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# Beijing Review

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## On Opposing Bourgeois Liberalization



**PREMIER LI PENG  
VISITS THE SOVIET UNION**



A hardworking elderly rural woman.

*Photo by Wang Shu*



## On Opposing Bourgeois Liberalization

□ A speech delivered at a theoretical study class on Party building by Wang Renzhi, head of the Propaganda Department of the CPC Central Committee, deals with the emergence, development and spread of bourgeois liberalization, the principal lessons and conclusions to be drawn therefrom, and the need to uphold the four cardinal principles and to continue combating bourgeois liberalization. It is hoped that the article will give our readers a comprehensive understanding of China's fight against bourgeois liberalization (p. 13).

## Premier Li Peng to Visit Moscow

□ Despite drastic changes in the international situation, it is possible China and the Soviet Union can maintain their friendly ties as long as both sides adhere to the Five Principles of Peaceful Coexistence (p. 4).

## Current and Future Sino-Soviet Economic Co-operation

□ Since the early 1980s, Sino-Soviet trade and economic co-operation has developed greatly as a result of joint efforts and out of the needs of both China and the Soviet Union. It is believed that Chinese Premier Li Peng's visit to the Soviet Union will further promote trade and economic co-operation between the two countries (p. 9).

## Reports on Plan for Economy and Budget

□ At the Third Session of the Seventh National People's Congress held in March, Zou Jiahua, state councillor and minister in charge of the State Planning Commission, delivered a report on the implementation of the 1989 plan for national economic and social development and the draft 1990 plan, and Wang Bingqian, state councillor and minister of finance, delivered a report on the implementation of the state budget for 1989 and on the draft state budget for 1990. Excerpts of the two reports (centrefold).

## Promulgation of HK Basic Law Lauded

□ A *People's Daily* editorial praised the promulgation of the Hong Kong Basic Law and pointed out that a major feature of the law was the integration of state sovereignty with a high degree of autonomy granted to Hong Kong (p. 24).

## CONTENTS

<b>NOTES FROM THE EDITORS</b>	4
Another Milestone in Sino-Soviet Relations	
<b>EVENTS/TRENDS</b>	5-8
Media's Role in Party-Populace Ties	
Chinese Judges Set Juvenile Courts	
China Breaks Ties With Lesotho	
UK A bode Decision Protested	
First Chinese Crosses Antarctica	
News in Brief	
<b>INTERNATIONAL</b>	
China, USSR Strengthen Economic Co-operation	9
<b>CHINA</b>	
Opposition to Bourgeois Liberalization	13
HK Basic Law: A Creative Masterpiece	24
China Expands Economic and Trade Co-operation With Other Countries	26
Tianjin Public Cite Cadres	28
<b>DOCUMENTS</b>	
Report on Implementation of the 1989 Plan for National Economic and Social Development and the Draft 1990 Plan	Centrefold
Report on the Implementation of the State Budget for 1989 and on the Draft State Budget for 1990	Centrefold
<b>BUSINESS/TRADE</b>	29-31
<b>FROM THE CHINESE PRESS</b>	32-33
<b>CULTURE/SCIENCE</b>	34-35
<b>LETTERS</b>	36
<b>COVER:</b> Premier Li Peng en route to the Soviet Union.	

Photo by Guo Zhanying

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# Another Milestone in Sino-Soviet Relations

by Our Guest Commentator Wan Chengcai

**A**t the invitation of the Soviet government, Chinese Premier Li Peng will pay an official visit to the Soviet Union from April 23 to 26. The first trip to the Soviet Union by a top Chinese leader in 26 years, the visit will become yet another major milestone in further normalizing Sino-Soviet relations.

Last May, Soviet leader Mikhail Gorbachev visited Beijing and held talks with Deng Xiaoping, thus realizing the normalization of relations not only between the two countries but also between the two Communist parties. During the visit, leaders of both countries agreed to "end the past and open the future." They also agreed that the future Sino-Soviet relationship should not be a return to the alliance of the 1950s; rather, based on the Five Principles of Peaceful Coexistence, a good-neighbourly friendship should be established to replace the state of confrontation that existed between the two countries in the 1960s and 1970s. Both sides also agreed that what is past is past — what is important is to look forward — and substantial efforts should be made to develop bilateral ties.

In the past year, thanks to bilateral efforts based on this spirit, remarkable progress has been achieved in various areas of Sino-Soviet relations:

- Political ties are progressing steadily. High-level contacts between the two countries have continued in the wake of Gorbachev's China trip. For instance, parliamentary contact level has been raised, as can be seen in the visit to China last September by Anatoly Lukyanov, then first

vice-president and now president of the Presidium of the Supreme Soviet, the Soviet Union's parliament. As a result, a delegation of China's National People's Congress will visit the Soviet Union this year. Premier Li's trip is a return visit to Gorbachev's last year.

- Links between the Communist Party of China (CPC) and the Communist Party of the Soviet Union (CPSU), which had been suspended for many years, are developing in a normal way. Zhu Liang, head of the CPC Central Committee International Liaison Department, and his Soviet counterpart, Valentin Falin, head of the CPSU Central Committee International Department, exchanged visits in September and December last year. In March, a CPC delegation headed by Wang Renzhi, head of the Party's Propaganda Department, visited Moscow. In the talks both sides frankly exchanged views on matters of concern, promoting their mutual understanding.

- Personnel exchanges in other areas are increasing on a level higher than in the past. Visits were exchanged between non-governmental associations, such as trade union federations, Communist Youth Leagues, and Women's Federations. In early April, Song Wen, director of the Defence Ministry's foreign affairs office, toured the Soviet Union and was received by Mikhail Moiseyev, chief of staff of the Soviet armed forces, thus resuming military ties between the two countries.

- Achievements have been made and new channels of cooperation opened in bilateral eco-

omic and technological cooperation. Two-way trade volume in 1989 reached 4.83 billion Swiss francs, up by 18.7 percent over the previous year. This year the agreed volume will be 5.23 billion Swiss francs, an increase of 8.3 percent over last year. Furthermore, border trade has expanded considerably. In 1989, China sent 15,000 workers to the Soviet Union for various construction projects and more than 200 contracts on bilateral scientific and technological cooperation were signed. Especially worth mentioning is the fact that Sino-Soviet economic cooperation was growing at a time when both China and the Soviet Union faced difficult economic situations.

- In cultural, educational and sports areas, 600 Chinese students were sent to the Soviet Union in 1989 and 320 Soviet students came to China. Eight colleges and 11 art institutions between the two countries have established direct links for exchanges. Currently, the Beijing Film Academy Studio is co-producing with the Soviet Kilkis Film Studio the film *A Chinese Girl in Caucasia*, which is the story of traditional friendship between the Chinese and Soviet people.

Progress has been made in Sino-Soviet border negotiations on reducing the bilateral border military presence and formulating measures to strengthen mutual trust.

All this indicates that despite the complex events which took place in China and the Soviet Union and the drastic changes in the international situation over

the past year, it is highly possible for China and the Soviet Union to establish a new type of friendship as long as they adhere to the Five Principles of Peaceful Coexistence — mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. Both sides are satisfied with the development in their relations last year and look forward to new progress.

At a news conference on March 15, shortly after his election as the Soviet Union's first executive president, Gorbachev said that Premier Li's forthcoming visit to his country was a "major event" which would give a new impetus to Sino-Soviet ties and that the Soviet Union attached much importance to the ties and would make utmost efforts to push them forward.

In reply to a question raised by a Soviet reporter at a news conference on March 27, Premier Li said he hoped his visit would further enhance bilateral ties in political, economic, cultural and technological fields and help reduce the level of military confrontation along the border. He said the first task was to expand bilateral economic co-operation. He stressed that as a neighbour sharing borderlines totally 7,000 kilometres with the Soviet Union, China hopes to maintain friendly and good-neighbourly relations because such a relationship is of major significance to the maintenance of peace and development in the Far East and the world.

Of course, conditions in China and the Soviet Union are different and it is only natural that their views on some issues are not completely identical. As long as both sides steadfastly observe the Five Principles of Peaceful Coexistence, bilateral relations are sure to move forward, and Premier Li's visit will, undoubtedly, propel such a process. ■



Li Ruihuan speaking at a work meeting of the Xinhua News Agency.

WU JIGUO

## Media's Role in Party-Populace Ties

**A** top Party leader urged China's media to do its share in implementing a decision adopted by the 13th Party Central Committee at its Sixth Plenary Session on March 12 to strengthen the Party's ties with the people (see *Beijing Review*, issue No.12, 1990).

"Publicizing and implementing the decision has become a major task in the current Chinese political life, and journalists across the nation bear a strong responsibility — they can, and should, play a major role in this endeavour," said Li Ruihuan, member of the Standing Committee of the Political Bureau of the Party's Central Committee, in a lengthy speech at a meeting of Xinhua News Agency on April 11.

The relationship between the group of people in power and the broad masses, Li said, has been so vital to the rise and fall of a nation that, whatever social system is in place, sober-minded statesmen through the ages have never failed to make much account of this matter. According to him, China's mass media has a major role to play in bringing home to all functionaries of the Communist Party of China (CPC) the importance of closing the ranks between the Party and the masses,

steering their efforts to implementing the Party decision and keeping the nation informed of the progress of this endeavour.

Li's speech was divided into three parts: fully understanding the great significance of maintaining the Party's close ties with the masses; earnestly carrying out the various requirements set in the decision; and constantly summing up experience in the construction of socialism with Chinese characteristics.

Li said the four cardinal principles (adhering to the socialist road, the leadership of the Communist Party, the people's democratic dictatorship, and Marxism-Leninism and Mao Zedong Thought) are an important part of the Party's basic line and the foundation of the state. Experience has shown that only by upholding the four cardinal principles can China have stability, unity and hope for the future. If the four cardinal principles are not upheld the country will fall into chaos, division and disaster, he said.

"To uphold the four cardinal principles means to firmly uphold the mass line, have complete faith in and reliance on the masses, carefully study the people's interests in different areas of work,

get to know the people's demands and their moods, listen to the people's voices, and educate and lead the people to march forward."

Since the Third Plenary Session of the 11th Central Committee of the CPC in 1978, China has shifted its central task to economic construction, thus forming a new Party line — "one centre and two basic points," meaning that economic development is the central task and the four cardinal principles and the policy of reform and opening to the outside world are the two basic points. This line has won the heartfelt support of all the people because it reflects their fundamental interests and demands, Li said.

There have been remarkable achievements over the past decade and this success must be attributed to the development of the Party's fine traditional practice of the mass line, Li said. However, at the same time mistakes, slackness and corruption have defiled the Party ranks.

He cited lack of adequate vigilance and effective struggle against the propagation and spread of various factors hindering the Party's reliance on and close contacts with the masses in the new historical period as the main reason for these negative influences.

Referring to the implementation of tasks put forward at the Sixth Plenum, Li said: "We should start by solving concrete problems for the masses. This is the fundamental way for the Party to strengthen its flesh and blood relations with the broad masses.

"When summing up our experience in building socialism with Chinese characteristics, theoretical study should take Marxist theory as the guiding principle, gear itself to the masses and China's reality and take a firm stand for the cause of socialism, Li said. ■

## Chinese Judges Set Juvenile Courts

China has set up nearly 500 juvenile tribunals in a move to systematise special judicial procedures for the criminal trials of juveniles and coordinate the national efforts to control crime.

Establishing juvenile tribunals was the result of a rise in the rate of juvenile delinquency since 1980 and an increase in the number of habitual criminals due partly to improper penalties. The development of juvenile judicial systems abroad and especially the United Nations' meeting on juvenile judiciary in May 1984 catalyzed the birth of the Chinese juvenile court system.

The first such tribunal was set up late in 1984 by the Changning District People's Court in Shanghai.

China's Criminal Law and Law of Criminal Procedures call for treating adults and juveniles differently, but in practice it is

common to see the courts handle juvenile wrongdoers like grown-ups. Hence, the importance of juvenile tribunals.

Psychological barriers are very real when procedures and forms for adult offenders are used in the trials of juvenile criminals, and the results are usually poor. By establishing juvenile tribunals, this problem can be solved by using trial methods and procedures designed specially for juvenile delinquents.

By the end of last year, the juvenile tribunal of the Changning District settled more than 60 cases and sentenced 80 juvenile criminals. None appealed to a higher court and the recidivism rate was much lower than average, indicating satisfaction on the part of the defendants and their parents.

Juvenile tribunals stress the education and reform of juvenile wrongdoers, helping them distinguish right from wrong and inspiring their consciences to mend their ways — all for the purpose of forestalling and reducing ju-

## China Breaks Ties With Lesotho

The Chinese government decided to break off its diplomatic relations with Lesotho on April 7, two days after the Lesotho government resumed its "diplomatic ties" with Taiwan.

The charge d'affaires ad interim of the Chinese embassy to Lesotho made representations to the Lesotho government and formally declared the African country's decision to re-establish its "diplomatic relations" with Taiwan violated the principles of the joint com-

muniqué guiding the establishment of Sino-Lesotho diplomatic relations, and was totally unjustifiable. The communiqué was signed April 30, 1983.

The Sino-Lesotho joint communiqué definitely points out that the government of the Kingdom of Lesotho recognizes the government of the People's Republic of China as the sole legal government of China and that Taiwan is an inalienable part of the Chinese territory. ■

venile delinquency.

As part of their job, judges in the Changning District Court and members of the juvenile tribunal are now required to be well-versed in education and juvenile psychology.

During trials, judges speak in a mild tone of voice with the defendants, rather than in a stern, severe manner, to help alleviate young offenders' fears, strain and worry and cultivate an atmosphere in which the two sides can communicate with each other.

An important part of the juvenile tribunal judge's job is investigating the background, motives and character of the delinquents. This usually involves a heavier workload than in adult cases.

"We may come across a juvenile delinquent who considers himself an outcast or a 'little lord.' The key is to find a proper point for education," said Zuo Yan, the head of the Changning District juvenile tribunal.

"Material love," she said, "is a useful means of education."

When a young robber learned that his divorced mother had sent him clothing and food despite her economic difficulties, he was moved to tears and expressed his determination to mend his ways.

Thorough background checks have also helped tribunal judges set up ties between the courts and families.

Another part of the judges' job is to visit the young prisoners. In this way, some of the young offenders have become good friends with the judges. One prisoner wrote: "You have enabled me to feel warmth and see hope. I won't let you down."

One principle for handling criminal cases, especially juvenile delinquency, is to stress prevention.

After juvenile tribunals were established in all of Shanghai's

## UK Abode Decision Protested

China has once again condemned Britain's unilateral decision to grant right of abode to 50,000 Hong Kong families.

At a weekly news briefing on April 11, a spokeswoman for the Chinese Ministry of Foreign Affairs said that China could not ignore such a serious breach by the British side of its solemn commitment and the relevant agreements reached between the two countries.

"The Chinese government has time and again made its stand clear. However, the British side has, in disregard of the just demand of the Chinese side, intransigently

submitted the 'British Nationality (Hong Kong) Act 1990' to its Parliament."

China reserves the right to take corresponding measures vis-a-vis the erroneous practice of the British side, according to the spokeswoman.

"All Hong Kong Chinese compatriots, with or without British Dependent Territory Citizen Passport, are Chinese citizens," the spokeswoman said.

China hoped Britain valued its relationship with China enough to "refrain from doing anything detrimental" to the gradually improving Sino-British relations. ■

21 district courts two years ago, the police, procuratorial departments and lawyers added personnel specialized in juvenile cases. The system has played an important role in checking the growth of juvenile delinquency.

In 1987, Shanghai also worked out China's first local decree on the protection of youths and children. Juvenile tribunal judges have disseminated knowledge of this decree in schools, communities and among the parents with adolescent children.

Judges of juvenile tribunals have made great efforts to root out social bias against juvenile delinquents and help them enrol in schools and find employment.

Ren Jiansin, president of the Supreme People's Court, called the juvenile tribunals "an important reform of China's criminal judicial system." ■

## News in Brief

### Deceased Foreign Friends Mourned

Deceased foreign friends who had contributed to the Chinese people's progressive cause were mourned on April 5 as part of the annual Qingming Festival, the traditional day when the Chinese honour their departed loved ones.

Huang Hua, member of the Party's Central Advisory Commission and president of the Smedley-Strong-Snow Society of China, Liu Gengyin, the society's vice-president, and Israel Epstein, honorary editor-in-chief of *China Today*, went to Babaoshan Cemetery in western Beijing

## First Chinese Crosses Antarctica

A team of adventurers from six nations, including China, recently completed a trek of 5,986 kilometres across the Antarctica.

The trek, which began in July 1989 and ended March 1990, was made on skis and dogsleds and was mankind's longest unmechanized trudge across the continent. Among the group was Qin Dahe, an associate researcher from the Chinese Academy of Sciences' Glaciers Institute based in Lanzhou, Gansu Province. Sent by the Chinese Antarctica Observation Commission, Qin was the first man from China to cross the snow-covered continent and the only glaciologic scientist in the group. He collected many rare samples during his explorations.

The pictures show Qin and the exploration group with their national flags. In the group photo of the International Trans-Antarctic Expedition Team, Qin is third from the right.



and to Beijing University to place flowers at the tombs of Agnes Smedley, Anna Louise Strong and Edgar Snow. They also placed wreaths at the grave of Ma Haide (Dr. George Hatem), an America-born physician who later became adviser to the Ministry of Public Health. ■

### A New Nuclear Power Station to be

China plans to build a nuclear power station in Liaoning Province in northeast China, said Energy Minister Huang Yicheng on March 14.

The station will be set up near

the seaboard city of Jinzhou. The installed capacity is expected to be two million kilowatts.

China is now negotiating with the Soviet Union about importing two nuclear power generating units, each with a capacity of one million kilowatts.

China's energy development plan calls for a total installed nuclear capacity of 6 million kilowatts by the end of this century. But, at present, the combined installed capacity of the two nuclear power stations in Dayawan, Guangdong Province, and Qinshan, Zhejiang Province, amounts to only 2.2 million kilowatts. ■

### Tibet Rescues Snowbound People

The authorities of the Tibet Autonomous Region have made an all-out effort to rescue people and livestock stranded during a snowstorm in northern Tibet.

Since November last year, northern Tibet has been stricken by heavy snowfall, causing considerable damage and threatening the lives of the local people.

Funds were allocated and donated and relief supplies rushed to the scene. Soldiers stationed in Tibet have air-dropped 30 tons of supplies in the stricken areas. ■



## China, USSR Strengthen Economic Co-operation

by Gu Guanfu

Since the early 1980s, Sino-Soviet trade and economic co-operation has developed rapidly as a result of joint efforts and the needs of both China and the Soviet Union. Analyzing Sino-Soviet economic relations in recent years helps us understand the components of the relationship.

The volume of Sino-Soviet trade has increased gradually, but it is far from symmetrical with the economic capacity of the two countries.

Sino-Soviet trade, taking 1981 as a turning point, has increased rapidly, from US\$220 million in 1981, US\$1.9 billion in 1985, US\$2.6 billion in 1986, to US\$3.2 billion in 1989, much higher than the previous record of US\$2.09 billion in 1959 (see table).

Year	US\$ (in billion)
1981	0.22
1982	0.27
1983	0.67
1984	1.10
1985	1.88
1986	2.63
1987	2.50
1988	2.73
1989	3.20 (estimated)

Sino-Soviet trade, however, accounts for only 3 to 4 percent of China's foreign trade. In sharp contrast, the volume of China's trade with Hong Kong and Macao, Japan, the United States and the Federal Republic of Germany are 27 percent, 20 percent, 10 percent and 6 percent respectively. Sino-Soviet programmes in economic co-operation are few, representing less than 10 percent



Soviet travellers look at the goods at the Heihe market in Heilongjiang Province in northeast China.

photo by Qiu Xianglin

of the total volume of China's trade with the Soviet Union. The exchange of goods is the main form of Sino-Soviet economic and trade transactions. There is much room for China and the Soviet Union to use their geographical position to full advantage in the development of economic co-operation.

Border trade has expanded at a rapid pace and in a variety of forms.

China and the Soviet Union resumed border trade in 1983, and the volume of trade was 15.9 million Swiss Francs (SF) in that year. In 1987, there was a record of SF 380 million in volume of trade. The 1988 volume of trade set out in signed agreements was SF 1 billion, but the volume of delivered goods was only SF 500 million. Currently, China's five provinces and autonomous re-

gions of Heilongjiang, Inner Mongolia, Xinjiang, Jilin and Liaoning have direct border trade with the Soviet Far East, Siberia and the five Central Asian republics. Sino-Soviet border trade has developed into various forms of economic co-operation, including joint venture, joint production, processing of investors' raw materials, the import of technology, entrepot trade, compensation trade, project contracting and services co-operation. Areas of co-operation include agricultural production, processing of agricultural products, lumbering and processing of forest products, production of construction materials, contracting of construction projects, the exchange of agricultural science and technology, research, medicine, public health, culture and education.



Zalipov (left), director of the Soviet Commercial Bureau of the Amur Region, and Liu Xinquan, manager of the Heihe Foreign Trade Company, are studying samples.

*photo by Zhao Gongmin*

Economic and technological co-operation has been conducted in a positive way.

In July 1985, the Chinese and Soviet governments signed technological co-operation agreements on Soviet help in China's constructing and reconstructing of some industrial projects. Contracts worth SF 1 billion for 17 projects were signed, and a few more projects were added at the second and third sessions of Sino-Soviet commission for co-operation in the economy, trade and science and technology in 1987 and in 1988. As a result of the third session of the commission, China and the Soviet Union reached an agreement on construction of a railway from Xingjiang's Wusu to Alashan Mountain Pass, the loan for which will be provided in the form of commodities. The construction of the railway is of great importance to economic transactions in Sino-Soviet border areas. In addition, some new projects are under negotiation.

Sino-Soviet trade and economic co-operation supplies mutual needs.

The 7,000-kilometre-long water and land border between

China and the Soviet Union provides a great deal of convenience for economic contact between them. Their bilateral trade has been based on equality and mutually benefits, and the goods provided by the two sides are mutual complementary. Among exchanged goods, raw materials and primary products are about 70 percent and finished products 30 percent. The goods China imported from the Soviet Union from 1981 to 1988 were: 7 million tons of steel and pig iron; 15 million cubic metres of sawnwood, roundwood and pulpwood; 3 million tons of urea; SF 1.19 billion worth of nonferrous metal and other metals; 119,000 cars; 57 planes; and other goods such as refrigerators, pianos and cameras. Meanwhile, the goods the Soviet Union imported from China were: 550,000 tons of fruit; 500,000 tons of meat and canned meat; 7,500 tons of filature silk; SF 890 million worth of nonferrous metal and minerals; SF 2.5 billion worth soybeans and peanuts; and light industry and textile products such as ready-made clothes, knitted goods, thermoses and sports shoes. In recent years, China's high-quality me-

chanical products, hand tools, car batteries, ball bearings and spare parts for cars, train and ships have entered the Soviet market.

### Major Problems

There are obstacles and problems in both trade relations and economic co-operation between China and the Soviet Union. They should be resolved by the joint efforts of both countries so that trade relations and economic co-operation can develop smoothly.

First, the low-level trade structure hinders the expansion of economic and trade relations. Forms of Sino-Soviet trade remain backward at the level of the 1950s. The two sides mainly provide each other with raw materials and primary products and the amount of these products is becoming more and more limited because of each country's limited needs for them in economic development. A shortage of supply became more obvious after the two countries started border and local trade. In order to control goods, the Soviet government decided last year to issue licensing permits on the export of raw materials and machinery used in production, further limiting Sino-Soviet trade. Because Sino-Soviet trade is based on a barter system, any reduction of exported goods by one side forces the other to reduce its exports, in order to maintain the balance of the trade. The low level of trade and simple exchange of goods, however, has played an important role in Sino-Soviet economic transactions and there is no other system to replace it at present. But, a new complementing method should be found.

Second, there are many defects in settlement-on-account trade, which affects the development of economic co-operation between the two countries. Settlement-on-account trade between China and

the Soviet Union, which is a product of history and has played a positive role in promoting trade relations between the two countries, cannot be abolished at this time. But, with their trade and economic co-operation developing on multiple levels and through many channels, settlement-on-account is becoming more and more incapable of meeting objective demands. It has several defects. First, it limits the expansion of bilateral trade as settlement-on-account trade requires both sides to keep balanced bilateral imports and exports each year. Thus, one side's reduction of imports or exports affects the other side's exports and imports. Second, settlement-on-account is too primitive a form in dealing with more complicated economic transactions. Third, settlement-on-account is detrimental to the improvement of the quality of products and the adoption of new techniques. A characteristic of settlement-on-account is that both sides do not pay any convertible currency, making the enterprises of both China and the Soviet Union that need hard currency for expanding production put their high-quality products into Western markets for hard currency. There is no guarantee that high-quality products can be provided to the trading partners who do business by settlement-on-account trade, and the enterprises providing the goods pay no attention to improving the quality of their products or to adopting new techniques. Thus they have no enthusiasm for co-operation.

Third, transportation has become a major problem in current Sino-Soviet economic and trade relations. Sino-Soviet trade has increased rapidly in recent years, but transportation facilities continue to lag far behind although several new facilities have been built. Facilities in many ports are outdated, and the capacity of



Soviet soybean experts are exchanging experiences about the scientific study and production of soybeans.

photo by Qiu Xianglin

loading and unloading is not enough. There is a shortage of freight trains. Traditional ports, which still play a key role in transportation, are in a saturated state. Railway transportation, in particular, is overloaded. Delays of exported and imported goods at border stations and ports directly impair the fulfilment of contracts between the two countries. The inefficiency of transportation affects border and local trade most. Take 1988 for example, the volume of border trade contracts China and the Soviet Union signed was worth SF 1 billion, but only half of the signed goods were delivered. In the same year, China's Liaoning Province signed SF 180 million worth of contracts. But because of shortages in transportation only one-sixth of the contracts or goods worth SF 30 million were delivered.

### Prospects

China and the Soviet Union are both big countries with great potential for economic development. Strengthening economic co-operation is necessary for both sides. The long border between

them is an advantage for co-operation. Prospects for co-operation are promising both in the short and long term.

The complementarity of Sino-Soviet economic relations needs to be put into full play and various forms of co-operation should be adopted.

Both China and the Soviet Union are now in an important period of economic reform. The Soviet Union is preparing for a readjustment in its industrial structure aimed to change the old policy of paying too much attention to heavy industry and mining and to give priority to the development of light industry, finished products and consumer goods. On the one hand, China, which has a great potential in these industries, can either export these products to the Soviet Union or co-operate with the Soviet Union in building enterprises to produce those products. On the other hand, China is conducting its own economic readjustment, putting emphasis on the construction of transportation facilities and energy, raw material bases, etc. The Soviet Union, having advantages in these fields, may be of great help to China. In

other words, the economic complementarity between China and the Soviet Union is an objective base for them to co-operate for a fairly long period.

The neighbouring areas along the Sino-Soviet border where the potential and convenience are the greatest should be chosen as the main areas for Sino-Soviet economic co-operation.

The spacious neighbouring areas along the border include Xinjiang, Inner Mongolia, Heilongjiang, Jilin and Liaoning on the Chinese side; and the Soviet Far East, Siberia and the five Central Asian republics on the Soviet side. The Soviet Union has

short of labour and capital to open up the area. China's provinces of Heilongjiang, Jilin and Liaoning facing the Soviet Far East have a good industrial infrastructure and strong economy, and are healthy in science and technology. Heilongjiang is also one of China's chief agricultural production bases with soybeans, corn and meat its traditional export goods. Therefore, China's Northeast is the most advantageous to conduct economic co-operation with the Soviet Far East. The Chinese side can provide the Soviet Union with manpower, agricultural technicians to help in agricultural development, lumberjacks and construction

because it is the most realistic, convenient and favourable to both sides.

Sino-Soviet economic co-operation may go beyond the boundaries of the two countries and a strategic blueprint for multilateral co-operation should be formulated.

The Soviet Far East and Siberia, and China's coastal and bordering provinces are the chief areas for development and opening to the outside world. It is not enough to consider only bilateral co-operation between China and the Soviet Union. Co-operation among more countries and areas could be considered. Take the development in the Soviet Far East for example, the participants can be the neighbouring countries and areas such as Japan, the Democratic People's Republic of Korea, China and the "four little dragons" (Singapore, South Korea, Hong Kong and Taiwan).

They have their strong points and weak points, and are needed by each other. Japan has money and advanced technology, but is lacking in resources; the "four little dragons," rich in capital and technology, are short of energy and minerals; and China, rich in resources and labour, is short of capital. Therefore, these countries and areas would benefit from multilateral co-operation and comprehensive utilization of labour, resources, finance and technology. It would change the backwardness of Northeast Asia, and promote the economic development of the Asian-Pacific region. Because China's Northeast and the Soviet Far East and Siberia are a bridge connecting Europe and Asia, co-operation in these areas will help establish relations between the Pacific region and Europe, and promote the development of the two regions.

China and the Soviet Union should take effective measures to resolve the problems existing in their economic co-operation, and to push forward their economic and trade relations. ■



**Cadre of the Heihe Administration of Import and Export Commodities Inspection check on the quality of export products.**

*photo by Qiu Xianglin*

worked out the plan for opening up Siberia and the Soviet Far East, which is noted for its rich resources, a sparse population and low-level development of agriculture and industry. In these areas, agricultural and sideline products can only meet between one-third and one-half of the people's needs, and light industry products and daily necessities are lacking. The Soviet Union is also

teams to contract construction projects, as well as daily industrial products, textiles and farm products. Because such co-operation has only just begun, Sino-Soviet border trade accounts for only 3 percent of China's total trade with the Soviet Union. In the future, it will account for possibly as much as 30 percent. Sino-Soviet co-operation in this area has huge potential

# Opposition to Bourgeois Liberalization

by Wang Renzhi

*The author is head of the Propaganda Department of the Central Committee of the Communist Party of China. This is a speech made by him on December 15, 1989 to a class on theoretical research in Party building. It was originally published in the CPC Central Committee's theoretical magazine Qiushi (Seeking Truth), Issue No. 4, 1990. The article helps readers gain an all-round understanding of China's struggle against bourgeois liberalization. The third part is slightly abridged.—Ed.*

In the spring of 1979, the CPC Central Committee held a meeting to discuss guidelines for theoretical work. The meeting played a positive role in setting things right and undertaking thorough-going reform. However, some comrades in our Party, not from the Marxist stand, but from a rightist stand, went to another extreme under the banner of setting things right, repudiating the "Left" mistakes of the "cultural revolution" and emancipating the mind. During the meeting, some comrades put forward quite a few erroneous viewpoints. Outside the meeting, on "Xidan wall" there appeared quite a few reactionary big-character posters.

## **I. Emergence, Development and Rampant Spread of the Ideological Trend of Bourgeois Liberalization**

At that time, in the main, the problems were: First, from correcting the "Left" mistakes of the "cultural revolution," some people went on to correct socialism, saying socialism is not as good as capitalism. Some comrades proposed that China should not go in for socialism too early, but

should make up the "missed lesson" of capitalism. Second, from correcting Comrade Mao Zedong's mistakes in his late years, they went on to negate his whole glorious life and Mao Zedong Thought as well. Comrade Mao Zedong did make mistakes in his late years, and these mistakes should be corrected. However, it was under the leadership of the Communist Party headed by Comrade Mao Zedong and the guidance of Mao Zedong Thought that the Chinese revolution advanced from victory to victory. The magnificent contributions Comrade Mao Zedong made to our Party, state and nation are immortal and never to be obliterated. As time passes, his mistakes will appear more and more insignificant as compared with his great contributions. To negate Comrade Mao Zedong and Mao Zedong Thought will invariably lead to negating the Party's history and leadership. Third, they raised the slogans for "freedom," "democracy" and "human rights," in an attempt to weaken and even reject the Party's leadership and to negate the people's democratic dictatorship.

From these problems we can see that as soon as the trend to-

wards bourgeois liberalization appeared, it conflicted with the four cardinal principles (adherence to the socialist road, to the people's democratic dictatorship, to the Communist Party's leadership and to Marxism-Leninism and Mao Zedong Thought). Comrade Deng Xiaoping keenly perceived the crux of the matter. On March 30, 1979, the closing day of the meeting on theoretical work he made an important speech in which he unequivocally pointed out that to realize socialist modernization, it is necessary for us to uphold the four cardinal principles. However, some high-ranking intellectuals in the Party did not accept what he said. As Deng Xiaoping put it later, they separated from the Party and went different ways. They considered the four cardinal principles four clubs, and regarded them as conflicting with the line set by the Third Plenary Session of the 11th Party Central Committee held in December 1978. They persisted in their incorrect stand and viewpoints, and constantly influenced young people through them. Struggles in the following period went up and down. Here I would like to speak about several important happenings.

Beginning in early 1980, in drafting the "Resolution on Certain Questions in the History of our Party Since the Founding of the People's Republic of China," a big controversy arose which centred on summing up the historical experiences since the founding of New China. There were many issues to be debated, but the focus was on whether to affirm or negate the historical position of Comrade Mao Zedong and Mao Zedong Thought. One part of the draft resolution was devoted to expounding Mao Zedong Thought, but some comrades proposed canceling it. Comrade Deng Xiaoping resolutely rejected this idea, saying that Mao Zedong Thought must definitely be written in and must be expounded completely and accurately, and its guiding role at the present and in the future must be pointed out. He noted that this was a political issue. If Comrade Mao Zedong's status in history failed to be affirmed, if Mao Zedong Thought was not written down or not written well, he said, it would be better not to draft the "resolution" at all.

In 1981, a struggle arose in literary circles centring on the play *Unrequited Love*. Later, a film called *The Sun and the People* was produced based on the play. This film gives people an unfavourable impression of socialism and of the Communist Party. In literary and art circles there also appeared other works which distorted the history of the revolutionary struggle waged by the Party and the people and which vilified reality.

In the spring of 1983, a debate arose among theoreticians on humanism and alienation, subjects which in nature are theoretical and academic issues in the sphere of ideology, and which can be studied and discussed. Nevertheless, as Comrade Deng Xiaoping stated, at that time some comrades were very keen on talking

about a person's value, humanism and so-called socialist alienation. Their interest was not in criticizing capitalism, but in criticizing socialism. Comrade Deng Xiaoping pointed out that in fact, this could only lead people to have doubts about socialism and to reject it, and cause them to lose confidence in the future of socialism and communism.

A problem of the so-called "relationship between the press' Party spirit and its affinity to the people" was brought up in press circles. Someone set the two against each other, regarding the press' affinity to the people as being above its Party spirit, and saying that the press might make mistakes in following the Party, but would not make mistakes in following the people. This was a way of negating the Party's leadership over the press.

In those years, erroneous viewpoints were constantly being expressed in the literary and art, theoretical and the press circles. Such views can lead to denying the Party and socialism. At the same time, there appeared a tendency of blindly holding in esteem Western bourgeois ideological trends in the realms of philosophy, economics, political science, sociology, literature and art and so on.

In view of the above situation, Comrade Deng Xiaoping, speaking at the Second Plenary Session of the 12th Party Central Committee in October 1983, pointed out that grave chaos existed in theoretical, and literary and art circles. He put forward a proposal to fight against spiritual pollution. He said that spiritual pollution could not be permitted in the ideological field. No one at the session objected this speech. However, what he said was not implemented conscientiously. As people put it, efforts to oppose spiritual pollution lasted for only 28 days. Moreover, a counterattack was mounted by some peo-

ple against the efforts to fight spiritual pollution, which they dubbed a small-scale "cultural revolution." They tried to attack those who actively implemented the Central Committee's policy of fighting against spiritual pollution. In this way, spiritual pollution continued to spread.

In December 1984, when the 4th conference of the Chinese Writers' Association was being prepared, some comrades advocated not mentioning opposition to spiritual pollution and opposition to bourgeois liberalization. The actual results were that, while the ideological trend of liberalization was spreading unchecked, the "two unmentionables" meant supporting and encouraging those people who were pushing liberalization, so that it ran more rampant than ever. During this period, Comrade Deng Xiaoping repeatedly emphasized the need to combat liberalization. He stressed it at the 1985 Party Congress and at the Sixth Plenary Session of the 12th Party Central Committee, but it failed to be implemented in the actual work. Those who stuck to the stand of bourgeois liberalization were very active in promoting it, while those who upheld Marxist views were subjected to pressures. The tendency towards bourgeois liberalization grew stronger and led to student unrest in late 1986.

Confronting such a situation, Comrade Deng Xiaoping on December 30, 1986 again stressed the necessity of taking a clear-cut stand against bourgeois liberalization. This time, it was reasonable to expect that people would draw a lesson from the past and conscientiously carry out this struggle in accordance with Comrade Deng's instruction. However, as soon as the struggle began, it was resisted by Comrade Zhao Ziyang, who adopted a passive attitude and found excuses to put up various blocks, which limited

and hampered the struggle. After his speech on May 13, 1987, it was hard to carry out the struggle against bourgeois liberalization. Those who had been criticized for publicizing liberalization took the field again, were lauded to the skies and put in important positions. Comrade Zhao supported and protected them, but ostracized and attacked those who upheld Marxism and opposed liberalization. The result was that the tendency towards liberalization continued to spread unchecked during those two years.

In the 10 years between the meeting to discuss theoretical work in the spring of 1979 and the political disturbances in the late spring and early summer of 1989, the ideological trend of bourgeois liberalization swelled and subsided, but generally grew more and more serious as its advocates took various kinds of action—from presenting wrong and reactionary viewpoints one after another, to forming a fairly integrated ideological system in many fields of ideology; from emerging in a theoretical and academic forms, to directly and openly opposing the four cardinal principles, to promoting a capitalist economic and political system and to advocating the total Westernization of China; from the negation of existing reality to the negation of the 40 years' history of the People's Republic of China, and of the nearly 70 years' history of the Chinese Communist Party, on and on to the negation of the 5,000 years' history of Chinese civilization and of the whole Chinese nation. In negating history, they aimed to negate reality, that is to say, to negate the socialist system under the leadership of our Party. This shows how those who promoted liberalization and held in greatest esteem the capitalist system and civilization of the West finally walked down a road of preaching

national nihilism and national betrayal. Those who stubbornly clung to their stand of bourgeois liberalization also went on from first spreading remarks and publishing articles to swinging into action, and from promoting student unrest, then turmoil, to inciting counter-revolutionary rebellion.

In concluding this brief talk on the situation, I would like to quote a passage from an article carried last July in *Centre Daily News* in New York, USA. Its main ideas are as follows.

The forward position of all the Chinese social sciences, or the most fashionable ideology and theory, is no other than that of abusing the history of China, condemning China's reality and vilifying the whole Chinese nation. Whoever uses fresh wording, whoever curses to his heart's content can become famous, can become an "excellent" theoretician. Just check out the life experience of those so-called "famous theoreticians" who were praised to the skies in previous years; didn't they without exception advance to their official careers in this way? In China, serious "science" has actually become a garbage heap. It is contaminating the society instead of beautifying it. In regard to the reality of Chinese social sciences, especially the disasters which might be caused by it, Deng Xiaoping is not blind to it. So he has insisted on opposing bourgeois liberalization. The problem is that his suggestions have failed to be implemented. Therefore, the type of ideology of negationist factions is completely lawful. It has entered colleges and universities from research institutes of social sciences, and become the esteemed philosophy of a great number of university students and teachers. With ideology in conflict with state power, at the least, quite a considerable portion of Chinese social sciences are op-

posed to China's political goals. These opposing ideological theories are more dynamic in form, fresher and more fascinating in content than the traditional doctrines and theories. Therefore they have exerted a great influence on economics, philosophy and literature, as well as throughout people's social life. This is the ideological base of the instability in Chinese society. It is the source of rebellion which could break out at any time. Large-scale student unrest took place in Beijing, Shanghai, Hefei and Xian in 1987. However, the Chinese government did not draw lessons from it; in particular, it did not solve these problems from the ideological aspect, so that when things went from bad to worse, the Tiananmen incident finally happened.

The title of this article is "A Bitter Lesson in the Ideological Field." The reason I quote from it is that I think its description comes fairly close to the real state of affairs.

## II. Major Lessons and Conclusions

**First, the conflict between bourgeois liberalization and the four cardinal principles is not only an ideological and theoretical struggle but also a political struggle, and the fundamental question of the struggle is whether to subvert or to defend the socialist People's Republic of China.**

Bourgeois liberalization appeared at first in the ideological field as a trend of thought. Those engaged in liberalization started out by forming and peddling all sorts of erroneous and reactionary views, and gradually they took up and dominated many positions in fields of theory, literature and art, journalism, publishing and education, from which they spread bourgeois liberal ideas, attacked Party leaders, repudiated the socialist system,

slandered the people's democratic dictatorship and opposed Marxism-Leninism and Mao Zedong Thought, causing chaos in the theoretical field and confusion in people's minds. At this time the struggle between bourgeois liberalization and the four cardinal principles appeared as a struggle between ideas and theories in the ideological field.

The struggle, however, did not stagnate or become confined to the ideological field. Simultaneously those who were going in for bourgeois liberalization joined together and formed a political force in various ways—invisible and visible, irregular and relatively regular—such as sponsoring certain symposiums and discussions, setting up saloons and certain institutes and associations. Of these the symposiums and discussions seemed to meet irregularly, but were in fact fairly regular and were usually attended by much the same people each time. These political forces as they gradually merged virtually formed a political opposition and evolved into circles of dissidents. In their own words they were called "pressure groups." Fang Lizhi once said that they should unite to form a collective force and that intellectuals should organize "pressure groups." It was precisely these persons who emerged as the "elitists" in the subsequent turmoil. They had close contact with each other, worked in co-ordination and took united actions. They were active not only in the ideological field, but wanted to enter political circles, the National People's Congress (NPC), and the Party and government organizations; in particular, they wanted to seek the protection and support of high officials within the Party. They were extremely calculating in this regard and their efforts were not completely in vain.

Once those advocating bour-

geois liberalization formed a political force, they began a political struggle, both open and hidden, against us. From their discussions in their own saloons to their publicly collecting signatures asking for the release of Wei Jingsheng and other people; from agitating young students and making speeches among them to inciting and plotting the students' strike, demonstrations, sit-ins, the hunger strikes, turmoil and counter-revolutionary rebellion, all was a political struggle against us. And this political struggle centred on one point: the seizure of political power. As Comrade Deng Xiaoping said on June 9, 1989 in Beijing to commanders above the army level of the martial law enforcement troops, "The nature of the matter became clear soon after it erupted. They had two main slogans: to overthrow the Communist Party and topple the socialist system." The political disturbance in the late spring and early summer of 1989 showed that the struggle waged by those advocating bourgeois liberalization against us was aimed at subverting our socialist People's Republic of China and establishing a bourgeois republic as an out-and-out appendage of the West.

Since the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party, we've been saying that class struggle is no longer the principal contradiction in our society, and that economic construction is our central task. The policy of "taking class struggle as the key link" was proved to be wrong after the completion of the socialist transformation of private ownership of the means of production; yet the class struggle will still exist for a long time within a certain sphere and become acute under certain conditions. This thesis is clearly stated in the *Resolution on Certain Questions in the History of the Party Since the Founding of the*

*People's Republic of China* and in the report to the 12th National Congress of the CPC. And the report to the CPC's 13th National Congress also mentioned that class struggle would still exist for a long time within a certain sphere. However, people dared not, could not speak of the class struggle in these recent years. Some people were even opposed to mentioning it. So there is no concrete exposition on the "long-standing" existence of class struggle in our country, on where it is manifested, what circumstances can lead to its becoming acute or on how acute it could become. People are not clear about all this and many of them even have no notion about class struggle. It is clear now that class struggle does exist in our country. Its existence is seen not only in the struggle against enemies, spies and counter-revolutionary saboteurs, but also as fairly acute in the ideological field. It is easy for people to accept that the struggle against these enemies is class struggle. But they often fail to recognize class struggle in the ideological field, and do not use the method of class analysis to observe it. It should be pointed out that class struggle not only exists in the ideological field, but can also expand into the political field and turn into political struggle. Although class struggle at the present stage plays a different role in social life from what it did before the establishment of the socialist system, its basic question, like that of the class struggle throughout history, in the final analysis, is still that of political power. This Marxist truth is not at all out of date, as was proven once again by last year's turmoil and rebellion.

There is one question now: In conducting ideological and political class struggle, do those who go in for bourgeois liberalization have economic sources? Is there some sort of economic power sup-



porting them and functioning as their base? This calls for investigation. As for them, their standpoint is clear. They place their hopes on the "middle class." Historically, the "middle class" is the same as the "bourgeoisie." When European feudal society disintegrated, there was a social class in between the nobility and the common people, called the "middle class," which was actually the bourgeoisie. In the works of Marx and Engels, "middle class" and "bourgeoisie" are interchangeable. Sometimes they use "middle class," sometimes "bourgeoisie." Comrade Mao Zedong also used the term "middle class" in his *Analysis of the Classes in Chinese Society*. He called China's national bourgeoisie "middle bourgeoisie" to distinguish them from the comprador bourgeoisie and the big bourgeoisie which attached themselves to imperialism. In a word, the "middle bourgeoisie," or "middle class," which Marx, Engels and Mao Zedong referred to means the bourgeoisie. What does the "middle class" mean as it is used by those who go in for bourgeois liberalization? The answer can be found in their own remarks. Wen Yuankai said, "Recently I've been interested in promoting the establishment of a 'Federation of Chinese Private Entrepreneurs.' They should have a political spokesman." "Private entrepreneurs" should be allowed to become China's important force." A scholar from the Chinese Academy of Social Sciences said, "There is no middle class in China, and I hope to see several million 'capitalists' (entrepreneurs) emerge. It would be difficult to reverse Taiwan's democratic reform simply because there is such a strong economic force made up of several hundred thousand capitalists to serve as a base." Liu Binyan said, "A new social force is rising. It is the middle class, made up of individual entrepreneurs. Some are

managers of collective enterprises; they have money in their hands and are cocky. Economic strength brings them political strength. Some of them are not content only with making more money but want to participate in state and government affairs, voice their opinions and find a political agent." Wan Rennan, after going abroad, said, "Democracy is very expensive. The demonstrations in Tiananmen Square cost 50,000 yuan a day, and it was the individual businessmen and collectively run enterprises like Stone who supported the students there. This shows that the private economy has a natural link with political democracy." He said, "Since China's middle class has not yet been formed, this democratic movement necessarily failed. At present, the middle class force represented by collectively run enterprises like Stone is still weak. But we cannot wait for the middle class to take shape before starting the democratic movement. (Stone is an enterprise based on collective ownership and Wan Runnan called it a "non-governmental economy," revealing his intention to control Stone as his own economic springboard.) Wan Runnan meant that the political turmoil and counter-revolutionary rebellion was possible only because of support from the middle class; and it failed because the middle class had not fully taken shape and was not strong enough. They had placed their hopes on the emergence of a powerful middle class in China.

General Secretary Jiang Zemin pointed out in his speech at the meeting in celebration of the 40th anniversary of the founding of the People's Republic of China: "At the present stage, the development of the individual economy and privately owned economy, both in a subordinate position to the socialist economy,

is important and indispensable for the development of social production, for providing more conveniences for people's livelihood and for the creating of more jobs. This has been clearly proved in practice during the decade of reform. Our policy towards these sectors is, first, to encourage them to develop vigorously within limits specified by the state; and second, to strengthen management and guidance over them by economic, administrative and legal means so as to give play to their positive role and to restrict their negative aspects that are harmful to socialist economic development." This policy of the Chinese Communist Party is quite explicit and will remain unchanged. In our socialist country, individual and private economy will play a role supplementary to the socialist economy under a correct policy, within certain limits, and under proper management and guidance, and they will not become the economic basis for those who stick to the position of bourgeois liberalization. During last year's turmoil and rebellion, the vast majority of the legal individual businesses and private enterprises were stable and were against the turmoil and rebellion. However, bourgeois liberalization indeed calls for the coming of a middle class.

In a word, we must look upon the struggle against bourgeois liberalization in the past decade and the recent turmoil and counter-revolutionary rebellion from a Marxist class viewpoint using the method of class analysis. Only in this way can we comprehend the depth, the gravity and the danger of the struggle, and grasp the crux of the matter. For a period in the past, we took as class struggle things which in themselves had nothing to do with class struggle; this was wrong. In recent years, we unrealistically regarded matters which obviously were of the nature of class struggle

gle as not involving class struggle, lost our vigilance, suffered disastrous consequences and learnt a bitter lesson.

**Second, the confrontation between bourgeois liberalization and the four cardinal principles in recent years is demonstrated largely in the struggle over whether we are to press ahead with socialist reform or capitalist reform.**

All those practising bourgeois liberalization in socialist countries flaunt the banner of reform. They call themselves reformers and dub those opposing liberalization, conservatives. By waving the banner of reform, they are able to deceive the masses, confuse the politically uninitiated and hamper comrades who uphold the four cardinal principles and persist in the reform and opening to the outside world. This adds greatly to the complexities of the struggle against bourgeois liberalization, and is an important reason why the bourgeois liberalization trend has not been effectively checked and opposed in recent years and the big disturbances could be stirred up last year.

At the Third Plenary Session of the 11th Central Committee, the Chinese Communist Party formulated the general guidelines and policies of reform and opening to the outside world, pointing out the need for reforming certain aspects of the relations of production and the superstructure that hinder the development of the productive forces, for learning the advanced science and technology as well as the suitable managerial methods from all countries including Western capitalist countries, and for making use of foreign talents, funds and all beneficial cultural achievements. It is wrong to hold conservative views and follow the beaten path rather than think of change. Only by reform and opening to the outside world can China speed up the development

of its productive forces and increase its capability to realize the four modernizations. At the same time, the Party has also pointed out that the reform and open policy are based upon the four cardinal principles. The reform is the self-improvement of the socialist system, aimed at invigorating socialism and bringing into full play the superiority of the socialist system. Opening to the outside world means that China, on the basis of self-reliance, should absorb the strong points of other countries to its own advantage, definitely not in order to be "Westernized." These are the Party's propositions and train of thought for the reform and opening to the outside world.

But what kind of reform and opening do people who go in for bourgeois liberalization want? At the beginning, they did not explain this clearly at all. Comrade Zhao Ziyang's think-tank had guiding principles and ultimate goals for their reform. But they had not made them public for the past several years, because they knew their reform would definitely have been rejected and opposed. Instead, they adopted the tactics of following their plan quietly step by step. Like a doctor who prescribes one medicine after another for his patient, those people put through measure after measure which would ultimately lead the country into the quagmire of capitalism. But the past two years saw a change in their tactics—they stated their real intentions more openly and more clearly.

The economic "reform" of Zhao's think-tank and of other advocates of bourgeois liberalization such as Chen Yizi, Yan Jiaqi, Wan Runnan, Su Shaozhi and Su Xiaokang, is, in essence: first, to deny public ownership the position as the main sector in the economic structure so as to privatize China's economy; second, to eliminate the planned economy

to create a completely market-oriented economy. From their point of view, economic problems are caused by failure to marketize the economy completely. To realize complete marketization, they said, it is necessary to change the system of ownership, that is, to switch over to private ownership. They proposed all sorts of schemes for privatization which were well publicized in the *World Economic Herald*. Some advocated dividing state property into shares and selling them to individuals; some suggested the state extend credit to individuals and let them purchase state-owned enterprises; some proposed that the state should provide more aid and support to promote the growth of private and individual sectors until they become strong enough to engulf the state-owned economy.

Their "reform" of the political structure, in the final analysis, is to deny the Communist Party leading position and practise a multi-party system, and to institute a "division of powers" into executive, judiciary and legislative. In their own words, this is aimed at overthrowing the Communist Party "dictatorship." They have drawn up a complete set of formulations, such as, the relationship between the Communist Party and democratic parties should not be one of leading and being led; the Communist Party should abolish the political bureau which exists above the government as another government; the Communist Party should manage only its own affairs, which, to put it explicitly, means that "the Party manages Party affairs, collects its own membership dues, rectifies its own work-style and accommodates itself to other parties." They instigated the setting up of a committee to amend the Constitution, and proposed abolishing the four cardinal principles written down in it. In short, their

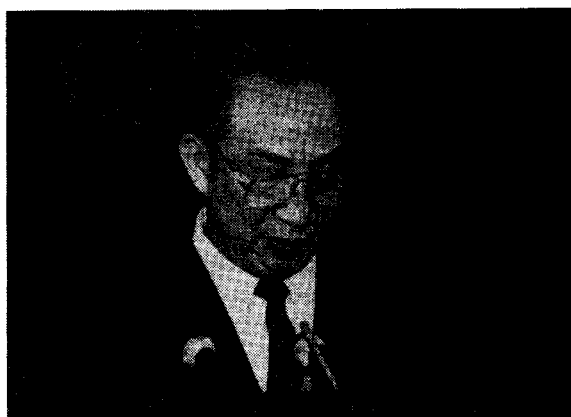
# Report on Implementation of the 1989 Plan for National Economic And Social Development and the Draft 1990 Plan

(Excerpts)

*(Delivered at the Third Session of the Seventh National People's Congress on March 21, 1990)*

**Zou Jiahua**

**State Councillor and Minister in Charge of the State Planning Commission**



Zou Jiahua

CHEN ZONGLIE

## I. Implementation of the 1989 Plan

In 1989, under the leadership of the Chinese Communist Party and the people's government and through the united struggle by people of all nationalities in the country, the 1989 plan as a whole was carried out fairly well, and as we improved the economic environment, rectified the economic order and deepened the reform, the national economy developed in the right

direction. Outstanding manifestations of this were: The overheated economic development of the past few years cooled off; overinvestment in fixed assets was scaled down; inflation was brought under control; the rise of nationwide retail prices slowed month by month; and production continued to increase. Major achievements were as follows:

First, the grain harvest was good, and farming, forestry, animal husbandry, sideline production and fishery continued to grow. The total agricultural output value reached 655 billion yuan, an increase of 3.3 percent over 1988 if calculated in terms of comparable prices. The total grain output increased by a considerable margin over 1988, reaching a record high of 407.45 million tons. The output of vegetables, fruit, meat and aquatic products, all basic to the people's food needs, increased considerably. As a result of reduced acreage, the output of cotton, oil-bearing and sugar crops decreased slightly compared with 1988.

**Second, the excessive industrial growth rates of the past few years were brought down.** Total industrial output value in 1989 was 2,188 billion yuan, an increase of 8.3 percent over 1988 if calculated in terms of comparable prices (or 6.8 percent if the output value of village-run industries and those below the village level is excluded), thus meeting the planned target. Total output value of light industry rose by 8.4 percent and that of heavy industry by 8.2 percent. The industrial production structure was improved. Total energy production and the production of important raw and semi-finished materials rose steadily. The output of raw coal broke the 1-billion-ton mark to 1.04 billion tons, a 6.1 percent increase over 1988; electricity increased by 6.7 percent to 582 billion kwh; steel and rolled steel went up by 3 percent and 3.7 percent to 61.24 million tons and 48.65 million tons respectively. The output of chemical fertilizers, pesticides and other agricultural-use products increased markedly. Initial progress was made in readjusting the product mix and organizational structure in the machine building and electronics industries as well as in the textile and other light industries. The production of ordinary processing industries, which had been growing excessively fast over the past few years, went down by a considerable margin. In transport the volume of freight turnover rose by 7.2 percent over 1988, thanks to efforts to tap the potential of existing facilities and raise transport efficiency. Post and telecommunications developed fairly rapidly.

**Third, investment in fixed assets was brought under control, and a group of large and medium-sized projects were completed and put into operation.** Total investment in fixed assets of the entire society in 1989 was 400 billion yuan, almost 50 billion yuan, or 11 percent, less than the figure for 1988, or, after allowing for price rises, over 20 percent less in terms of actual amount of construction work. Capital construction projects and projects of equipment updating and technological transformation for state-owned enter-

prises and institutions amounted to 123,000, a decrease of 43,000 against 1988. Construction of 37,000 new projects started in 1989, 41,000 fewer than in 1988. While the momentum of investment dilation over many years in succession was curtailed, the investment pattern was readjusted. Investment in state-owned energy industries and departments of transport and post and telecommunications assumed a larger proportion than in 1988. The proportion of investment in productive construction projects rose from 65.9 percent in 1988 to 68.4 percent, whereas that of nonproductive projects fell from 34.1 percent to 31.6 percent. Investment in key construction projects increased. Fifty-seven large and medium-sized capital construction projects and 128 single construction projects within other large and medium-sized projects were completed and put into operation in various parts of the country. Major newly added production capacities included 24.95 million tons of raw coal, 17.05 million tons of crude oil, 9.02 million kw of electricity, 318 kilometres of double-track railways and 48.85 million tons of handling capacity of coastal ports. New achievements were scored in the technological transformation of existing enterprises. More than 27,500 projects of technological transformation were completed and put into operation throughout the country, raising capacities for the manufacture of a number of major products in short supply and upgrading enterprises' production proficiency. All these added strength for continued growth of the economy.

**Fourth, commodity supplies were fairly ample and the rise of retail prices was less than in 1988.** The total value of retail sales amounted to 810.1 billion yuan, an increase of 8.9 percent over 1988. Sales volume of food, clothing and daily-use articles as well as of agricultural means of production continued to increase. Following several years of great expansion, sales of cotton cloth, bicycles, sewing machines, household electrical appliances and other commodities dropped to varying degrees. The general

retail-price level in 1989 rose by 17.8 percent over 1988; at a rate slower than in 1988. Since last October the rate has fallen below the two-digit level. Prices for daily necessities remained stable on the whole. Prices for some commodities even dropped.

**Fifth, import and export trade continued to expand, and economic and technological exchanges with other countries continued to increase.** According to Customs statistics, total import and export volume amounted to US\$111.6 billion in 1989, an 8.6 percent increase over 1988, with the total export volume accounting for US\$52.5 billion, up 10.5 percent, and total import volume US\$59.1 billion, up 7 percent. The trade deficit, after deducting the value of materials supplied for processing, equipment imported as part of the investment in foreign-funded enterprises and other imported goods—all not paid for in foreign exchange—was US\$2.85 billion. Foreign-exchange earnings from invisible trade registered a surplus of US\$3 billion. More foreign funds were actually used. A balance of international payments was achieved. The export-oriented economy in the special economic zones and open coastal areas developed further.

**Sixth, science, technology, education, culture, public health, sports and other undertakings progressed steadily.** In 1989 various scientific and technological circles received the State Natural Science Award for 60 research projects, the State Invention Award for 150 projects. Scientific and technological results in some fields approached or reached advanced world levels. Education developed as its structure was readjusted. Cultural undertakings, including literature, art, radio, the cinema, television, the press, publishing and the preservation of historical relics, expanded. Public health and medical care for both urban and rural residents continued to improve. Notable success was also achieved in sports.

**Seventh, consumer demand slackened to some extent.** A sample survey by the State Statistical Bureau showed that the propor-

tion of average per-capita income spent by urban residents on living expenses in 1989 came to 1,260 yuan, an increase of 12.6 percent over 1988. The average per-capita net income of peasants was 602 yuan, a rise of 10.5 percent. After adjustment for price rises the real income of some urban and rural residents dropped slightly. Institutional expenditures were brought under effective control. Bank deposits of residents in both urban and rural areas increased considerably, amounting to 513.5 billion yuan by the end of 1989, an increase of 133.4 billion yuan, or 35.1 percent, over the corresponding period in 1988. Housing conditions further improved in both town and country, new houses totalling 160 million square metres in floor space in urban areas and 710 million square metres in rural areas. Social welfare and insurance advanced.

Generally speaking, the 1989 Plan for National Economic and Social Development was well implemented. However, there are still many problems and difficulties in our economy. Chief among them are:

(1) Distribution of money exceeding national income and total demand outstripping total supply are chronic problems not yet fundamentally solved. The enormous social purchasing power remains a serious threat to market stability.

(2) Since the last quarter of 1989, market sales have been slack, funds short, and products overstocked; commodity circulation has been sluggish and the growth rate of industrial production has declined too sharply.

(3) Readjustment of industrial structures has been slow-going. More inferior, high-priced products in excessive supply are being produced, whereas production of some readily marketable goods in short supply is increasing slowly. Basic industries lack sufficient funds for their key construction projects, failing to meet the needs of the development of the national economy. Reorganization of trades and readjustment of organizational structures in the processing

industries fall far short of the requirements of economic improvement and rectification.

(4) Economic performance remains poor. In 1989 state industrial enterprises under the state budget turned over to the state only 0.2 percent more in profits and taxes than in 1988. The turnover period for quota working capital was 108 days, as compared to 97 days in 1988. Too many products remained in stock. As production costs rose, enterprises suffered great losses.

(5) More enterprises have entirely or partially suspended production. The number of people waiting for jobs in cities and towns has increased, and some urban residents have begun to experience financial difficulties.

Many of these problems are manifestations of existing contradictions, others are unavoidable in the course of economic improvement and rectification, and still others have cropped up under new circumstances. We, for our part, have shown defects in our work. From lack of experience we failed to provide timely and vigorous macroeconomic guidance and make timely and appropriate readjustment in the course of curbing demand. In short, since some deep-seated problems that hindered stable economic development have not been fundamentally solved, some basic factors that cause inflation have not been eliminated, and both old and new contradictions are interwoven with each other, the tasks of economic improvement and rectification remain arduous.

## II. Major Targets and Tasks Set in the 1990 Plan

This is a decisive year in our effort to improve the economic environment, rectify the economic order and deepen the reform.

The major targets set in the 1990 Plan for National Economic and Social Development are as follows:

— Proper economic growth is to be main-

tained. On the basis of improved economic performance and raised technological levels, the total agricultural output value is to rise by 4 percent over 1989, the total industrial output value by 6 percent, and the gross national product by 5 percent.

— The rate of inflation is to be reduced further. The rise of national retail prices is to be less than in 1989.

— Investment in fixed assets for the entire society is projected at 410 billion yuan and the investment pattern is to be further readjusted in accordance with state industrial policies.

— Both credit and currency issue are to remain under strict control and the state budgetary deficit is to be lower than last year's.

— A basic balance is to be achieved in international payments for the year.

The major tasks in the 1990 plan include the following:

**1) Effectively strengthen agriculture and try to maintain stable growth in the output of grain, cotton and other major farm products.**

The plan projects a grain output of 412.5 million tons, an increase of 5.05 million tons over last year; cotton, 4.4 million tons, an increase of 610,000 tons; oil-bearing crops, 15 million tons, an increase of 2.09 million tons; and sugar crops, 64 million tons, an increase of 6.07 million tons. Meanwhile, we shall work for better harvests in other farm products. We shall continue to increase the production of meat, poultry, eggs, milk and aquatic products. The total meat output is projected at 25.5 million tons, an increase of 400,000 tons over last year.

The reform in rural areas should be further deepened, the contracted responsibility system with remuneration linked to output based on the household should be stabilized and improved, the management system whereby unified management is com-

bined with separate management should be perfected, and social service networks should be expanded. Wherever conditions permit, appropriate-scale operation and collective economic undertakings of a new type should be developed systematically, provided the farmers participate in these activities voluntarily. This year the central authorities will invest an additional 1 billion yuan in agriculture, an increase of nearly 30 percent over last year. All provinces, prefectures, cities and counties are expected to give priority to agricultural production, investing more in agriculture. Banks and credit cooperatives should raise funds to invest in agricultural development. At the same time, more effective policies should be adopted to encourage rural collective economic undertakings and individual farmers to put more funds into agricultural production and development. We shall increase the production and supply of chemical fertilizers, pesticides, plastic sheeting and other means of agricultural production. To ensure a steady increase in grain and cotton production, the total acreage of grain nationwide is expected to be 1.683 billion *mu* (1 *mu* = 0.0667 hectare) and for cotton 83.5 million *mu*, an increase of 6 million *mu* and 5 million *mu* respectively over last year. The State Council has decided to raise purchasing prices this year for cotton, oil-bearing and sugar crops and flue-cured tobacco in order to balance price ratios among farm products and arouse greater enthusiasm among peasants to produce a great variety of farm products.

**2) Stimulate sales, readjust structure, improve economic performance, and maintain an appropriate growth rate in industrial production.**

This year's plan projects the output of raw coal at 1.06 billion tons; crude oil 138 million tons; electricity 605 billion kwh; steel 60 to 61 million tons; yarn 23 million bales; chemical fibres 1.47 million tons; and the volume of railway freight 1.47 billion tons.

Effective measures should be taken to readjust the structure and produce more

energy and turn out raw and semi-finished materials in short supply. The price of crude oil and fees for railway freight and water transport should be raised appropriately this year.

All industrial departments and production units are expected to truly focus on enhancing economic performance, working hard to improve product quality and reduce material and energy consumption, for survival and steady growth. According to the plan, 10 to 15 million tons of standard coal are to be saved directly or indirectly for the whole year, and per capita labour productivity in industrial enterprises owned by all the people is to be increased by 3 percent.

In order to reverse the sluggish market and slow growth of industrial production, we shall, adhering to the policy of tightening control over expenditures and credit, adopt measures to ease the problems. We shall, as appropriate, increase loans for industrial production, commerce, foreign trade and the purchase of materials. Interest rates on savings and loans shall be appropriately readjusted and interest-rate differentials for loans shall be introduced. "Debt chains" among enterprises should be cleared up as soon as possible, and for the settling of accounts the banks will resume their honouring of collection in an all-round way. Sufficient funds will be allocated, as planned, for the construction of key state projects and other urgently needed projects. Meanwhile, loans for upgrading technology will be increased as appropriate. Steps will be taken to further invigorate circulation, open up markets, especially in rural areas and expand exports.

**3) Continue to control the amount of investment in fixed assets and readjust the investment pattern.**

The 1990 plan sets total investment in fixed assets for the entire society at 410 billion yuan, of which, investment in fixed assets of state-owned enterprises and institutions will come to 251 billion yuan and that

of collectively owned units and individually owned businesses in urban and rural areas to 159 billion yuan. Of the total investment in fixed assets of state-owned enterprises and institutions, investment in capital construction projects will account for 135 billion yuan and equipment updating and technological transformation for 82 billion yuan.

Some readjustment will be made in the investment pattern according to the plan by cutting back investment in ordinary construction projects and increasing investment in agriculture, energy and transport.

We should pay more attention to the technological transformation of existing enterprises. Investment earmarked for updating equipment and transforming technology should go mainly to enterprises that can conserve energy and raw and semi-finished materials, improve product quality, turn out more products in short supply and new varieties of products, increase exports to earn more foreign exchange, produce import substitutes, and promote the replacement of products. In fund allocation, priority should be given to enterprises that can transform technology and update equipment this year.

**4) Make better arrangements for the domestic market and people's everyday life and continue to control the rise in general price levels.**

The 1990 plan sets the total value of retail sales at 930 billion yuan, an increase of 14.8 percent over 1989. To stabilize the domestic market, we should, on the one hand, continue to prevent excessive growth of consumer demand, tighten control over wage funds and income from sources other than wages and bonuses, improve the control and regulation of personal income in collectively run economic undertakings and others in town and country, and continue to control institutional purchases, and we should, on the other hand, try to increase the supply of essential products. Local authorities should continue to do a good job with "shopping basket" programme by organizing the prod-

uction and supply of meat, eggs and vegetables in big and medium-sized cities and of daily necessities for urban and rural residents.

This year we shall continue to control the rise of general price levels and, at the same time, readjust appropriately the prices of certain products, so as to support and increase the production of basic products.

**5) Uphold the policy of opening to the outside world, work hard to readjust the mix of import and export products and further expand trade and economic and technological exchanges with other countries.**

We should take full advantage of favourable international conditions, overcome unfavourable factors and do our work conscientiously, so that our efforts to open up the country, and the campaign to improve the economic environment and rectify the economic order will better promote each other.

Exports will increase slightly over 1989, and we shall try to overfulfil the plan. We shall do everything in our power to provide the funds, foreign exchange, raw and semi-finished materials and transport services necessary for expanded export. Efforts should be made to raise the quality of export products and improve export management. While increasing exports, we shall rationalize the import mix. We shall import few or not import any raw and semi-finished materials, machinery and electronic equipment that can be produced and supplied domestically and strictly limit the import of luxury products and high-grade consumer goods. Effective measures should be adopted to improve management of imports.

We shall continue to do a good job of utilizing foreign funds and importing advanced technology. We should assist the operation of joint ventures and co-operative enterprises. In the use of foreign funds we should focus on absorbing direct investment. Effective measures should be adopted for



better control over the borrowing, using and repaying of foreign loans. We should make an even greater success of the special economic zones and the economic and technological development areas in open coastal cities and encourage and support the coastal regions to expand their export-oriented economies.

**6) Advance the progress of science, education, culture, public health, physical culture and sports and strictly control population growth.**

We must place the task of promoting scientific and technological progress in a prominent strategic position. The central task for scientific and technological work in 1990 is to give agriculture a boost and promote technological progress of industrial and transport enterprises. We should recognize the backbone role of large research academies and institutes, institutions of higher learning and large and medium-sized enterprises, better organize their scientific and technological forces, and co-ordinate them in fulfilling the country's urgent scientific and technological tasks.

We shall continue to do a good job in running schools of different levels and types. All schools should adhere to a correct political orientation, strengthen ideological and political education, give top priority to moral education and promote the students' moral, intellectual and physical development. Under the 1990 plan, 30,000 postgraduates will be enrolled, the same as in 1989, and 620,000 students will be recruited for regular institutions of higher learning, an increase of 23,000 over last year, including in-service training for a number of people with practical experience to be enrolled from agricultural, forestry and educational fronts. We shall rectify and reorganize schools that are not up to standard.

Cultural undertakings, such as literature, art, radio, the cinema, television, the press, publishing, cultural relics and archives, should persist in the orientation of serving socialism and the people, follow the policy of

letting a hundred flowers blossom and a hundred schools of thought contend, resolutely oppose bourgeois liberalization, advance and enrich our fine national culture, provide the people with greater and better intellectual products, promote socialist cultural and ideological progress, and help maintain social stability and enhance people's morale.

In public health we shall stress preventive health care and rural sanitation. In physical culture and sports, along with extensive sports activities with mass participation to build up people's physique, we shall prepare and organize the 11th Asian Games and urge athletes to train hard, improve their competitive skills and strive for good results in the Asian Games and other international competitions.

Governments at all levels must strengthen leadership and work unremittingly for birth control. The emphasis should be on reducing the excessive birth rate of the rural areas.

### **III. Persistently Combine the Effort to Improve the Economic Environment and Rectify the Economic Order With the Effort to Deepen the Reform, and Strive to Fulfil the 1990 Plan**

The tasks set in the 1990 Plan for National Economic and Social Development are arduous ones. To smoothly accomplish these tasks we must:

**First, maintain and perfect the contracted managerial responsibility system in enterprises.** Over the past few years industrial and commercial enterprises have satisfactorily instituted the contracted managerial responsibility system in different forms. They should keep the system stable and carefully review their experience, promoting the advantages and getting rid of the defects, in order to perfect and develop the system. At the same time, they should deepen internal

structural reform and perfect rules, regulations and the responsibility system. The system whereby the factory director takes full responsibility should be upheld and perfected and the Party organization in an enterprise should be enabled to fully play its leading role in political and ideological work. We should allow more enterprises to form groups in order to promote optimum organization of existing production elements and rationalize enterprise structure.

In 1990 the state will enforce measures favouring key enterprises in the distribution of funds, materials and transport services, first meeting the needs of the large and medium-sized enterprises producing readily marketable commodities and excelling in economic performance. The state will adopt appropriate policies to protect small and medium-sized enterprises that operate in line with the industrial policies and yield better economic results and social benefits. As for urban and rural collective enterprises and village and township enterprises, we shall guide them to develop properly in accordance with the principle of readjustment, rectification, transformation and improvement.

**Second, strengthen planned guidance and management in production and circulation.** In industrial production the state will set more mandatory targets this year for some major raw and semi-finished materials and products in short supply. In agricultural production guidance planning will be resumed for acreage devoted to certain major items of farm produce. More key and scarce materials will be distributed solely by the state. We shall also place a proportion of the sales by enterprises of certain important means of production under state guidance in order to guarantee production and construction of key projects specified by the state. We shall continue to rectify circulation and the market order. This year the state will introduce a system of unified allocation, ordering, dispatch and transport of all coal produced by state-run mines, coal turned over to the state by local mines, and coal produced outside

the state plan and transported by rail to other provinces. Unless authorized to do so, no unit or individual shall be allowed to deal in coal. We shall also introduce a public sales system and fix price ceilings for major means of production manufactured and sold by enterprises outside the state plan.

**Third, continue to deepen reform of the system for investment in fixed assets.** From this year on, the state will exercise control over both annual and total investment in ongoing capital construction projects. We shall levy a regulatory tax on the use of investment and enforce differential tax rates in accordance with the country's industrial policies, transferring investment from less important projects to key projects specified by the state. We should establish and perfect an investment responsibility system that links output with input, improve the system of public bidding and gradually do away with the bad practice of "everybody eating from the same big pot."

**Fourth, in accordance with the principle of combining a planned economy with market regulation, improve macroeconomic regulation and control.** We shall formulate and perfect measures and plans to implement the country's industrial policies, co-ordinate the efforts of relevant departments and regions for execution of the policies. We shall continue implementing the contracted financial responsibility system this year, but depending on local circumstances, we shall require local authorities to turn more of their profits over to the central financial authorities, while cutting back subsidies granted to the local authorities. We shall experiment with a revenue-sharing system. The central bank will improve management and timely regulation of funds. All specialized banks must strictly implement the state's industrial policies and plans. We shall explore a system of macroeconomic regulation and control based mainly on the state plan and characterized by a comprehensive application of economic, administrative and legal means. We shall expedite the formulation of basic economic laws and regulations. ■

# Report on the Implementation of The State Budget for 1989 and on The Draft State Budget for 1990

(Excerpts)

(Delivered at the Third Session of the Seventh National People's Congress on March 21, 1990)

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Wang Bingqian

Photo by CHEN ZONGLIE

## I. Implementation of the State Budget for 1989

In 1989, the state budget was implemented fairly well, with revenues exceeding estimates contained in the budget plan for 1989, thus basically guaranteeing the financing of construction and reform.

According to present estimates, total state revenues in 1989 came to 291.92 billion yuan, or 102.2 percent of the budgeted amount; total state expenditures amounted to 301.455 billion yuan, or 102.9 percent of the budgeted figure and there was a deficit of 9.535 billion yuan.

The total revenues described above include domestic receipts of 278.5 billion yuan, or 103.5 percent of the budgeted figure and receipts from foreign loans in the amount of 13.42 billion yuan,

or 81.3 percent of the budgeted figure. The breakdown of major items of the domestic receipts is as follows: Total tax receipts amounted to 273.059 billion yuan, or 106.8 percent of the budgeted figure; receipts from enterprises totalled 6.099 billion yuan, or 152.3 percent of the budgeted figure; funds collected for construction of key energy and transport projects came to 19.812 billion yuan, or 96.6 percent of the amount budgeted; collection of the state budget regulating fund was 8.094 billion yuan, or 67.5 percent of the budgeted amount; receipts from raising domestic debts totalled 14.01 billion yuan, or 126.2 percent of what was budgeted; and receipts from other sources came to 17.402 billion yuan, or 96.6 percent of the budgeted figure. In 1989, the state again paid out subsidies for losses by enterprises, amounting to 59.976 billion yuan. This amount was deducted from total receipts, as it has been done in previous years.

Of the total state expenditures for 1989, 288.035 billion yuan, or 104.1 percent of the budgeted amount, came from domestic revenues and 13.42 billion yuan, or 81.3 percent of the budgeted amount, came from foreign loans. The breakdown by major categories is as follows: Capital construction expenditures came to 61.258 billion yuan, or 97.6 percent of what was budgeted; funds expended to tap the potential of existing enterprises, upgrade technology and subsidize trial manufacture of new products amounted to 15.005 billion yuan, or 119.2 percent of the budgeted figure; aid to

rural production and other operating expenses for agriculture came to 19.907 billion yuan, or 114.4 percent of the budgeted amount; costs of urban construction and maintenance projects totalled 11.860 billion yuan, or 115.1 percent of the budgeted figure; operating expenses for culture, education, science and public health reached 55.868 billion yuan, or 108.7 percent of what was budgeted; expenditures for national defence totalled 25.146 billion yuan, or 102.4 percent of the budgeted figure; administrative expenses accounted for 26.708 billion yuan, or 117.8 percent of the budgeted amount; and 37.034 billion yuan was paid out in subsidies to compensate for price rises, representing 90.4 percent of what had been budgeted. In addition to the above, 2.673 billion yuan was spent on amortizing domestic debt and 4.583 billion yuan on servicing foreign debt.

In the implementation of the 1989 state budget, there was an outstanding contradiction in the supply and demand of funds and the financial balance was precarious. According to the present estimates, the state and central deficits have both exceeded the budgeted amounts. The main reasons for this are: First, the turmoil in some areas and the counter-revolutionary rebellion in the capital during the late spring and early summer of last year interfered greatly with the government's programmes of economic improvement and rectification and deepening of reform and caused serious losses to the national economy, both directly and indirectly affecting the country's financial situation, reducing the state and, in particular, the central revenues while expanding their expenditures. Second, due to circumstantial changes and in order to stabilize the nation's political situation, the dozen or so measures in the state budget designed to increase revenues were either postponed, reduced in scale, or not introduced at all, thus affecting some central revenues. Third, when implementing the budget, the expenditures for agriculture, education, science and technology, and disaster relief were all increased.

Though last year's deficit did rise over what was budgeted, it was no easy job implementing the state budget as we did under the special conditions which came up during the year.

**1. We overfulfilled the target for state revenues through expanding production and increasing revenues.** Taxes collected from private en-

terprises and individual industrial and commercial undertakings last year increased 49.3 percent over 1988; and the amount of the individual earnings regulation tax collected was over five times that of the year before. In accordance with the decisions of the State Council, a series of measures were introduced last year. These include the collection of the state budget regulating fund on various extra-budgetary funds, the levying of a special consumption tax on colour television sets and cars, and expansion of the range of taxes levied on special agroforestry products, thus adding 14.5 billion yuan to the year's revenues. As a result of the continued development of production, appropriate concentration of funds and improved tax collection and control, the year's domestic receipts were up 29.5 billion yuan over the previous year's, an increase of 11.9 percent. After deducting factors which are not commensurate, this represents an increase of 7.4 percent, basically compatible with the 8.3 percent increase in industrial production.

**2. We controlled and reduced some non-essential expenditures by implementing the policy of tightening finances.** At the beginning of last year the Ministry of Finance set target figures for expenditures for all localities and departments. In July, in line with the prevailing changes in the situation, the State Council ordered a further tightening of control over central financing, requiring an across-the-board cut in expenditures of 5 percent, with the exception of a few projects whose construction must be guaranteed. Especially significant was the work performed after the Central Committee of the Chinese Communist Party and the State Council issued the "Decision on Accomplishing Tasks of Common Concern in the Near Future." From the central to the local authorities, all formulated regulations concerning punishment for official corruption and the need for leading cadres to take the initiative in carrying out their duties honestly and working hard, thus cutting down on wine and dining of guests as well as other waste and extravagance and at the same time promoting the work of controlling and reducing spending. As of the end of last December institutional purchases at and above the county level totalled 36.3 billion yuan, a decrease of 11.5 percent from the year before when calculated in comparable terms.

**3. We revised the structure of expenditures,**

increasing investment in key sectors such as energy, transport, agriculture, education, and science and technology. In 1989 expenditures for capital construction were controlled in accordance with the budget so that they did not go over the budgeted amounts, but the pattern of investment was changed somewhat. Of the total capital construction funds, about 50 percent was spent on the construction of key projects in energy, transport, telecommunications and raw and semi-finished materials industries and the building of infrastructure. At the same time, financial authorities at all levels also increased, by a relatively large margin, their investment in agriculture, education and science and technology out of limited financial resources. In 1989 expenditures for aid to rural production and other agricultural undertakings came to 19.907 billion yuan, an increase of 4.033 billion yuan, or 25.4 percent, over the previous year's figure. Operating expenses for culture, education, science and public health totalled 55.868 billion yuan, an increase of 7.258 billion yuan, or 14.9 percent. Out of this figure, 31.975 billion yuan went to education alone, an increase of 4.102 billion yuan, or 14.7 percent, over the previous year's expenditure. If we also add in the 5.683 billion yuan of other budgetary expenditures used in education and education-related capital construction, 3.35 billion yuan in extra tax for education collected in urban and rural areas, plus 3.05 billion yuan for vocational and technical schools attached to state-owned enterprises, the total amount would come to 44.058 billion yuan, an increase of 5.336 billion yuan over the previous year's expenditure.

**4. We integrated economic improvement and rectification with the general checkups of taxation, finance and prices.** While organizing enterprises and organizations to check up on their own financial accounts, the various localities and departments across the nation sent 620,000 supervisors, who examined the financial performance of 855,000 selected enterprises and units, with striking results. As of the end of last year, newly discovered funds which should have been turned over to the financial departments amounted to 8.82 billion yuan, of which 6.654 billion yuan has now been delivered to the treasury.

In the implementation of last year's budget, there are still some problems that cannot be ignored. Since the scale of construction and

demand for funds continued to exceed the country's financial ability, the deficit was rather large last year. In addition, the problems of high consumption of raw materials with low yield, high input with low output and high operating costs with low efficiency, which are common phenomena in the fields of production, construction and circulation, greatly restricted the increase in revenues. Most notably in the second half of last year, the market was sluggish, the growth rate of industrial production fell more sharply than expected, and the number of enterprises that entirely or partially stopped operation increased, resulting in a drop in economic returns. What is more, in some localities and work units, the financial order became chaotic; supervision and management became lax; budgetary control was weakened; and tax evasion, illegal retention of profits, money laundering and other breaches of financial laws and discipline became quite common; waste and extravagance remained serious. This shows that there is still a lack of understanding of the need for hard work, thrift and economy, and for going through a period of austerity and that more efforts are needed in building a clean and honest government.

## II. The Draft State Budget for 1990

According to the draft state budget for 1990, which I am now submitting for examination and approval, total state revenues will be 323.653 billion yuan, an increase of 10.9 percent over the estimated figure for last year, and total expenditures will be 332.545 billion yuan, an increase of 10.3 percent. This leaves a deficit of 8.892 billion yuan.\*

Total estimated revenues in the state budget include domestically generated revenues totalling 307.21 billion yuan and income from foreign loans totalling 16.443 billion yuan. Domestic receipts break down as follows: tax receipts, 299.899 billion yuan; receipts from enterprises, 4.909 billion yuan; funds collected for construction of key energy and transport projects, 21.5 billion yuan; receipts from the state budget regulating fund, 12.5 billion yuan; income generated by the domestic debt, 17

\*If the domestic and foreign debt, totalling 33.443 billion yuan, is regarded as part of the deficit, the total deficit would be 42.335 billion yuan.

billion yuan; and income from other sources, 17.16 billion yuan. This year's plan also includes 65.758 billion yuan in subsidies to make up for enterprise losses, which represents a debit in the budget that has already been deducted from the projected domestic receipts.

The breakdown of major items of expenditure is as follows: capital construction, 65.945 billion yuan; tapping the potentials of existing enterprises, upgrading technology and subsidizing trial manufacture of new products, 14.912 billion yuan; aid to rural production and other operating expenses for agriculture, 21.481 billion yuan; urban construction and maintenance, 11.856 billion yuan; operating expenses for culture, education, science and public health, 59.745 billion yuan; national defence, 28.97 billion yuan; administrative expenses, 27.234 billion yuan; subsidies to compensate for price rises, 40.558 billion yuan; servicing domestic debt, 12.4 billion yuan; and servicing foreign loans, 7 billion yuan. In addition, allocations for the general reserve fund total 2.5 billion yuan, of which 1 billion is at the disposal of the central authorities and 1.5 billion is available to local authorities. Here, I should like to explain the following points in particular:

**1. The deficit contained in the state budget.**

Today's fiscal problems did not develop over a short period of time and they likewise cannot be solved in a short time. The situation confronting this year's budget is grim; economic growth has been slowing down, meaning that economic results cannot be improved significantly and therefore revenues cannot increase considerably. On the other hand, expenditures for key construction projects, agriculture, education, science and technology, national defence, and subsidies to compensate for price rises and wage adjustments will unavoidably increase. In addition, this year we will enter the peak period for repaying the domestic debt, which will make the contradiction between the supply of and demand for funds more outstanding. Under these conditions, the deficit will not be quickly reduced. In this draft state budget which I am submitting to the session for examination, the state budgetary deficit is slightly smaller than last year's figure. In the implementation of this budget we shall do all we can to reduce the deficit.

**2. Opening up new sources of income and increasing revenues.** According to estimates

made on the basis of the relevant indicators in the plan for national economic and social development, the expected regular domestic receipts for 1990 will be only 6.5 percent higher than the estimated figure for last year and hence cannot meet the demand for this year's necessary expenditures. Therefore, in addition to developing production, improving economic performance and eliminating losses and increasing profits, we shall open up new sources of revenue so as to increase revenues. The State Council has decided on a reasonable readjustment and increase in the business tax rates on retail sales to be made at an appropriate time this year. At the same time, we plan to improve the collection of the individual earnings regulation tax.

**3. Servicing domestic and foreign debt.** This year 12.4 billion yuan has been budgeted for amortizing domestic debt, an increase of 9.727 billion yuan over last year's figure, which will mainly go for the repayment of the principal and interest on state treasury bonds held by individuals. The amortization of bonds held by enterprises, public institutions, administrative units and banks due this year will be postponed. Servicing of foreign loans this year amounts to 7 billion yuan, an increase of 2.417 billion yuan over last year's estimated figure, mainly due to the change in the exchange rate of the Renminbi. Last year saw an increase in our foreign exchange reserve. We are fully capable of repaying foreign debt. In the future we shall keep foreign debt within bounds and maintain a reasonable debt structure, strengthen supervision and management of debt and further improve our debt repayment ability.

**4. Reducing expenditures while meeting essential needs.** In order to promote the development of agriculture, education, science and technology and to further strengthen our national defence, this year's state budget contains increased allocations for these areas. The amount for aid to rural production and other operating expenses for agriculture is 21.481 billion yuan, an increase of 1.574 billion yuan, or 7.9 percent over last year's figure. At the same time the central and local budgets call for 3.3 billion yuan in aid to poor regions and 4.456 billion yuan for agricultural capital construction, an increase of 200 million yuan and 1 billion yuan respectively over last year's figures. The budgeted 1990 figure for culture, education, science and public health is 59.745

billion yuan, an increase of 3.877 billion yuan, or 6.9 percent over last year's figure. Included in this amount is 35.096 billion yuan for education, an increase of 3.121 billion yuan, or 9.8 percent, over last year's figure. If we add in the 5.96 billion yuan earmarked for educational expenses and education-related capital construction covered by other items of expenditure in the state budget, 4 billion yuan of extra tax collected for education in urban and rural areas and 3.35 billion yuan for vocational and technical schools attached to state-owned enterprises, the total figure for education in the 1990 budget would come to 48.406 billion yuan, an increase of 4.348 billion yuan over last year. The expenditure for national defence is increased by 3.824 billion yuan, or 15.2 percent over last year's figure.

**5. Subsidies to compensate for enterprise losses and price rises.** The subsidies to compensate for enterprise losses and price rises in the 1990-state budget are 65.758 billion yuan and 40.558 billion yuan respectively, 5.782 billion yuan and 3.524 billion yuan more than the estimated figures last year. This year, the state will institute a moderate increase in the contracted prices for cotton, oil-bearing crops and some other farm products, which calls for a corresponding increase of subsidies. In recent years, subsidies to compensate for enterprise losses and price increases have been growing rather rapidly. The combined total of the two items will reach 106.316 billion yuan, equivalent to one-third of the state budget, a great drain on the state treasury. This problem cries out for our keenest attention and serious study so that practicable solutions can be found.

**6. Wage raises for workers and office staff.** Last year, the State Council decided, beginning with the fourth quarter of the year, to raise the salaries of staff members of administrative departments and other institutions and give supplementary living allowances to retirees of these establishments and state enterprises. These measures are being gradually implemented. With regard to wages of workers and office staff in state enterprises, the practice of linking total payroll to economic performance will be continued. Meanwhile the state will render necessary assistance to enterprises that run at a loss or make little profit. These steps will reduce revenue by 3 billion yuan and increase expenditure by 5.25 billion yuan, producing a total debit of 8.25 billion

yuan. The preceding figures have been respectively listed in the budgetary items.

### III. Unify Understanding, Inspire Confidence and Fulfil the Tasks Set by the State Budget for 1990

Nineteen ninety is a crucial year in the drive for economic improvement and rectification. In state finances, we are faced with great difficulties and arduous tasks. In particular, the measures being taken for raising revenues and reducing expenditures and for concentrating funds in certain areas involve a readjustment of the interests of many quarters.

**1. Unify our understanding and consider the interests of the whole.** Financial matters have a vital bearing on the overall situation. Whether or not this year's state budget can be fulfilled is related not only to a systematic attainment of the goals set for economic improvement and rectification, but to sustained, stable and co-ordinated development of the national economy in the years to come as well. In the course of this drive, it is necessary for the Central Government to bring a suitable amount of financial and material resources under its control, make the financial plan more binding and increase its ability to exercise macro-economic regulation and control so as to stabilize the overall economic situation. All of us, therefore, should take into account the long-term and overall interests of the country and work with the government in surmounting difficulties.

**2. Work hard to improve economic performance and increase revenues.** In recent years, we emphasized the importance of improving economic performance, but without marked results. Under the present policy of macro-economic austerity, it is impossible to increase investment by a large margin and the economy will not and should not develop as fast as it did in the past few years. This policy, while bringing pressure to bear upon enterprises in a very concrete way, will also provide us with an opportunity to shift the focus of our work to enhancing economic performance. All departments and local authorities should regard the combat against extravagance and waste and improvement of the economic performance of enterprises as an important task in the drive

for economic improvement and rectification. The enterprises should take advantage of the readjustment now under way to pay attention to their own problems, improving enterprise management, pressing for technological progress, upgrading quality and reducing costs, so as to effect a marked improvement in economic performance. Moreover, it is imperative to reinforce financial supervision over units undertaking capital construction, strictly examine the estimated budget and final accounts for investment of construction projects, reduce construction costs and raise investment returns on fixed assets.

**3. Drastically cut back on and exercise tight control over expenditures and truly practise austerity.** Under no circumstances shall we waver from the policy of retrenching expenditures, reducing the amount of credit to be granted while at the same time trying to allow for some flexibility and to bring about a better situation. The amount of budgetary expenditures for capital construction will remain the same; extrabudgetary funds spent on investment in fixed assets should be firmly cut back. We shall, by every possible means, restructure and curb administrative expenditures, continue the strict control of institutional purchases, and oppose waste as firmly as we do embezzlement and corruption.

**4. Continue to deepen the reform and improve the financial legal system.** The financial reform being carried out should serve the objective of perfecting the system of contracted managerial responsibility in enterprises and the contracted financial responsibility system. In addition, we should explore new ways and quicken the implementation on a trial basis of new systems. For now we still need to persist in carrying out the system of contracted managerial responsibility in enterprises. In those enterprises where the contract base and the progressive increase rate in the contract are too low, they should be raised appropriately. An appropriately determined proportion of the profits earned by enterprises after fulfilling the contracted targets should be submitted to the financial authorities. While continuing to pursue the current financial responsibility system, we should gradually perfect it. The ideal programme for reform would be to implement the financial system of revenue sharing so as to bring into play the initiatives of both the central and the

local authorities. We should conscientiously carry out the laws and statutes concerning taxation on foreign firms and individuals and continue to stabilize and improve the financial and taxation policies in the special economic zones and open coastal areas. The State Council is organizing a group to work out the Draft Budget Law of the People's Republic of China to be submitted to the NPC session next year for examination and approval.

**5. Rectify financial and taxation order and tighten control over finance.** In the last few years, some local authorities and units, by using various pretexts and questionable means, overstepped their authority to grant tax reductions and exemptions, while others evaded taxes, submitted false reports on their losses to obtain unwarranted subsidies, set up unauthorized departmental coffers, appropriated public property for their own use and illegally withheld and misappropriated public funds. These have become very serious problems which have not only resulted in great losses of state revenue but also disrupted the normal economic order. Therefore, we have much strenuous work to do in improving and rectifying the financial and taxation systems. We shall make painstaking efforts to rectify the financial and taxation order. We shall also tighten control over finance and taxation and enhance compliance with the state budget by strengthening legislative work and implementing the law to the letter. We shall continue to rectify taxation procedures, seriously review regulations on tax reductions and exemptions and strictly control any new reductions or exemptions. We shall institute a system of submitting tax-returns for taxable individual income and improve the collection and control of the individual earnings regulation tax. We shall strengthen the management of state assets, resolutely putting a stop to illegal distribution and use of state assets in order to guarantee their integrity and prevent loss of return on such assets. We shall steadfastly continue the general checkups of taxation, finance and prices this year. When serious violations of law and discipline are discovered, especially cases with grave consequences, the leaders and those involved should be held to account; they should be dealt with according to law, and the cases should be brought to public notice. ■



guiding principle for reform is to replace the socialist system by the capitalist system.

Comrade Deng Xiaoping has clearly pointed out the essence of the reform advocated by upholders of bourgeois liberalization. Comrade Jiang Zemin also emphasized Deng's opinion in his speech at the 40th anniversary celebration of the founding of the People's Republic of China. He said:

"Many facts testify, however, that on the issue of the reform and opening, two completely different views exist. One view, which has been persistently advocated by the Party Central Committee and Comrade Deng Xiaoping, is to uphold the socialist road, the people's democratic dictatorship, the leadership of the Communist Party and Marxism-Leninism and Mao Zedong Thought, with the reform and opening as the self-improvement of the socialist system. The other view on reform and opening upholds bourgeois liberalization. This is the stand of those who demand 'total Westernization,' which amounts to departing from and going against the four cardinal principles. The essence of such so-called reform and opening is to transform China into capitalism and bring China into the orbit of the capitalist system of the West."

Clarifying and emphasizing the distinction between the two views is of great significance because it not only exposes the nature and tricks of the advocates of bourgeois liberalization but also unfastens the tethers for Marxists. Marxists can combat liberalization with perfect assurance and carry out reform and opening policies resolutely in the right direction.

Economic construction is the central task of our Party and state. The four cardinal principles are the foundation of the state while reform and opening

are basic policies. Whether or not one really upholds the four cardinal principles depends on whether or not one thoroughly opposes liberalization. This is a criterion and a touchstone. Comrade Zhao Ziyang quibbles in saying that to uphold the four cardinal principles and oppose liberalization "repeat the same meaning," therefore it is enough to advocate the four cardinal principles without mention of opposing liberalization. However, one can see clearly that in a situation where the liberalization tendency is running rampant, to cancel the struggle against liberalization will reduce adhering to the four cardinal principles to empty words. If one neglects opposition to liberalization and only pays lip service to the four cardinal principles, it is an empty formalism. Therefore, whether or not one truly persists in reform and opening to realize the country's socialist modernization, whether or not one adopts socialist reform, depend on whether or not one opposes liberalization. This is also a criterion and a touchstone. At present, many people in the world talk about reform, and the Western reactionary forces also call for supporting "reforms" in socialist countries. This alerts us to pay closer attention to the nature of reform and its orientation. Not all that talk about reform is necessarily good.

**Third, the confrontation between bourgeois liberalization and the four cardinal principles brooks no compromise. Making endless concessions to liberalization means courting disaster.**

The development of events in recent years demonstrates that even if we do not struggle against liberalization, liberalization will struggle against us; if we stop once and fail once, liberalization will launch counterattacks with greater force; if we make unprin-

cipled concessions, liberalization will never yield an inch. If we do not fight against liberalization, our Party will be corrupted ideologically, degenerate politically and disintegrate organizationally, with its fighting power on the wane or even in collapse. We have seen symptoms of all this in the recent turmoil. Generally speaking, our Party is mature, staunch and combat-worthy. That is why the turmoil and rebellion were quelled. But in some units, Party organizations have indeed been weakened and are not as effective as before. In some colleges and universities, for instance, neither the Party organizations, nor the Communist Youth League nor student unions could control the situation. Although this happened in some cases only, we should regard it as a small clue of great impact.

As for those clinging stubbornly to the stand of bourgeois liberalization, unprincipled concessions only provoke them to fierce attacks. If we step back one pace, they will advance ten paces. The struggle is cruel. During the political disturbances between 1989's spring and summer, the schemers and organizers claimed their demands were simple, for they only wanted the government to recognize their movement as patriotic and democratic, and their organizations as legal. If they had achieved these aims, in their next step, they would have wanted to seek out who was to blame for calling their action a turmoil. Then they would have demanded that this person retire, that person be removed from office, and the whole government resign. In fact, wasn't that just the kind of clamour which was shouted to the rooftops during the turmoil? Our socialist state, with the working people as masters, was founded after tens of millions of martyrs shed their blood and laid down their lives. Once it was overthrown and the

schemers and organizers of the turmoil got into power to institute "total Westernization," the fruits of our revolution, construction and reform would have been irrevocably lost. China would have fallen into protracted dismemberment and chaos, the people plunged into an abyss of misery, with no means of livelihood. Fortunately the Party and the government did not retreat but instead resolutely enforced martial law. Did the plotters and organizers of the turmoil resign themselves to defeat after the declaration of martial law? No. They shouted to attack the "Bastille" Zhongnanhai, the Party's general headquarters, and hang all the more than 40 million Party members. During the counter-revolutionary rebellion, they committed crimes of beating, smashing, looting, burning and killing. What is cruel if not that?

The situation had a perceptible line of development. All political oppositions demand first the legality of their organizations and ask the Party and government to have dialogues with them. Then they demand that the Party give up some of its power so that they can occupy some positions in the government. But, having certain posts, would they then be satisfied? Far from it. So they go ahead with their third step, i.e. transforming the Communist Party from a party in power into a party not in office, and squeezing the Party organizations out of factories, public security departments and the army until it has no foothold. This is not the end, however. They will trample you underfoot after beating you down to the ground. If those people who stubbornly uphold bourgeois liberalization were to grasp state power, they would not at all be mild and modest or gentile and cultivated in their treatment of others. Furthermore, as the saying goes, when the nest is overturned no

egg stays unbroken. Whether you are a hard-liner or a moderate, an ever-resolute or a wavering element, hawk or dove, you can't hold your position, unless you basely offer to serve the reactionary bigwigs at the cost of selling your soul and becoming a traitor.

Endless concessions only invite destruction. That is how merciless and ruthless the logic of struggle has always been.

**Fourth, the struggle between bourgeois liberalization and the four cardinal principles will continue for a long time.**

By now, the struggle between bourgeois liberalization and the four cardinal principles has been going on for ten years; it will continue for dozens of years to come. Comrade Deng Xiaoping said that the struggle would go on for 20, 50 or even 70 years more. That liberalization should gain such rampancy has, of course, something to do with Comrade Zhao Ziyang's mistakes. However, that it has become an ideological trend is the result of more profound historical, social and international environment.

Our socialist society was born of a semi-colonial, semi-feudal society. In 1949, the year of the founding of the People's Republic, China was very poor and backward, far behind developed Western countries. After 40 years of effort, China has made tremendous progress in its national economy, considerably narrowing the gap with developed countries. But compared with the developed capitalist countries, China still lags behind in the development of productive forces, the level of science and technology, and in people's material living standards. In these circumstances, those who do not look at the problem from a historical and scientific angle are apt to have doubts about the superiority of the socialist system, considering that, after all, the capitalist system is better. Some young people

in our country do not understand that the development of Western capitalist countries throughout several hundred years proceeded through blood and filth, cruel exploitation, and the plunder and robbery of the oppressed people and nations of colonial countries. The poverty China suffered was closely related to aggression and exploitation by the capital-imperialist powers. China cannot and should not follow such a path to get prosperity. But we are sure that by relying on the socialist system and the hard work of all our people, we can approach and reach the level of developed Western countries in economy, science and technology, and people's living standards. Of course, this will cover a long historical period. Before we reach the goal, it is certain that bourgeois liberalization will always find support among some people.

Our socialist system is still new and incomplete. It has a history of only dozens of years, and it has been quite impossible for us to make it perfect in that short period. We need to gradually perfect it through the accumulation of experiences drawn from practice over a long time. We should notice that there are indeed many shortcomings in our economic and political system. There are many important problems waiting for us to solve, such as how to ensure the flesh-and-blood ties of the Party and government with the people, how to develop inner-Party democracy and public democracy, how to arouse people's enthusiasm, initiative and creativity, and how to co-ordinate and handle various social relations, especially those involving the interests of various circles. In all these spheres, we have not yet established a proper set of sound and perfect systems. This explains why we really need reform. The case is different with the capitalist system, which has undergone hundreds of years of

evolution, accumulated extremely rich experiences in struggle, established a set of fairly tight mechanisms and methods in order to co-ordinate the contradictions existing within the capitalist class and alleviate contradictions between the bourgeoisie and the working class. These mechanisms and methods, on the surface, seem very democratic and free. This is why they can be very deceptive. In essence, they serve to preserve the interests of the bourgeoisie and capitalist domination. Recently, Robert Williams, a black activist, made a speech at Beijing University, in which he explained how hypocritical capitalist democracy is, pointing out that in the United States there is virtually no democracy. Chinese people who have stayed long in a Western country also see through capitalist democracy and have written many articles about it. However, some who rely on hearsay or cursory investigation tend to think there is democracy or freedom in this or that other country. Conclusions of that sort are certainly not correct. There is no absolute or abstract democracy or freedom anywhere in the world. The "democracy" and "freedom" of the West are a paradise only for capitalist class, but a trap for the working class. Of course, this does not mean that we do not need to reform our system. Rather, we should perfect the socialist system, and bring its advantages into full play through reform. Restricted by various conditions, the reform can only proceed step by step, and will require a fairly long time. During the period, bourgeois liberalization will still find audience among some people.

Judging from the international climate, we can be clearer about this matter. Over the past 20 or 30 years, Western capitalist countries have passed through a relatively stable stage of develop-

ment. Lenin said that in the last 20 or 30 years of the 19th century, the capitalist society was in a relatively stable stage of development, during which the capitalist class reaped superprofits and fostered a labour aristocracy. In the workers' movement, the ideological trend of opportunism and revisionism appeared. Over the past several decades, Western capitalism, taking advantage of the relatively stable period of development, has stepped up political, economic, ideological and cultural infiltration into socialist countries, supported and bought over dissidents in socialist countries, and built up anti-socialist forces operating within socialist countries to pursue a policy of "peaceful evolution." Under these circumstances, bourgeois liberalization is bound to appear and expand into a force in China. Such a force inevitably seeks support from international reactionary forces. The international anti-communist forces are certain to lend support. In this way, international class struggle is closely tied up with the class struggle at home. This state of affairs will exist for a long time.

In short, we should realize clearly that the struggle against bourgeois liberalization is not a matter of one year or two years, but will continue for dozens of years. Of course, we should lose no time in developing production and further perfecting our system. But we must fight against liberalization without fail and not let it run wild. Lenin said, "Without a proper political approach to the subject the given class cannot maintain its rule, and consequently cannot solve its own production problems." (*Lenin: Once Again on the Trade Unions, the Present Situation and the Mistakes of Trotsky and Bukharin*) Therefore, only by criticizing liberalization will we be able to ensure a stable environment for developing produc-

tion and perfecting our system.

### III. Alerting the Nation to the Need to Uphold the Four Cardinal Principles and to Oppose Bourgeois Liberalization

The Fourth Plenary Session of the 13th CPC Central Committee held in June 1989 decided that the Party should grasp four major things, one of which was to effectively combat bourgeois liberalization. The task of fighting against bourgeois liberalization was also specially written down in the Decision on Further Improving the Economic Environment and Straightening Out the Economic Order, and Deepening the Reform, which was adopted at the Fifth Plenary Session of the 13th Central Committee held in November 1989. Comrade Deng Xiaoping and the collective leadership of the CPC Central Committee with Comrade Jiang Zemin as the core have stressed again and again: we must stick to the four cardinal principles and the education in the need to oppose bourgeois liberalization, carry the struggle through to the end and never give it up halfway. So how shall we go about doing this?

**1. The work should be done both by grass-roots units and by the departments in charge of ideological work, especially the latter. At present, the stress must be put on effectively strengthening and improving the work in the ideological field.**

We should use Marxism to guide theoretical studies, literature and art, the press, publishing, and other media departments, and ensure dominance of socialist thinking in the spheres of ideology, culture, the media and public opinion. Previously, some newspapers, magazines, publishing houses, seminars and public lectures provided coverage and facilities to persons who

practise bourgeois liberalization. This situation can by no means be permitted to continue.

The key to strengthening and improving the work in the ideological field lies in placing the power over the public media firmly in the hands of genuine Marxists.

We must adopt measures to adjust, strengthen, or round out media departments that need it. Only in this way can we maintain long-term social stability.

**2. Continue to publish articles of all kinds which publicize the four cardinal principles in a deep-going way, criticize various bourgeois-liberalizationist points of view and clear up the ideological and theoretical confusion caused by a deluge of ideas of bourgeois liberalization.**

We should draw a distinction between different circumstances and use different methods when we criticize the various erroneous ideas. The bourgeois-liberalizationist point of view directed against the four cardinal principles must be criticized and not allowed to "contend" because it violates our Constitution. Bourgeois viewpoints reflected in philosophy, politics, economics, literature and arts, as well as the bourgeois outlook on life, bourgeois values, morals and so on, are of a different category from ideas spearheaded against the four cardinal principles. We must be able to see this kind of difference. At the same time, we must see clearly the internal relations between the two, that is, we must be aware of the fact that bourgeois theoretical ideas are the ideological and theoretical basis of the bourgeois liberalization trend. Therefore, if we are to deepen the struggle against bourgeois liberalization, it is imperative that we clear up erroneous viewpoints in these spheres. Here, I give some examples.

One is the issue of "democracy." Advocates of bourgeois lib-

eralization often publicize abstract democracy, claiming that democracy makes no distinction between classes, between East and West, or between socialism and capitalism. According to this point of view, now that there is no difference between the proletariat and the bourgeois democracy, or between socialist and capitalist democracy, people will inevitably conclude: We can also bring in and use the hypocritical bourgeois democratic system of the capitalist class, without a change. Obviously, this kind of erroneous theoretical viewpoint serves the purpose of establishing a bourgeois republic. This concept of democracy of the bourgeoisie provides the political and theoretical foundation for bourgeois liberalization.

In addition, there are the questions concerning outlook on life, moral concepts and sense of values. In recent years, some people espoused individualism, declaring it was a good thing and should be rehabilitated. They also favoured advocating the view that: "in doing everything, the aim is making money," and that "only when we aim at making money, can we aim towards the future." This propagates a bourgeois outlook on life, capitalist morality and values. We cannot simply equate the spread of a bourgeois outlook with the advertising of bourgeois liberalization, but individualism and money-worship are diametrically opposed to socialist thinking; they are as incompatible as fire and water. Once individualism and money worship run rampant, they will inevitably play a role in slackening, weakening and disintegrating socialism, and leading people to be infatuated with the capitalist system.

Therefore, we must criticize liberalization views which are directed against the four cardinal principles. And also we must oppose whatever ideas which serve

as the ideological and theoretical foundation for bourgeois liberalization, and not let them spread unchecked; we can oppose them by contending with them. Through debate and using Marxism, we can triumph over and overcome erroneous viewpoints of this kind. This helps develop Marxism, for debating serves only to make the truth become clearer. Regardless of how different the former and the latter situations are, when we criticize, we must present facts, reason things out, and convince people through reasoning.

Now, stability is the overriding task. Criticizing bourgeois liberalization trend in a deep-going way is one of the important conditions for maintaining stability.

**3. Educate workers, farmers and intellectuals in upholding the four cardinal principles and opposing bourgeois liberalization. Special attention must be paid to the education of intellectuals, in particular, young intellectuals.**

The Party's policy towards intellectuals in the past few years has been correct. Intellectuals have played a great role in the drive for socialist modernization, as well as in reform and opening up to the outside world. However, some problems exist in the work with intellectuals. Comrade Deng Xiaoping has said that in the last decade, our biggest failure has been in the field of education. This includes, of course, the education of intellectuals. They have not had enough education, no strict ideological and political demands have been made on them, and not enough help has been given them.

Intellectuals are part of the working class. This formulation, restored after the Third Plenary Session of the 11th Central Committee of the Communist Party of China, is correct. But to say that intellectuals are the most exemplary and advanced part of the working class is not correct.

We should say that the class, nature and fine qualities of the working class including its love of labour and socialism, its sense of thorough-going revolution, high sense of organization and discipline, realistic spirit and selflessness, find the most highly concentrated expression in the industrial workers; and intellectuals are mental workers. The social, economic position of intellectuals, and the role they have played in the drive for socialist modernization confirm that they are really part of the working class. A group of fine intellectuals have been able to embody the nature, character and morals of the working class well. However, there are some intellectuals, particularly those working in the ideological field and in leading bodies, who differ from industrial workers in respect to working conditions, type of work and way of working. And because of these differences they have their weaknesses. For example, it is easy for them to become divorced from reality and cut off from the masses. In addition, some are different from industrial workers also in world outlook and feelings. Precisely because of this, international anti-communist forces, and people inside the country who go in for liberalization, are always trying to find a loophole among intellectuals, particularly young intellectuals. This calls for serious attention and heightened vigilance.

During the political disturbance, most intellectuals conducted themselves very well or rather well; they supported the Party and socialism. Some were weak and wavering. In spite of this, we keep stressing that intellectuals are part of the working class; this assessment remains unchanged. Right now, the problem is that some intellectuals should make greater efforts to live up to the name, and really become part of the working class. Moreover, as for various problems which ap-

peared among intellectuals, we should sum up the experiences and lessons to cast light on how the Party can do effective work among them, for instance, to see if their education has been insufficient and if their treatment has not been reasonable enough, and so on. If we really respect and show concern for intellectuals, we should help them solve their difficulties. We advocate that intellectuals should go into practice and take the road of integrating with the masses of workers and farmers; encourage them to study Marxism-Leninism and Mao Zedong Thought, and help them acquire a correct world outlook and outlook on life. Loving the motherland is a fine tradition of Chinese intellectuals. Starting with education in patriotism, we should combine education in patriotism with education in socialism and collectivism. We are convinced that as long as we do good work, intellectuals will be able to further rally around the Party's Central Committee and make greater contributions to the socialist cause.

**4. Educate both Party and non-Party members, particularly Party members. Special attention will be paid to raising the ideological and theoretical level of the leading cadres in all Party organizations.**

Among those who took the lead in stirring up the recent political disturbance, quite a few were Party members. Some of them are fairly well known. They had departed from the correct stand of a Party member and went over to the side opposing the Party and people. Party members, as is known to all, should defend the leadership of the Party, hold fast to socialist and communist convictions, and serve the people heart and soul. If they fail to do so, they should not be Party members. In addition, there should not be special members in the Communist Party of China. If you are a Party member, no matter how famous you are as a

theorist, writer, actor or actress, editor or correspondent, you should not think of yourself as special, and should abide by the Party Constitution and discipline the same as other Party members.

Regarding the education of Party members, it is important to raise the standard of senior and middle-level leading cadres in Marxist-Leninist theory. Since 1986, as a result of several readjustments, great changes have taken place in the age and cultural mix of cadres of this rank. Newly promoted comrades have many strong points—having a high cultural level, vigour, and a pioneering spirit and being in the prime of life. However, they also have some weak points. A group of comrades, for instance, who used to work in grass-roots units or who were involved in special technological work, now hold important leading positions. In the midst of the complicated international and domestic situations, surrounded by so many new conditions and problems arising in the course of construction, reform and opening up, they must keep a cool head, persist in the correct political orientation, maintain the capability to take control over a situation and must deal skilfully with all sorts of intricate contradictions.

As mentioned earlier, the bourgeois liberalization trend is a product of the times; its appearance and existence are rooted in both domestic and international conditions. This trend represents a decadent force violating the basic interests of the working class and people, and stemming the tide of history; its failure and extinction are unavoidable. We are certain we can overcome the dangers and difficulties ahead and advance triumphantly along the road of building socialism with Chinese characteristics. We are confident that socialism will eventually triumph over capitalism and the communist future lies ahead. ■

# HK Basic Law: A Creative Masterpiece

*This is an April 7, 1990, People's Daily editorial congratulating the promulgation of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China. — Ed.*

The first spring of the 1990s saw the passage and promulgation of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China by the Third Session of the Seventh National People's Congress (NPC). The great concept of "one country, two systems" is thus implemented in the form of a basic state law, and a clear blueprint for the future of Hong Kong has been drawn up. This is a major event that will find its way into history and deserves praise and congratulations.

The Basic Law has significant implications. Comrade Deng Xiaoping, the architect of the concept of "one country, two systems," told members of the Drafting Committee of the Basic Law of Hong Kong on February 17: "After nearly five years of painstaking efforts, you have produced a legal work that is of historic and international significance. It is historic because it not only concerns yesterday and today but also tomorrow. It's internationally significant because it has far-reaching influence not only on the third world but also on the whole of mankind. It is a creative masterpiece."

Historically, the Basic Law is unprecedented. But today it is a fait accompli. In the future, it will hold its place. Internationally, it provides an ideal model for peacefully and amiably settling historical disputes between countries not only in the third world

but in the rest of the world as well. Therefore, this legal work of the Basic Law, unprecedented in world constitutional history, is indeed a creative masterpiece.

The main characteristics of the Basic Law are the marriage between "one country" and "two systems" and the integration of the maintenance of state sovereignty, unity and territorial integrity with the empowered high degree of autonomy of the Hong Kong Special Administrative Region.

Let's take a look first at the "one country." Hong Kong is part of China's territory. Hong Kong compatriots and their counterparts on the mainland have the same roots and all belong to the same Chinese community. Article 1 of the Basic Law states, "The Hong Kong Special Administrative Region is an inalienable part of the People's Republic of China."

In other areas, the Basic law further specifies that:

- The land and natural resources within the Hong Kong Special Administrative Region shall be state property;

- The Hong Kong Special Administrative Region shall be under direct jurisdiction of the Central People's Government;

- The Central People's Government shall be responsible for the foreign and defence affairs of the Hong Kong Special Administrative Region;

- The Central People's Government shall appoint the Chief

Executive and the principal officials of the executive authorities of the Hong Kong Special Administrative Region in accordance with the provisions of the Basic Law;

- The power of interpretation of the Basic Law shall be vested in the National People's Congress Standing Committee, and the power of amendment of the Basic Law shall be vested in the NPC;

- Laws enacted by the legislature of the Hong Kong Special Administrative Region shall be reported to the NPC Standing Committee for the record;

- If the NPC Standing Committee considers that any law enacted by the legislature of the region is not in conformity with the provisions of the Basic Law regarding affairs within the responsibility of the central authorities or regarding the relationship between the central authorities and the region, the Standing Committee may return the law in question, and any such returned laws shall immediately be invalidated;

- In the event that the NPC Standing Committee decides to declare a state of war or, by reason of turmoil within the Hong Kong Special Administrative Region which endangers national unity or security and is beyond the control of the government of the region, decides that the region is in a state of emergency, the Central People's Government may issue an order applying the

relevant national laws in the region;

- The Hong Kong Special Administrative Region shall enact laws on its own to prohibit any act of treason, secession, sedition, subversion against the Central People's Government, or theft of state secrets;

- Public servants serving in all government departments of the Hong Kong Special Administrative Region must be permanent residents of the region, and the Chief Executive, principal officials, the president of the Legislative Council and at least 80 percent of the legislators, the Chief Justice of the Court of Final Appeal and the Chief Judge of the High Court of the Hong Kong Special Administrative Region shall be Chinese citizens who are permanent residents of the region with no right of abode in any foreign country.

These articles are a guarantee for the integrity of the country and the maintenance of state sovereignty.

Now let us examine the "two systems." The mainland has practised socialism for 40 years, a choice that was inevitable for its social development. Hong Kong will continue to follow its capitalist system.

Article 5 of the Basic Law stipulates that the socialist system and policies shall not be practised in the Hong Kong Special Administrative Region, and the previous capitalist system and way of life shall remain unchanged for 50 years. The Basic Law also makes some other relevant stipulations as follows:

- The Hong Kong Special Administrative Region shall protect the right of private ownership of property in accordance with law. Free operation of financial business and financial markets will be safeguarded. No foreign exchange control policies shall be applied in the Hong Kong Special Administrative Region, and

markets for foreign exchange, gold, securities, futures and the like shall continue. The Hong Kong Special Administrative Region shall safeguard the free flow of capital within, into and out of the region and shall pursue the policy of free trade and safeguard the free movement of goods, intangible assets and capital.

According to the Basic Law, the Hong Kong Special Administrative Region shall exercise a high degree of autonomy and enjoy executive, legislative and independent judicial power, including that of final adjudication. The special administrative region shall have independent finances, practise an independent taxation system and issue its currency. Military forces stationed by the Central People's Government in the region for defence shall not interfere in the local affairs of the region.

In foreign affairs, representatives of the government of the Hong Kong Special Administrative Region may, as members of delegations of the government of the People's Republic of China, participate in negotiations at the diplomatic level directly affecting the region conducted by the Central People's Government and in international organizations or conferences in appropriate fields limited to states and affecting the region. The Hong Kong Special Administrative Region may, using the name "Hong Kong, China," maintain and develop relations and conclude and implement agreements with foreign states and regions and relevant international organizations in such areas as the economy, trade, finance, money, shipping, communications, tourism, culture and sports, and may participate in international organizations and conferences not limited to states. The special administrative region may issue passports and travel documents of the

Hong Kong Special Administrative Region of the People's Republic of China. It may, as necessary, establish official or semi-official economic and trade missions in foreign countries.

These articles reflect the differences between the two systems and are favourable to ensuring stability and prosperity in the Hong Kong Special Administrative Region.

The Basic Law is the result of great efforts. A member of the Drafting Committee said: "In the past 148 years several generations have been yearning to take back Hong Kong. Now, under the leadership of the Communist Party of China, the dream is fulfilled. Everyone cannot but feel excited and proud!"

The time when the Chinese nation was bullied has passed. The Chinese people now finally realize the will of several generations to resume sovereignty over Hong Kong. Five years of efforts are remarkable. The Drafting Committee spent four years and eight months in collecting ideas and proposals, in holding democratic consultations, in obtaining a consensus and in making repeated revisions. Finally, the Draft Basic Law was born. Today, the Draft Basic Law has been adopted. We must value it, defend it and propagate it in Hong Kong and all other parts of China so as to root in the hearts of the people the concept of "one country, two systems" and the series of policies of the central government towards Hong Kong. In order to ensure a smooth transition, preparations must be made to implement the Basic Law after China resumes its sovereignty over Hong Kong.

The promulgation of the Basic Law indicates that Hong Kong has entered a new phase of transition. The blueprint for the future has been drawn. We expect that all Hong Kong compatriots, within the framework of the Bas-

ic Law, will work together with one heart, live in harmony and contentment, ensure a smooth transition and continue to contribute their efforts to build a stable and prosperous Hong Kong.

In seven years, on July 1, 1997, the British government will re-

turn Hong Kong to China. The Chinese government will resume the exercise of sovereignty over the land that has been separated from the motherland for more than 100 years. At that time, the Basic Law will be implemented, China's five-star red flag will fly

over Hong Kong along with the regional flag of the Hong Kong Special Administrative Region, a red flag with a bauhinia highlighted by five star-tipped stamens. "Hong Kong, China" will present a new face in the east part of the world. ■

## China Expands Economic and Trade Co-operation With Other Countries

**A**t the press conference held on March 31 by spokesman Yao Guang of the Third Session of the Seventh National People's Congress, Vice-Minister Li Lanqing of the Foreign Economic Relations and Trade explained China's policies on foreign trade, and answered questions raised by Chinese and foreign reporters.

Li said that China will continue to implement the policy of reform and opening to the outside world and further develop economic and trade co-operation with other countries and regions.

Since the beginning of the reform, Li said, China's foreign economic and trade relations have made all-round progress and since 1989 various foreign economic businesses have kept growing. China's present policy and measures adopted to stabilize the domestic situation, improve the economic environment and rectify the economic order are necessary for deepening the reform and opening to the outside world. China has not changed its policies on foreign economic and trade relations. Rather, it will continue to adopt such measures as are necessary to further the reform.

The vice-minister said some Western countries applied economic sanctions against China by suspending loans. The move constitutes an intervention in China's internal affairs. China strongly

opposes such practice. This erroneous policy is harmful not only to China but to their own interests. Recently, however, some countries have adopted measures geared to improve ties in this regard. We welcome these actions because the granting of loans is mutually beneficial to both China and the loaner countries.

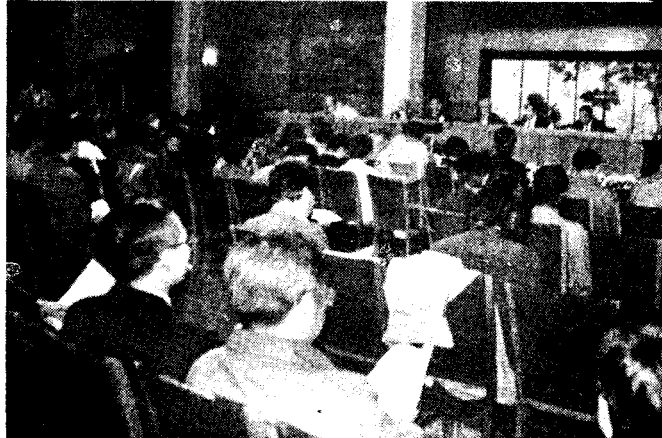
In order to further develop China's economic and trade co-operation with other countries and regions, Li said that China has to enhance its ability to make international payments by increasing foreign exchange earnings through increased exports. Exports are the major source of foreign exchange which China needs for importing a great deal of advanced technology and equipment, capital and other vital material for its modernization. China's export increase, therefore, is aimed at an increase in imports, not at the accumulation of large amount of foreign exchange. The principle China follows in its import and export trade is to maintain a basic balance with some surplus and guarantee a smooth trade and economic co-operation with other countries and regions. "We hope," Li continued, "countries, especially some developed countries, will dispense with their prejudice and take long-term interests into consideration and so reduce and even eliminate unfair restrictions imposed on the import

of Chinese commodities into their countries. We hope they will furnish reasonable conditions for Chinese commodities to enter their markets."

A US reporter said that according to American statistics, the United States has a deficit in its trade with China. When Chinese commodities exported to the United States through Hong Kong are taken into account, American purchase of Chinese-made products stands at four times the volume of American exports to China. He asked: What adverse impact will it thus have on Sino-American trade if the situation continues unchanged?

Li said that Chinese Customs put the Chinese-American trade value at US\$12.249 billion last year, exports making up US\$4.386 billion and imports US\$7.863 billion. Why is there such a big difference between these and the American statistics? The major reason is that, when calculating exports, both sides calculate only the amount directly exported, leaving the amount exported through a third party uncalculated. When calculating imports, both the import and transit trade figures were calculated. In pricing, both sides adopted FOB when calculating the exports, which excluded transport freight and insurance fee; but the CIF method was adopted when calculating imports. The result is that China's calculated imported value was about 10 percent higher than the American calculation; this is also true with the American statistics. There are some others factors contributing to the statistical differ-





Vice-Minister Li Lanqing meets the press.

LU YUN

ence. Because of these discrepancies, the two sides differ as to whether there is a trade surplus or deficit. This is a controversial issue which often occurs in bilateral trade.

Another US reporter asked: If the United States stops granting China most-favoured-nation treatment, how big an impact would it exert on China's export trade?

Li said, "If this happens, it will have a destructive impact on Sino-American economic and trade relations, and will inevitably lead to the retrogression of the two countries' ties. The impact is not unilateral; it will be bilateral. We are not willing to see this occur. We hope the American side will be able to handle the matter wisely. Should this occur, it would seriously affect Sino-American trade as well as American trading ties with Hong Kong."

When a reporter with the Xinhua News Agency asked about China's foreign debt, Vice-Minister Li said that China's foreign debts are some US\$40 billion, a figure within the nation's foreign debt repayment limit.

When asked about China's trade ties with Africa, Li said that developing economic and trade co-operation and trade with African countries is an important part of China's policy on foreign economic and trade relations. "Over the years, we have maintained good economic and trade relations with the overwhelming majority of the African countries. The type of co-operation is largely as follows: First, economic co-operation and financial co-operation. Although our economic resources are limited, we do what we can to aid some underdeveloped African countries and have played some role in promoting the economic development of the recipient countries. Second, bilateral trade. Our trade with Africa has developed quickly and positively; it is based on mutual benefit, each side supplying what the other needs. All things being

equal, materials which we need and which Africa could supply generally enjoy import preference. We also supply Africa with materials they need. At times, when our African friends were in urgent need of some materials which were in short supply in our country, we did our best to satisfy their needs."

Replying to a Czechoslovak question that under the present situation, with changes having taken place in the political and economic life of Eastern Europe, what the prospects are for China's trade ties with East European countries, Li said that in the last few years, China's trade ties with Eastern Europe have expanded considerably. Things have changed in Eastern Europe, but we are still willing to develop ties with East European countries on the basis of equality and mutual benefit. China has had an exchange of views with some East European countries and both sides agreed that beginning next year, they will transform their current trade on a barter basis according to governmental agreements into cash transactions. This is because the economic systems of both sides have undergone changes and the past method of barter trade has become increasingly incompatible with trade developments. The change is likely to affect our trade for the near future. From a long-term point of view, however, cash transactions will give a fillip to the development of our trading ties.

When asked by a Soviet reporter about the Sino-Soviet trade, Li said that the trade is mutually supplementary in nature, that is, a considerable part of the commodities supplied by each party are what the other party needs the most. However, this kind of trade has not yet fully played its due

role. One reason is that the trading methods of both countries are in fault. A breakthrough could be made in this regard by changing the present barter trade into cash transactions. The two sides have exchanged views on this question and are prepared to negotiate on changes in the near future.

When asked by a Taiwan reporter about Taiwan-invested enterprises on the mainland, Li said that the Chinese government always encourages Taiwan compatriots to invest in the mainland. The State Council has enacted regulations giving preferential treatment to Taiwan investments, regulations which contain such provisions as a wider scope, more flexible investment methods, investing in land development in some areas and more simplified procedures. The political situation in the mainland is stable, and various policies to encourage Taiwan investment are being implemented gradually. So, as the investment environment constantly improves, Taiwan compatriots will enjoy full guarantees.

When asked by a Reuter's reporter about China's foreign exchange control, Li said that last year the amount of foreign exchange sold by foreign-funded enterprises in Chian to the others was more than the amount of foreign exchange they bought. This demonstrates, he said, that foreign-funded enterprises are in good shape in terms of their operations and export trade. Some enterprises do have problems, but departments concerned are working on solutions. ■

## Tianjin Public Cite Cadres

by Our Staff Reporter Cheng Gang

**D**ong Chunfu, director of the Xinxing Subdistrict Office of Heping District, Tianjin, has won many prizes, but her most satisfying moment came when she was selected as one of the "Ten Best Public Servants" of Heping District during a mass rally at the 1990 Lantern Festival (the 15th day of the 1st lunar month). Such public praise and honour, she said, were a great comfort to her.

Dong established the Volunteer Association for Social Services in her district in a bid to encourage mutual assistance among the residents. Many families who found it difficult to hire helpers receive free services provided by the association, while these families, in return, do their best to help others. Through such activities, people in her district have established friendly and harmonious relations.

There are about 15,000 staff members in the Heping District government and the various social departments. The selection of the "Ten Best Public Servants" from

**Zhao Xueqian works to clear the sewerage lines.**

SHI JIZHUANG

among them took place twice, in 1989 and 1990. Five of this year's Ten Best were selected for the second time.

The selection was sponsored and organized by deputies to the district people's congress and some members of the Heping district committee of the Chinese People's Political Consultative Conference (CPPCC). Xing Yinming, a deputy to the district people's congress and a leader of the district group supervising government work, said that the public appraisal of cadres is a good way for the public to supervise government officials. Before the advent of winter in 1988, the group asked the district government to ensure the residents an adequate supply of coal, commodities, grain, housing and water. As a result, the units under the relevant departments improved their work and were able to serve their customers warmly. Formerly, for instance, people had to line up to buy coal and Chinese cabbage to store for the winter. But, beginning in 1988, the coal and grocery shops deliver goods to the door-steps of the customers if they receive telephone orders. In early 1989, some residents suggested that an award be offered to the cadres responsible for the improvements. The deputies to the district people's congress and members of the district CPPCC considered it a good idea which can strengthen the public's awareness of being masters of the government and the cadres' sense of being public servants. Hence the selection of the "Ten Best Public Servants" for two years running.

There are 261 neighbourhood committees in Heping District who try to find out the residents' appraisal of cadres and who represent them in the selection of the "Ten Best Public Servants." Tian Yulan, head of the Huazhong Road Neighbourhood Committee, said that residents warmly welcomed



**Dong Chunfu brushes an elderly woman's hair.**  
WEI HONGSHU

the practice of hearing their opinions. Although most residents don't recognize many cadres, they at least know their units and what they have done for people. An old retired woman who often received help from Zhao Xueqian, a Best Public Servant in 1989 and 1990, said, "I want to select Zhao as one of the 'Ten Best' not only to thank him very much for his help but also to encourage other cadres to emulate his fine example."

Zhao Xueqian is director of the Drainage Administrative Department under the district's urban construction bureau. Foul water in Heping District used to overflow because of obsolete sewer drains and caused much troubles for residents. After he assumed the post of director, Zhao often led his men to dredge the drains. His department raised more than 200,000 yuan for updating the old drains and made many improvements in the sewage system. Zhao always asked the public to maintain supervision over his department and encouraged his staff to provide the public with the services they required. In 1989, for example, Zhao, in response to public opinion, had his department dredge sewers which serviced more than 900 families.

Zhang Haosheng, head of the Heping District government, said public appraisal of the cadres helped to improve their work style. This year's arrangement for selecting the winners at the the Lantern Festival demonstrated the high expectations the public places on government cadres. ■



## China Seeks Partner for Passenger Plane

**H**e Wenzhi, vice-minister of Aeronautics and Astronautics Industry, recently disclosed that China is currently seeking international partners for a programme to develop 150-180 seats passenger planes. The final details of the co-operative venture, specifying such aspects of plane manufacture as double-decker body, engine and other aviation equipment, are expected to be decided upon this year.

Mr. He noted that some types of passenger airlines were in short supply. From a research and manufacturing perspective, it is not economical for China to undertake such work. Even those planes which China can manufacture require too long a production time. Moreover, because China is a developing country, the government will take into consideration economic efficiency and financial resources and try to develop aircraft through international cooperation.

Although China has made rapid progress in air transportation in recent years, more planes are urgently needed. As one step towards meeting this need, China has technically updated the "Yun 7" airplane and purchased at great expense jumbo planes from abroad. More than 50 airplanes have been allocated to Air China, making it the largest airline in China's aviation industry. China has also produced the MD-82 passenger plane jointly with the US McDonnell Douglas Company, and talks are being held with the Federal Republic of Germany on joint production of 70-90 seats passenger planes. Form of co-operation has to be further discussed.

It is predicted that China's civil aviation will continue to develop at an annual rate of 10 percent in the 1990s and so there will be a large market for civil airplanes. China seeks international partners to manufacture passenger planes to

both fill the need of the domestic market and reduce expenditures in foreign currency during its peak debt repayment period.

by Yao Jianguo

## Hainan to Lease Land-Use Rights

**I**n order to provide foreign, Hong Kong, Macao and Taiwan businessmen with a more stable investment environment in Hainan, the government of Hainan Province recently promulgated Provisions on Lease and Sub-Lease of Land-Use Rights in the Hainan Economic Special Zone.

According to the principle that land-use rights and land ownership are separate, land-use rights in the area of the Hainan Economic Special Zone will be leased for payment over a limited period of time. According to the regulations, the rights to use state-owned land in the area can be leased, sub-leased and mortgaged.

According to the provisions, the lease of land-use rights should be carried out through negotiation, public bid and auction for no longer than a term of 70 years; the actual term will differ, depending on each case. After the expiration of a lease, governments at the municipal, county and autonomous county levels will recover the land-use rights and the basic public facilities gratis. The certificates of land-use rights will be cancelled. Buildings and other auxiliary structures on the ground will be nationalized if not dealt with within a certain time. When businessmen want to continue to use the land after the lease expires, they will have to apply to the relevant departments one year before in order to renew the lease and pay land-use fees according to new price standards of that time. When the necessary procedures are completed, businessmen will be able to continuously operate the basic facilities, buildings and other auxiliary structures.

Preferential prices will be offered to those projects if they meet one of the following conditions:

● Developing a vast stretch of undeveloped mountain and wasteland will be granted a 5 to 10 percent reduction in land-use fees.

● High-tech projects, approved as such by the Hainan provincial government, will be granted a 5 to 10 percent reduction.

● Harbours, airports, highways, railways, power stations, coal mines and water conservancy projects as well as cultural and educational facilities will be granted a 10 to 15 percent reduction.

● Projects built for the sole purpose of developing agriculture, forestry, animal husbandry, fishery and tropical crops in the mountainous areas or on wasteland, water areas or shoal will be granted a 10 to 15 percent reduction.

For projects which meet more than two of the above-said conditions, the land-use fees will be determined according to the most favourable term.

For projects invested by overseas Chinese and compatriots from Hong Kong, Macao and Taiwan which meet the first two conditions, another reduction of 3 to 5 percent will be provided.

Established in 1988, Hainan Province is China's largest special economic zone. The various favorable policies provided by the state to Hainan Province remain unchanged. The province has since signed 890 investment agreements with foreign businessmen, for which US\$237 million has been processed into the province. Last year, the export volume of Hainan's foreign-funded enterprises increased to US\$375 million.

The contract for foreign investment in Yangpu Development Zone is now being drafted, but construction is expected to start this year.

In addition, Hainan will open a number of foreign-funded comprehensive development zones specializing in agricultural processing and exports.

by Kou Zhengling



The Gaoqiao petrochemical zone built along the Huangpu River in the Pudong District, Shanghai.

YANG PUTAO

## Large-Scale Development Planned for Shanghai

International businessmen met with Shanghai Mayor Zhu Rongji on March 16 in Shanghai to discuss economic strategies for the city. Among the plans announced by the mayor was the ambitious development for the Pudong District—a vast undeveloped stretch of land east of the Huangpu River.

The occasion was the first annual meeting of the International Business Leaders Advisory Council for Shanghai. The council was established on the recommendation of the mayor for the purpose of helping to devise development plans for the city. At its preparatory session on October 9, 1989, it was decided that the council would meet at least once a year and that the membership would be comprised of chairpersons, CEOs and senior managerial personnel of the world's top 18 businesses in the United States, Britain, Japan, Canada, France, Germany, the Netherlands, Italy, Sweden and Switzerland.

The first official session was presided over by Maurice R.

Greenberg, chairman of the American International Group. In attendance were over 60 council members, representatives from such businesses as Continental Grain, FMC, Pakhoed, Fiat, Renault, Toshiba, as well as invited guests from both Chinese and foreign agencies, including the World Bank and UNDP.

Maurice R. Greenberg pointed out, "Shanghai has a vision for the turn of the century—an ambitious vision to re-establish the city as a leading Asian financial and industrial centre. This council should do its utmost to assist the mayor in policy-making and help him achieve this vision." The session focused on issues concerning the development of Pudong District, reform of the financial system and improvement of the industrial structure. Many suggestions and advice were offered during the session.

In his opening speech, Mayor Zhu said, "The most important target for Shanghai's economic development in the 1990s is to open the city even wider to the

outside's world and to build up an export-oriented economy. The 1990s will be a decade in which Shanghai will increasingly open itself up to foreign business and provide more opportunities for investors both at home and abroad."

According to Zhu, the most important task for the city in the years to come is to speed up the development of Pudong District. He also disclosed that the Outline Proposal for the Development of Pudong District had been submitted to the State Council and won its support. In the next 5 years, the initial phase of the project, the Shanghai government will work out the general design for the Pudong District and make the necessary preparations for the entry into the area of a large domestic and international investment.

Participants all agreed that the Pudong Project is one of the world's most promising development opportunities because, located at the mouth of the Yangtze River, it has good potential for port construction, and its proximity to Shanghai city proper will ensure relatively low costs and fees.

Some participants believed that the opening up of the financial sector to more international participation in a broader range of services would be an important contribution to the development of the tertiary sector and to the economy as a whole.

Substantial discussions also focused on the need to build a more market-oriented economy and on the ways for Shanghai to improve its industrial structure and increase industrial value. The successful experiences of many other countries were studied.

At the end of the session, Mr. Greenberg was re-elected chairman of the council for the next session in March of 1991. All the recommendations offered by the participants business leaders will be carefully reviewed by the mayor.

by Dai Gang

## OSPDS Cuts the Ribbon

The Oriental Scientific Products Department Store (OSPDS) established by the Oriental Scientific Instruments Import and Export Corporation (OSIC) cut its opening day ribbon on March 27, the tenth anniversary of the founding of OSIC. Located in central Zhongguancun (a new technological development zone in Beijing), OSPDS, 1,200 square metres in size, is the largest of its kind in China.

OSPDS provides a sales outlet for technological instruments manufactured by foreign corporations. The fact that foreign products in high demand can be bought with Renminbi has been warmly welcomed by both customers and foreign businessmen. There are now more than 23 foreign corporations co-operating with OSIC to sell their products through OSPDS.

A subsidiary of the Chinese Academy of Sciences (CAS), OSIC specializes in the export and import of technological instruments and has established trade relations with hundreds of foreign manufacturers and sales agencies. In the past decade, OSIC has imported technological instruments worth US\$350 million for the Chinese Academy of Sciences, which have helped to make one third of the CAS's nearly one thousand laboratories, approach or reach the advanced foreign level. The remote-sensing ground satellite station imported by the OSIC, for example, is one of the most advanced of its kind in the world. Thus, it was not unexpected that Bernard Buckman, vice-chairman of the British-Chinese Trade Association, said in his congratulatory letter for the tenth anniversary of OSIC, "OSIC has demonstrated its intimate knowledge of the scientific establishment in China, and has gained confidence and approval for small and large project alike."

The establishment of OSIC was the first step by which CAS began to earn money through export. It has now 320 varieties of technological instruments for export to more than 30 foreign countries and regions. Of these, some new optical crystals and analysis instruments have earned some US\$1 million every year. In technology exports, the Vitamin C two-step fermentation technology invented by CAS Institute of Microbiology represents one of the most noticeable sole-item foreign exchange makers in China.

by Wei Liming

## High-Tech Exhibition Held

In order to strengthen scientific and technological exchanges and trading co-operation with foreign countries, the Beijing High-tech Products Exhibition was held in Macao on April 7-15.

The exhibition focused on six areas-space technology, electronics technology, machinery and electrical instruments and meters, new materials, medical apparatus and textiles. On display were samples, models and pictures. More than 100 units including the Ministry of Astronautics Industry, the New Technology Industrial Development Experimental Zone of Beijing, the Beijing office in charge of electronics industry, Beijing University and Qinghua University were among the exhibitors spreading about 800 square metres.

The exhibit was sponsored by the Beijing Science and Technology Commission, the Beijing Science and Technology Association, the Macau Institute of Engineer and the Eastern Funds Association.

by Kou Zhengling

## News in Brief

● The China National Postal and Telecommunications Appliances Corp. will hold the Interna-

tional Exhibition of Postal and Telecommunications Equipment and Technology together with the Modern China Limited, a subsidiary of *Ta Kung Pao* of Hong Kong, in the Beijing International Exhibition Centre on June 4-9.

The first of its kind in China, the exhibition aims to further strengthen trade ties and co-operation, with foreign factories and companies around the world and to modernize China's postal and telecommunications facilities.

● The Yanzhou Coal Mine has signed a contract with the Nissho Iwai Co. Ltd. and Nikki Co. Ltd. of Japan for the co-operative management of the Yanzhou Water Coal Pulp Co. Ltd. Located at the Shijiu Port in Rizhao City, Shandong Province, the company covers 7,200 square metres and involves a total investment of 3.8 billion yen. It will initially have a designed capacity for 250,000 tons annually, all of which will be exported. The contract period is 20 years. This is one of China's largest energy projects using foreign investment to be undertaken since last June.

● To showcase the latest achievements in weapons equipment and further promote exchanges and scientific, technological and production co-operation with foreign governments, defense and industrial enterprises, the China Xinshidai Companies Group will hold the Beijing International Exhibition of Defense Technology with the China Council for the Promotion of International Trade at the Beijing International Exhibition Centre on November 1-6, 1991. On display will be ground weapons and space technology for the air force and navy; peaceful uses of nuclear energy; application and development of communications, electronics and the latest technology in the defense field; and advanced industrial production equipment and technology.

China hosted two similar exhibitions in Beijing in 1986 and 1988. ■

## Returning Peasants Enter New Fields

JINGJI RIBAO  
(Economic Daily)

About 10 million peasant-workers have left the cities and factory jobs and are shifting to the construction of water conservancy works, multiple development of agriculture, secondary and tertiary rural industries.

About 80,000 peasants, skilled in building and construction work, have returned to the countryside and have taken jobs to construct water conservancy works. More than 5,000 water conservancy projects of Weihai in Shandong Province have been undertaken by these skilled labourers.

Daan in Jilin Province taught returning peasants about scientific farming. They in turn taught other peasants how to increase the productivity of their low-yielding fields. Within months of the training programme, the peasants had turned 4,600 hectares of salt and alkali lowlands into paddy fields.

Zhejiang Province attracted returning peasants to develop its agriculture by providing preferential treatment while organizing them to farm the uncultivated land. The once ignored hillsides and sloping fields totalling 330,000 hectares have become popular with the returning peasants.

Jiangsu, Anhui and Fujian provinces have all developed household economy systems as an important channel to expand working opportunities for the returning peasants. They also supported returned peasants financially, in goods and materials, technology and information.

Changshu in Jiangsu Province has helped 92 percent of more than 3,400 returning peasants acquire a stable income. Some re-

turned peasants started specialized households in previously untried fields.

In areas that use less diversified management methods, attention was paid to intensive farming of agriculture. More labour was diverted to farming. For instance, in Fugou County in Henan Province, authorities changed from a single-crop system to diversified crops by increasing the multiple crop index, providing opportunities for more than 170,000 surplus labourers in the county and absorbing more than 10,000 labourers from other places. By doing so, agricultural productivity and farmers' income increased by a large margin.

(February 5, 1990)

## New Measures for Current Reform

JINGJI XINXI BAO  
(Economic Information)

In the next two years, the state will take appropriate measures to concentrate control over the supply of funds and materials for large and medium-sized enterprises, said He Guanghui, vice-minister in charge of the State Commission for Restructuring Economic Systems.

"This major programme is the result of summing up the mistakes caused by impatience for quick results," He said. It also stems "from our lacking a profound, all-round comprehension of the country's conditions over the past 10 years of reform."

Details of the programme include:

—An increase in the variety and quantity of goods and materials under the state unified supply system;

—Strengthening direct control over large and medium-sized enterprises and enterprise groups;

—Allowing central and provincial authorities the right to examine and approve investment

projects.

In the financial field, the focus will be on centralizing a unified leadership, with special banks under the central bank, strict control of the scale of loans and the issuance of currency, and centralizing prices, foreign trade and foreign exchange.

He also said that the programme to centralize, control or take back rights is only for the current stage of China's reform policy.

There is no doubt that reform will continue in a stable and solid economic environment, he added.

(January 30, 1990)

## Two 'Extremes' to Be Avoided

SHEHUI KEXUE BAO  
(Social Sciences News)

There are two "extremes" that should be opposed when following a socialist planned commodity economy, says noted Chinese economist Ma Hong.

The one "extreme" stresses a planned economy in which the government has the final say over everything. As a result, the government controls all commodities and sets prices for them, Ma said. The other "extreme" to be avoided emphasizes market supply and demand. In this situation, the government allows the economy to drift, letting supply and demand or market guidance enter all economic sectors, whether suitable or not, he said.

Under a socialist planned commodity economy, planning and market regulations are combined to cover all of society. However, because of different industries, areas of the country and time frames, the combination of a planned economy and a commodity economy differs in content, scale and degree. This is the only way China's national economy

can maintain sustained, stable and co-ordinated growth, Ma said. If a socialist commodity economy follows only the course of market guidance, it will stray from the socialist economic path, he added.

(January 25, 1990)

## A Population Statement Queried

ZHONGGUO RENKOU BAO  
(China's Population Newspaper)

In a recent article, writer Bian Houze questioned the truth of the statement that "wrongly criticizing one person has resulted in an increase of 300 million people."

"I have no doubt about the final conclusion that Professor Ma Yinchu was wrongly criticized," Bian wrote.

He was referring to the time in the 1950s when Mao Zedong criticized Ma for his new population theory. The author had said that the population was increasing at an alarming rate and that steps should be taken to limit the population growth.

"However," Bian wrote, "I think it is unfair that the increase of 300 million people between 1957 and 1979 can be attributed to the 'wrong criticism' of Professor Ma. The history of that period tells us that the natural growth rate of the population was not affected by the 'wrong criticism.'"

He explained that because of natural and man-made calamities during the period, the birth rate dropped from 34.03 per thousand in 1957 to 29.22 per thousand in 1958, 24.78 per thousand in 1959, 20.86 per thousand in 1960, and 18.13 per thousand in 1961.

"Even without the 'wrong criticism,' China would increase its population as usual," Bian said.

The author also pointed out that like today, China has always had the largest population in the

world. And this situation is the result of its profound political, economic, cultural, historical and biological background. This situation, Bian said, could not be immediately changed by the criticism of one or two persons.

(February 2, 1990)

## New Changes in Book Market

GONGREN RIBAO  
(Workers' Daily)

With China's "anti-pornographic" campaign deepening, major changes have taken place in the city of Jilin in the northern province of the same name. Six areas have been affected by the changes.

1. The individual household book market has been purified.

Before the "anti-porn" campaign, many books depicting pornography and the obscene and feudal superstition found their way on to the book shelves through various channels. The sweeping "anti-pornographic" campaign not only cleared and rectified many wholesale book markets, but also banned illegal wholesale outlets that benefited from the sale of pornographic books. The campaign was instrumental in strengthening state-run bookstores.

2. Political and theoretical books are in great demand.

In the wake of the Fourth Plenary Session of the 13th Central Committee of the Chinese Communist Party, political and ideological work is being strengthened. Political and theoretical books, which had been neglected, have begun to attract more readers. Such classical books as *Manifesto of the Communist Party*, *Selected Works of Mao Zedong*, *Complete Works of Karl Marx and Frederick Engels* are likely to be in short supply in some bookstores.

3. Books about traditional national culture are again selling well.

Sales in a Jilin bookstore specializing in ancient books increased in the fourth quarter of last year, 2.65 times over the same period in 1988. In just one week, the bookstore sold 10 sets of *Records of Twenty-Five Dynasties* at a price of 260 yuan each, and orders continue to pour in. Books dealing with calligraphy and painting are also popular.

4. The demand for famous Chinese and foreign novels has increased.

Before the "anti-porn" campaign, readers bought books about people practising martial arts and given to chivalrous conduct, and love stories published in Hong Kong and Taiwan. Now, these books are ignored. Books about Chinese and foreign heroes, which were popular in the 1950s and 1960s, have once again captured readers' imaginations. The demand for such books has risen so quickly that bookstores find it difficult to keep up.

5. The sale of books about household practical sciences and technology has steadily increased.

In just one month a book market in Jilin sold 200 copies of *Chinese Cooking of the '80s*. Other big sellers included *A Course on Japanese Clothing*; *Qigong: Breathing Exercises*; *A Guide to Family Massage*; *Guidebook for Nourishing Infants and Babies*; and *the World of Hand-Knitting*.

6. Children's books are selling well.

Children's picture books, fables, fairy tales and stories related to idioms continue to sell well. Other popular books deal with such topics as guidance materials for teenagers, the natural sciences, social sciences and moral education.

(February 24, 1990)



Left to right upper row: Huang Zhihong (track and field), Gao Min (diving), Gao Fenglian (judo), Liu Shoubin (weightlifting), Fan Di (gymnastics). Left to right bottom row: Li Jing (gymnastics), Qiao Hong (table tennis), Yang Yang (badminton), Guo Hongru (speed skating), Zhuang Yong (swimming).

CHENG ZHISHAN and WANG JINGYING

## China's 10 Best Athletes of 1989

**H**uang Zhihong, a shot put-ter who was the first Asian woman to win a gold medal in a World Cup track and field competition, heads the list of China's top ten athletes of 1989.

In a poll taken March 11 at the Beijing International Hotel, the 24-year-old Huang was named on 491,159 of the 499,816 ballots cast. The other nine athletes named were Gao Min, Gao Fenglian, Liu Shoubin, Fan Di, Li Jing, Qiao Hong, Yang Yang, Guo Hongru and Zhuang Yong. The event, financed by the US Kodak Corp., was organized jointly by 20 news media organization in Beijing.

With 82 world championships to their credit, 1989 was the best year for Chinese athletes since the founding of the People's Republic in 1949. Twenty-three individuals and two teams broke 36 world records 47 times; 98 athletes and seven teams broke 95 national records 163 times.

At the World Cup Track and Field Competition held in September, Huang struck gold with a put of 20.73 metres. That was just one of her successes during 1989. At the Indoor Track and Field Tournament in March, she won the silver with a put of 20.25 metres; she made the second longest put of the year at a competition in Beijing in August; she won the gold at the World University Games and did likewise at the Beijing International Track and Field Tournament in October and November. At an ev-

ent organized jointly by CCTV and *Xin Tiyu* (New Physical Culture), she was named one of the top ten athletes in the world.

Gao Min, "the queen of the springboard," won gold medals in springboard diving at the 1986 World Championships, the 1987 World Cup and the 1988 Olympic Games in Seoul. In 1989, the 19-year-old Gao won the three-metre springboard events at the Chinese Diving Championships and the World Cup and the one- and three-metre events at a competition involving China, the Soviet Union and the United States. The authoritative magazine *Swimming World* has named Gao as the world's top female springboard diver four years in a row.

Gao Fenglian, an ethnic Mongolian, won three consecutive championships at the World Women's Judo Tournament in the period 1987-89. In 1989, Gao won three golds and one silver at international competitions. She was victorious again at the World Women's Judo Tournament, the Czechoslovak International Judo Invitational Tournament and the Pan-Pacific Judo Tournament. She was the 72-kg-class runner-up at the Seventh International Women's Judo Competition held in Fukuoka, Japan.

For weightlifter Liu Shoubin, 1989 was also a year of victory. At the Soviet Friendship Cup Weightlifting Competition in March, he broke the world record

for the snatch in the 56-kg class with a lift of 134.5 kg. At the World Championships held in Athens in September, he again wore the champion's crown for the snatch in the 56-kg class. In October, he took part in the World Cup Weightlifting Competition in Portugal, where a lift of 152.5 kg in the clean and jerk gave him a total of 285 kg and the first title.

In 1987, when Fan Di participated the World Gymnastics Championships for the first time, her skill on the uneven parallel bars opened the eyes of the judges. Two years later, at the 1989 World Gymnastics Championships in October, she received six perfect scores with her graceful movements on the bars and won the world title in this event.

Li Jing is another gymnastics star. At the World Gymnastics Championships he won the gold medal in the parallel bars and bronzes in the men's all-round event and pommel horse. His efforts contributed greatly to Chinese team's third-place finish overall. Earlier he had won titles in six events at the Pan-Pacific Gymnastics Competition in December 1988; three golds and one silver at the America Cup Invitational Gymnastics Tournament in March 1989; four golds in May at the China Cup Gymnastics Competition; and an all-round title at the National Gymnastics Competition of China held in Shanghai in September.

Qiao Hong, 22, is the No. 1 female table tennis player in the world. Last year she won the singles and doubles crowns at the World Table Tennis Championships. Qiao has an unusual service technique. She uses a hand-shake grip on her paddle and her first three shots are delivered with lightning speed. This, along with her tricky forehand and backhand service, keeps her opponents off balance at critical moments.

Yang Yang displayed his talent for the first time at the 1984 Thomas Cup, becoming a new star in international badminton. His skills



have improved greatly since then. His unique smash and the unpredictable direction of his shots have won him millions of fans. In 1989, he was not only the men's singles champion at the Yoaex Cup in Japan and the All-England Badminton Championships, but also the World Badminton Championships and the World Cup.

Twenty-year-old Guo Hongru is a new star in speed skating, the first Chinese woman to win world titles in this sport. At the National Indoor Short Track Speed Skating Championships held in Beijing in January 1989, Guo broke world records in the 1,000-, 1,500- and 3,000-metre relays and won the title in the 3,000-metre relay. In March at the World University Winter Games, she won gold medals in the 1,000-, 1,500- and 3,000-metre relays and a bronze in the 500 metres. In April, at the World Short Track Speed Skating Championships, Guo won the gold medal in the 3,000 metres and a bronze in the 1,000 metres. She placed third in the overall standings.

Zhuang Yong, 17, won a silver medal in the women's 100-metre freestyle at the 1988 Seoul Olympics. In 1989, she was champion in the 50- and 100-metre freestyle at the Pan-Pacific Region Swimming Championships. Her time of 15.38 seconds in the 100 metres broke her own Asian record and was the second best time in the world last year. In addition, in the 200-metre freestyle, she recorded the best time in Asia and won the gold at the World Cup competition held in Montrel, Canada.

The annual voting for China's top ten athletes has been carried out 11 times since it began in 1979. The almost 500,000 votes cast this year is an indication of the public's widespread interest in sports. And the emergence of new stars in the results is an encouraging sign of China's continuing progress in athletics, said Song Shixiong, a noted sports commentator for Chinese television. ■

## ASIAD

# Steroid Testing Lab Certified

**C**hina has become the first country in Asia and the 20th in the world to have a certified steroid testing laboratory.

Wu Shaozu, China's minister of physical culture and sports and executive chairman of the 11th Asian Games Organizing Committee, handed over certification papers issued by the International Olympic Committee to Professor Zhou Tonghui, head of the China Steroid Monitor Centre, on January 20 this year.

The centre was established in October 1986 in keeping with the IOC policy that host countries of major athletic competitions possess a qualified steroid monitoring facility. China is host of this year's Asian Games, which begins in September.

The work began in simple wooden buildings belonging to the Pharmaceutical Research Institute of the Chinese Academy of Medical Science. Four research fellows, including noted chromatography expert Zhou Tonghui, seven associate research fellows and 19 other degree-holders were recruited from various work units to shoulder the task.

Advanced equipment, including gas and liquid spectrum-analysis chromatographs, was imported from the United States. Foreign experts were invited to teach and Chinese scientists and technicians were sent abroad to receive training.

Trying to detect drugs in a urine sample is like trying to find a teaspoon of sugar in a swimming pool. Accurate measurement techniques, therefore, are vital. And the centre's staff knew that failure to reach the IOC's

standards would not only mean their own labour had been wasted but that China would have to send urine samples abroad for analysis at a cost of US\$160-US\$200 each.

They carried out a great number of tests on themselves. Chen Chao, a young man just above the age of 20, and his colleagues tried 99 types of IOC-banned drugs in five categories in order to obtain accurate data.

Last November, the IOC medical commission sent a team of experts and officials to evaluate the centre. They were pleased with what they saw.

After receiving accurate reports on 10 urine samples within 24 hours, the chief inspector of Democratic Germany's steroid monitoring centre said: "I have presided over such examinations in five countries and you gave the quickest and most accurate reports. I was deeply impressed." The IOC medical commission approved the examiners' report on Dec. 1.

The Organizing Committee of the 11th Asiad recently announced that all athletes would be tested for steroids and violators punished according to the regulations of the Olympic Council of Asia. ■



## Democracy and Dictatorship

Recently in many socialist countries, some people have torn down Marxism, Leninism and the Communist Party under the pretext of more democracy, raising the question of whether we are seeing the demise of socialism in the world. However, the proponents of bourgeois liberalism fail to fully understand the situation, and only facts will help us reinforce our belief that socialism will inevitably prevail.

The facts are as follows:

1. China's adoption of political and economic reforms is for the achievement of socialism's last phase—communism, and only in this stage will pure democracy for the poor and exploited be achieved.

2. The adoption of economic reform is tantamount to socialist democracy because China's models have in no way repudiated the four cardinal principles of the Communist Party—keeping to the socialist road, upholding the people's democratic dictatorship, upholding leadership by the Communist Party, and upholding Marxism-Leninism and Mao Zedong Thought.

3. Opting for liberalism is simply an acceptance of bourgeois democracy of the rich and is a democracy of a minority class. The bourgeois democracy under capitalism is restricted and hypocritical, a paradise for the rich but a trap and a deception for the poor, exploited masses. It is obvious that we cannot speak of democracy as long as different classes (i.e. rich versus poor) exist.

4. Democracy is a word used by exponents of liberalism to first tease the masses into believing the capitalist joke and then control them. It is in their

own self-interest; they breed millionaires, less than 2 percent of the population, while the remaining 98 percent swim in poverty.

Those who capitulate to bourgeois liberalism are making a grave mistake. They do it no doubt for their own self-interest in order to install new millionaires who will control the state treasury and undermine society.

Because of the foregoing, I firmly believe that the emancipation of the masses requires the people's democratic dictatorship. In this way, and only in this way, bourgeois democracy, which I believe is a democracy for the rich, will wither away and be replaced by socialism and a true democracy for the poor. The common people, the oppressed, the workers and the downtrodden masses will then be able to make the most of their lives. May socialism ultimately prevail.

Egbeyale, O.  
Nigeria

## Comprehension and Co-operation

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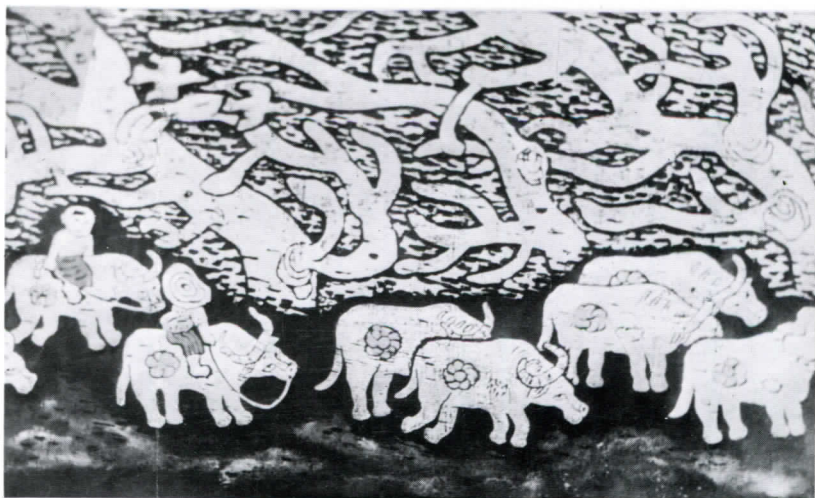
I have been working hard to introduce planning and construction projects to China, I admire wise policy, and I'd like to wish *Beijing Review* great success in your endeavour to bring your country's great cause to the world's attention.

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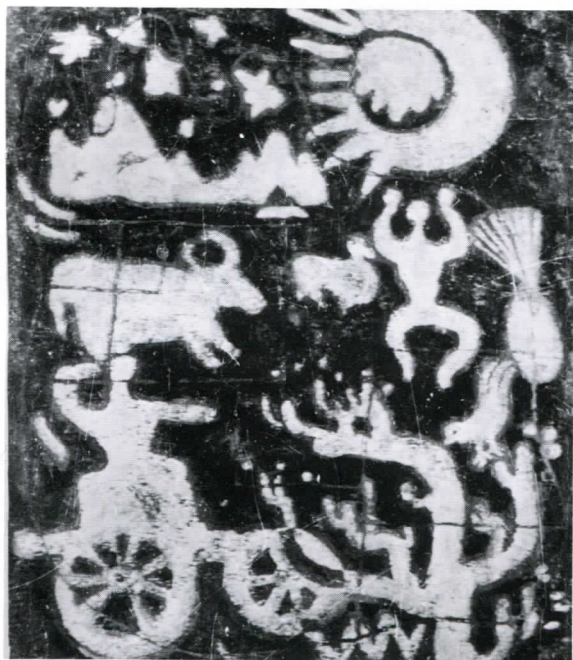
■

An Evening Breeze.

## ART PAGE



Heaven and Earth Overflowing With Life.



A Children's Folk Song.



Blooming Flowers and Full Moon—Perfect Conjugal Bliss.

## Engravings by Li Yili

Born in 1954, Li Yili is now a director of the Cultural Centre in Qijiang County, Sichuan Province. He provided guidances in the study of fine arts and is a skilled gouache engraver.

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