Ziyang made the mistake of supporting the turmoil and splitting the Party

during the turmoil and rebellion last year. It was quite serious for him to make such mistakes when the fate of the country and the Party was in serious jeopardy. According to the resolution of the Fourth Plenary Session of 13th CPC Central Committee, Zhao Ziyang was removed from his leading post within the Party. However, he remains a member of the party and an investigation is ongoing. He lives in Beijing and the government has provided him with very good living conditions. I don't think there is any problem with his health. He still lives at home and not in the prison as you imagined and he is still a free man. Regarding your remark that some Chinese people predict that Zhao Ziyang will return to the Chinese political circle, I don't think that is a prediction of the majority of the Chinese people but is your own prediction and you are not a Chinese.

Xinhua News Agency: Premier Li, you have said that only by building a clean government can there be stability, only by working diligently can there be hope of development. So, what measures has the government taken to ensure diligence in the government's work?

Li Peng: In regard to building a clean and honest government, the Chinese party and government attach full importance to this task. Many measures are proposed to be taken at the Sixth Plenary Session of the 13th CPC Central Committee. Many deputies during the current session expressed their view and we have accepted their opinions and will exert ourselves to do a good job in this respect. As for ensuring diligence in the government, I just want to make one remark and express one meaning. That is we are now learning from Lei Feng and his spirit. The substance of Lei Feng spirit is serving the people heart and soul and I hope that all government employees, including government leaders at all levels will truly learn from Lei Feng and plunge themselves into this campaign. ■



# Hong Kong's Future Political Structure

by Lian Xisheng

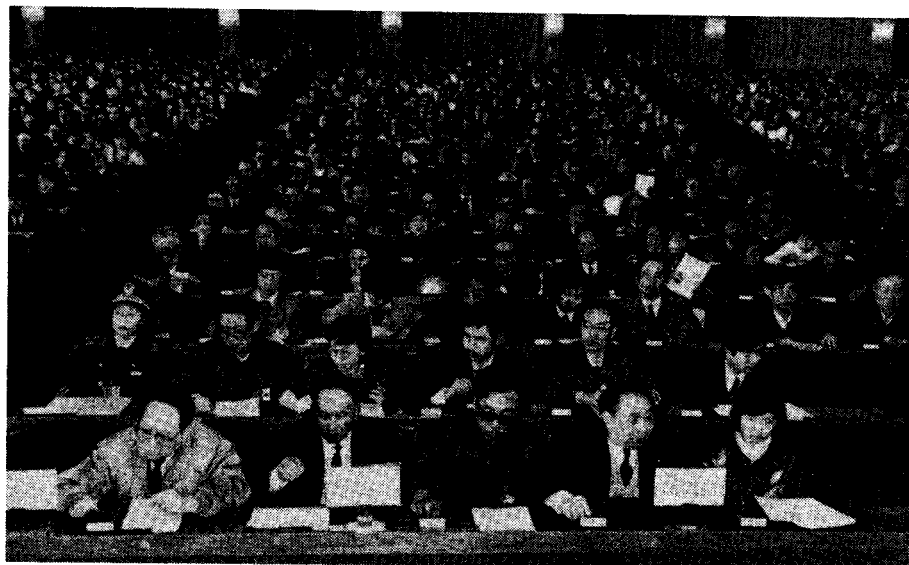
**H**ong Kong will return to the motherland on July 1, 1997. Its future political structure after the government of the People's Republic of China resumes the exercise of sovereignty was one of the central problems facing the drafters of the Basic Law of the Hong Kong Special Administrative Region.

Because of British occupation, Hong Kong's current political system is based on the model that Britain adopted for its other overseas territories. The governor, according to constitutional laws

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**NPC deputies use an automatic voting system to cast their ballots on a resolution of the Basic Law of Hong Kong.**

CHEN ZONGLIE



enforced by Britain in Hong Kong — Letters Patent and Royal Instructions, is the head of the Hong Kong government who represents the British queen and is vested with supreme power to guide government affairs. The system embodies Britain's centralized rule in Hong Kong and characterizes colonialism.

Since Hong Kong compatriots have accepted the premise that Hong Kong's future will be decided according to the guiding policy of "one country, two systems," it is natural for them to pay close attention to the question of how to design Hong Kong's future political structure. Some believe that because Hong Kong will practise capitalism, a capitalist democratic political system should be carried out.

People with such views neglect the fact that all political systems are formed and developed under specific historical conditions. Many countries' political systems show different characteristics simply because of their different historical conditions. Not only do countries having diverse political systems differ from each other, but countries with similar systems show marked differences. When formulating Hong Kong's future political system the essence of some political system should be used as reference, but this does not mean copying it completely. Therefore, Hong Kong's future system cannot copy the Western political model or imitate China's system of people's congress.

Establishing a relatively ideal and perfect political structure in Hong Kong requires consideration of Hong Kong's actual conditions. Hong Kong, not a sovereign state, has been deeply influenced by British colonialism, but it has not become completely capitalist. Under Britain's rule, it made no attempt and has no experience in setting up a capitalist democratic political system. After China resumes the exercise of sovereignty over Hong Kong in 1997, Hong Kong will be governed by the Hong

Kong people according to the guiding policy of "one country, two systems." How to make Hong Kong's future political system embody the principle of "one country, two systems" and at the same time retain its own characteristics, requires a study of the issue with a creative spirit because there is no model to follow. It goes without saying that

promoting the development of the capitalist economy there. At the same time, it must also take into account the interests of all the social strata and be acceptable to the majority of Hong Kong people. In other words, the political structure must preserve the parts of the existing political system that have proved effective while gradually developing a

Law.

As a constitutional document for the Hong Kong Special Administrative Region, the Basic Law devotes a special section to the Legislative Council, which plays an important role in the political system.

From what is contained in the Basic Law, it can be seen that the Legislative Council will become a real legislature. According to the Letters Patent, the legislative power in Hong Kong is executed by the governor and the present Legislative Council is merely a consultative body. Laws and acts passed by the Legislative Council will become effective only after the governor approves them. Furthermore, the queen holds the right of absolute veto.

Article 66 of the Basic Law states, "The Legislative Council of the Hong Kong Special Administrative Region shall be the legislature of the Region." Article 73 further elaborates that apart from having the right to enact, amend and repeal laws, the Legislative Council has the right to examine and approve budgets introduced by the government; approve taxation and public expenditure; receive and debate the policy addresses of the Chief Executive; raise questions on the work of the government; debate any issue concerning public interest; endorse the appointment and removal of the judges of the Court of Final Appeal and the Chief Judge of the High Court; and receive and handle complaints from Hong Kong residents. If the Chief Executive is found to be in serious breach of the law or has been derelict in his duty and refuses to resign, the Legislative Council may pass a motion to impeach him.

All this demonstrates that the Legislative Council in the Basic Law is completely different from the existing one. It will no longer be a consultative organiza-



NPC deputies from Hong Kong and Macao discuss the drafted Basic Law.

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the task is considerably difficult.

### Basic Principles

In the course of drafting the Basic Law, people from all walks of life in Hong Kong presented many proposals. Based on a conscientious analysis of the historical and current conditions in Hong Kong, drafters from both the mainland and Hong Kong first reached consensus on the principles that should be observed in designing a political structure for Hong Kong. The consensus is that, under the spirit of "one country, two systems," the political system of the future Hong Kong Special Administrative Region shall not be the same as either that of the mainland or of foreign countries. Rather, proceeding from Hong Kong's legal status and actual conditions, it must be favourable to stability and prosperity in Hong Kong,

democratic system that suits Hong Kong's actual conditions.

The relationship between the Hong Kong Special Administrative Region's executive, legislative and judicial branches should be one in which the executive and legislative branches check and co-ordinate with each other, while the judicial and prosecuting branches operate independent of interference. To maintain a high administrative efficiency, the Chief Executive of Hong Kong must hold real power, but at the same time, he must be under supervision.

Based on these principles, Chapter 4 of the Basic Law clearly outlines the respective powers of the Chief Executive, the executive, legislative and judicial branches and their interrelationships. The election of the Chief Executive and the Legislature is stipulated in the same chapter and Annex I and II of the Basic

# Continue to Work for Stable Political, Economic and Social Development in China

—Report on the Work of the Government

*(Delivered at the Third Session of the Seventh National People's Congress On March 20, 1990)*

**Li Peng**

**Premier of the State Council**



**Premier Li Peng.**

Fellow Deputies,

On behalf of the State Council, I now submit a report on the work of the government for examination and approval by this session.

## **I. Review of 1989**

In the annals of the People's Republic of China 1989 was recorded as a very unusual year. During that year people of all nationalities in China experienced soul-stirring struggles and severe tests, overcame numerous difficulties, and achieved great, historic victories in consolidating and expanding the socialist position in this land of 1.1 billion people.

The successes and achievements we scored in 1989 were concentrated in three areas: one, the stopping of the turmoil and the quelling of the counterrevolutionary rebellion; two, the fairly evident achievements in improving the economic environment, rectifying the economic order and deepening the reform; and three, the turn for the better on the political and ideological front. Without a doubt, these successes and achievements are of supreme importance to and have far-reaching

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influence on people's understanding, inspiring national enthusiasm and ensuring that China will continue on the socialist road.

In late spring and early summer last year a handful of people, taking advantage of the student unrest, organized, planned and plotted political turmoil, which later developed into a counterrevolutionary rebellion in the country's capital, Beijing. In essence, it manifested the sharp conflict between bourgeois liberalization and the four cardinal principles (keeping to the socialist road and upholding the people's democratic dictatorship, leadership by the Communist Party, and Marxism-Leninism and Mao Zedong Thought — *Tr.*) and an acute struggle between infiltration and anti-infiltration, between subversion and anti-subversion, and between the forces for and against peaceful evolution. The sole purpose of both domestic and foreign hostile forces in creating such disturbances was to overthrow leadership by the Chinese Communist Party, subvert the socialist system and turn China into a bourgeois republic and a dependency of developed capitalist countries. At that crucial moment, when the fate of the state and the nation hung in the balance, the proletarian revolutionaries of the older generation, represented by Comrade Deng Xiaoping; did all they could to turn the tide, playing the important role of mainstay. With the support of all nationalities in the country, the heroic Chinese People's Liberation Army, the Armed Police and the Public Security Police succeeded in quelling the turmoil and the rebellion. Here, let us once again express our highest respect for them.

China's victory in quelling the turmoil and the rebellion has not only foiled the vain attempt of the international anti-communist and anti-China forces to subvert China's legitimate government and socialist system, but also defended the fruits achieved by countless revolutionary martyrs and high-minded people in their struggle of more than a hundred 100 years for the survival and liberation of the Chinese nation, defended the gains of the new-democratic and socialist revolutions over more than half a century, defended the achievements in socialist construction over the past four decades and in reform and opening to the outside world of the past decade, and prevented China from utter political and economic destruction and historical retrogression. Having stood the test of blood and fire, the socialist People's Republic of China has emerged before the world as an independent, self-reliant and vigorous nation, persevering in its policies of reform and opening to the rest of the world. The immense significance of

this victory will undoubtedly become ever clearer, both at home and abroad, with the passage of time.

Since public order quickly returned to normal after the quelling of the rebellion, the martial law imposed on parts of the capital was soon lifted; in fact, it was lifted more than two months ago. Now political, economic and social stability prevails throughout the country. Facts have proved that the policy decisions made and the measures taken by the Chinese Communist Party and the Chinese government in quelling the turmoil and rebellion were correct and in line with the common aspirations and fundamental interests of all nationalities in the country and can stand the test of history.

Last year's disturbances greatly hindered our efforts to improve the economic environment, rectify the economic order and deepen the reform, causing huge losses to China's economy. Nevertheless, by dint of the hard work and joint efforts of workers, farmers, intellectuals and people from the other sectors of society throughout the country, we have, under extremely difficult conditions, achieved fairly satisfactory results in our endeavour and the national economy is taking a favourable turn. All this is evidence of the strong will of the Chinese people to fight bravely in unity and of the great vitality of the socialist system.

— The inflation that seriously retarded stable economic growth has been curbed, and the strain caused by total demand outstripping total supply is easing. Last year's general index of national retail prices was up 17.8 percent over the previous year, a rise lower than that of the previous year. Although we failed to make it significantly lower than it was in 1988, it is going down month by month and the increase rate has been below 10 percent for five consecutive months starting with October last year. Today, the supply of commodities is adequate and market prices are basically stable, which stands in sharp contrast to the conditions leading to panic purchasing in 1988. Last year total social investment in fixed assets came to 400 billion yuan, nearly 50 billion yuan less than the preceding year. After allowing for price rises, the actual reduction was greater. Excessive growth in consumption funds was checked and savings deposits in both urban and rural areas increased by 133.4 billion yuan, up 35 percent over 1988, indicating people's effective support for national economic construction and their trust in the government's economic policies. Currency put into circulation was cut back considerably, the scale of loans was brought under control and



the financial situation took a turn for the better.

— Economic restructuring has begun. In tightening control over total demand and supply and readjusting investment patterns and the loan mix, we cancelled construction of a number of office buildings, auditoriums and hotels, the production or construction of a number of ordinary processing industries plagued by high consumption of raw materials and energy, low technological level and overlapping production, and the production of goods that encourage high consumption and unduly high levels of spending. On the other hand we strengthened agricultural production and construction of such basic industries as energy, essential raw and semifinished materials, transport and communications. Many localities and enterprises met changing market demands by readjusting their product mix and increasing production of readily marketable goods, achieving some positive results.

— We have scored a preliminary success in checking the circulation chaos and screened and reorganized more corporations. By the end of February this year, we had abolished or merged more than 70,000 corporations, accounting for 24.5 percent of the country's total. The overwhelming majority of the corporations run by Party or government departments have been abolished or have had their ties with such departments severed, and the problem of Party and government cadres taking full- or part-time jobs in corporations has basically been solved. In the course of screening and reorganizing corporations, more than 90,000 cases involving violations of the law and lack of discipline were examined and acted on; the money collected in the form of fines or confiscations totalled 280 million yuan. The haphazard increase of corporations in the circulation field was curbed. In rectifying the economic order, a total of 850,000 cases of various violations of economic laws and regulations were examined and acted on, with fines and confiscations totalling 1.1 billion yuan handed over to state financial authorities. The nationwide check-up on taxation, auditing, business accounting and prices uncovered violations of discipline involving more than 10 billion yuan. Various local authorities and relevant departments rectified market order and gradually improved market regulations and administration.

— The national economy kept growing, and the supply of essential products continued to increase. In 1989 the gross national product reached 1,567.7 billion yuan, representing an increase of 3.9 percent over 1988; national income came to 1,300 billion yuan, representing an increase of 3.7

percent. The total agricultural output value amounted to 655 billion yuan, up 3.3 percent. Grain output was 407.45 million tons, an all-time high. The total industrial output value came to 2,188 billion yuan, an increase of 8.3 percent over 1988. A number of major products that bear heavily on the national economy and people's well-being maintained good growth momentum. The output of steel amounted to 61.24 million tons, outstripping its 60-million-ton target; that of chemical fertilizers (in terms of 100 percent active ingredients) came to 18.55 million tons, up 6.6 percent over 1988; that of coal, 1.04 billion tons, surpassing the billion-ton target, and that of electricity, 582 billion kwh, up 6.7 percent over 1988. From these figures we see that the gap between the growth of energy production and that of industry as a whole — a problem of many years' standing — was closed to some extent.

— New success was gained in the construction of key projects. In 1989 a total of 57 large and medium-sized capital construction projects and 25 above-norm key projects for upgrading technology were completed and put into operation. Major newly added production capacities included: 9.02 million kw of electricity, 24.95 million tons of raw coal, 18.7 million tons of washed coal, 17.05 million tons of crude oil, 318 kilometres of double-track railways, 3,002 kilometres of highways, 48.85 million tons in the handling capacity of ports, and 1.05 million telephone sets in urban areas.

— Trade and economic and technological exchanges with other countries continued to grow. Last year total import and export volume reached US\$111.6 billion, an increase of 8.6 percent over 1988. Export volume alone was US\$52.5 billion, an increase of 10.5 percent. A total of US\$10.06 billion in foreign funds was actually used, including direct foreign investment in 5,779 approved projects. Progress was made in expanding the export-oriented economy in the special economic zones and the open coastal areas. In spite of grave difficulties last year, China's international tourism brought in US\$1.8 billion, thanks to the various sectors that have been working hard for its restoration. The state's foreign exchange reserve increased, and a proper balance was achieved in international payments.

— In the course of economic improvement and rectification and the deepening of reform progress was made in science and technology, education, culture, public health, sports and national defence. In 1989 the state approved 60 natural science awards, 504 scientific and technological progress awards, 150 invention awards and 123

spark awards. Some scientific and technological achievements approached or reached advanced world levels. While trying to improve the quality of instruction and readjust educational structure in the course of steady development, we strengthened ideological and moral education. Various cultural undertakings continued to grow, and medical and health care in both urban and rural areas improved to some extent. Sports registered fairly good results. The People's Liberation Army stepped up the drive to revolutionize, modernize and standardize itself and made fresh contributions to defending the motherland's security, maintaining social stability, supporting national construction, and to other fields of endeavour.

Particularly gratifying is a new turn for the better on the political and ideological front, based on experience and lessons drawn from the turmoil and rebellion. A trend towards bourgeois-liberalization thinking had run rampant during previous years. Instead of being refuted and resisted as it should have been, it received connivance and backing. This state of affairs has been reversed since the second half of last year. Importance has been attached afresh to ideological and political work, following its weakening during previous years. Effective institutions and methods of ideological education have been restored and improved. As efforts to build a clean and honest government slackened during those years, unhealthy practices, such as the spending of public funds on dinners and gifts, sumptuous dining and dining, extravagance, waste and abuse of power for personal gain, grew and spread; some people even violated the law and discipline, offered or accepted bribes and bent the law, severely infringing upon the interests of the country and the people and tarnishing the reputation of the Communist Party and the people's government. During the second half of last year the Central Committee of the Party and the State Council decided to punish corruption and do everything possible to maintain a clean and honest government, adopting many practical measures and paying particular attention to seven tasks of common concern,\* thus making a good start on the building of such a government. During previous years much importance was attached to material progress, as it should have been, while little attention was paid to cultural and ideological progress. As a result, unhealthy practices and evil phenomena have increased in society and some repulsive matters that had been stamped out after the founding of the People's Republic have surfaced again. Since the second half of last year we have intensified ideological education in pa-

triotism, collectivism and socialism, highly commended the deeds of labour heroes and advanced workers and encouraged the people to learn from Lei Feng\*\* and Lai Ning\*\*\* with a view to fostering socialist morality. At the same time, we have launched an anti-pornography campaign and a campaign to eliminate "six evils,"\*\*\*\* resulting in an initial halt to the spread of objectionable phenomena in society. We have also done a great deal of work to punish criminal offences and economic crimes. More than 1.1 million criminal cases of different kinds, including more than 270,000 major cases, were cracked last year. At the same time, 53,771 perpetrators of economic crimes, involving 511 million yuan, gave themselves up to procuratorial, judicial or supervisory organs at different levels. Some major, important criminal cases have been made public and others are under investigation.

Though our country is advancing, it still faces

\* The seven tasks of common concern are: 1, further screen and rectify companies; 2, resolutely stop children of senior cadres from engaging in commercial activities; 3, cancel "special supply" of a small amount of foodstuffs to leading comrades; 4, allot cars to cadres strictly in line with relevant stipulations and stop the import of large sedans; 5, strictly forbid the use of public funds to entertain guests and give gifts; 6, strictly limit visits of leading cadres to foreign countries; 7, severely punish corruption, bribe taking, profiteering and other criminal offences and, especially, lose no time in investigating and dealing with major and important cases of crime.

\*\* Lei Feng (1940-62), a native of Jianjatang, Changsha County, Hunan Province, joined the Chinese People's Liberation Army in 1960 and was admitted to the Communist Party the same year. He died in the line of duty while serving as squad leader of a transport company in an engineer unit. Nurtured by Mao Zedong Thought, Lei Feng grew up to be an outstanding Communist soldier, serving the people wholeheartedly. On March 5, 1963, Mao Zedong issued a call "Learn from Lei Feng," launching a mass movement to emulate him.

\*\*\* Lai Ning was a Young Pioneer in the first grade of a junior middle school in Shimian County, Sichuan Province. On March 13, 1988, at the age of 14, he died heroically when battling a huge forest fire in order to protect state property. On May 31, 1989, the Central Committee of the Chinese Communist Youth League and the State Education Commission conferred the title of Young Hero on this pupil of good character and scholarship and called on Young Pioneers of all nationalities in China to emulate him. In October of the same year, on the 14th anniversary of the founding of the Young Pioneer, he was commended as the first of the Ten Best Young Pioneers in China, and Premier Li Peng wrote an inscription in his honour.

\*\*\*\* In co-ordination with the anti-pornography campaign, the State Council in November 1989 organized a nationwide movement to do away with six evils: 1, prostitution and the frequenting of prostitutes; 2, pornography production and peddling; 3, abduction and sale of women and children; 4, illegal growing, taking and trafficking of drugs; 5, gambling; 6, swindling through feudal superstitious practices.

many problems and difficulties. Economic problems have accumulated over the years, such as the imbalance of the industrial structure, irrationality of the economic structure and operational mechanism, and poor economic performance; these deep-seated problems are far from being settled. Furthermore, new contradictions and problems cropped up in the course of improving the economic environment and rectifying the economic order, such as a sluggish market, a sharp drop in the growth rate of industrial production and an increased number of enterprises that have stopped or partially stopped operation. The interweave of old and new contradictions has aggravated the problems and difficulties, making it a more arduous and complicated task to solve and overcome them. Although some progress has been made in building a clean and honest government, negative and corrupt phenomena, such as bureaucratism, formalism, authoritarianism, ultra-individualism and abuse of power for personal gain, in certain units and among a number of cadres remain serious problems arousing strong resentment among the general public. In some localities measures against grave criminal offences are not forceful enough, so there has been no significant change for the better in public order. The influence of bourgeois-liberalization thinking and undesirable social phenomena still need to be done away with. Some factors leading to social instability still exist. We should give full weight and pay great attention to the current problems and difficulties, never lowering our guard. Only thus can we become more resolved to overcome the difficulties, solve the problems, further consolidate political stability and unity and promote smooth progress of national construction, reform and opening to the outside world.

In 1989 the people of all nationalities in China managed to hold fast to the socialist position in the complicated and constantly changing international situation and accumulated valuable practical experience that will prove to be important to our country's stable political, economic and social development in the days ahead.

**First, we must resolutely preserve national and social stability.** In order to carry on socialist modernization and reach our strategic goal in three steps,\* we need a peaceful international environment and domestic political stability and unity. The disturbances last year showed us once more that when turmoil prevails in the country and grave anarchy engulfs society, it is impossible to carry on economic development and the pro-

grammes of reform and opening to the outside world or to safeguard people's normal life and protect their lives and property. The Chinese people have suffered enough from the turmoil and will allow no one to stir it up again, turning socialist China, full of promise for a bright future, into a chaotic and turbulent China. Preservation of China's stability and the great unity of all our nationalities is in the fundamental interest of the Chinese people and represents the aspirations of the people and the general trend of the times. Now, as we confront pressure from abroad and difficulties at home, preservation of the country's stability is a matter of paramount importance. Every citizen of the People's Republic of China should cherish the hard-won political stability and unity as he would treasure his own life.

**Second, we must keep to the socialist road and uphold leadership by the Communist Party.** It was a necessity of historical development that the Chinese people choose the socialist road. The entire history of the Chinese nation, fighting for national liberation, state independence and the people's happiness for over a century, attests to the truth: Only socialism can save China; only socialism can help develop China. In our country, if we did not keep to socialism but, instead, as some people advocate, turned back to take the capitalist road, a wide gap between the rich and the poor and a polarization of classes would inevitably arise, the overwhelming majority of people would sink into poverty and social unrest would prevail for a long time to come. Fraud, degeneration and crime, inherent in a society of exploiting classes, would spread unchecked. Under such circumstances economic development would be out of the question and the country could not be truly independent; instead, it would only be reduced to a dependency of the developed capitalist countries. Only by upholding socialism can we attain common prosperity, enable all the people of the country, who share the same fundamental interests, to work together for common ideals and goals, and safeguard the country's independence and the nation's dignity. Only thus can we realize modernization and can China show promise. Up-

\* The three steps are: first, to double the 1980 GNP and solve the problem of food and clothing for the Chinese people; second, to quadruple the 1980 figure by the end of this century, thus enabling the Chinese people to lead a fairly comfortable life; and, third, basically to accomplish the modernization drive and reach the per-capita GNP of moderately developed countries by the middle of the next century, thus enabling the Chinese people to enjoy a relatively affluent life.

holding socialism is inseparable from upholding leadership by the Communist Party. The leading position of the Chinese Communist Party has been acquired through protracted struggle and accepted by the people of their own accord. In China, if we do not uphold socialism and leadership by the Communist Party, we can expect no stability in the country, no unity among the people and no rejuvenation of the Chinese nation.

**Third, we must more closely combine adherence to the Four Cardinal Principles with adherence to the policies of reform and opening to the outside world.** The political disturbances in China and abroad last year proved incisively that the building of socialism cannot do without reform and opening to the outside world and that, in turn, reform and opening to the outside world cannot do without a socialist orientation. Reform and opening to the outside world are the only road we can follow to develop the productive forces and make the country prosperous and strong. In fact, there are two diametrically opposite views on the questions of reform and opening to the outside world: One advocates self-improvement and development of the socialist system and the other advocates capitalism. A correct orientation for reform and opening to the outside world can be maintained only by adhering to the Four Cardinal Principles. We must conscientiously learn from the experience of the past few years and work for both material and cultural and ideological progress, press ahead with the programme of reform and opening to the outside world and unremittingly oppose bourgeois liberalization. Our opposition to bourgeois liberalization does not mean opposition to the rights to democracy and freedom granted to citizens by our Constitution, but bears particular meaning. We oppose the political propositions in contravention of the Constitution put forward by people trying to negate the socialist system in China and leadership by the Chinese Communist Party under the banners of freedom, democracy and human rights. The struggle against bourgeois liberalization will be a protracted one, for which we must be fully prepared mentally.

**Fourth, we must always adhere to the principle of sustained, stable and co-ordinated development of the national economy.** It is a fundamental task of socialism to incessantly develop the productive forces and gradually improve the material and cultural life of the people, which provides the basic condition for maintaining state and social stability. Barring a massive foreign invasion, we must under all circumstances focus on economic

development and concentrate on pushing the national economy forward. To this end, we must firmly implement the principle of sustained, stable and coordinated development of the national economy — this is the most important point to be drawn from the experience gained over forty years of economic development since the founding of the People's Republic. In past economic work we often sought an unduly high growth rate in disregard of national conditions and beyond national capabilities. Despite tremendous success in our economic development in recent years, overheated economic growth and an overextended scale of construction have caused an imbalance between total supply and demand, a deterioration of the economic structure and acute inflation, forcing us to readjust the economy once again. We must not look for quick success in either economic development or reform. Similarly, we must not look for quick success in current economic improvement and rectification. To attain the strategic goal of quadrupling our gross national product by the end of this century, we must sustain an annual economic growth rate of about 5.4 percent, improve economic performance and maintain a coordinated economic structure and a balance between total supply and demand, enabling economic growth to follow a steady course upwards. Our present efforts to improve the economic environment and rectify the economic order are aimed precisely at eliminating instabilities caused by the overheated economic growth of the past few years and at creating a favourable environment and conditions for sustained, stable and coordinated development of the national economy throughout the 1990s. A lower rate of economic growth is normal in the course of improvement and rectification; it should not shake our determination to improve the economic environment, rectify the economic order and deepen the reform.

**Fifth, we must maintain the stability and continuity of our basic principles and policies.** Since the Third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party, held in December 1978, we have formulated a whole set of basic principles and policies for building socialism with Chinese characteristics. Practice has proved that they are correct, conform to Chinese realities and enjoy the support of the people. Since the disturbances last year we have stated over and over again that the general principles of reform and opening to the outside world and the basic policies for all fields of endeavour will not change. This has been most



important in reassuring the people and stabilizing the situation as a whole. In future we should go on maintaining the stability and continuity of our basic principles and policies. Before adopting or altering any major policy decisions and reform measures, we must proceed from reality and follow the mass line, submitting the measures to democratic discussion, scientific appraisal and careful consideration; we should absolutely avoid taking any hasty action in this regard. While maintaining the continuity of our basic principles and policies, we must carefully analyse practical experience, promoting what is beneficial and eradicating what is harmful, and make necessary readjustments to enrich and perfect certain specific policies and reform measures so that they will better facilitate stable political, economic and social development in our country.

**Sixth, we must firmly rely on and keep close ties with the masses, resolutely eliminate corruption and effectively improve our work style.** The masses are the source of our strength and constitute the foundation for our victory. During the disturbances last year the people resolutely opposed the turmoil and rebellion and rallied closely around the Chinese Communist Party and the people's government, displaying a high level of political consciousness and a strong sense of historical responsibility. Without the support of the people, it would have been impossible to stop the turmoil and crush the rebellion. After that, large numbers of workers, peasants and intellectuals, faced with a great many difficulties, shared the concerns of the country and exerted their utmost to make up for the economic losses caused by the turmoil and rebellion, greatly contributing to political and social stability. The Chinese people, with glorious revolutionary traditions and lofty national integrity, are a great people who never yield to external pressure. With such fine people, China is full of promise. So long as the Communist Party and the people's government conscientiously and unremittingly combat corruption, earnestly improve their work style, steadily cement their flesh-and-blood ties with the masses and work hard together in the spirit of self-reliance, they will always be invincible, overcoming all difficulties and surviving any violent storm.

## II. Work on the Domestic Front in 1990

This year commences the 1990s. In the coming decade we are to attain the second step of our

strategic goal, i.e., to redouble the GNP and give our people a fairly comfortable life. The task will be great and arduous. This year is also most important for improving the economic environment, rectifying the economic order and deepening the reform. With long-accumulated problems and newly emerging contradictions interweaving with one another, various quarters will find difficulties piling up before them. Thus doing our work well this year bears not only on our immediate success in improving the economic environment and rectifying the economic order, but also on our success in economic development and reform throughout the 1990s.

In keeping with the spirit of the Fourth, Fifth and Sixth Plenary Sessions of the Thirteenth CPC Central Committee and in light of actual conditions, the government's guiding principle for 1990 is unswervingly to adhere to the fundamental line of the Party in the primary stage of socialism, focus on economic development, uphold the Four Cardinal Principles and the policies of reform and opening to the outside world, bring every positive factor into play, unite the people of all nationalities of the country to overcome difficulties with full confidence, and to work for smooth progress in improving the economic environment, rectifying the economic order and deepening the reform and for stable political, economic and social development. Political and social stability is a prerequisite for stable economic development, which in turn provides the foundation for the former. Therefore, in the final analysis, we should concentrate on pushing the national economy forward. According to the state plan for this year, the gross national product is to increase by 5 percent over 1989, with a 6 percent increase in total industrial output value and a 4 percent increase in total agricultural output value; grain output is to reach 412.5 million tons, 5.05 million tons more than last year. As the drive to improve the economic environment, rectify the economic order and deepen the reform is entering a crucial phase this year, we should persist in our efforts to tighten control over total supply and demand, at the same time shifting the focus of work onto structural readjustment and improvement of economic performance, so as to integrate reform more closely with development and bring about a steady upturn in the entire national economy. To this end, the State Council urges governments at all levels to accomplish the following ten tasks this year:

**First, concentrate on agricultural development, work for good harvests of grain, cotton and other**

**major farm products and promote all-round growth of farming, forestry, animal husbandry, side-line production and fishery.**

Steady agricultural development is fundamental to China's political, economic and social stability. In their economic work governments at all levels should give top priority to agricultural development, mobilize people of all trades and professions to support agriculture and work as one to ensure growth in agriculture.

This year the government plans to increase its input into agriculture, and banks at various levels are required to offer more agricultural credit. Out of the investment in capital construction at the disposal of the central authorities investment in agriculture is to have nearly a 30 percent increase over last year's, the largest in the past decade. Local governments at all levels, for their part, should reinvest more in agriculture. They should guide and organize rural collective economic undertakings and the peasant masses—the main sources for agricultural input—to put more capital into agricultural production and development and increase the investment of labour through various channels. They should redouble their efforts to harness big rivers and, while continuing to keep tabs on grain production, pay special attention to diversified undertakings as well, in order to promote all-round stable development of the rural economy. The nationwide drive of last winter and this spring for the construction of irrigation and water-conservation projects should go on year after year; governments must do sound, practical work to achieve tangible results and avoid formalism.

Governments at all levels should conscientiously implement the policy of invigorating agriculture by applying scientific and technological achievements and provide better guidance for the spread of scientific and technological achievements in agriculture. To strengthen the weak links in agricultural production and ensure the central task of producing high, stable yields of grain, cotton, oil-yielding crops and other farm products, they should spread the use of improved crop strains, systematic cultivation and plastic sheeting and adopt, among others, technical measures for the reform of planting systems, all-round prevention and control of plant disease and insect pests, rational application of fertilizers, and water-efficient cropping and dryland farming in the north. They should also try to mobilize more agrotechnicians to work at the forefront of production, improve scientific and technical training for the peasants, and perfect organizations for spreading agricultural techniques in rural areas,

particularly in rural townships. They should provide financial and material support in this respect, adopt necessary measures to improve the working and living conditions of agrotechnicians, increase the production and supply of such means of agricultural production as chemical fertilizers, pesticides, plastic sheeting and farm machinery, and give first priority to the supply of materials, funds, energy and transportation services necessary for agroindustry. They should continue to monopolize and improve sales of the essential means of production so as to keep prices fairly stable.

Basically, the key to steady development of China's agriculture is enthusiastic participation on the part of the peasant masses. Governments at all levels should maintain stable and consistent basic economic policies for the countryside and continue to deepen rural reform. They should adhere to and perfect the contracted household responsibility system with remuneration linked to output, try to improve and develop a management system in rural areas whereby unified management is combined with separate management, establish and perfect a socialized scientific and technical, supply and marketing service system for the entire process of agricultural production, i.e., before, during and after the farming season, and take full advantage of both the superiority of a collective economy and the individual peasant's enthusiasm for production. Where conditions permit, efforts can be made to expand farming on a proper scale and develop a sound collective economy of a new type on a voluntary basis, in order to raise agricultural labour productivity and enlarge the proportion of commercial farm products. With a view to encouraging peasants to grow more cotton, oil-yielding crops and other crops and coordinating comparative advantages in the rural economy, the State Council has decided to raise the prices for cotton, oil-yielding and sugar-yielding crops to be purchased according to contract. In order to ensure that peasants increase their production and income, governments at all levels should adopt firm measures to stop arbitrary imposition of production quotas and fees on them, so as to truly lighten their burden. To help poor regions rid themselves of poverty and become prosperous is a task of far-reaching significance, demanding continued and systematic work in accordance with a plan.

Village and township enterprises have played an important role in developing the rural economy, creating new jobs and raising the peasants' living standard. They will surely do more in this respect. However, they confront a fairly great

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number of difficulties at present, so governments at various levels should support and guide them. For their part, village and township enterprises should efficiently conduct their own economic overhaul in accordance with the principle "re-adjustment, overhaul, transformation and upgrading." Local authorities should, in line with the actual development level of the productive forces and the requirements of state industrial policies and in light of local conditions, encourage the establishment of diverse forms of village and township enterprises. Development of such enterprises will lay the necessary material foundation for increasing peasants' income, providing social guarantees and promoting education in rural areas, consolidating political authority at the grass-roots level and promoting cultural and ideological progress.

**Second, work hard to enliven the sluggish market and stress readjusting structure and improving economic performance, so as to sustain a reasonably moderate growth rate in industrial production.**

At present, our national economy, especially industrial production, is experiencing a series of problems, such as excessive stockpiles of products and manufactured goods, shortage of funds in enterprises, slow production growth and an increased number of enterprises running at half capacity or brought to a standstill. This has aroused the concern of the whole society. Recently, the State Council met on many occasions to study and analyse the situation and came to the conclusion that the root cause of all these problems is the sluggish market, which is caused by the following factors:

1) Because of the excessive economic growth, unchecked expansion of processing industries over the previous years and current efforts to improve the economic environment and rectify the economic order, curtail investment and consumer demand, reorganize corporations and build a clean and honest government, some enterprises, especially ones turning out unmarketable products of inferior quality and high price, have encountered serious difficulties in marketing their products.

2) Thanks to economic improvement and rectification, market prices are rising at a reduced rate and have become relatively stable, and thanks to inflation-proof savings deposits, the residents have deposited their money in banks for future purchases, following the consumer psychology of "buying when prices rise and not buying when prices drop."

3) Because of persistent defects in the current economic structure and its operating mechanism, various localities, departments and enterprises incline to pay more attention to their own interests, retarding progress in readjustment of the industrial structure and product mix.

4) The State Council failed to adopt timely and rigorous measures for macrocontrol and apply effective methods.

On the whole, the phenomena mentioned above were hard to avoid during retrenchment to improve economic environment and rectify economic order; they are temporary difficulties and problems that have cropped up on our way ahead. However, we must take them most seriously and lose no time in solving them by effective measures.

The State Council has decided to take various measures that will serve to ameliorate the present contradictions but not prejudice efforts to retrench expenditures, reduce the amount of credit to be granted and readjust interest rates on loans and savings deposits. These measures include efforts to appropriately relax the curb on the money supply and increase loans to be used mainly to augment the working funds of enterprises and the purchase funds of commercial, materials supply and foreign trade departments; properly readjust interest rates for loans and savings deposits and introduce interest-rate differentials for loans; set up specialized groups to break "debt chains" as fast as possible, and resume the banks' honouring of collection, so as to reduce defaulting in debt repayment between enterprises; appropriately increase investment, mainly in key construction projects covered by the state plan and the technological transformation of enterprises, in the construction of low- and medium-grade housing for urban staff members and workers, and in the construction of water-conservation projects and highways in rural areas, as a form of relief fund, while strictly forbidding resumed construction of office buildings, auditoriums and hotels; enliven circulation and open up new markets, particularly in rural areas, to promote the exchange of materials between town and country through various channels; readjust the prices of certain commodities, raising some and lowering others; and so on and so forth. These measures, put into effect successively by all departments and local authorities, will play a positive role in economic development.

The key to ending the sluggish market and ensuring appropriate and stable growth in industrial production and the entire economy lies in

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rationalizing the economic structure and greatly improving economic performance.

The problem of irrational structure, caused by overheated economic growth over previous years, is prominent in industrial production all over the country. We must take advantage of the current economic improvement and rectification, turning the pressure from the sluggish market into a motive force for structural readjustment, to develop new products and varieties and increase production of brand-name and quality goods and commodities in short supply, especially the daily necessities that best meet rural needs. We should also work hard to increase products for export and expand production of import substitutes. All departments and local authorities are expected, in line with state industrial policies and market demand, to draw up catalogues of goods whose production will be restricted, stopped or ensured and, accordingly, adopt differing measures in providing funds, energy, raw and semifinished materials and transportation services. In readjusting the product mix, they should readjust the internal industrial structure, for the purpose of sustaining a steady growth of energy, production of important raw and semifinished materials and an increase in transportation capacity.

Readjusting the organizational structure of enterprises constitutes an important aspect of our effort to improve the structure of industrial production. The crux of the matter is giving full play to the backbone role of state-owned large and medium-sized enterprises and enterprise groups. This year in allocating funds, materials and transportation services the state will adopt preferential measures towards large and medium-sized enterprises that produce high-quality, readily marketable goods with low consumption of materials and good economic returns. At the same time, the state will follow a protective policy towards small and medium-sized enterprises that operate in conformity with industrial policies and produce good economic returns and social benefits. It will give effective guidance and support to collectively owned enterprises in cities and towns so as to promote their healthy growth.

All the contradictions existing in industrial enterprises today boil down to scanty economic returns. Industrial departments and enterprises should all shift the focus of their work truly onto improving quality and economic performance. This year they should work for substantial progress in this respect by stepping up technological transformation and improving enterprise management. While the state will increase loans for technological transformation, the enterpris-

es themselves should allocate more funds to this end, focusing on improving the quality of products, reducing consumption of materials and enhancing the capacity to turn out export products to earn foreign exchange and import substitutes. Tightened management in enterprises plays a major role in and bears immediate impact on tapping existing production potential and improving economic performance. It is therefore imperative to run factories with strict discipline, perfecting basic work and improving rules and regulations with regard to fixed numbers of employees and production quotas, management of funds, cost and quality control, and business accounting. The working class is the main force of production and construction. We should wholeheartedly rely on it and institute the "three-in-one" system, consisting of cadres, technicians and workers, to bring into full play their collective wisdom and strength. We should, more intensively and on a wider scale, carry on the campaign to increase production and practise economy, increase revenues and reduce expenditures, so as to raise enterprise management to a higher level.

**Third, in the course of improving the economic environment, rectifying the economic order and deepening the reform, promote scientific and technological progress and ensure the steady development of education.**

In our efforts to overcome existing economic difficulties and ensure the prolonged, stable development of the national economy, we must highly value and truly accelerate progress in science and technology. Scientific and technological work in rural areas consists of introducing, demonstrating and spreading the use of advanced, applicable scientific and technological accomplishments, continuing to keep tabs on implementation of the "spark programme" and "harvest programme" and intensifying and developing research in key scientific and technological areas -- all for the purpose of ensuring further growth of agriculture and the rural economy. In industrial production we should focus on spreading the use of scientific and technological achievements beneficial to expansion of the infrastructure and basic industries such as energy, transport, and raw and semifinished materials and important to readjustment of the product mix, reduction of material consumption and improvement of economic performance. Large and medium-sized enterprises and enterprise groups should establish and perfect a technological-development and managerial system whereby the chief engineer assumes full responsibility under



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the director's leadership, so as to increase their ability to advance technology. Small enterprises and enterprises run by townships and villages should form their own technical backstopping through various means. We should continue support for the "torch programme" and other programmes for developing new and high technologies. Where conditions permit, scientific research institutes, institutions of higher learning and military industrial enterprises should be encouraged to run scientific and technological enterprises for the manufacture of new- and high-tech products. We should continue to keep tabs on implementation of the programme to tackle key scientific and technological projects and develop high-tech research during the Seventh Five-Year Plan period, strengthen research on soft science, and build a number of key development zones for such purposes. We should pay special attention to and support basic scientific research and ensure the steady development of medium- and long-range exploratory scientific research. We should improve funding for natural-science research, make best use of the patent system, expand and improve the technology market and deepen and improve reform of the scientific and technological management structure. This year the State Council will organize people concerned to draw up medium- and long-range programmes for the development of science and technology, in order to guide and accelerate it.

The basic objective in developing education is to raise the nation's quality and train builders of socialism in all fields. Accomplishing that objective will have a profound and far-reaching impact on expanding the economy and consolidating and perfecting the socialist system. Therefore, schools of various types at all levels should overcome any tendency to neglect the students' moral education, carry out the policy of having education serve socialist construction, combine with productive labour, and ensure the moral, intellectual and physical development of the students, and consistently give top priority to a firm and correct political orientation. Universities and colleges should stress education in Marxism-Leninism and Mao Zedong Thought and teach students to follow the socialist road, learn from the masses and serve the people. They should rectify order on the campus, paying attention to student conduct and discipline and adopting concrete measures to allow students to take part in field work, social practice, military training and physical labour. Governments at all levels, departments concerned, enterprises and other institutions should support and encourage the stu-

dents by creating good conditions for their social practice. Primary and middle school authorities should see to it that their pupils are educated, in ways appropriate to their age levels, in patriotism, collectivism, socialism, communism, China's actual conditions, and the need to take part in labour. They should continue cultivating them in standards of social conduct and urge them to learn from Lai Ning. This year marks the one hundred fiftieth anniversary of the Opium War; they should make use of the occasion to expose the crime committed by imperialists in their aggression against China and to educate the pupils about the history of the Chinese people's traditional patriotic struggles against imperialism, so as to heighten their vigilance against the imperialist strategy of peaceful evolution. Efforts should be made to strengthen the ranks of teachers and help them raise their ideological, political and professional levels. Governments at every level should supervise school implementation of education policy. They should pay attention to elementary education, gradually introduce nine-year compulsory education and adopt measures to keep primary and middle school pupils from dropping out of school. They should continue to implement the "prairie fire programme" so as to promote all-round reform of education in rural areas. They should accelerate reform of the management of vocational and technical education to ensure its sound development. In restructuring certificate-oriented adult education, they should endeavour to raise its level. Along with good administration of existing institutions of higher learning they should accelerate their structural readjustment and deepen educational reform. All teachers and schools of all types and at all levels should attach great importance to research in socialist educational ideology, continually improve teaching methods and raise the quality of instruction by tapping new teaching instruments with up-to-date technologies. Governments at all levels and departments concerned should provide more effective leadership and guarantee successful work assignments for graduates. They should make rational assignments with a view to reinforcing grass-roots units and the forefront of production. Sending students abroad for further study is part and parcel of the open policy. They should improve this work, building on past experience and abiding by the principles of considering both political awareness and professional competence, dispatching students according to the state's needs, insuring eligibility and applicability of what they learn. They should also create necessary working conditions for returnees. This year

is international anti-illiteracy year; leadership should be strengthened for further progress in eliminating illiteracy throughout the country.

Though faced with many financial difficulties this year, the state has increased education funds as it did last year. At the same time, it will arouse the initiative of people from all sectors of society, encouraging them to raise money for schools and open up new funding channels, so as to create more favourable conditions for school operation.

Whether in the development of science, technology and education or in the socialist modernization drive, it is imperative to take full advantage of the important role played by intellectuals. We already have a very good contingent of intellectuals who keep to the socialist road. Governments at all levels should carry out the principle of "respecting knowledge and respecting trained personnel" and do all they can to create and improve intellectuals' working and living conditions so as to bring their role into full play. We also hope intellectuals in their vast numbers, particularly young intellectuals, will assiduously study Marxism-Leninism and Mao Zedong Thought, plunge themselves into social practice, become one with workers and peasants, try to be both politically conscious and professionally competent, and give fully of their wisdom and talent to the building of a socialist society that is materially, culturally and ideologically advanced.

**Fourth, continue to check the growth of total demand and handle financial work well.**

This year we should continue to keep the growth of total demand under control and pursue a policy of retrenched expenditure and credit. Nationwide total investment in fixed assets will be roughly the same as the amount actually used last year, and the State Planning Commission will formulate specific investment plans in compliance with industrial policies and in light of the different conditions in different localities. We shall, then, rationally readjust investment patterns, increasing investment in agriculture and in basic industries such as energy and transport, continuing to cut back construction projects for ordinary processing industries, and putting up no more office buildings, auditoriums or hotels. The power to examine and approve capital construction projects, delegated by the central authorities to provinces, autonomous regions and municipalities directly under the Central Government, will remain unchanged, but power delegated to lower levels by provinces, autonomous regions and municipalities must be centralized at the provincial level so that such power is not overly decen-

tralized and that power is delegated in strict compliance with the state's industrial policies. The State Council has decided to levy a regulatory tax on the use of investment and enforce differential tax rates, so as to guide the flow of funds from non-key to key projects.

The purpose of production is to meet the people's material and cultural needs, and their living standard and consumption level can rise only on the basis of expanded production. This year we shall institute more measures to reverse the situation of the past few years in which the growth of consumer demand exceeded increase of the national income and labour productivity. We should continue to keep institutional consumption under control and take appropriate measures to control and supervise wages, bonuses and other personal income of office staff and workers. We should improve the examination and approval system concerning funds for wages and the banks' supervision of and control over the dispensing of such funds. It is necessary to improve the system whereby total wages are tied to economic performance, to tighten control over the use of funds pooled by enterprises themselves and to establish a wage-fund reserve system in enterprises.

While curbing the excessive growth of consumer demand, we should further remedy the unfair distribution of income, on the one hand overcoming egalitarianism and, on the other, guarding against and overcoming wide discrepancies. Since last year, through screening and reorganizing companies, building a clean and honest government, improving tax collection and control among individuals engaged in industrial and commercial businesses, owners of private enterprises and people with high income, and imposing a fine on and confiscating unlawful income, we have ameliorated unfair distribution of income, but the problem is far from being solved. This year governments at all levels should take as an important task solving that problem, protecting legitimate earnings, confiscating illegitimate earnings and putting restrictions on unduly high earnings. They should further improve and enforce strict control over income of staff of all types and apply the system whereby each individual declares his or her taxable income.

The policy of letting some individuals and areas become prosperous first has greatly helped overcome egalitarianism and promote economic development. Practice has proved this policy correct, and we should continue to apply it. Two points should be stressed, however: We should keep to our socialist orientation and achieve prosperity through hard work and lawful means, and

we should encourage the individuals and areas that have become prosperous to help those that have not, so as to achieve a common prosperity. This will be conducive to alleviating unfairness in social distribution. It is essential to publicize good examples and experiences in this connection in order to make it a common practice.

This year both central and local financial authorities will confront more financial difficulties than last year, because the servicing of domestic debts will hit a peak, expenditures for servicing foreign loans will increase and there will be additional factors leading to less revenue and more expenditure. There are two ways to solve the financial difficulties. First, we should try by every means to increase revenues, strictly enforce the collection and control of various kinds of taxes, examine irrational tax reductions and exemptions and arrears in tax payments, stop tax evasion and readjust various subsidies. Second, we should cut back all inflated expenditures that occurred during the years of excessive economic growth. To this end, we must cut back a number of government departments and screen organizations of various types. All expenditures should be handled strictly in accordance with the budget. The deficit should be kept within the amount set by the state plan by increasing production, practising economy, raising revenues and reducing expenditures. Administrative departments, institutions and enterprises should all practise economy and thrift. Localities, departments and trades, without exception, should combat extravagance and waste and practise strict economy and thrift in all undertakings.

Banks should continue to control the volume of credit and currency issue in accordance with the state's industrial and credit policies. They should readjust the credit structure, analyse the experience gained last year, make proper and timely adjustments in light of changes in the economic situation, give better guidance for the use of credit and improve the granting and managing of bank loans. They should continue to pursue a policy favouring agriculture, the purchase of farm and sideline products and products for export, state key construction projects and manufacture of major products. In granting loans, they should give first priority to large and medium-sized key enterprises with good economic performance. They should screen all loans granted, tap potential sources of funds, accelerate capital turnover, continue inflationproof savings and encourage urban and rural residents to deposit more savings in the bank.

**Fifth, tighten control over commodity prices, try to keep domestic markets stable, and arrange for people's well-being.**

Stabilizing prices and the markets is crucial to a stable life for the people. This year we must continue to curtail social demand and increase the supply of essential products. We shall continue the "shopping basket" project by stepping up construction of production bases of nonstaple foods and paying particular attention to the production of meat, eggs and vegetables and their supply in large and medium-sized cities. We shall see to it that more daily-use and small items are manufactured to enrich and enliven both urban and rural markets. State-run shops and supply and marketing co-operatives should serve as the major channels for obtaining and storing goods, purchasing farm and sideline products, purchasing and marketing major commodities and distributing such goods among different regions. They should especially try by various means to exploit the extensive rural markets and transport a good supply of manufactured items there. Commercial and supply and marketing departments should further improve their operation to provide better service. They should correctly guide consumption and expand market accessibility for commodities in order to stimulate production. They should permit some collectively and individually owned commercial enterprises to wholesale certain small articles, so as to enliven the market and promote commodity exchange between town and country.

Effective measures should be taken to tighten control over market prices. While continuing control over urban market prices, we shall gradually strengthen control over rural market prices. With regard to the few major products whose price restrictions have been lifted, we shall continue to fix their prices, and price rises must be approved by competent authorities. We shall try to maintain the prices of basic daily necessities and the charges for labour services. Commodity prices must be marked. We shall arrange charges of various kinds and put an end to unauthorized price rises and unjustifiable charges. We shall strictly check and supervise prices and encourage the masses and public opinion to play their role in this respect. Governments at all levels shall be responsible for control over price rises of certain commodities.

An important way of arranging for people's well-being is to have as few people waiting for jobs as possible and take care of people from enterprises that have suspended or partially suspended production. All departments and local authorities should open up new avenues in prod-

action management and services and create more job opportunities. Instead of thrusting surplus personnel onto society, they should arrange for these people to take technical training, to repair facilities, to make inventories of warehouses and so forth. People who are out of work or waiting for work shall be provided with subsistence allowances, appropriate to individual situations. In rural areas people should be organized to build water-conservation projects, plant trees, build roads and bridges and engage in other activities that help boost agricultural production. People should be encouraged and supported in efforts to set up collective or co-operative economic undertakings in cities and towns, and individual and private economic undertakings should be urged to develop in a healthy way in accordance with state policies, so that they will help increase production, stimulate commodity circulation and create more job opportunities. Job opportunities being limited, the number of agricultural people to be given non-agricultural status should be strictly controlled.

**Sixth, deepen and improve economic restructuring, stressing deepened reform of enterprises and improved macroeconomic regulation and control.**

Our efforts to improve the economic environment, rectify the economic order and deepen the reform complement each other -- all for the purpose of attaining prolonged, stable development of the national economy. Therefore, they must be combined. To advance reform, we should like to reiterate the following basic concepts:

— The four cardinal principles are fundamental to the building of the country, and reform and the open policy lead to a powerful China. Neither of these two basic points can be dispensed with.

— Reform means the socialist system's self-improvement and self-development, designed to demonstrate the superiority of the socialist system.

— Economic restructuring is chiefly aimed at gradually establishing a management system and an economic operating mechanism that combine a planned economy with market regulation, in order to meet the needs of development of a socialist planned commodity economy.

— The reform now under way must serve improvement of the economic environment and rectification of the economic order. The reform measures already adopted shall be stabilized, enriched, readjusted or improved, and at the same time experiments in reform in certain fields shall be

conducted at selected places on a sound basis.

The key to deepening and improving the reform is to correctly understand and implement the principle of combining a planned economy with market regulation. In light of practical experience over the years and current conditions in the country we deem it necessary to reaffirm the following concepts:

(1) The socialist economy of China is a planned commodity economy based on public ownership. A planned economy and a commodity economy are mutually unified, instead of being mutually exclusive. The superiority of a planned economy can and should be combined with the positive role played by market regulation.

(2) The planned economy and market regulation are generally combined in three forms: mandatory planning, which, although of a compulsory nature, must be made and achieved in accordance with the relations between market supply and demand and by conscientious application of the law of value; guidance planning, which is binding in the sense that it defines the direction and goal of economic activities, but which is executed mainly through economic policies and levers; and market regulation, which, under the overall guidance of state plans and within the framework of laws and statutes, is carried out through relations between market supply and demand and through price fluctuations.

(3) These three forms are combined differently in terms of ratio, depending on differing ownerships, enterprises, production links and fields, industries or products, and should be readjusted and improved as necessary in a changing situation.

(4) In macroeconomic activities we should strike an overall balance, maintain a balance between major sectors of the economy, regulate and control economic operations by economic, legal and administrative means, and thoroughly analyse economic information so as to predict economic development more accurately.

(5) The basic criterion by which to judge the success of combining a planned economy with market regulation is whether the combination helps improve economic performance and promote sustained, stable and coordinated development of the economy, not by abstract principles or models.

In accordance with the above basic understanding, acquired through practice, we should, from now on, place production and circulation of ma-



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major products essential to the national economy and people's well-being under mandatory plans and place all other products manufactured in large quantities under guidance plans and market regulation. The central authorities and local governments will make policy decisions and plans with regard to the scale and pattern of investment in fixed assets and to major construction projects. At the same time, we shall introduce market competition for use of investment and the design, construction and management of projects. Important economic activities of large and medium-sized enterprises owned by all the people will be controlled by mandatory or guidance plans, urban and rural collective economic undertakings will be subjected to guidance plans or market regulation, and individual and private economic undertakings and foreign-funded enterprises to market regulation. By so doing, we shall essentially do away with the structure by which we exercised rigid control and excessive interference and begin to combine planning with flexibility. Of course, combining a planned economy with market regulation is a very complicated task. Since we lack experience in this respect, we have to explore ways for improvement.

In reforming the economic structure this year we shall concentrate on deepening enterprise reform. We shall improve the contracted managerial responsibility system for enterprises by analysing experience, promoting what is beneficial, abolishing what is harmful, and making the system both encouraging and binding. It is necessary to correctly handle the relationship among the state, enterprises and workers and between long-term and immediate interests and refrain from being shortsighted in economic activities. We shall, in light of different conditions in different regions, trades and enterprises, determine reasonable terms for and the time needed to fulfil a contract, exercise strict appraisal of contracts and improve methods of distribution within enterprises, so as to ensure the integrity and appreciation of state property. The enterprises, for their part, should take the overall interest into account, trying to make a greater contribution to the country. We shall experiment in selected places with separation of taxes and profits and with after-tax loan repayment and contract execution. We shall deepen enterprise reform by implementing the Enterprise Law and adhering to and improving the system under which the factory director (manager) assumes full responsibility, while the Party organization in an enterprise fully exercises political and ideological leadership and the workers' conference and trade union play their role.

Taking advantage of improvement of the economic environment and rectification of the economic order, we shall extend economic association among enterprises and organize more enterprise groups. Our main objective is to raise the quality and economic performance of enterprises and increase their capacity for development. We shall promote in various ways the optimum organization of elements of production and readjustment of personnel patterns.

In deepening enterprise reform, we shall improve macroeconomic regulation and control. We shall also improve management systems for planning, circulation, finance, taxation and banking to meet the requirements of improvement and rectification. So far as planning is concerned, we shall try to achieve an overall balance, appropriately readjust the scope of mandatory planning and improve its management, adopt more effective measures for implementing guidance plans and improve general guidance of market-regulated production and circulation. In the supply of materials we shall appropriately expand the proportion of important materials to be distributed by the state and see to it that a proportion of major products to be sold by enterprises is subject to state guidance. We shall boost circulation of materials and develop markets for means of production under guidance plans. As for banking, the central bank should exercise stringent regulation and rigorous control of the economy as a whole, and competent departments should give more effective guidance to and tighten control over specialized banks. Specialized banks should adhere strictly to the state's industrial policies and credit plan. We shall set up banking institutions where necessary, end their overlapping of business, and take advantage of interest rates to regulate demand for capital and the use of funds. We shall further tighten control over money markets. So far as the financial system is concerned, we shall, while holding departments and enterprises responsible for their own profits and losses, applying the principle that financial resources be concentrated appropriately and taking into consideration different situations in different regions, ask local departments to turn over more of their profits to the state, and the central authorities will give fewer subsidies to local departments. We shall experiment with a system of revenue sharing in places where conditions permit. We shall improve the management system for taxation by centralizing power, enacting unified laws and administering separate management at different levels. We shall improve auditing, statistics, pricing, industrial and commercial administration

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and the economic information network, giving them full scope in regulating and controlling the economy as a whole. We shall gradually explore ways to establish a system of macroeconomic regulation and control based on the state plan and characterized by a comprehensive application of economic, administrative and legal means. We shall speed up the drafting of basic economic laws and statutes, such as a planning law, investment law, budget law, banking law and pricing law, and submit them to the National People's Congress for examination and approval.

This year we shall continue rectifying the economic order, particularly the sequence of circulation. The screening and reorganizing of companies should be taken as an important task which we should continue to tackle and fulfil. We shall close down, merge or retain companies strictly in accordance with requirements laid down by the state, properly handling problems therefrom and protecting state property from damage. We shall concentrate on drafting a company law, and companies are required to institute necessary rules and regulations in order to standardize their operation. We shall continue strict investigating and handling of violations of the law and discipline. This year we must do our best to achieve notable results in removing the chaos in the coal market. From this year on, all coal produced by mines whose products are solely distributed by the state, coal turned over to the state by localities, and coal produced outside the state plan that is transported by rail to other provinces shall come under unified allocation, ordering, transportation and dispatch. We shall sell publicly major means of production that are not included in the state plan and promulgate specific measures for that purpose. We must firmly oppose and foil any attempts to erect barriers between regions or to carve up the unified market.

This year we shall continue experimenting in selected places with major reforms, including comprehensive reforms in cities specially designated in the state plan and others, improve comprehensive experiments in reform and the open policy in Guangdong, Fujian and Hainan provinces, experiment in selected places with comprehensive reforms at the county level, and successfully run reform experiments in designated zones in the countryside. We shall steadily reform the housing and social security systems.

**Seventh, continue to open China to the outside world and expand trade and economic and technological exchanges with other countries.**

Our government has stated repeatedly that

China will never close its doors, no matter what changes occur in the world. At present we should take full advantage of favourable conditions to overcome temporary difficulties and, maintaining a self-reliant attitude, execute our open policy more effectively and achieve greater results. The way to promote sustained expansion of foreign trade is to increase exports. We should therefore continue to turn out more traditional products for export, readjust the mix of export commodities, export larger quantities of manufactured goods, including textiles, other light industrial products, machinery and electronic products, and of intensively processed and high-tech products, and increase farm produce that can earn foreign exchange through export. We should carry out and improve policies and measures encouraging export trade and firmly support key trades and enterprises involved in export with regard to the supply of funds, loans, energy, raw and semifinished materials and transportation services and in quotas for export. Enterprises turning out products for export and departments of foreign trade must adapt to a changing world market by constantly updating product design and variety, improving quality and packaging, and providing better sales service and abide strictly by contracts. Commodity inspection departments should be rigid in inspecting imports and exports.

While expanding export trade, we should rationalize imports, using our limited foreign exchange to import important equipment and materials for construction of key state projects. We must ourselves produce more raw and semifinished materials, machinery and electronic equipment in order to reduce or obviate their import. The import of luxury goods and high-grade consumer goods should be strictly limited and that of ordinary machinery, electronic products and materials should be controlled. All localities and departments should produce more import substitutes, speed up substitution of domestically made goods for ones manufactured abroad and become more self-reliant.

While no drastic change should be made in the contract system for management of foreign trade, the system should be readjusted in line with the requirements of economic improvement and rectification. We should continue to reorganize institutions involved in foreign trade and take appropriate measures against overdecentralized use of foreign exchange.

We shall continue using foreign funds and importing advanced technology. We shall keep improving the environment for investment, faithfully implement economic laws and statutes con-

cerning foreign nationals and firms, and concentrate on the successful operation of existing joint ventures and cooperative enterprises so they can play an exemplary role. In the use of foreign capital we shall stress direct investment by foreign businessmen and guide their investment in the right direction in accordance with the state's industrial policies. We should also encourage establishment of more joint ventures and cooperative enterprises that will retool China's existing enterprises, so that they will assist China's traditional industries to advance technologically and upgrade their products. Efforts to increase contracts for projects and labour-service cooperation abroad should continue. Foreign loans have exceeded \$40 billion. Although we are fully capable of repaying this amount, we must still tighten control over the borrowing, using and repaying of foreign funds and see to it that borrowing does not get out of control and that the loans go where they are most needed in the country's construction.

We should stabilize and improve the basic policies and measures for the special economic zones and open coastal areas, try to manage the economic and technological development areas in these zones successfully, and encourage their development of an export-oriented economy. The special economic zones should continue to serve as windows and bases of opening to the outside world.

**Eighth, strengthen socialist democracy and the socialist legal system and consolidate and develop political stability and unity.**

As the economy develops steadily and the reform deepens, we must strengthen socialist democracy and the socialist legal system, provide guidance for systematic reform of the political structure, and consolidate and develop political stability and unity. Governments at all levels should take the initiative in offering support and coordination for political restructuring, perform their functions and exercise their powers well and persevere in their efforts to help perfect the system of people's congresses, pursue multiparty cooperation and political consultation under the leadership of the Communist Party and establish and improve procedures and systems for democratic decision making and supervision. They should readily accept supervision and inspection by the people's congresses and their standing committees; keep in closer touch with the people's political consultative conferences at corresponding levels, the democratic parties, patriots without party affiliation and mass organizations, providing them with the necessary conditions for parti-

cipating in the administration of state affairs and in democratic supervision and setting great store by their opinions and suggestions, so as gradually to regularize, standardize and institutionalize consultation on public matters and democratic decision making. In the course of advancing socialist democracy, it is essential to distinguish clearly between socialist democracy and bourgeois democracy. In China a handful of people who cling to bourgeois liberalization preach multiple politics and a multiparty system; in essence, they are trying to exclude the majority of the people from democracy, reject the leading role of the Chinese Communist Party and replace the socialist people's republic with a bourgeois republic. We must therefore maintain sharp vigilance and resolutely combat this corrosive trend of thought, preventing its spread.

Socialist democracy has to be protected by a socialist legal system. Now that a whole system of socialist law, based on the Constitution, has taken shape in China, the former situation, in which people had no laws to go by in state affairs and in economic and social activities, has changed enormously. This year governments at all levels, while focusing on improvement, rectification and deepening of reform, are expected to lose no time in drawing up draft laws, statutes, rules and regulations. We shall disseminate knowledge of the law to enhance the nation's awareness of the legal system. Supervision over law enforcement shall be strengthened and the still prevalent tendency to neither observe nor implement laws must be corrected. The Administrative Procedural Law of the People's Republic of China will go into effect on October 1 this year. This is a great event in the building up of the socialist legal system and also an important move in establishing socialist democracy. All departments under the State Council and local governments at all levels should study this law, prepare fully for its implementation, and co-operate enthusiastically with the people's courts.

Although class struggle is not the principal contradiction in our society, it will still exist to a certain extent for a long time to come and may even become acute under certain conditions. While fostering socialist democracy and the socialist legal system, we must intensify dictatorship by the socialist state apparatus. Procuratorial and judicial departments should fully perform their respective duties and be on the alert to promptly crush infiltration and subversion attempted by foreign and overseas hostile forces and crack down on all sabotage by hostile elements at home. They must, in accordance with

the law, resolutely crack down on and severely and promptly deal with offenders who gravely threaten public security and disrupt economic development. In big and medium-sized cities, areas along trunk railways and open coastal areas a special effort should be made to crack down on crime in order to rectify public order. Governments at all levels should provide more effective leadership over public security and build up contingents of armed and public security police. At the same time, they should mobilize the masses and adopt comprehensive measures to ensure public order and tighten public security. Departments of justice should do a better job of educating juvenile delinquents and reforming criminals through labour and provide legal services for political and economic stability. Governments at all levels should take advantage of the present favourable conditions to strengthen, by effective measures, the building of political power at the grass-roots level in urban and rural areas.

The stability and unity of the country depend on harmonious relations among all nationalities in China and stability in the national autonomous areas. Governments at all levels should firmly carry out the Chinese Communist Party's policies towards minority nationalities, maintain their equality and unity, respect their freedom of religious belief and their customs and habits, help develop their economy and culture, and promote common prosperity for all. They should put the Law on Regional National Autonomy of the People's Republic of China into effect and lose no time in working out detailed rules and regulations for its implementation. Depending on local conditions, we shall train more people of minority nationalities as cadres and specialists of all kinds. We shall firmly protect the unity of our motherland and the great solidarity among all our nationalities and resolutely oppose any actions designed to split China and the Chinese nation.

The Chinese People's Liberation Army is the strong pillar of the people's democratic dictatorship. Governments at all levels should show concern for and give support to the building and reform of the army, helping it solve all kinds of practical problems. They should, in accord with the characteristics of the new period, constantly enrich and develop civilian support for the army, giving preferential treatment to families of revolutionary soldiers and martyrs, and the PLA, for its part, should support the government and cherish the people—all in order to strengthen unity of army and people and army and government. We should encourage people to learn from the PLA's fine morality and glorious tradition, educate the

public thoroughly about national defence, so they will be aware of danger in time of peace, and enhance their understanding of the importance of national defence. At the same time, we shall increase defence capabilities and ensure the steady development of a modern national defence.

**Ninth, adopt effective measures for the building of socialist culture and ideology and promote all-round social progress.**

We must conscientiously learn the lesson from previous years' neglect of socialist cultural and ideological progress and, along with economic development, reform and opening to the outside world, redouble efforts to improve ideological and political work. Among people throughout the country, particularly young people, we should conduct intensive education in the need to uphold the Four Cardinal Principles and oppose bourgeois liberalization and in patriotism, collectivism, socialism, communism, self-reliance, hard work, revolutionary traditions and professional ethics. We should urge people to take the interests of the whole into account and devote their all for the public good, and we should work hard to raise the quality of the entire nation, training new socialist builders who have lofty ideals and moral integrity, who are better educated and have a strong sense of discipline.

The spirit of Lei Feng exemplifies the Chinese nation's traditional virtues combined with lofty Communist ideology. Recently a vigorous campaign to learn from Lei Feng was launched anew throughout the country, achieving initial success. We should carefully analyse experience in this regard and warmly commend advanced collectives and individuals learning from Lei Feng on different fronts. We should publicize their exemplary deeds in conducting the drive to learn from Lei Feng extensively, thoroughly, persistently and in a down-to-earth manner. This constitutes an important part of building socialist culture and ideology.

Marxism-Leninism and Mao Zedong Thought must prevail in the ideological field. Departments of theoretical studies, literature, art, the press, publishing, film production, television, etc., must be oriented towards serving socialism and the people, adhering to the principle of letting a hundred flowers blossom and a hundred schools of thought contend, giving wide publicity to the fine culture of the Chinese nation and learning whatever is useful from alien cultures. In the ideological field our work should both be rectified and flourish. We must resist and criticize views

advocating bourgeois liberalization, which have been spreading widely in recent years, Western bourgeois views on philosophy, politics, journalism, literature and art, and the ideological trend towards national and historical nihilism. We should continue to conduct a persistent and thorough campaign against pornography and the drive to eliminate "six evils," in order to purify the social environment. We should give full play to the initiative of the vast numbers of theoreticians, propagandists, writers and artists, letting them plunge into the thick of life and go among the masses. They should work hard to provide more and better intellectual products to enrich and enliven the ideological and cultural life of the people, meet the diverse multilevel needs of society, help cultivate public opinion and create a cultural environment favourable to stabilizing the overall situation.

We should promote physical culture, sports and public health. This year the Eleventh Asian Games are to be held in China. People throughout the country should support the Asian Games and join efforts to make this year's games reach an advanced level. Athletes and coaches should demonstrate the spirit of solidarity and fighting to win, and the athletes should take pains to train themselves and strive for excellence to bring credit to the motherland. In the health field we shall further deepen the reform, improve medical practice and ethics, and emulate Dr. Norman Bethune's strong sense of responsibility in work, his constant effort to perfect skills and his warm-heartedness towards the people. We shall stress preventive health care and rural health work and do a superior job in the prevention and treatment of major diseases, in order to further improve hygiene in both urban and rural areas.

**Tenth, persist in family planning, tighten control over use of arable land, economize on the use of mineral resources and strengthen environmental protection.**

Control of population growth, preservation of arable land and mineral resources and protection of the ecological environment have a great bearing on China's overall economic and social development and the coming generations. Last year people working in family planning exerted immense effort and scored success in controlling population growth. However, we must note that our country's population problem is extremely acute, because the third baby boom since the founding of the People's Republic is due in the early years of the 1990s. We must therefore resolutely stabilize all current birth-control policies

and put them into effect in grass-roots units. Measures should be adopted to set rigorous targets for birth control. In family planning we should focus our attention on rural areas. We should continue to establish and improve service networks for family planning in counties, townships and villages, giving it more publicity, conducting more education and doing good work in prenatal care, mother and child care, old-age insurance and so forth. Special attention should be paid to birth control among the floating population. Governments at all levels should provide better leadership and redouble efforts to construct a legal system for family planning. This year the fourth national census is to be carried out. Governments at all levels and relevant departments should strengthen leadership in this regard and co-operate closely, so as to do an admirable job.

We should resolutely put an end to indiscriminate occupation of arable land and waste of land. All local authorities should strictly carry out the state plan for use of land for construction projects, closely examine the use of land for such purposes and think twice before giving approval, advising people to use little or no arable land. It is necessary to manage well and make the best use of funds for land development and to try by every means to reclaim land for agricultural use. From now on, any unit that has used farmland for construction purposes should in principle have the obligation to reclaim land, so that land use will be matched by reclamation. Local authorities should not only open up and use vast stretches of wasteland and shoals, but also reclaim small, scattered plots of idle land and land abandoned after construction of factories and mines.

It is necessary to rectify problems in the mining industry, strictly forbid unauthorized mining and other disruptive activities, preserve and make economical use of mineral resources.

While improving the economic environment and rectifying the economic order, we should expedite work on environmental protection. This year we shall focus on comprehensive improvement of the urban environment. We shall continue to pay special attention to preventing and controlling enterprise pollution, making multipurpose use of gaseous, liquid and solid wastes. We shall mobilize people from all sectors of society to plant trees and make our motherland green, so as to protect and improve the natural, ecological environment. Governments at all levels must resolutely enforce the statutes and regulations concerning environmental protection and try to achieve all objectives and tasks in this area.

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Fellow Deputies,

In order to accomplish the tasks in all fields of endeavour mentioned above, governments at all levels will have to exert still greater and more determined effort to make themselves clean and honest, maintain close ties with the masses and improve their work style. This is vital to the survival of the state and must be adhered to year after year. National stability hinges on a clean and honest government and the only hope for China lies in an industrious government. Governments should do the following this year:

(1) Organize people especially to examine thoroughly how the rules, regulations and measures for building a clean and honest government, adopted by the Party Central Committee, the State Council, all local authorities and departments, have been executed in the past year and submit the results to the masses for their comment and supervision. Governments that have failed to implement the rules, regulations and measures are required to carry them out within a fixed period of time, and those that continue to contravene them shall be investigated and dealt with severely.

(2) Establish a system of supervising the personal incomes of leading cadres at all levels and other personnel and work out and put into effect rules and regulations concerning acceptance of gifts in contacts with Chinese and foreigners; carry forward the struggle against embezzlement and bribe taking.

(3) Make more specific stipulations concerning housing and house-building standards for leading cadres at all levels and working personnel and correct and prevent such practices as occupying too many houses, decorating houses beyond set standards at public expense and building private homes in violation of the law and standards of discipline.

(4) Vigorously rectify and resolutely correct unhealthy tendencies in departments and trades, particularly breaches of the law and discipline by law-enforcing departments and supervisory institutions.

In order to promote the building of a clean and honest government, we must concentrate on investigating major cases, especially ones discovered in the course of screening and reorganizing companies, and conduct a thorough struggle against corruption. The investigation results of major cases should be dealt with severely in accordance with the law and made known to the public without delay. This year we shall focus on three types of cases: one, those involving leading

organs and cadres, law-enforcement and supervisory departments and their personnel who strike a deal between power and money and obtain unlawful income through underhanded means, such as graft, taking bribes, speculation and profiteering, abuse of power, and extortion; two, notorious cases of public concern that have aroused strong indignation in society, such as decorating houses above set standards at public expense, building private homes in violation of the law and standards of discipline by abusing power, touring the country at public expense, ostentatiously winning and dining, and indulging in extravagance and waste; three, cases of unwieldy bureaucracy and dereliction of duty, as well as practices in violation of the law and standards of discipline, such as going one's own way in disregard of orders or prohibitions.

Government personnel at all levels, and leading cadres in particular, must wholeheartedly aim to serve the people, follow the mass line and truly improve their thinking and work style. In the past few months central and local Party and government departments have dispatched large numbers of cadres to grass-roots units, where they have been welcomed by the local cadres and people. Beginning this year, government departments at and above the county level must observe the long-term system of sending cadres to grass-roots units. At present the main tasks for such cadres are:

To listen attentively to the opinions, suggestions and criticisms of the masses, answering questions about their concerns and resolving their doubts in a realistic way.

To publicize the principles and policies of the Party and government and explain the domestic and international situation.

When matters arise, to consult with the cadres and masses in the grass-roots units, requesting them to propose ideas and ways to solve practical difficulties encountered in production, other work and daily life.

All government functionaries going to grass-roots units should observe strict Party and government discipline, drop airs, get rid of bureaucratic tendencies and truly make friends with workers, peasants, intellectuals and students. They should lead a plain life and stress practical results in work. They should refrain from becoming a burden on the local authorities and grass-roots units, and they should also take part in some labour.

The State Council and local governments at all levels should foster an industrious and thrifty



style, avoid empty talk, seek high efficiency, behave modestly, take the lead in working hard and living a plain life, heighten their sense of responsibility and be devoted to their work. We should further streamline our structure and eliminate overstaffing. We should reduce the number of meetings and avoid issuing too many documents, freeing ourselves from piles of documents and countless meetings. We should consciously overcome and firmly combat practices characteristic of and tendencies towards decentralization and stress centralization, unity and a strong sense of organization and discipline. Confronted with the arduous tasks in the present complex situation, leading cadres at all levels and all government personnel should pay more attention to theoretical study, placing the study of Marxism, Leninism, Mao Zedong Thought and Comrade Deng Xiaoping's works at the head of their agenda. They should establish a study system, integrating theory with practice and trying to use a Marxist stand, viewpoint and method to analyse situations and solve all sorts of practical problems.

Fellow Deputies,

The 1980s witnessed significant progress in the great cause of reunifying our motherland. After negotiations between the Chinese and British governments and between the Chinese and Portuguese governments, a Sino-British joint declaration was signed on the Hong Kong issue and a Sino-Portuguese joint declaration was signed on the Macao issue, confirming China's resumption of sovereignty over Hong Kong and Macao. In the next ten years China will ultimately fulfil a mission of historic significance when it recovers these two regions.

Since Hong Kong and Macao entered the transition period, our government has cooperated successfully with the British and Portuguese governments in implementing the Sino-British and Sino-Portuguese joint declarations. Taking a forward-looking and serious attitude towards these two declarations, the Chinese Government will consistently abide by them and perform its obligations. The policies relating to Hong Kong and Macao, formulated by our government in accordance with the principle of "one country, two systems," will remain unchanged. We are happy to note that the Basic Law of the Hong Kong Special Administrative Region (draft), a historic legal document, has already been completed and will be presented to this session for examination and approval. It will provide a major guarantee for Hong Kong's long-term stability and prosperity.

All Chinese, both on the mainland and in Hong Kong and Macao, should respect each other, live in amity and value each other's social system and way of life. As Chinese citizens, compatriots in Hong Kong and Macao enjoy the right to participate in the administration of state affairs within the framework of the law. Nonetheless, in doing so they should respect the socialist system on the mainland and observe the state Constitution and laws. Our compatriots in Hong Kong and Macao all love their motherland; however, we should guard against the handful of persons with ulterior motives who attempt to make Hong Kong and Macao bases for overthrowing the Central Government and the socialist system. In order to maintain the stability and prosperity of Hong Kong and Macao and achieve a smooth transfer of political power, it is hoped that the British and Portuguese governments will continue to cooperate with the Chinese Government.

In the past decade some signal changes have occurred in the Taiwan Strait situation. Relations between the two sides of the strait, going from tension and confrontation to gradual relaxation, from long-standing seclusion to mutual contact, are advancing in a direction favourable to the country's reunification. This conforms to the trend of the times and the fundamental interests of the Chinese nation and represents long-cherished wishes shared by people on both sides of the strait.

Nevertheless, we should be aware that many man-made estrangements in relations between the two sides of the strait have not been rooted out and obstacles hindering the reunification of the motherland have not been removed. Although the Taiwan authorities have relaxed their policies with regard to the mainland to some extent, their actions are a far cry from the wishes and demands of people on both sides of the strait. The authorities still cling to the policy of "no contact, no talks and no compromise" and hold obstinately to their position of anti-communism and refusal to hold peace talks. Internationally, they are bent on pursuing "elastic diplomacy," "dual recognition," "one China, one Taiwan" and "two Chinas." Particularly disturbing is the recent agitation in Taiwan on the part of people with ulterior motives for the "independence of Taiwan," openly proposing to split Taiwan from the motherland. This was firmly opposed by all the Chinese people, and the Chinese Government will not ignore it.

The 1990s constitute a period of historic significance in which we shall continue to promote the peaceful reunification of the motherland and the revitalization of the Chinese nation. We shall

adhere unswervingly to the policies of "peaceful reunification" and "one country, two systems" and augment and improve our policies towards Taiwan. To attain China's reunification, we place our hopes on the Taiwan authorities and, even more, on the Taiwan people. We are concerned about the restive political situation in Taiwan today. However, we are willing to cement ties with the various parties, organizations and far-sighted people of all circles in Taiwan, exchanging ideas, discussing the major topic of reunification and promoting contacts and exchanges between the two sides of the strait in economic, cultural, scientific, technological, sports and other fields. We encourage entrepreneurs from Taiwan to invest, run wholly owned enterprises, joint ventures or co-operative enterprises, or develop whole regions on the mainland through construction projects, so as to jointly expand the export-oriented economy. The Taiwan authorities should make further changes in their policies restricting investment on the mainland. We are ready to provide Taiwan investors with a good investment climate and preferences.

We shall continue to implement established policies with regard to overseas Chinese and sincerely hope that returned overseas Chinese, Chinese nationals abroad and their family members in China will continue to play an important role in accelerating the modernization drive and accomplishing the peaceful reunification of the motherland.

### **III. The International Situation And Our Diplomatic Work**

The international situation is presently undergoing tremendous changes. Relations between the United States and the Soviet Union, between the Eastern and Western blocs and between states within both blocs are all evolving. The question of German reunification has already been placed on the agenda. Europe is experiencing great changes. Diverse forces in the world are realigning and regrouping, with intricate interests at stake and amidst complex contradictions. Greater unrest is still brewing in the world.

The move towards multipolarization reduces the influence of both the United States and the Soviet Union on international affairs. Nevertheless, the relationship between the two countries remains a major influence on international development. US-Soviet military confrontation has receded, and disarmament negotiations continue. The past year has seen efforts on the part of

parties concerned to solve regional conflicts through political means, with outstanding results in southwestern Africa.

We believe that the concerted efforts of people of all countries will make it possible to preserve world peace and create a relatively long-lasting peaceful international environment. It should be noted, however, that the threat to world peace remains, the arms race between the two super-powers continues and regional conflicts in many places have not yet ended. Certain big powers have wantonly interfered in the internal affairs of other countries in contravention of norms governing international relations. The economic gap between developed and developing countries is widening and North-South contradictions are deepening. Needless to say, this does not contribute to international stability.

Particularly noteworthy at present is the increasingly evident trend among certain countries to pursue power politics. The world will not be a tranquil place to live in until hegemony and power politics quit the international arena.

How to propel such an international situation in a direction favourable to peace and development constitutes a major task for people the world over.

The Chinese Government has consistently followed a policy of maintaining and developing normal relations with all countries on the basis of the five principles of mutual respect for each other's sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. We shall as always hold to this principled stand in the current ever-changing international situation.

Over the past year China has improved and strengthened its relations with many countries, particularly its neighbouring countries. Our friendship with the Democratic People's Republic of Korea is on an ever more solid basis. We support the proposals put forth by the DPRK Government for the independent and peaceful reunification of Korea and hope that the parties concerned will work for continued relaxation of tension and for stability on the Korean peninsula. Our friendly relations and co-operation with Pakistan, Bangladesh, Nepal and Sri Lanka in South Asia have been satisfactory. Sino-Indian relations are improving. We have normalized relations with the People's Republic of Mongolia and the People's Democratic Republic of Laos. The friendly relations between China and the ASEAN countries play a positive, significant role in the maintenance of peace and stability in Southeast

Asia. Fruitful talks now under way between China and Indonesia are bringing normalization of relations between the two countries nearer. In addition, the past year has seen further progress in unity and co-operation between China and Arab, African and Latin American countries. Circumstances fully demonstrate that friendship between China and other Third World countries can withstand all storms.

Since relations between China and the Soviet Union were normalized last May, the two sides, acting on the principles for promoting bilateral relations and the agreements reached at the summit meeting, have broadened contacts in all fields. In the border talks still under way negotiations between the two teams of diplomatic officials and military experts have progressed. The development of good-neighbour relations between China and the Soviet Union, based on the Five Principles of Peaceful Coexistence, is not only in the interest of the two peoples, but conducive to peace in Asia and the world.

Traditional ties of friendship exist between the peoples of China and Eastern Europe. As a socialist country, China is naturally concerned about the drastic political changes that have taken place in Eastern Europe. However, we never interfere in the internal affairs of other countries in conducting inter-state relations. We hope to maintain normal, friendly relations with East European countries on the basis of the Five Principles of Peaceful Coexistence.

We understand the aspirations of the German people for national reunification and hope that settlement of this question will not only benefit the two German states and the German people, but also contribute to peace and stability in Europe and the world.

Since last June our relations with the United States and some other Western countries have encountered greater or lesser difficulties and complications, caused by the sanctions and multifaceted pressures imposed on China by a few countries and their interference in China's internal affairs. The world has seen once again from the past months' events that the People's Republic of China never yields to external pressure and that no one can succeed in isolating China. Normal inter-state relations are based on equality and mutual benefit. Now that some Western countries have realized the importance of restoring and maintaining normal ties with China, their relations with us are taking a turn for the better. We hope this trend will continue, and we are ready to do our part.

Since the establishment of diplomatic relations

between China and the United States more than ten years ago, bilateral relations, based on the three communiques issued by the two countries, have expanded. Only by strict observance of the principles contained in the three communiques, particularly those of non-interference in each other's internal affairs and of seeking no hegemony, can relations between the two countries be restored and furthered.

China and Japan are close neighbours with a long history of friendly communication. The Chinese government has always attached great importance to developing friendship and co-operation with Japan. It is our hope that the Japanese government will join the Chinese government in restoring and furthering normal and friendly relations and co-operation between the two countries by adhering to the principles embodied in the Sino-Japanese Joint Communiqué and the Sino-Japanese Treaty of Peace and Friendship.

In its consistent advocacy of the fair and reasonable settlement of regional conflicts through political means, the Chinese government's position on the Cambodian question is that establishment of a provisional quadripartite coalition government, headed by Prince Norodom Sihanouk, following Viet Nam's complete troop withdrawal under effective international supervision, will ensure peace in Cambodia. We appreciate and endorse the United Nations' initiative in solving the Cambodian question. We welcome any proposals that can lead to a fair, reasonable and complete solution, but we believe that all proposals should be submitted to Prince Sihanouk for his opinion, which should be respected, and should have the consent of all factions in Cambodia. Only in this way will it be possible to ensure total implementation of the proposals.

We have always sympathized with and supported African countries and peoples in their just struggle for national independence and against racism. The independence of Namibia marks the accomplishment of the historical mission of decolonizing the African continent, for which we should like to extend our cordial congratulations. The South African authorities should yield to historical trends and take further measures to abolish apartheid. We are concerned about the peace process in Central America and hope the United States will respect the sovereignty of the Central American states. We strongly condemn the US invasion of Panama and do not wish to see the recurrence of similar events. We demand that Israel stop its suppression of Palestinian inhabitants and withdraw from the occupied Arab ter-

ritories. We hope that the Middle East question will be settled by political means and in a fair and reasonable manner, so that the Middle East will be transformed from a turbulence-plagued region into a peaceful one. It is also our sincere hope that Iran and Iraq, proceeding from acceptance of UN Security Council Resolution 598, will, through direct contact and negotiations, advance from ceasefire to lasting peace.

Disarmament has a direct bearing on world peace. Stopping the arms race and bringing about genuine disarmament remain formidable tasks. We hope the US and USSR will cease all forms of the arms race, fulfil their disarmament duties and take the lead in drastically reducing their nuclear and conventional arsenals. We hope that as countries possessing the largest arsenals of chemical weapons, the two countries will stop producing such weapons and destroy existing stocks. We also hope that the Conference on Disarmament in Geneva will make headway towards concluding an international convention on complete prohibition of chemical weapons. China's reasonable stand on disarmament has received extensive support in the international community, and we are ready to join all countries in ensuring that the cause of international disarmament follow the correct path.

In recent years the United Nations has done much useful work, and scored commendable achievements in facilitating political solutions to regional conflicts, preserving world peace and promoting economic and social development. China is ready to add its own strength to that of other member states to enhance the UN role in international affairs.

The drastic changes in the international situation impel the world community to establish a new international political order. The Chinese government has consistently held that all countries, big or small, strong or weak, practising whatever social system, should respect one another, treat one another as equals, seek common ground on major issues while reserving differences on minor ones, and foster friendship and co-operation for the common prosperity. Any attempt to impose one's ideology, values, or even social system upon others through political, economic, cultural or other means will fail in the end. The Chinese government believes that the Five Principles of Peaceful Coexistence, which have already been endorsed universally by the international community, form the rational basis for a new international political order. International practice has repeatedly proved that no matter how countries differ in terms of domestic

conditions, they can establish and develop normal, friendly relations with one another so long as they truly abide by those principles. Reasonable solutions can be found to all international disputes no matter how complex they may be. We are convinced that the establishment of a new international political order on the basis of the five principles conforms not only to the interests of all countries, but to popular aspirations throughout the world.

Developing countries have suffered cruel exploitation and plunder from irrational international economic relations and unequal exchanges. The heavy burden of foreign debt has shackled the developing countries' economic development. As a result, in the present-day world conditions are worsening, with the rich countries getting richer and the poor ones poorer and a great many people still struggling on the verge of starvation. This is a vital issue that calls for universal concern and urgent solution. China supports developing countries and the Nonaligned Movement in their efforts to establish a new international economic order and hopes that developed countries will take the initiative to assume their due responsibility.

Our diplomatic work over the past year further proves that the foreign policy of independence and peace we have consistently followed is correct. The Chinese government will continue to implement this policy, opposing hegemony and preserving world peace. We shall continue to strengthen unity and co-operation with other third world countries, play a constructive role in international affairs and work unremittingly to solve all major questions confronting the world. We shall persist in the Five Principles of Peaceful Coexistence and establish and expand friendly relations with all countries on the basis of these principles. We shall not interfere in the internal affairs of other countries or allow any country to interfere in ours. Foreign forces hostile to China that engage in subversive activities are bound to fail. Come what may, socialist China will stand rock-firm in the East.

Fellow Deputies,

The course of history is tortuous, but the world has a bright future. China holds great promise, and the tide of human progress is not to be stemmed. The great Chinese people, determined to work hard to make their country strong and prosperous, have entered the 1990s with high resolve, advancing fully confident along the socialist road! ■

tion but rather a typical legislature that is vested with extensive power. As a local power organ, the Legislative Council of the Hong Kong Special Administrative Region exercises greater power than that of the legislative bodies of the provinces as well as autonomous regions on the mainland. This is a significant demonstration of the high degree of autonomy of the future Hong Kong Special Administrative Region in the area of legislative power.

### Democratic Participation

The Basic Law also takes into account the democratic participation of Hong Kong compatriots in the government and the interests of the various social strata.

For more than 140 years, there has been no social democratic participation in politics in Hong Kong through direct elections or indirect elections. The president of the Hong Kong Legislative Council has been the governor of Hong Kong, appointed by the queen of Britain. Besides the governor and three ex-official members, other official members and unofficial members are all appointed by the governor of Hong Kong. Although unofficial members are responsible for soliciting and reflecting the citizens' opinions and have become a bridge between the citizens and the government of Hong Kong, they are all appointed rather than elected. In essence, the way the Legislative Council is formed has not been done through democratic means.

In September 1985, the Legislative Council held its first election in

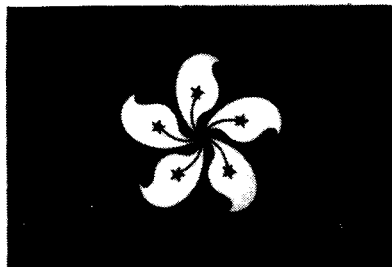
the history of Hong Kong. However, candidates could contend for only 24 seats out of 56, and the election had certain constituents of appointment. Currently, appointed officials and unofficial members make up more than half the Legislative Council. Thus, the British government policies for Hong Kong easily passed into law. Therefore, it cannot be called a government organ that is deeply rooted in Hong Kong society and holds responsibility for the Hong Kong people.

With the transfer of the power in 1997, the Legislative Council with extensive representation will be established in order to realize the social democratic participation in Hong Kong. Article 68 of the Basic Law states, "The Legislative Council of the Hong Kong Special Administrative Region shall be constituted by election." This shows that the Legislative Council will not have appointed members. As for how

members will be elected to the Legislative Council, the opinions of representatives from all social strata in Hong Kong were considered during the process of drafting the Basic Law. Some supported direct elections of one vote for one person; others adopted a prudent and unhurried attitude; standing for indirect elections.

In theory, direct elections are ideal for democratic participation, but the conditions must exist for direct elections. These conditions include the popular demand for political participation, which is determined by such complicated factors as the people's educational levels, cultural backgrounds and social conditions. If the conditions do not exist for political participation, the society will face instability. Hong Kong is a comprehensive entity consisting of personalities in all classes. Because capitalists, industrialists, businessmen, professionals, middle-class and ordinary people have different interests and aspirations, they have different requirements for political participation. As for those who considered social stability the first priority, it is reasonable that they show concern about the number of seats filled in direct elections. The majority of people in Hong Kong have no objection to the value and principle of direct elections, but some of them have stressed the actual conditions of Hong Kong and maintain that democratic development must conform to the special environment of Hong Kong.

The Basic Law is a collection of reasonable



The regional flag and emblem of the Hong Kong Special Administrative Region.

proposals from representatives of various social strata in Hong Kong. Based on the principle that Hong Kong's future political structure should favour the region's stability and prosperity, choices were made in the process of deciding the election method that the Hong Kong Special Administrative Region should adopt.

According to the Basic Law's Annex II, which is entitled Method for the Formation of the Legislative Council of the Hong Kong Special Administrative Region and Its Voting Procedures, and the Decision of the National People's Congress of the People's Republic of China on the Method for the Formation of the First Government and the First Legislative Council of the Hong Kong Special Administrative Region, the first three terms of the Legislative Council of the Hong Kong Special Administrative Region will be elected after 1997 by functional constituencies, the Election Committee and geographical constituencies through direct elections. Each of these three will elect a certain number of members. To promote the development of democracy and obtain Hong Kong citizen's recognition of the future Legislative Council, it is necessary that a number of members of the Legislative Council be elected by geographical constituencies through direct elections. However, in order to best reflect the aspirations of all social strata in Hong Kong, it is also necessary that a certain number of the Legislative Council members be elected by functional constituencies. This is also a reflection of democratic development in Hong Kong. The method that a number of the Legislative Council members be elected by the Election Committee will only be adopted for the formation of the first two terms of the Legislative Council. Moreover, the number

elected by the Election Committee for the second term will be smaller than that for the first term. In fact, such an election is only a type of transition.

These stipulations in the Basic Law show that to realize democratic participation through various channels fully accords with the will and demands of Hong Kong compatriots. They also show that the Basic Law provides an ideal form that could be obtained under particular conditions in the process of realizing democratic participation, and thus it will be accepted by a majority of Hong Kong citizens. The Sino-British Joint Declaration states that members of the Legislative Council will be elected. However, some people in Hong Kong misunderstand the elections as direct ones and they see the Basic Law and some relevant stipulations in the Sino-British Joint Declaration as conflicting. Their reasoning does not hold water.

### Gradual Development

Because the trend in today's world is to strengthen democratization, is it necessary to further develop Hong Kong's democratic system? Of course it's necessary. However, the scenario will not be one of abrupt changes before 1997 and then no changes after 1997. Both historical experiences and reality have shown that the development of a democratic system is a huge systematic project. It is closely connected to numerous social factors. In Hong Kong particularly, where a democratic tradition is lacking, it is even more impossible to accomplish the development of democracy in a single move. More haste, less speed. Even the Hong Kong government that is now actively making efforts to pursue a representative system admits that to forcibly accelerate the reform of political structure might possibly

lead to an unstable and unclear situation in Hong Kong. In order to maintain Hong Kong's stability, it said, the development of Hong Kong's representative system should not be an abrupt change but should progress gradually.

In working towards democracy in Hong Kong, the Basic Law has specified the method for the formation of the Legislative Council during its first three terms and clearly stipulates the course it should follow after 1997. The Decision of the National People's Congress on the Method for the Formation of the First Government and First Legislative Council of the Hong Kong Special Administrative Region states that the first Legislative Council will be composed of 60 members, with 20 members returned by geographical constituencies through direct elections, 10 members returned by an Election Committee, and 30 members returned by functional constituencies. The decision also stipulates that those members of the Legislative Council in its last term before 1997 who uphold the Basic Law and meet its requirements, will become members of the first Legislative Council of the Hong Kong Special Administrative Region, upon confirmation by the preparatory committee. The makeup of the second-term Legislative Council will follow the rules stipulated by the Basic Law's Annex II. In the second term, the Legislative Council will be composed of 30 members returned by functional constituencies, six members returned by the Election Committee and 24 members returned by geographical constituencies. In the third term, the Legislative Council will be composed of 30 members returned by geographical constituencies through direct elections, without any members returned by the Election Committee. After 2007, if it is neces-



sary to amend the provisions of Annex II, the amendments must be endorsed by a two-thirds majority in the Legislative Council and must be made with the consent of the chief executive. The amendments must also be reported to the Standing Committee of the National People's Congress for the record. This demonstrates that the process of democracy after 2007 depends on the Hong Kong people.

It can be seen that all of these regulations will result in the gradual development of democracy in Hong Kong. With regard to direct elections, an appropriate step forward has been maintained during the initial terms of the Legislative Council. This is favourable to achieving Article 68 of the Basic Law — “the ultimate aim is the election of all members of the Legislative Council by universal suffrage.” The Basic Law has drawn up a plan for promoting democracy in Hong Kong within a specified future time frame. Now, the most important thing for compatriots of Hong Kong to do is to have a genuine understanding of its history and the current situation as well as a sense of reality, to build up self-confidence and create conditions for the development of Hong Kong.

Within certain guidelines, permanent residents of Hong Kong who are not Chinese or who have the right of abode in foreign countries may be elected members of the Legislative Council. Hong Kong is a city with people of many nationalities. The Basic Law takes this into account in regard to political participation by considering the interests of all level of Hong Kong society. The relevant stipulations of the Basic Law are embodied in two aspects:

First, permanent residents in Hong Kong who are not Chinese or have the right of abode in foreign countries shall have the

right to vote and the right to stand for election. According to Annex II of the Sino-British Joint Declaration, the government and legislature of the Hong Kong Special Administrative Region shall be composed of “local inhabitants.” Chapter III of the Basic Law defines “local inhabitants” as “permanent residents of the Hong Kong Special Administrative Region,” which include residents of Chinese nationality, those who are of foreign nationalities and those who enjoy the right to live in foreign countries. Article 26 of the Basic Law states that “permanent residents of the Hong Kong Special Administrative Region shall have the right to vote and the right to stand for election in accordance with the law.” Therefore, permanent residents who are not Chinese or those with the right to live in foreign countries can exercise their rights in participating in politics in line with the Basic Law. This will help increase the sense of belonging of those people who take Hong Kong as their home, as well as encourage them to participate in the administration of local affairs in Hong Kong.

Second, permanent residents of the Hong Kong Special Administrative Region who are not Chinese or who have the right of abode in foreign countries can be elected members of the Legislative Council. Article 67 of the Basic Law states: “The Legislative Council of the Hong Kong Special Administrative Region shall be composed of Chinese citizens who are permanent residents of the region with no right of abode in any foreign country.” The article is in accordance with the principle of sovereignty and has provided the necessary conditions for realizing the principle that “Hong Kong is administered by the Hong Kong people.” However, in view of the diversity of nationality of resident popu-

lation of Hong Kong, it will be difficult for those permanent residents who are not Chinese or who have the right of abode in another country to submit their opinions to the Legislative Council if the council is composed only of people of Chinese nationality. Article 67 shows the problem has been handled flexibly. It adds: “Permanent residents of the Region who are not of Chinese nationality or who have the right of abode in foreign countries may also be elected members of the Legislative Council of the Region, provided that the proportion of such members does not exceed 20 percent of the total membership of the Council.” The Legislative Council, as a local government body, must administer the Hong Kong Special Administrative Region within the power assigned by the central government. The Legislative Council does not have the authority to deal with matters of defence and diplomacy. Therefore, allowing some people who are not Chinese or who have the right of abode in foreign countries into the Legislative Council will not affect China's exercise of sovereignty over Hong Kong. On the contrary, it merely reflects the sovereignty of a country.

The stipulations in the Basic Law dealing with the composition of the Legislative Council shows just how reasonable the political structure to be established in the Hong Kong Special Administrative Region will be, a structure that has been accepted by most of the Hong Kong people. There is every reason to believe that in the years after 1997, the Hong Kong Special Administrative Region will practise the political system formulated in the Basic Law, and that the democracy in the region will be greatly improved, leading to a more stable and prosperous Hong Kong. ■

# Saving Wildlife: A Nation Mobilized

by Our Staff Reporter Liu Jianjun

**E**ach April, when high school and primary school students start hanging bird cages on the heavily wooded Fragrant Hills in Beijing's western suburbs, it is a sign that the nation's annual "bird-loving week" is under way.

Since China adopted the policy of reform and opening to the outside world in 1979, the idea that wildlife should be protected has taken root in the public mind. At the same time, the government has recognized animal protection as a means to maintain the ecological balance so vital to mankind's existence.

The extensive effort made over the last 12 years has paid off handsomely in saving endangered species. Although the effort is still in its infancy and there are still many problems to be tackled, indications are that

one-tenth of the world's wildlife will come under due protection after many years' neglect.

## Abundant Resources

China's territory is vast and its natural environment varied. The numerous mountains, plateaus, lakes, rivers and forests teem with wildlife, making China one of the few nations to lead the world in the number of animal species.

Official statistics indicate that, as of now, there are more than 2,100 kinds of terrestrial vertebrates, including 1,186 birds, 450 mammals, 210 amphibians, and 320 reptiles. Several hundred of these animals are found native to or living mainly in China; these include the giant panda, lesser panda, snub-nosed monkey, white-lipped deer, takin, nor-

theast China tiger, south China tiger, wild horse, wild ass, Yangtze River crocodile and giant salamander. The current number and geographic distribution of these animals are as follows:

**Mammals.** The giant panda inhabits only the west of Sichuan Province and the alpine belt on the boundary between Sichuan and Gansu provinces. Recent estimates show that there are now only about 1,000 giant pandas in existence.

The lesser panda mainly lives in alpine forests of Yunnan and Sichuan provinces and the Tibet Autonomous Region.

Of the world's 190 species of primates, seven genera and 16 species are found in China. These include the snub-nosed monkey, gibbon, leaf monkey and rhesus monkey, all of which are scattered south of the Changjiang (Yangtze) River and most of which are in Yunnan Province.

China possesses five of eight subspecies of tigers. These are the northeast China tiger, south China tiger, Indian tiger, Bengal tiger and Xinjiang tiger (the last has not been seen for years).

China has one of the only two subspecies of elephants in existence. They are found in the subtropical forests of Xishuangbanna, Yunnan Province.

The wild horse, probably extinct now, and the wild ass roam the chilly desert area of Inner Mongolia, Xinjiang and Tibet.

Various members of the cattle family are scattered widely throughout China. These include the takin, saiga, Asian



In 1986, a couple of snub-nosed monkeys from the Chongqing Zoo were on exhibit at the Woodland Zoo in Seattle, USA.

XINHUA



Zhong Zhaomin (second right), engineer of the Forestry Bureau of Pingwu County, Sichuan Province, has saved 32 giant pandas over the past 20 years. The picture shows his family feeding a baby panda. JIN XUQI

wild cattle and argali.

There are ten genera and 19 species of deer family, of which the white-lipped deer is special to China, mainly found in the northwest plateau areas.

**Birds.** China's birds make up 14 percent of the world's existing 9,000 species, surpassing that of Europe and North America. Ninety of which are found either exclusively or mainly in China.

China has nine of the world's 15 species of cranes, such as the red-crowned crane, black crane and grey crane. The black-collared crane is China's speciality.

In China, there are 56 of the world's 270 species of pheasants, 20 of which are rare. Their numbers are highest in Qinghai-Tibet Plateau, known as the "Pheasant Kingdom."

There are more than 80 species of birds of prey in China such as the eagle and vulture.

There are 44 species of ducks, including big and small swans.

**Reptiles.** China has 430 of the world's more than 2,000 species,

all of which are widely distributed. They mainly inhabit the lakes and tropical forests of south China. The giant salamander is the most numerous and is indigenous to China. In addition, there are the Yangtze crocodile, giant lizard and python.

### Legislation

China's management of its wild animal resources began in the 1950s. At the time, the Ministry of Forestry set up a hunting department in charge of coordinating and administering hunting activities and the investigation and planning of the nation's animal resources, putting an end to the chaotic situation of the past.

At the Third Session of the First National People's Congress (NPC) held in 1959, several scientists submitted a motion, suggesting that natural forest preserves be marked off, where the felling of trees would be prohibited so as to "prevent the natural scenery from being destroyed by man and make it pos-

sible for scientists to probe into the relationship between animals, and between living creatures and inorganic matters." As a result, a plan was drafted to designate more than 40 forest reserves and natural preserves in 15 provinces and autonomous regions and listed this task as a theoretical research project.

Subsequently, 20 wilderness preserves were set up successively in Guangdong, Fujian and Yunnan provinces, northeast China and the Guangxi Zhuang Autonomous Region. Conservation experts and researchers from the Ministry of Forestry and some research institutes have conducted extensive surveys of the animal and plant resources in these areas and collected a large amount of data and information.

Zhu Kezhen, a famous scientist, made new proposals on natural conservation work at a NPC session held in 1963. In response, conservation work gradually came into full swing and the destruction of forest and wild



Three artificially bred south China tiger cubs are growing well in the Suzhou Zoo with the careful tendence of senior veterinarian Huang Gongqing. ZHANG RUIQI

animal was, to a certain extent, controlled.

However, the work came to an abrupt stop because of the "cultural revolution" that broke out in 1966. Forest and wild animal resources were severely damaged during the decade-long chaos.

After 1979, greater attention was paid to conservation and progress and achievements were made in protection of wild animals.

In the 1980s, the government set up a wildlife protection bureau and an office to control import and export of endangered animals and plants under the administration of the Ministry of Forestry. The China Wildlife Conservation Association and its branches were also founded.

In 1984, the state promulgated many decrees such as the Forest Law, the Fishery Law, and the Aquatic Law to protect animal resources.

In 1985, the Ministry of Forestry publicized the Measures for Administration of Forest and Wildlife Conservation Areas. In 1986, the State Council announced lists of 20 forest and wildlife preserves.

To curb and punish those involved in killing and smuggling wildlife, the State Council in 1987 issued an urgent circular to resolutely curb the indiscriminate hunting and smuggling of rare wildlife. Thereafter, the various provinces, municipalities and autonomous regions beefed up surveillance over illegal hunt-

ing and smuggling activities and punished a number of criminal offenders.

The same year, the Supreme People's Court issued an urgent circular on curbing the hunting of giant pandas. The public security department handled several dozen cases of illegal hunting and smuggling of giant pandas according to law.

On this basis, the government in November 1988 promulgated China's first law for the protection of wildlife, stipulating in detail the methods of administration, protection, production and trade of wildlife and the punishment for relevant illegal activities; similar legislations were adopted as well by local authorities. Wildlife protection was thus brought within the orbit of the legal system.

Administrative organs have been set up at the central and local levels, and forest police and supervisory teams established in each conservation area. In addition, the production and use of hunting rifles has been put under licence control, and wildlife import and export subject to strict approval procedures.

Moreover, the state has come up with lists of 300 endangered species and put them under first- and second-class state protection.

What is worth mentioning is that China has included protection of the environment and wildlife in the Constitution. Within a short period of time it has set up and improved various laws and administrative measures for wildlife protection. An authoritative American conservationist said at the Beijing International Conference on Wild Animal Protection held in 1987, "The Chinese have showed their leadership ability in the field of environmental protection as China is one of the few countries using the Constitution to protect wildlife. This has not yet been done in the United States al-

though such a step is being advocated."

### Wildlife Reserves

At present, China has more than 300 wildlife sanctuaries and plans to increase this number to 500 with a total area of 20.6 million hectares by the end of this century. Most of these safe havens for wildlife, scattered in various provinces, municipalities and autonomous regions, were established and developed in the 1980s; northeast China alone has nearly 30 such reserves. Thirty of these natural reserves, including the Wolong Mountains in Sichuan Province, the Wuyi Mountains in Fujian Province, Xishuangbanna in Yunnan Province and the Changbai Mountains in Jilin Province, have been designated as national wildlife reserves and six have become part of the international Man and Biosphere Programme.

Each conservation area has its

own particular ecosystem rare animal or plant resources. This is seen, for example, in the Zhalong Red-Crowned Crane Sanctuary in Heilongjiang Province, the Wolong Giant Panda Protection Zone in Sichuan Province and the grassland ecosystem in the Inner Mongolian Autonomous Region. The state has adopted measures on wildlife and plant resource protection within

in groups. A total of 627 species of terrestrial vertebrates have been verified in the province, a two-fold increase. In some places, wild animals, like the wild elephant, have become regular visitors to nearby villages and roadsides. Even the tigers and leopards, which come hunting for livestock, are left unharmed.

After a bird sanctuary was set



Foreign experts conduct research at the Eld Deer Conservation Area in Hainan Province. There were only 24 eld deer species indigenous to the area when the reserve was set up. Now, the number has reached more than 240.



A Crane on the Poyang Lake.

YOU YUNGU

these preserves, and made great progress in relevant planning, scientific research, culture, education, sanitation and tourism.

In Yunnan Province, called the "Kingdom of Animals and Plants," several thousand gamekeepers have been organized to patrol 30 natural reserves, 16 factories making hunting rifles have been shut down, and local minority ethnic residents dependent on hunting for a living have been either moved out of game preserves or given jobs in farming and other businesses. After several years, many rare animals that were once thought to be extinct have reappeared. The number of wild elephants now has reached several hundred. The south Asian tiger, not seen for years, is now roaming the forests

up in the Inner Mongolian Autonomous Region, the decline in the bird population has been halted and the number of bird species has reached 109. The number of swans alone reached 2,400. The white owl, once listed as near extinction, has been sighted. Although there are only about 200 such owls in the world, some 20 were seen in China. International conservationists said that the Chinese government's decision to designate some 500 conservation areas nationwide is all the more remarkable in a country which lacks land for cultivation.

### Saving Animals

Despite its tight financial situation, China invested several

## CHINA

million yuan in saving and building up the stocks of rare wildlife, and a large number of endangered, sick and wounded animals were thereby rescued.

In the 1980s, the international community looked on in admiration as China saved the giant pandas, the stubby-tailed animal seen as a national treasure.

In 1983, about 250,000 hectares of arrow bamboo forests in Sichuan and Gansu provinces, home to the bamboo-eating giant panda, began to die out, putting the lives of the panda population on the line. Several dozen pandas died from starvation.

The entire nation pitched in. All the resources available were pooled. Special organizations and foundations were set up. Money started pouring in and rescue parties rushed to the scene.

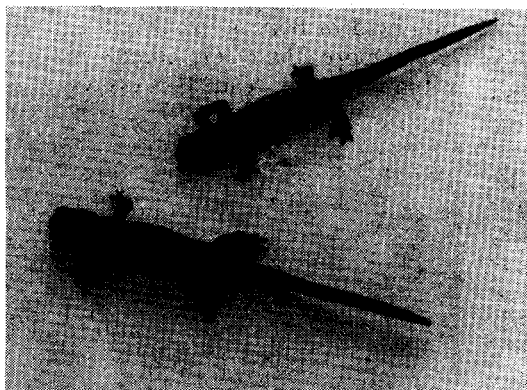
In the 20-odd counties where giant pandas inhabit, some 10,000 people attended to the animals day and night. A contract responsibility system was adopted so that every corner of the area was put under the watchful eyes of gamekeepers, who made it a point to send starved, sick giant pandas to rescue stations no matter how far away they were found. This often meant a trudge of several dozen kilometres up and down the thistle-covered mountains. So intent were the people on rescuing the animals that they would not bring themselves to hurt any panda that happened to be feeding on their crops.

Thanks to such herculean efforts, several dozen giant pandas were saved in five years. Today, with the bamboo forest sprouting new shoots, the emergency rescue operation has been transformed into a long-term protection programme.

In addition, a guideline for the

protection and propagation of this national treasure has been issued by departments concerned. Also, pedigrees of giant pandas have been compiled. Scientific propagation bases, first-aid stations and a blood bank for giant pandas have been set up in Chengdu, capital of Sichuan Province.

Steady progress has been made in artificial breeding, the most



North salamander discovered in west Xinjiang Uygur Autonomous Region.  
XIALIHAER

notable being the success in test-tube breeding. According to the Zoological Society of China, the country started artificial giant panda feeding in 1955. In 1963, a giant panda gave birth to a litter under captivity. Since then, China has successfully bred 30 giant pandas.

Besides giant pandas, China has also come a long way in the protection and breeding of other rare wild animals. For example, with only several dozen crested ibis left on earth, China, for the first time in the world, succeeded in artificially breeding the rare bird in 1989.

Scientific research centres in north and northeast China have, up to now, bred several dozen south China tigers and northeast China tigers, which will be gradually released into their natural habitat. In another example, centres for raising David's deer in Beijing and Jiangsu Province

have managed to increase the animal population.

The Chinese government and local organizations are popularizing zoological knowledge through a variety of means in order to enhance public awareness of the importance of saving mankind's four-legged friends.

### World Co-operation

Since it opened its doors to the outside world in 1979, China has actively participated in international efforts to strengthen the protection of wildlife, increase its animal resources and improve relevant techniques.

Since becoming a member of the UNESCO Man and the Biosphere Programme in 1979, China has put six wildlife reserves, including the Changbai Mountain and Wolong natural

reserves, under an international wildlife-preservation network. Quite a number of scientific research projects have since been undertaken in these areas.

After participating in the Convention on International Trade in Endangered Species of Wild Fauna and Flora in 1981, China set up an office to oversee the import and export of wildlife and plants. Any trade involving the import and export of rare animals and plants under the protection of the state and international convention has been banned since.

An agreement was signed between China and the International Wildlife Foundation that year to co-ordinate the effort of protecting and studying the giant pandas and other rare species in China. Funds allocated especially for this purpose and experts in the field have already been sent to China.



In addition, the Environmental Society of China and the China Wildlife Conservation Association became a member of the International Union for Conservation of Nature and Natural Resources in the early 1980s and participated in devising and implementing protection policies. Such international co-operation has helped China improve zoological research and wildlife protection.

In addition to its presence at conferences and activities organized by the above-mentioned international organizations, the Chinese government frequently sends representatives on fact-finding tours of foreign countries to study the advanced technology and management expertise of foreign countries. For example, inspection groups have visited some world-famous natural reserves, research personnel have been sent to further their studies abroad, and Chinese and foreign researchers have joined each other on expeditions.

To protect and increase the number of wild animal species and expand artificial propaga-

tion and domestication, China has introduced from foreign countries some wild animals for breeding purposes such as the wild horse and blue fox from America, and the David's deer, originally native to China, from Britain. It has also exported some of the nation's rare species. About 30 giant pandas have been presented to foreign zoos.

In 1987, at an international conference on wildlife protection held in Beijing, participants from more than ten countries submitted and read 100 essays and exchanged views on how to protect rare wildlife in China and the rest of the world.

### Problems

In spite of the progress China has made in recent years, it also faces many thorny problems.

Much remains to be done in order to deal with the illegitimate hunting and trading of the wildlife under state protection. In November 1989, a tiger weighing 200 kg was killed in northeast China to the consterna-

tion of the entire nation. The event was preceded by the killing of a swan and giant pandas as well as the smuggling of snub-nosed monkeys. And, in February this year, Beijing was again stunned by the slaughter of a leopard and a black wolf. According to a China Wildlife Conservation Association bulletin, two trade companies in Jilin Province managed to illegally purchase several freight wagons of wild animals in a month.

Such activity shows that protection of wildlife is still an arduous and prolonged task. As a government official put it, the crime of destroying wildlife resources, as a global problem, has existed through the ages and in societies; it can be rooted out only by unremitting vigilance and effective measures.

With the establishment and improvement of China's legal system, however, the problem is gradually being brought under control. The government and conservation organizations at all levels have planned to popularize both the law and scientific knowledge in order to help the public realize the value of wildlife and foster a consciousness of the need to conserve wildlife.

More funds are to be allocated and more professionally trained personnel will be assigned to construct and manage natural reserves. A more effective nationwide protection network is to be set up in a few years.

Stricter control measures will be taken in the trade of animals and the finished products. Artificial products will be used to replace those dependent on wildlife resources.

With the continuous implementation and expansion of the open policy, China will further strengthen its international cooperation and exchange and help promote wildlife protection. ■



White marten bred in the wildlife farm of Jixian County, Heilongjiang Province.

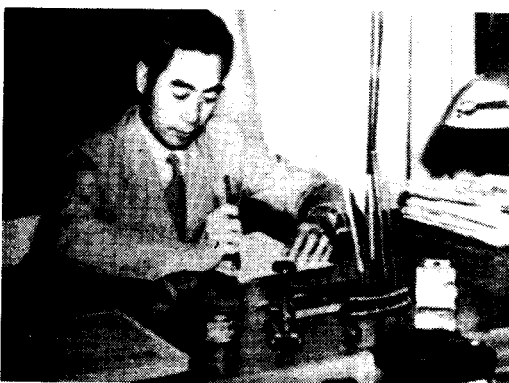
XUE CHAO

## Zhou Enlai on Film Screen

A new documentary film on the life of Zhou Enlai, China's late premier, received its first public screening on March 5, the 92nd anniversary of Zhou's birth day.

The 90-minute film by the Central Newsreel and Documentary Film Studio is the latest in a series on China's leaders, a series that already includes *Mao Zedong* and *Zhu De*.

Most people know of Zhou as a great leader of outstanding political talent but the film also shows him as a faithful servant



Zhou Enlai at work.

of the people.

Zhou Enlai was among the first group of Communists. In 1924, during China's First Civil War period, Zhou returned home from Europe and led a series of armed uprisings in the struggle against Kuomintang repression. In the following 10 years, he made accurate evaluations of the situation and checked the party's mistakes in military leadership.

He played a decisive role in securing Mao Zedong's leadership of the Party and army, assisting Mao in leading the Red Army out Kuomintang-blockaded southern China and

completing the Long March. This illustrated Zhou's military talent and leadership ability.

On December 12, 1936, two Kuomintang generals who were willing to co-operate with the Communist Party against the Japanese invaders and who opposed Chiang Kai-shek's anti-Communist campaign, imprisoned Chiang in what came to be known as the Xian Incident.

Making a rational analysis of the complicated situation, Zhou mediated between the Nanjing government and the two generals. He played an important role in the peaceful solution of the Xian Incident, laying the foundation for Kuomintang-Communist co-operation in the anti-Japanese war.

To maintain the co-operation, Zhou stayed in Chongqing and Nanjing for 10 years as the representative of the Communist Party. His broad knowledge, dignity, heroic spirit and diligence won the respect of many people, including foreign friends who gained an understanding of the Communist Party's policies.

After the founding of the People's Republic in 1949, Zhou contributed all of his wisdom, talent and energy to the reconstruction of the country. As the republic's first premier, Zhou worked day and night to heal the wounds of long years of war and explored effective ways to carry out socialist construction.

He was concerned solely for the prosperity of the country and the welfare of the people. He also showed great respect for intellectuals and democratic personnel, winning the trust of intellectuals who were willing to give all they had to the country.

As the People's Republic's first minister of foreign affairs, Zhou



Zhou Enlai and his wife Deng Yingchao.

made diplomacy an art, his outstanding ability in negotiations and foreign affairs gaining the respect and trust of foreign friends. It was through Zhou's efforts that diplomatic relations were established between China and the United States and between China and Japan.

When the "cultural revolution" began, Zhou used his influence to protect many Party leaders and democratic personnel from the Red Guards. At the same time he also worked to maintain the normal operation of the national economy.

In 1975, despite suffering from cancer, Zhou delivered his government report to the Fourth National People's Congress, setting forth China's four modernization goals. He died in 1976 at the age of 78.

Wang Ronghong, writer and director of the film, has worked in the documentary field for many years. He wrote the script for *Zhou Enlai* in 1979 but did not begin filming until almost 10 years later, finally realizing his long cherished goal to produce a complete and accurate documentary on the late premier.

Three factors contribute to the success of the film: 1) historical events are presented accurately; 2) a large amount of documentary footage, some released for the first time, has been used; 3) the film contains interviews with Zhou's colleagues and friends, including Marshal Nie Rongzhen and Xu Xiangqian.

by Hong Lanxing

## A Dunhuang Document to Be Off Press

In May 1900, a Taoist monk named Wang Yuanlu cut into a wall of Grotto No. 17 of the Dunhuang Grottoes in Northwest China and discovered tens of thousands of volumes of Buddhist classics and other historical documents. Wang could hardly have dreamed that his discovery would create a whole new academic subject: Dunhuang studies.

In memory of the 90th Anniversary of the discovery, the Institute of Chinese History under the Chinese Academy of Social Sciences, the Dunhuang-Turfan Academic Society of China, the British Library and the School of Oriental and African Studies, University of London have cooperated to edit the eight volumes entitled *Dunhuang Manuscripts in British Collections (Non-Buddhist Texts)*, which will be published by the Sichuan People's Publishing House over the next three years.

The contents, indexes and specific names given to each document are to be published in both Chinese and English, making it easy for academics to use both inside and outside of China.

Professor Ning Ke, the Chinese editor of the book and the vice-president of the Dunhuang-Turfan Academic Society of China, refers to the book as "an illustrative collection, which is the most complete, most accurate and clearest reflection of the original texts".

"Its publication," Ning says, "is the result of the joint efforts made by Chinese and British scholars and is due to play a positive role in promoting Dunhuang studies and other related subjects."

Located at an important pass on the ancient Silk Road, Dun-

huang in Gansu Province used to be a political, cultural and religious center as well as the site of economic and cultural exchanges between the east and the west. Carved over a period of 1,000 years beginning in 353, Dunhuang has nearly 500 grottoes and is rich in ancient stone-sculptures, murals, graffiti and architecture. Fifty thousand volumes of Buddhist scripture and documents as well as Buddhist instruments, paintings on silk and embroidery excavated from Grotto No.17 at the beginning of this century have been of particular interest to academics throughout the world. The documents were written in different languages, including the Chinese and Tibetan and cover the period from the 4th to the 11th century. Books, poetry and literature, decrees and regulations, official transcripts, residence booklets, letters, contracts and account books, were all included in this cache. Among them were rare historical documents and the sole copies of manuscripts by ancient writers. They are of unmatched value to research concerning social, economical, political, cultural, religious and military affairs and to developments in literature, science and technology, medicine and foreign relations at that time. In the past 80 years, with the help of these documents, academics have made remarkable progress in Dunhuang studies, which has become a world-wide pursuit of learning.

Unfortunately, after Wang's discovery, some documents were smuggled out of China beginning in 1907 by the British, French, Russian and Japanese. Now the 50,000 volumes of documents are in the hands of collectors in these countries or in the state mu-

seums, which has been a problem for Dunhuang experts.

It is particularly inconvenient for Chinese researchers. Documents left in China are mainly Buddhist copies. Chinese scholars have to go to the Britain or France to see the originals. In the 1950s and 1970s more than 10,000 pieces of Dunhuang documents in British and French hands were put on microfilm, which gave a boost to Dunhuang Studies. However, due to the age of these documents, they are almost illegible on microfilm. This makes the publication of the documents a must.

According to a rough estimate by experts, apart from the Buddhist texts, there are about 6,000 social documents among the collections in Britain, France, the USSR and China. Britain has the largest collection, which accounts for 40 percent of the total.

In order to make a full use of this important source, the Chinese and the British sides signed an accord under which the Chinese side sent scholars to Britain for one year (1988-89). They visited the British Library, the India Office Library and the British Museum and singled out more than 2,000 Chinese documents from the total 15,000 Dunhuang documents there. The chosen documents were photographed, labelled, edited and published. The selected photos in the book were all taken with high-quality film. Inscriptions that used to be unrecognizable such as some characters written with red dye show up clearly on the new film. Particularly noteworthy is that this book will fill in a gap in microfilm archive including the Chinese part of Tibetan documents collected in the India Office Library, the autographs and graffiti on Dunhuang silk products and paintings collected in the British Museum.

by Wei Liming

## A Guide to Investment

**G**uide to Economic and Technical Co-operation and Investment in China (1986-90 English Edition), published by China Economic Publishing House, is being distributed by the China International Book Trading Corp. (Guoji Shudian) and the China National Economic Publications Import and Export Corp. (CENPIEC) internationally.

Chinese Premier Li Peng and former State Councilors Gu Mu and Zhang Jingfu wrote inscriptions for the book.

Co-edited by Lin Zongtang, the current minister of Aeronautics and Astronautics Indus-

try, and Liu Guoguang, a distinguished Chinese economist, it is the first major guide which aims to give an overall introduction to economic resources and relevant economic aspects.

The key contents of the book are:

1. Location, economic development and investment environment, forecast for co-operation of various economic, scientific and educational departments and companies under the direct command of the State Council and in various provinces, Municipalities and autonomous regions and cities, prefectures and counties under their jurisdiction.

2. Detailed projects for economic, technological cooperation and suggested methods of co-operation; location, telephone and telex numbers of relevant enterprises;

3. Economic and technological advances made by various departments and enterprises with an introduction of their products;

4. The State Council regulations on encouraging foreign investment.

With the continued implementation of the policy of opening to the outside world, the book will play a positive role in promoting Sino-foreign economic and technological co-operation. It is a helpful guide for international entrepreneurs or businessmen. ■

## Music Encyclopedia Off the Press

**T**he most significant work of musical literature, the *Musical* volume of the Encyclopedia of China, was recently published by the Encyclopedia of China Publishing House and is to be distributed domestically and internationally (the Circulation Department of the publishing house offers mailing sale service).

From conception to final printing, the work has been nearly ten years in the making. Editors and contributors come from 300 distinguished Chinese musicians and prominent academics including Lu Ji, president of the Chinese Musicians' Association, He Luting and Zhao Feng, both vice-president of the association, Miu Tianrui, a well-known musicologist and president of Tianjin Conservatory of Music, and Yang Yin-liu, director of the Institute of Music under the China Art Academy.

With more than ten subdivi-

sions including "musicology," "musical theory," "musical type," "voice and vocal art," "musical instruments and performance," "ancient Chinese music," "modern Chinese music," "music of China's minority nationalities," "Western music," "Asian, African and Latin American music," the volume has a total 1.8 million Chinese characters.

The volume is unique in many respects. First, it has a balanced focus on professional and folk-music and distinctive musicians and pop artists and singers. There are quite a number of subjects such as the Chinese folk-song, folk-dance, nationalities instrumental music, narrative and dramatic music, and renowned folk-singers and artists.

Second, not only does it take notice of the significant impact of Western music to the development of world music, it also outlines the musical developments

in Asian, African and Latin American and other third world countries and regions.

Third, it observes contemporary and historical musical contributions by both the ruling class and the ruled. A systematic introduction is made of the musical achievements of peoples in the course of their revolutionary struggles, particularly of the Soviet and the Chinese people during the period of their socialist construction.

Fourth, in its introduction to the Chinese music, it deals equally with Han music and music of other nationalities. It reaffirms the important role of the Han musical culture in the development of the Chinese music and on the other hand, many issues give a clear and concise introduction to the music of China's 55 nationalities.

Finally, it impartially evaluates various important historical figures and places controversial musicians in the proper perspective.

by Lou Xinyue



## Chinese Paintings by Huang Zhufu

Huang Zhufu, born in Guangxi Zhuang Autonomous Region in 1914, worked in the Central Academy of Fine Arts before he retired. A senior calligrapher and painter, his great attainments in the theory of painting, calligraphy, literature and art are well known. His bold, sharp style in painting expresses a strong temperament, vividness and poetic flavour.

A Landscape of the Ninghe River near the Lesser Three Gorges of the Changjiang River.



A Galloping Horse.



Morning Glory.



Fish.



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