

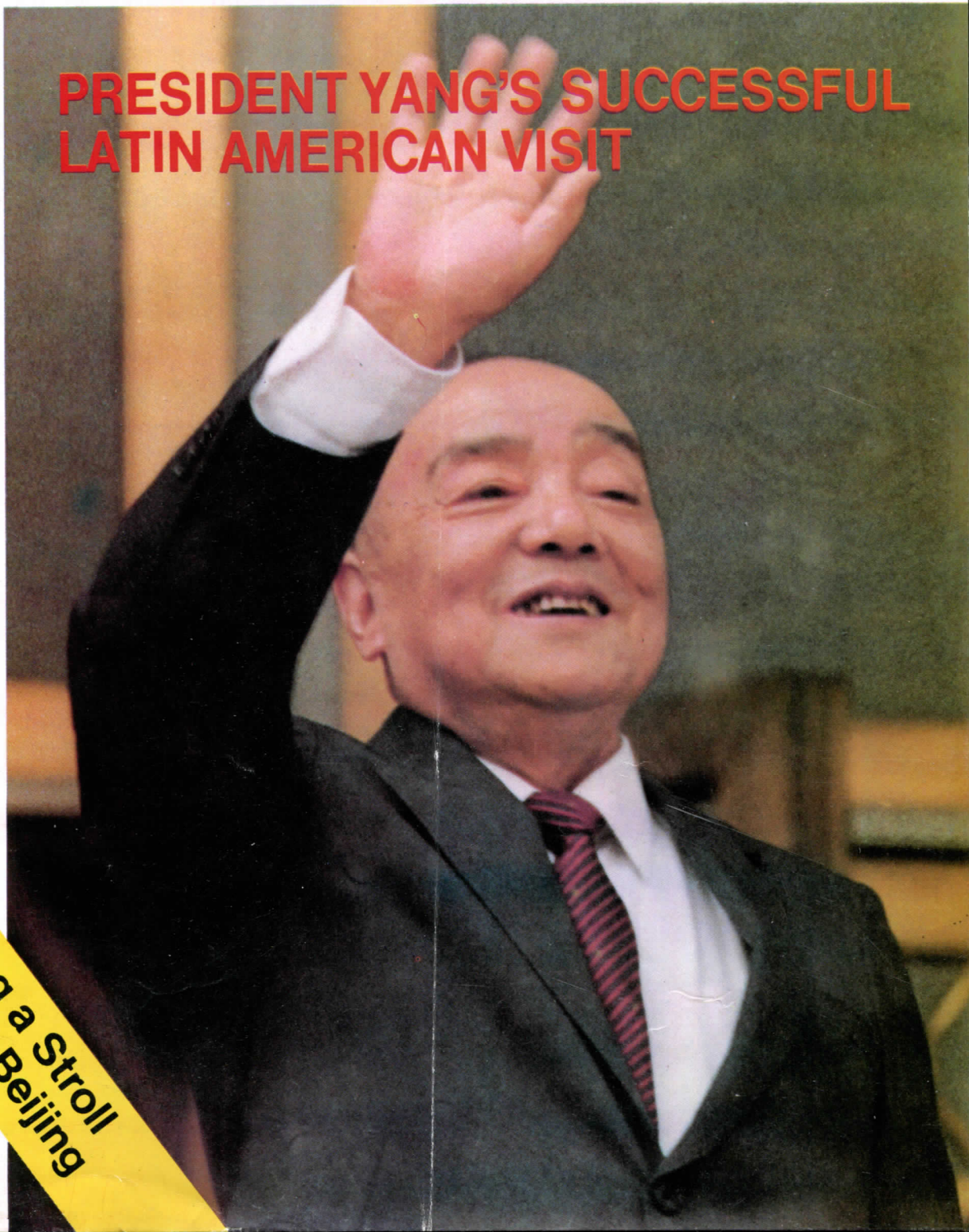
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PRESIDENT YANG'S SUCCESSFUL LATIN AMERICAN VISIT



Taking a Stroll
Through Beijing

Asian Games

Tourism

Friendship

Peace



Welcome you to join our One Million Signature Drive

To popularize the 11th Asian Games, a one million signature drive will be launched between April 1 and October 7 at Tiananmen Tower, Badaling Great Wall, the Summer Palace, Tiantan Park and other major scenic spots.

A colour ribbon 10,000 metres in length with the

signatures and best wishes of one million people

present to the 11th Asian Games

The Tourist Service Department of the Organizing Committee of the 11th Asian Games

Beijing Tourism Administration



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When you travel in Beijing, you might have problems, complaints or need help. If so, please dial our hot line, number 513-0828. We are always ready to serve you at any time.

The hot line is set up by Beijing Tourism Administration to receive complaints and offer consultative services to tourists in Beijing. It works around the clock in Chinese, English and Japanese languages.

Beijing Tourism Administration

We will be your friends in need when you stay in Beijing.

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5130828





President Yang Returns Home After Tour

□ Chinese President Yang Shangkun has described his Latin American tour as fruitful. In his meetings with the Latin American media, he dwelt on China's domestic situation which he said was stable and improving, as well as a number of international issues (pp. 4 and 7).

Socialist, Capitalist Commodity Economies

□ This article by noted Chinese economist Jiang Yiwei, after making a detailed analysis of the origin and development of the commodity economy, differentiates the socialist and capitalist commodity economies, pointing out that the difference between the two lies not in the operational mechanism but in the operational carrier as manifested in the labourers' position and role in a socialist country, the nature of socialist enterprises and the characteristics of the macroeconomic control of a socialist society (p. 14).

For a Reasonable Solution to the Debt Problem

□ The debt problem of developing countries can be solved through sustained economic growth and development, additional financing, debt rescheduling and reduction and domestic reforms in debtor countries. Concerted actions by creditor and debtor nations, commercial banks and international financial institutions are required (p. 9).

Lee Teng-hui's Mainland Policy Criticized

□ The Taiwan authorities' much-vaunted policy of "one country, two governments" has drawn criticism from the news media both in Hong Kong and Taiwan as a new obstacle to the cause of China's reunification (p. 6).

Strolling in Beijing Streets

□ Wandering about Beijing in early morning or after sunset, one has the vivid impressions: the shops are forever crowded; life is full and absorbing; people go their various ways in a relaxed atmosphere; and the centre city awaits as the 11th Asian Games draws near. (p. 22).

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LIU SHAOZHAN

President Yang Shangkun greeted by Argentine President Carlos Saul Menem.

Yang Ends Latin American Mission

President Yang Shangkun, the first Chinese head of state ever to set foot on the soil of Latin America since the founding of the People's Republic, has called his five-nation tour a success. He concluded his 18-day tour on May 30 after spending the last five days of May in Argentina and Chile.

Speaking at a luncheon in his honour given by Chilean President Patricio Aylwin on May 29, Yang said he and the leaders of Mexico, Brazil, Uruguay, Argentina and Chile have reached consensus on a wide range of bilateral and international issues, and have also reached a number of agreements for closer bilateral co-operation.

Yang said he and his entourage, by visiting the five Latin American countries, had had a valuable learning experience.

"China is ready to work jointly with Latin American countries for an all-round development of their friendly co-operation," Yang told his Chilean hosts.

Chile was the first country in

South America to establish diplomatic relations with China (in December, 1970). Over the years, Sino-Chilean relations, especially trade and economic co-operation, have developed steadily.

In addition to diplomatic contacts, China and Chile have cultural exchanges and co-operate in Antarctic exploration.

In bilateral trade, China buys copper, pulp, timber and other products from Chile, and sells textiles, electrical machinery, crude oil, light industrial products and handicrafts there. Figures of China's Ministry of Foreign Economic Relations and Trade show that the bilateral trade between the two countries topped an estimated US\$160 million last year, making Chile the fourth largest trading partner for China in the Latin American region.

During their meetings, both Yang and Chile's Aylwin expressed satisfaction over the two countries' relations. They hope that such fruitful co-operation

will expand to more fields.

Prior to his visit to Chile, Yang had a three-day stay in Argentina starting on May 26. While in Buenos Aires, he said that China would always be an equal and friendly partner to Argentina.

Yang told his Argentine counterpart Carlos Saul Menem that their two countries supported each other and co-operated closely in international affairs.

China has become an important trading partner to Argentina, which was the first Latin American country to conduct direct trade with New China.

China is a longtime customer for Argentine wheat, wool and steel products and sells textiles, chemicals and light industrial products to the country. According to Chinese Customs Service statistics, last year China's imports from Argentina were valued at US\$567 million and exports at US\$8.91 million.

The two countries have also started beneficial exchanges in high-tech fields, including the peaceful utilization of nuclear energy and outer space.

On May 28, China and Argentina signed an executive programme on Sino-Argentine cultural exchanges (1990-1992) and exchanged documents on simplifying visa procedures for embassy and consulate personnel so as to further promote cultural and other exchanges between the two countries.

Talking about his impressions of his tour, Yang said that Latin America was a promising area with a bright future and it was playing an important role in international affairs. It was also making strenuous efforts to realize its longtime dream of establishing a Latin American community.

His overall impression, he said, was that Sino-Latin American friendship was deeply rooted in the hearts of the people. ■

150th Anniversary of Opium War Marked

A leading Chinese historian spoke on June 3 highly of the patriotism the Chinese people demonstrated in the Opium War (1840-1842) and called Lin Zexu (1785-1850), an imperial envoy who commanded the anti-imperialist forces during the war, "a national hero."

Hu Sheng, president of the Chinese Academy of Social Sciences and vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), was addressing a symposium in Beijing to commemorate the 150th anniversary of the Opium War. More than 100 noted figures from all walks of life attended the symposium, organized by the CPPCC National Committee.

The Opium War was launched by the British empire against China to protest its illegal opium trade in 1840. The two-year-long war ushered in the era of semi-colonial and semi-feudal society in China, marking the start of modern Chinese history.

Since the late 18th century, increasing British opium exports to China had posed a serious threat to the health of the Chinese people and drained the nation of a large quantity of silver dollars. In 1838 Emperor Daoguang of the Qing Dynasty (1644-1911) appointed Lin Zexu, governor-general of Hunan and Hubei provinces, to be imperial commissioner in charge of banning the drug. On his arrival in Guangzhou (Canton) the next year, Lin confiscated more than 20,000 chests of opium that British and American merchants had smuggled into Guangzhou and started to burn the drug in public on June 3.

In 1840 the British government, on the pretext of protecting trade, sent a fleet and landed

troops on the coast of Guangzhou, launching a war of aggression against China. The Chinese army, commanded by Lin, resisted the invaders together with the local people. However, the corrupt Qing court was unable to continue the resistance and succumbed to the invaders. In 1842 the Qing government signed the Treaty of Nanking, paying a huge indemnity and ceding Hong Kong to Britain and opening five trading ports to Western powers.

"In the 100 years which followed the Opium War, China suffered aggression and suppression from all the imperialist powers in the world, and for several times faced the danger of being 'carved up' by some powers or dominated by a single power," said the historian.

However, Hu continued, the imperialist powers failed in their plots and were finally defeated in China because of the unremitting resistance of the Chinese people.

Hu pointed out that under the conditions of China's modern history, although the national bourgeoisie wanted to fight against

imperialism and feudalism, it was unable to carry through a national and democratic revolution independently, nor could it mobilize forces that were strong enough to launch the revolution. "Only the Chinese Communist Party could do this," he said.

Hu said that China's resistance to aggression and suppression by the imperialists and rejection of the domination of their agents can by no means be considered "xenophobia," because only thus could China have relations with the outside world as an independent nation, free from humiliation and control by others.

The historian said that in the days of semi-colony and semi-feudalism, capitalism failed to save China. To destroy the socialist system now would only turn China into a vassal of the foreign capitalist powers once again.

The historian said that the open policy adopted by socialist China is different in essence from the "open door" policy of the 100 years following the Opium War.

Now as an independent and self-reliant socialist country with full sovereignty, China will unswervingly carry out the open policy and develop contacts with other countries in all fields. ■

China Cuts Ties With Guinea Bissau

China has severed diplomatic relations with Guinea Bissau to protest that African country's decision to establish "diplomatic relations" with Taiwan.

Guinea Bissau's action violates the joint declaration it signed with China on establishing diplomatic ties in 1974, said Shi Wushan, Chinese ambassador to Guinea Bissau, who formally protested Guinea Bissau's move on May 31.

Shi said that according to the joint declaration, Guinea Bissau recognized the government of the People's Republic of China as the sole legitimate government representing the entire Chinese people, and that Taiwan Province is an inalienable part of China.

Therefore, China had no choice but to sever its diplomatic ties with Guinea Bissau, said the Chinese ambassador. ■

Beijing: Life As Usual on June 4

Beijing was calm on June 4 as millions of local residents peacefully spent the day at work or at rest.

As the 11th Asian Games approaches, the pace of preparations escalates.

Early on June 4 morning at least 1,000 drivers drove their vehicles to the Tiananmen Square in the heart of the city. They were volunteers sent by government departments to augment the fleet of motor vehicles needed by the Asian Games scheduled in September.

The driver-volunteers attended a meeting held in the Great Hall of the People to the west of the square. Sponsored by the Organizing Committee for the Asian Games, the meeting was designed to urge drivers to provide good service to games visitors.

The Tiananmen Gate, the Cultural Palace of the Working People, Zhongshan Park and the Chairman Mao Zedong Memorial Hall were visited by group after group of Chinese and foreign visitors.

In the bustling Xidan Food Market, the manager of the shop said that the market received 10,000 customers and its turnover reached 120,000 yuan the day.

The Beijing Department Store, the biggest in the country, opened from 8:30 a.m. to the evening and received 130,000 customers. Shop goers showed special interest in the goods bearing marks of the Asian Games.

The campuses of the colleges and universities in Beijing were in good order and quiet as usual.

An administrator at Beijing University said that almost all students showed up as usual.

However, he continued, at about 10:30 on June 3 evening,

some students started disturbances in several dormitories. Several dozen students, including many foreign students, smashed wine bottles, broke windows, sang songs and shouted slogans. They later gathered at a place on the campus known as the Triangular Place. Speeches were made to the crowd they attracted.

At one point, the crowd of on-lookers grew to several hundred. Persuaded by school staff members, the students soon dispersed. ■

Lee's Policy: Old Wine in a New Bottle

The news media in Hong Kong and Taiwan have criticized the recent policy on the peaceful reunification of China's mainland and Taiwan as advocated by Lee Teng-hui.

Lee announced the policy in his inaugural speech at the May 20 ceremony where he assumed the "presidency" of Taiwan.

The Hong Kong and Taiwan media believe Lee's policy for developing relations between the mainland and Taiwan "obviously cannot be accepted" by China.

Many Hong Kong-based newspapers are of the opinion that the so-called democratic political and free economic system that the Kuomintang has tried to make the Communist Party practise on the mainland is nothing more than the one now being practised in Taiwan itself. In the final analysis, the newspapers said, Lee's policy is designed to influence the mainland with the "Taiwan experiences."

Some of the newspapers called the policy "a muddled utopia," which served only to delay the issue of reunification indefinitely.

The Taiwan authorities have

repeatedly said negotiations on reunification must be on an equal footing — "government to government with both sides of the Taiwan Straits accepting 'one country, two governments' as the political reality."

Lee's policy is nothing but old wine in a new bottle, the rehash of the outworn "one country, two governments" idea, which as some newspapers pointed out, is impractical and risky.

Huang Ho-ching, a member of the Kuomintang and Taiwan's "Legislative Yuan" or parliament, believes that "it would be better to hold talks between the two parties on both sides of the Taiwan Straits. Talks between the two governments seem impossible."

An editorial in Hong Kong's *Cheng Pao* said the Taiwan authorities "accept neither the proposal of 'one country, two systems' nor the idea of talks to be held on an equal footing between the two parties.

"On the issue of one integrated country of China, Lee has distanced himself from the stand announced by former Taiwan 'president' Chiang Ching-kuo. Even some newspapers controlled by the Kuomintang had to acknowledge that 'it would become a controversial issue on legal grounds' if the argument of 'one country, two governments' were put into action."

Other newspapers pointed out that "elements who advocate the independence of Taiwan" could easily cash in on the Taiwan authorities' policy of "one country, two governments."

As peaceful reunification of China is a common desire of the Chinese people, most Hong Kong and Taiwan newspapers urged the Taiwan authorities to put national interests above anything else and relinquish any preconditions for attaining this goal. ■

Yang Shangkun Meets the Press In Latin America

Chinese President Yang Shangkun's official visit to Mexico, Brazil, Uruguay, Argentina and Chile between May 15 and May 30 further cemented the friendly relations between the Chinese and Latin American people. During his tour, Yang, in his meetings with the press, dwelt on China's domestic situation as well as some international problems. — Ed.

Chinese President Yang Shangkun said his country plans to continue to develop relations of friendship and economic co-operation with Latin American countries. China already has diplomatic relations with 18 Latin American countries, all of which have maintained very good relations with China. And the countries that have as yet no diplomatic ties with China, take part in economic and trade exchanges.

A Successful Tour

In his visits to Mexico, Brazil, Uruguay, Argentina and Chile, Yang exchanged views with the leaders of these Latin American nations on furthering bilateral ties and on international issues of common concern. China and these Latin American nations, he said, have deepened their mutual understanding and have similar views on a wide range of issues. Yang also said he had met with old friends from political and business circles and made friends with many others, and they discussed extending economic and trade exchanges. As well, he reached a number of agreements on economic and technological

co-operation.

China's Political Situation

Yang told reporters in Brazil and Mexico that the current political, economic and social situation in China is stable.

"Our production is expanding, people's living standards are rising and the markets are flourishing. I should say people are content and satisfied."

Last year's turmoil and rebellion had affected production. However, over the past few months the situation has taken a turn for the better, he said.

The Chinese president noted that there had been a time when China's economy had overheated and the inflation rate had soared, but today the situation was greatly improved. In 1989, China's gross national product grew by 3.9 percent. But that rate should pick up this year, possibly reaching 5 percent, he said. The inflation rate also dropped, he added.

Therefore, China is optimistic about the prospect of its economic development, the president said. Although there are still some difficulties, China has the confidence and the means to overcome these difficulties, Yang

said.

Since the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China in 1978, China's economy has developed rapidly owing to its policy of openness and reform. In 1990, on the precondition of maintaining an appropriate growth rate and on the basis of raising economic efficiency and technological levels, China's gross national product is expected to increase by 5 percent, Yang said. Last year's turmoil, he told reporters in Brazil, disrupted the Chinese government's plan for reform and restructuring of the nation's economy and caused enormous losses to China's economic development.

Generally speaking, Yang said, young people in China, including students, have behaved themselves well. They are the future of China and have always been taken good care of by the state. They are going to shoulder the historic task of realizing socialist modernization in China. However, in recent years they were influenced by Western ideology, especially by some decadent ideas during the past years when the country was stepping up its

reform and opening up efforts. At the same time, the leadership neglected educating these young people to guard against that influence. As a result, some young people were involved in the political turmoil.

However, Yang said, the Chinese leadership has insisted on uniting and educating these young people. To those who were innocently involved, the policy is not to find faults. Through study sessions and education, these young people have changed their thinking and have come to know better, he added.

In Uruguay, Yang said a country must have a stable social order to build socialism.

The counter-revolutionary rebellion in Beijing last year was aimed at overthrowing China's socialist system, and the Chinese government had no other choice than to take fairly strict measures to halt it, he said.

Asked to comment on the recent release of more than 200 young people by the Chinese government, Yang said those people were arrested because they violated the state law and had to be investigated. As they showed repentance, they were released, he said.

He pointed out that the young students were the sons and daughters of the Chinese people, a force to count on for the construction of socialist China. Some of the students were involved in the rebellion because they did not know the true situation at that time. The policy of the Chinese government has been one of warm care but strict rules. As for these young people, the government has been lenient and does not blame them for their involvement.

The factors leading to last year's rebellion have now been virtually wiped out. Yang predicted that anti-revolutionary riots would never happen again in China. Stability is what the

people want and accords with the common hope of all nationalities in China. Of course, there are still some unstable factors. Hostile forces abroad have not given up their efforts to overthrow the Chinese government, and China still faces many difficulties in the course of developing its national economy.

In an interview with the Brazilian media, Yang said Tibet has long been part of Chinese territory and now is one of the major autonomous regions in China. Therefore, it is the internal affairs of China when the Chinese government sends its officials there or stations a necessary number of military personnel carrying out military activities in the region. Whether the Chinese government should withdraw its officials and military forces from Tibet was not an issue, the Chinese president stated.

On another topic, Yang reminded reporters that a new leadership was elected by the Chinese Communist Party during the Fourth Plenary Session of the 13th Central Committee, with Jiang Zemin as Party general secretary.

"Time has shown that the new leadership is effective, competent and is supported by the people," Yang said. "They are leading the Chinese people to build a modernized socialist country with Chinese characteristics."

The Chinese president assured reporters that Deng Xiaoping had indeed retired from all his posts. Deng no longer involved himself in the daily running of the country but, as one of New China's first generation of leaders and the central figure in the second generation of leadership, Deng and his wisdom, his rich experiences as well as his policies on China's development were inevitably the wealth of the Chinese people, Yang said. Deng's wisdom, experiences and policies will continue to play a

guiding role in China's socialist construction, he stressed.

East European Situation

Asked in Mexico to comment on the situation in Eastern Europe, Yang said great changes had taken place there but that it was too early to comment for the situation was still changing.

However, he noted that it was a matter for the people in Eastern Europe to choose their own social system. China would not interfere in the internal affairs of another country, nor would it allow other nations to interfere in its own affairs, Yang said.

Whatever the changes and whatever road the East European people choose, China's relations with them, whether it be state to state, in economics or in trade, will remain the same, he said.

The key points of China's foreign policy have always been to safeguard the rights and interests of third world countries, strengthen unity and co-operation with them and support their reasonable demands and just struggles. In recent years, relations between China and other third world countries have been further promoted and China will continue to develop friendly co-operation with third world countries in Latin America, Africa and Asia. Of course, China is also willing to develop friendly relations with all countries, including East European countries, on the basis of the Five Principles of Peaceful Coexistence.

When asked in Buenos Aires to comment on *glasnost* and *perestroika* advocated by Soviet President Mikhail Gorbachev, Yang said that generally China does not comment on the domestic policy of other countries. However, he said each country has its own specific problems and it was Gorbachev's domestic policy to

practise *glasnost* and *perestroika* in the Soviet Union. Gorbachev's "new thinking" diplomacy was initiated at a time when the international situation began to take drastic turns. The many significant issues it has touched upon require serious study, he said.

Detente and Disarmament

In Mexico, Yang spoke of the changing international situation. Tension between the East and West has eased, but new contradictions have appeared in the world's two major blocs. In this

situation, the world may be able to have a fairly long period of time without being plunged into a major war, but the potential for war is still there, the Chinese president stated. To prevent a world war and to ensure world peace, people should first of all pursue disarmament, especially the elimination of nuclear weapons, he added.

China, he said, has consistently advocated the halting of testing and production of nuclear weapons. Although it has nuclear weapons, China has said it will not be the first to use them.

The Chinese president also

called for reductions in conventional forces, pointing out that China took the lead three years ago when it slashed its troop forces by one million. As for chemical weapons, he said, they should be completely banned.

Yang said the United States and the Soviet Union are stepping up their efforts to produce better and more sophisticated nuclear weapons. The realization of world peace depends on the efforts of all countries, and China will use every opportunity to reach that goal, he emphasized. ■

For an Equitable Solution to the Third World Debt Problem

by Shi Jiuyong

The third world debt crisis broke out in 1982 when Mexico first announced in August of that year that it could no longer meet its current external debt service payments. Generally speaking, the early 1980s debt crisis of developing countries took place as a direct consequence of the recession in the developed countries and the worldwide glut in the petroleum supply. This contributed to a decreased demand for exports from developing countries, a reduction in the amount of funds to be transferred to the developing countries and higher interest rates. Because of limited foreign exchange earnings from export,

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particularly commodity export earnings, developing countries have suffered serious balance of payments deficits, which make them unable to pay principal and interest on their foreign debts. During the seven years since the onset of the debt crisis, efforts have been made by the parties concerned and the international community as a whole to alleviate the debt burden of developing countries. It must be admitted that in spite of the efforts made, the debt situation of developing countries remains serious.

Developing countries' total foreign debt by the end of 1989 reached a peak high of more than US\$1.32 trillion. That was equivalent to more than 125.7 percent of the total exports of these countries or 41 percent of their gross domestic product. In particular, in 1989 the debt figure for

Latin American countries soared to well over US\$405 billion. The figure for African countries was over US\$200 billion, accounting for 70 percent of the GDP and nearly 232.5 percent of the exports of African countries. Developing countries must make annual payments towards principal and interest of US\$100 billion and more. The interest payments of Latin American countries alone amount to nearly 40 percent of their export receipts. In all, today about 60 developing countries are facing debt servicing difficulties.

It is important to realize that in today's world of economic interdependence among states, the third world debt crisis is bound to have a global impact and consequences of a political nature. It not only affects relations between creditors and debtors, but also has a bearing on prospects

for the world community as a whole. In real terms, just as Secretary-General of the United Nations, Javier Perez de Cuellar, in his statement before the Second Committee of the 43rd Session of the UN General Assembly, said: "The debt problem, which has become a crisis, has for six years now been negatively affecting growth not only in the developing countries, but also in the developed countries. In Africa and Latin America, as is well known, growth has been seriously interrupted, with extremely dangerous consequences. The world economy can ill afford this kind of a stalemate situation in which negative transfers, protectionism and low commodity prices are making the debt burden ever more crushing. This in turn is directly contributing to the present disparity between those countries that are doing well economically and those that are not. Such inequality is not only unjust, it is politically and socially ominous, as is underlined by the recent events in some countries. The debt situation is likely to become quite unmanageable if there is a downturn in the industrial countries, possibly accompanied by unbearably high interest rates."

It must be added that the debt crisis of the developing countries, if not controlled and resolved, will certainly have an adverse effect on the stability of the financial system and the economic recovery of the developed countries. Above all, a statement of the present serious debt situation will endanger international peace and security. As a matter of fact, at present the debt problem has become more and more of a hot spot in relations between the South and the North, threatening the stability of the world economy and international politics.

Therefore, it is not merely in the interests of debtor countries

that a sound debt strategy be worked out, it is in the interests of developed countries and of the world community as a whole. Hence, there must be a shared responsibility of debtors and creditors in the adjustment of debt servicing. Concerted actions by creditor and debtor states, commercial banks and international financial institutions such as the International Monetary Fund, the World Bank and regional development banks are required. Such actions have to be the result of consultation and co-operation among the parties concerned on the basis of equality and mutual benefit. No doubt, debtor countries have the responsibility of debt service payments, but developed creditor countries should share greater responsibility by taking more initiative to co-operate with the indebted developing countries in search of a common approach to a just and equitable debt strategy. After all, the debt crisis of the developing countries is a consequence of the existing unjust international economic order and the present debt repayment burden falls prey to the high interest rate policy of certain developed countries, the United States in particular. This is not to say that there are no other causes of the debt crisis, such as natural disasters and economic maladjustment or dislocation in the indebted developing countries, but these factors are only secondary in nature.

So far, debt strategy has not been successful. Today, in conceiving a sound and workable debt strategy it is important to find out and correct the intrinsic defects in the approach to the debt crisis.

There are essentially two defects. One concerns the recognition of the economic interdependence between developing and developed countries. The "Declaration on the Establishment of a New International

Economic Order," adopted by the Sixth Special Session of the UN General Assembly, expressly pointed out the reality of interdependence of all the states of the world community. The declaration states in its preamble: "Current events have brought into sharp focus the realization that the interests of the developed countries and those of the developing countries can no longer be isolated from each other, that there is close interrelationship between the prosperity of the developed countries and the growth and development of the developing countries, and that the prosperity of the international community as a whole depends upon the prosperity of its constituent parts."

It must be said that although developed countries recognized the interdependence of states, in reality and in practice they did not fully realize this economic interdependence when they were called upon to discuss and solve the problems of developing countries. Debt strategy is only one case in point. Perhaps that explains why so far debt strategy has laid so much stress on debt repayment at the cost of development, which constitutes another defect of the debt strategy. Developed creditor countries have normally made a standby agreement between the debtor country and the International Monetary Fund a prerequisite for negotiating debt-relief, debt rescheduling and obtaining additional funding. The conditions of a standby agreement normally include very strict economic austerity programmes imposed by the IMF on the state in question, such as specified cuts in government spending and government subsidies, deflation of exchange rates, the elimination of restrictions on trade and payments for balance of payments purposes, wage and price controls and limits on the growth of the monetary supply.

The conditions of standby arrangements usually have a retarding effect on economic growth and development. The performance criteria of the IMF are also so drastic and harsh that they are often branded as sheer interference in the domestic affairs of sovereign states.

Any sound debt strategy should give priority to the development of debtor countries. It is common sense that the ability of debt service payments depends on development. In essence, only the establishment of a new international economic order based on equity, sovereign equality, interdependence, common interest and co-operation among all states may make it possible to eliminate completely the third world debt problem. For the present, urgent measures must be taken to meet the immediate needs of developing countries to alleviate the almost intolerable heavy debt burden. In this regard, mention must be made of the Declaration and Common Stand of African States on African External Debt Crisis adopted by the Third Special Session of the Organization of African Unity Summit on November 11, 1987, and the Acapulco Commitment to Peace, Development and Democracy adopted by heads of state of the member countries of the Permanent Mechanism for Consultation and Concerted Political Action on November 29, 1987. These documents set forth urgent measures to meet the immediate needs of the heavily indebted African and Latin American nations for reducing the burden of debt service.

In working out a sound debt strategy, due weight must be given to the principles and guidelines pronounced in the aforementioned African and Latin American declarations. An integrated debt strategy should include the following main elements:

I. Insistence on the principle of development, with debt service payments geared to the real export revenues of debtor countries. The Acapulco Commitment points out that any viable solution to the foreign debt problem must include considerations regarding sustained growth of the debtor countries and adjustment of debt servicing to each country's capacity to pay. It is encouraging to note that developed countries and international financial institutions have begun to realize the importance of sustained economic growth and development to any meaningful solution of the third world debt problem. Thus the World Bank's World Development Report for 1987 recognized that the debt problem was the major obstacle to development which must be overcome. Recently, this was also recognized by the IMF. The managing director of the fund expressed the need to encourage and support more effective adjustment policies, oriented to growth, than could be expected thus far.

II. Debtor countries' ability to service debt payments is dependent on the international economic and financial environment which is influenced to a great degree by policies in developed countries. Therefore, effective measures must be adopted in order to provide an international economic environment favourable to the solution of the debt problem. The Acapulco Commitment speaks of the need to surmount unfavourable external economic circumstances through concerted action by the international community. The managing director of the IMF pointed out: "Faced with weakening terms of trade and high real interest rates, many of these countries have had no alternative but to channel a significant proportion of output gains into the adjustment of their balance of pay-

ments, rather than into development. Meanwhile largely due to adverse developments in export prices, the ratio of debt to exports of the most heavily indebted countries has risen significantly since 1982. It is therefore not surprising that progress towards the restoration of creditworthiness has been disappointing and that the availability of new bank credit has, in fact, tapered off."

The Acapulco Commitment states: "During the current decade we have experienced a decline in international economic co-operation. The problem of foreign debt, the mass transfer of financial resources to other countries, the extraordinary rise in interest rates, the deterioration in trade price ratios and the proliferation of protectionism have led to lower standards of living and have reduced the possibility for our (i.e. Latin American) countries to achieve autonomous development."

It is not difficult to see that any international economic environment favourable to the solution of the debt problem of developing countries should include at the very least these following measures:

—A marked increase in the flow of financial resources to indebted states is urgently required. Terms and conditions of loan facilities must be liberalized. The developed countries should make more generous contributions to international financial institutions so that the latter may expand their resources for lending and these institutions may formulate new and more liberal policies to ensure more net financial flows to the indebted developing countries. In this regard, the IMF should make further efforts to expand and improve its present credit facilities and revise its policies in order to ensure macroeconomic structural adjustment with sustained

growth and development. Of course, credit must be given to the IMF for its recent contributions, though far from sufficient, to the solution of the debt problem. Thus in 1986, the IMF launched a new financing programme in the form of the Structural Adjustment Facility. It was designed to broaden access to IMF resources for longer maturity periods and at relatively low interest rates. And at the end of 1987, the IMF ushered in a new concessional lending programme, the so-called Enhanced Structural Adjustment Facility, with total resources of more than US\$8 billion, excluding the resources of the Structural Adjustment Facility which amounts to US\$4 billion. According to available information, consideration is being given to reactivating the little-used Extended Fund Facility as a further contribution to the support of adjustment efforts of indebted nations. It is also said that the IMF is also considering creating a contingency financing mechanism that could provide adequate protection against unforeseen external developments to countries implementing structural adjustment programmes over which governments, notwithstanding their determination, could not control, such as a fall in export prices, a shrinking of their markets, an increase in import prices and an escalation of interest rates. To ensure adjustment oriented to sustained growth and development, the IMF should revise its conditions and adapt its performance criteria to the sustained development of the economies of the indebted nations. Recent events may indicate such a trend in IMF policies. A notable example is the IMF-Mexico standby agreement of July 22, 1986. This agreement departed from the traditional conditions demanded by the IMF. Here, the traditional demands for strict

economic austerity programmes usually imposed upon the debtor state by the IMF were replaced by intended programmes of long-term development or growth in Mexico alongside the vague general promises by Mexico (instead of obligations in strict and measurable indices) to meet many of the conditions traditionally thought necessary by the IMF to restore creditworthiness of a debtor state. Even in the few instances where Mexico agreed to abide by specific IMF constraints, they are much less stringent than normally demanded in previous standby agreements. However, the most noteworthy feature of the agreement is that it contains several concessions that will enable the Mexican government to assure its creditors and private investors that there will be some long-term financial stability. Thus in consideration of Mexico's high degree of dependence on oil and the consequent importance of oil prices, the agreement provides Mexico with contingency plans which assure Mexico and its creditors that additional funds will be automatically forthcoming if the price of oil drops or if the economy does not seem to be responding to government policies. This scheme perhaps constitutes a deviation from the strict limits of the past IMF agreements, which had the effect of accelerating the flight of capital when performance criteria were not met by the state. If the Mexican example is an indication of a revision in IMF policies, then it is to be welcomed and is a policy revision in the right direction.

With regard to the role of the World Bank in solving the debt problem, the Bank should be encouraged to take a more active part in formulating new mechanisms that will contribute to the solution of the problem in accordance with its role as a development bank. Parallel to the ef-

forts to be made by the IMF and the World Bank, commercial banks should agree to provide new financing that is both adequate in amount and longer in maturity. Severance of links between the granting and disbursement of commercial bank credit and agreements with the IMF and the World Bank, as suggested by the Acapulco Commitment, should be seriously considered by the parties.

—Recovery of creditworthiness of indebted states is inconceivable without a steady and substantial increase in the export earnings of these countries. For the prevention of negative transfers and for the improvement in export income all forms of trade protectionism need to be eliminated and improvements must be made to terms of trade and access to markets of developed countries for manufactured and semi-manufactured products of developing countries. In this regard, the Generalized System of Preference (GSP) should be made non-discriminatory and its coverage of products should be widened, safeguards should be reassessed in favour of developing countries. As to commodities, a comprehensive implementation of the Integrated Programme of Commodities is urgently needed. In particular, the pace of negotiations on agreements with regard to commodities listed in the Integrated Programme have to be accelerated. It is also important that commodities agreements provide for a price stability mechanism. Compensatory financing facilities for commodities should be expanded. It is hoped that the Common Fund for Commodities will go into operation as soon as possible. Mention must also be made that trade in textiles and garments should be liberalized. The Multi-fibre Arrangement is actually trade protectionism under the disguise of an orderly development of

market.

III. Today exchange uncertainty has a serious adverse effect on trade in commodities and the value of currency reserves of developing countries. Major industrial developed countries should co-ordinate their policies aimed at world economic growth and exchange stability.

IV. Urgent measures to alleviate the heavy debt service burden are needed along the following lines:

—Reduction of the debt burden, lowering of interest rates and inclusion of other preferential terms in rescheduling debts. Interest rates remain high in international markets and the interest rates on debts are unfortunately market-related. Today much of the new borrowing by indebted developing countries is being channelled to interest payments. All these not only adversely affect the over-all debt situation, but also bring uncertainty to and may even disrupt development programmes. Therefore, interest rate limits must be established through consultation by the parties concerned. Prior conditions such as the principles of "imminent default," and "burden sharing" in debt rescheduling negotiations should either be abandoned or be liberalized in favour of indebted nations. The terms and conditions for the so-called "negative pledge clause, cross default clause," the definition of "borrower" and "material adverse change" provisions and other important provisions usually found in renegotiation agreements should be made favourable to debtor countries or at least less harsh.

—Emergency measures of debt relief for the least developed countries. These are urgently needed because the extremely difficult balance of payments position of these countries no longer allows them to service

debt repayments at all. The measures proposed by the 1987 Special Session of the Organization of African Unity Summit on African debt relief include:

1) Turning bilateral government debts into grants;

2) Repayment in local currencies of portions of bilateral government loans, the lowering of real interest rates for existing loans, the extension of maturity and grace periods for private loans.

3) As to debts reaching maturity in the next few years, rescheduling should be arranged on the basis of a 50-year maturity period, a grace period of 10 years, and be interest free.

These emergency measures should be seriously considered by creditors. The 1988 Toronto Summit of the Seven Industrial Nations promised a reduction in debts of the least developed countries, a lowering of interest rates and an extension of the maturity period. Some developed countries have since announced turning government debts into grants for certain least developed countries. It is a step both to be welcomed and encouraged.

—Debt to equity conversion programmes as introduced by Mexico and some other Latin American countries are constructive and positive measures adopted by debtor states in the resolution of the debt problem. Initial successes of the programmes were reported. However, because of the attitude of creditors the momentum of progress of the programmes seems slow. Obstacles must be overcome. Creditors should welcome these programmes and be more co-operative. On the other hand, the investment climate, including foreign investment laws and regulations of certain developing countries, may well be further improved so as to make investment more attractive to foreign private investors.

On March 10, 1989, US Treasury Secretary Nicholas Brady announced a new plan to reduce the debts of developing debtor countries. An important part of the "Brady Plan" was: To encourage debtor and commercial banks making efforts to reduce debt and debt service burdens with the support of the IMF and the World Bank. The two financial institutions could provide funding, as part of their policy-based lending programmes, for debt and debt service reduction purposes. A portion of these funds provided by IMF and World Bank could be used to support collateralized debt for bond exchanges involving significant discounts on outstanding debts. They could also be used to replenish reserves following a cash repurchase. Both the IMF and the World Bank could offer new, additional financial support to collateralize a portion of interest payments for debt and debt reduction transactions. Though details of the plan have to be worked out, it is an encouraging gesture in the spirit of co-operation on the part of the developed countries.

In summary, the debt problem of developing countries has to be resolved through sustained economic growth and development, additional financing, debt rescheduling and reduction and domestic reforms in debtor countries. As the UN secretary-general wisely put it: "Debt and debt service reductions as well as additional financing are necessary to ensure that their (i.e. the debtor countries) adjustment efforts are carried out in the overall context of growth. Unfortunately, however, it has to date not been possible to reach political consensus on this." And the secretary-general further said, "What is needed today is a kind of courage and imagination, particularly in the prosperous countries." ■

On the Socialist and Capitalist Commodity Economy

by Jiang Yiwei

In this article, a noted Chinese economist holds that the difference between a socialist commodity economy and a capitalist commodity economy lies not in the operational mechanism, but in the operational carrier, as manifested mainly in the labourers' position and role in the socialist society, and in the nature and characteristics of socialist enterprises, as well as in the macroeconomic control in a socialist country.—Ed.

The general goal of China's reform boils down to one sentence: To proceed along the socialist road with Chinese characteristics. What is the goal in terms of the economic structure? It is the establishment, on the basis of public ownership, of a planned socialist commodity economy. The brilliant achievements gained over the past ten years have vindicated the reform. Precisely because of this, Deng Xiaoping, in many of his speeches made after last year's "June 4 incident," emphasized the need to uphold the four cardinal principles (adherence to the socialist road, to the Communist Party leadership, to the people's democratic dictatorship, and to Marxism-Leninism and Mao Zedong Thought), and to persist in reform and the open policy; he also stressed that the basic guidelines and policies adopted since the Third Plenary Session of the 11th Party Central Committee would remain unchanged. Implementation of the planned commodity economy is one of the basic guidelines set down by the Party.

Origin and Development

From the history of mankind's social and economic development,

one easily sees that the commodity economy has long been a method of economic operation. In the late period of primitive communist society, with the progress of the productive forces and development of the division of social labour, the production and exchange of commodities began to appear, that is, the embryonic form of a commodity economy. With social development, in various historical periods, including slave society and feudal society, the commodity economy developed steadily in accordance with its inherent law; in the capitalist society, the commodity economy entered an advanced stage to become society's basic method of economic operation. But this does not mean that the commodity economy is an economic operational method unique to capitalism. The question facing us is whether the commodity economy will continue to exist and even further develop in the socialist society. In the past, it was held in theory that the capitalist commodity economy was the highest, or the final, stage of development of the commodity economy: as the capitalist mode of production became extinct, the commodity economy would also have accomplished its historical mission. This theoretical inference has been ov-

returned by socialist practice over the past half century. Facts have proved that socialist society is still not a communist society in which the principle of distribution "from each according to his ability, to each according to his needs" is followed. In the transitional stage of socialism, division of social labour still exists, and it is still necessary for people to carry out the production and exchange of commodities. Therefore, the capitalist commodity economy will unavoidably be followed by the socialist commodity economy.

There is a rationale, asserting that socialism must still practise the commodity economy, since "the commodity economy is a stage in human history that cannot be skipped over." This contains some truth in regard to countries with an underdeveloped commodity economy. However, application of this theory to prove that socialism still needs to practise the commodity economy is not convincing enough. To say it "cannot be skipped over" imputes to it the nature of "a missed lesson" which must be made up. When this "lesson" is made up, mankind will in the end still have to enter a society without commodities. Whether the future society of mankind—communist society—must be a society without

commodities is still a question that calls for more thorough discussion. We can only make prediction and an inference now. The practical problem is whether, during the long period of socialism, there is the possibility of realizing a society without commodities. If countries with a fairly developed commodity economy have entered a socialist society, since they do not face the problem of "making up a missed lesson," is it possible for them to realize a society without commodities? Judging from the foreseeable prospect, there is no such possibility. First, viewed from the internal situation of a country, since it is still in the socialist stage in which the principle of distribution "from each according to his ability, to each according to his work" is applied, it is impossible not to carry out the production and exchange of commodities; second, viewed from the situation of the world as a whole, within a fairly long period of time, there is bound to be "one globe, two systems," or "one globe, multiple systems." International economic activities are bound to be activities between commodity economies.

These two factors determine that the historical stage of socialism can only be an extension and development of the commodity economy.

History has proved that the commodity economy is a neutral, objective method of economic operation. It can be subordinated to various societies with different modes of production. Since there was a commodity economy of primitive communist society, of slave, feudal, and capitalist societies as well, why then can't there be a socialist commodity economy? To say that the capitalist commodity economy is the highest stage of development of a commodity economy is irrefutable. However, it is groundless to say that the commodity economy has reached its final stage when it has developed to the capitalist stage.

If we are convinced that socialist society is a new society more advanced than capitalism, then we should believe that the socialist commodity economy will be a better and more progressive commodity economy. Even though socialism is still in its preliminary stage, is imperfect today and will still need to pass through a tortuous course to reach maturity, history, nevertheless, will prove the correctness of this inference.

Our conclusion is: The practice of a commodity economy in a socialist society is a historical necessity. The commodity economy is not an economic operational mode unique to capitalism; it can serve both capitalism and socialism. Moreover, socialism will create a socialist commodity economy better than the capitalist commodity economy. The view that we should not take in anything relevant to capitalism can only be the expression of infantile disorder, characterized by fear of capitalism. We must not spin a cocoon around ourselves and get enmeshed in a web of our own spinning because of this infantile disorder.

The Generality

If we confirm that the commodity economy is neutral and has its own objective law, then the socialist commodity economy shares characteristics in common not only with the capitalist commodity economy, but also with the commodity economies of various other historical periods.

The commodity economy originates from the division of social labour; people exchange their own products for commodities in the market to satisfy their respective needs. In the economic operation in which the production and exchange of the most primitive commodities were conducted, certain laws of a commodity economy formed. First was the law of value—exchange at equal value; second was the law of competition; and

finally the law of supply and demand, resulting from competition, which set prices fluctuating around value, and so on. the advanced form of commodity economy, these laws remain the basic laws, and this constitutes the general character of the commodity economy. Societies differing in nature must still operate in compliance with these laws so long as they practise a commodity economy. Furthermore, this general character makes it possible for different societies to carry out international commodity exchange in accordance with the common laws of the commodity economy.

Since there exists a common character in the operational method of the commodity economy, then it is not strange, but natural and unavoidable that the socialist commodity economy should adopt certain operational forms and methods of the capitalist commodity economy.

The commodity economy, when it has reached the stage of capitalism, has passed far beyond the situation of the primitive, simple commodity economy. The scope of commodities has been greatly expanded, and the method of operation has grown much complicated; to commodities in a material form, have been added commodities of a higher level in the form of value and of the spirit. The concept of market has also greatly expanded; there have emerged the operational methods of the extremely complicated commodity economy, such as the securities market and the financial market. These operational methods have both the positive aspect of facilitating the healthy development of the society and economy, as well as their negative aspect; they contain factors of a general character, as well as characteristics peculiar to capitalism based on private ownership. Concrete analysis and differentiation are required in order that their advantages can be absorbed and their disadvantages discarded for

the establishment of an advanced socialist commodity economy, thereby establishing the socialist commodity economy.

Major Difference

While the socialist commodity economy and the capitalist commodity economy share some common ground, each has its own distinctive features. Then where does their fundamental difference lie? This is a major question in theory and practice. Only by correctly answering it can the adjective "socialist" be reasonably added before "commodity economy."

There are three explanations for the characteristics of the socialist commodity economy. The most common view is that the commodity has a different meaning. Under a socialist system, for example, neither land, mines or other resources nor the labour force are commodities. The second view is that the major difference between the two kinds of commodity economies lies in ownership. The third view points to different operational systems, arguing that the socialist commodity economy is a planned commodity economy. All these views are reasonable to a certain degree but are not entirely correct. For example, if being "planned" is the nature of the socialist commodity economy, how can we explain that the capitalist commodity economy is not entirely unplanned? Moreover, even if some of these views hold water, they hardly indicate a fundamental difference between the socialist and capitalist commodity economies.

In an article titled "On Economic Democracy" written in 1989, I ventured a new thesis: Commodity economy is a form of economic movement. Marxist dialectical materialism holds that everything in the world is material in motion, and no material is not in motion and no motion is not material in nature. As a form of economic movement, commodity

economy has its own operational mechanism and its own operational carriers as well. The integration of the two results in the movement of commodity economy. This is just like the solar system, which is a kind of celestial movement system. The movement of the solar system, first, needs carriers such as the sun, planets and moons, and second, demands that these carriers revolve in their own orbits which can now be calculated by the astronomer. Neither can be dispensed with in forming the solar system. As an economic operational system, the commodity economy has its inherent rules in the two aspects too. The operational system of the commodity economy, namely market mechanisms that come into existence through and during the exchange of commodities, has its own laws, including the law of value, the law of competition and the law of supply and demand. These form the generality of a commodity economy. Both the socialist and capitalist commodity economies operate according to these laws. However, this does not mean there exists no difference between the two. The fundamental difference lies not in their operational system but in their operational carriers.

The operational carriers of a commodity economy refer to entities involved in its operation at various levels. The most basic of these entities are the commodity producers and dealers directly involved in market activities, namely, industrial enterprises, agricultural undertakings, commercial businesses, transportation enterprises and so on. The vigorous and healthy development of a national economy hinges on organizing these entities, as the cells of the whole national economy, into the commodity economic system, which is full of vigour and vitality, in accordance with the objective laws of a commodity economy. The state, as the organizer of the national economy, is also a carrier, and a higher-level one at

that in the operation of the commodity economy. Enterprises as the most basic operational carriers are composed of two essential elements: man and materials. Enterprise employees, including the owner, managers and labourers, are therefore carriers in the operation of the commodity economy too.

The three levels of carriers, namely the state, the enterprise and the employee, form the operational system of a commodity economy, just like the sun, planets and moons in the solar system. The operational rules (mechanisms) of a commodity economy are general, so there is no need or possibility for them to be capitalist or socialist. However, the operational carriers of a commodity economy, including the state, the enterprise and the employee, should and must be associated to either socialism or capitalism. It was pointed out at the 13th Party Congress that the major difference between the socialist and capitalist commodity economies lies in the form of ownership. This thesis is correct. Ownership is the primary characteristic of the economic operational carrier, and this characteristic gives birth to the characteristic of another carrier. As the organizer of the national economy, the state also determines the characteristic of the enterprise employees, including owners, managers and labourers. These characteristics, when brought together, constitute the fundamental difference between the socialist and capitalist commodity economies.

What are the characteristics of the three carriers—the state, the enterprise and the employees? Is there any contradiction between these characteristics and a commodity economy? Following is a detailed analysis.

No Contradiction

The enterprise, as the basic operational carrier of the commodi-

ty economy, may be capitalist or socialist in nature. A salient feature of the socialist enterprise is public ownership of the means of production. I believe that the socialist economy is a planned commodity economy based on public ownership, because public ownership is compatible with a planned commodity economy. However, not everybody agrees with me. From a "leftist" point of view, the commodity economy is the product of private ownership; since socialism is based on public ownership, it should not and cannot practise a commodity economy. From the rightist viewpoint, public ownership is incompatible with a commodity economy; the commodity economy can only be practised by going in for privatization. These two categorically opposite attitudes, however, have one point in common, and that is, both think public ownership and a commodity economy are opposed to each other and as incompatible as fire and water.

Is public ownership compatible with the commodity economy? Whether in theory or practice, they are not necessarily in absolute opposition to each other.

The operational system of the commodity economy requires independent commodity producers and dealers, to offer commodities for market exchange. When they do so they emerge as owners of the commodities on a market which cares nothing about who owns the means of production of the enterprises. The buyer will not bother to ask whether the enterprises are privately owned or state-owned. What he or she will be concerned about is the quality and price of the commodities. In capitalist countries, which are based on private ownership, there still exists a small number of publicly owned enterprises, including state-owned enterprises and collective enterprises whose stocks are held by their workers and staff. They exist alongside privately owned enterprises within the same orbit of the

capitalist commodity economy. The state-owned enterprises of the socialist countries are also doing regular business with foreign privately owned enterprises on the international market. Therefore, both in theory and in practice, we can find no ground for the theory that public ownership stands in absolute opposition to a commodity economy.

Under socialism, private ownership is replaced by public ownership for further liberating the productive forces. On the one hand, for a socialist country to base itself on public ownership is in the interests of society as a whole; and from a macroeconomic point of view, it facilitates more rational use of resources and better co-ordinates the national economic development. On the other hand, it will turn labourers into masters of the means of production, changing them from "men ruled by materials" into "men ruling materials," thereby giving full play to their enthusiasm, initiative and creativeness. Although the practice of socialism over the past half century or more has been crowned with important achievements, unfortunately no effective economic mode has been discovered for the attainment of the above two goals. Instead, we counted on the highly centralized mode of "product economy" and put us at the mercy of production quotas and administrative decrees for too long. The upshot has been an ossified economic system, throwing a wet blanket over the vitality of the enterprises and the enthusiasm of the labourers. This has driven genuine Marxists of various countries to take the road of reform. The Chinese Communist Party sums up its road of reform as "carrying out a planned commodity economy on the basis of public ownership." The conclusion, arrived at after summing up domestic and foreign historical experiences, marks an important development of Marxism.

Taking public ownership as the

foundation means taking the enterprises based on public ownership as the foundation. In practising the commodity economy, the enterprises would inevitably become independent commodity producers and dealers which assume responsibility for their own gains and losses, build up their own accumulation funds and develop on their own. This frees the enterprises from their status as appendages of administrative institutions, and enables them to emerge as economic entities full of vigour and vitality. This transformation of the enterprises constitutes the important prerequisite for the development of the social productive forces. Enterprises which function as independent commodity producers and dealers and the corresponding enterprise behaviour mechanism which develops as a result are not the major characteristics of socialist enterprises but the general character of enterprises operating within the realm of a commodity economy. The major characteristic of socialist enterprises is public ownership of the means of production.

The nature of an enterprise's ownership does not have much impact on its behavioural mechanism in a commodity economy, but does play a decisive role in the relations of production inside the enterprise.

There are many forms of socialist public ownership, such as ownership by the whole people, that is, belonging in common to the labouring people of the whole country (namely state ownership), collective ownership of an enterprise, belonging in common to the enterprise's labourers, co-operative ownership, belonging to the labourers of an individual enterprise and community ownership, tinged with the nature of public ownership. A socialist enterprise may be purely of public ownership in form, or of ownership which is a mixture of the above forms of ownership. The establishment of state ownership is favour-

able for the state to exercise macro-regulation and control, and the establishment of collective ownership and co-operative ownership is favourable for the labourers to become directly integrated with the means of production, enabling them to truly experience the status of masters. In the past, under the sway of "left" ideology, we divided public ownership into different classes, insisting that ownership by the whole people was of a high level. Meanwhile, we wittingly or unwittingly likened public ownership to state ownership. This kind of lopsidedness has kept us from giving full rein to the superiority of public ownership. The correct road should be one along which the various forms of public ownerships can develop, play their own role, function in a coordinated way, facilitate the state

exercise of macro-regulation and control, favour the mobilization of the enterprise labourers' sense of responsibility, enable them to become real masters of the means of production, and achieve what Karl Marx once referred to as the transition from "men ruled by materials" to "men ruling materials." Only when socialist enterprises can display these characteristics can the socialist commodity economy surpass its capitalist counterpart.

Brief Conclusions

In operation, the socialist commodity economy can fully function according to the laws inherent in a commodity economy. In this regard, there is no need to differentiate between socialism and capitalism; therefore we can

boldly draw on various efficient and successful experiences gained by the capitalist commodity economy so that it will be possible to gradually establish a better, more complete commodity economic system of our own.

The operational carriers of the socialist commodity economy must be imbued with socialist features. These features should find concentrated expression in the status of the socialist labourers and their use (or employment), the nature and characteristics of the socialist enterprises, and the characteristics of state macro-regulation and control under the socialist system. If we can retain and develop these characteristics, we shall be able to fully display the latent superiority of socialism, and pave the road to a socialism with distinctive Chinese features. ■

Phoenix Hotel, Liaoning

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Cultivating a New Generation For the Future

by Our Staff Reporter Huang Wei

In China, children are being educated to care for the state and society and help each other. This endeavour, which has gained momentum in the past year, was brought home to parents and public alike by the conviction that "ideological education is more important than material conditions."—Ed.

When a mountain fire flared up in Shimian County, Sichuan Province in 1988, state property, a satellite ground station included, and people's lives were in imminent peril. The disaster was narrowly averted only after local people, including a 14-year-old boy named Lai Ning, and PLA soldiers had waged a desperate struggle. When the fire broke out, Lai Ning rushed to the scene to join the fighters, but was unfortunately killed while helping. To cite his exemplary deeds, the State Education Commission and the Central Committee of the Chinese Communist Youth League jointly conferred the title of "Young Hero" on him posthumously.

Lai lived in a remote, inaccessible mountain village. But the geographical isolation had not detached his thoughts from the future of the state. While studying hard at school, he never forgot to show concern for society or to help others. Hence all along he was a "three-good" student (good in study, in ideology, and in health) of his school for the others to emulate.

His death was a sad loss for the community and his family. At the same time, however, his heroic action is testimony that China's 40 years of efforts to cultivate "a new



Deng Yingchao presents awards to outstanding Young Pioneers.

LIU JIANSHENG

generation of successors to socialism and communism" is a great success.

"For children, ideological education is more important than material conditions," said Soong Ching Ling, widow of Sun Yat-sen, honorary chairman of the People's Republic of China and a famous children's educator. In the last 40 years since the founding of New China, the Chinese government has consistently made efforts to extend education to children in moral character, calling on them to "love the motherland, love people, love labour, love

science and love state property." The education campaign shows results, with brilliant youths like Lai Ning coming to the fore one after the other.

'Project of Hope'

On October 30, 1989, the China Youth Development Fund announced the establishment of China's first fund to aid children of good character and scholarship who are unable to continue their education because their family is too poor. The fund, termed "Project of Hope," strikes a res-

ponding chord among people both at home and abroad, and become the subject of many school teachers' lectures.

When news about the large number of drop-outs in poor areas reached the No.11 School in Tianjin's Tanggu District, faculty members made the first donation of money for the project. They also explained the situation and the aim of the fund to their students, asking them to "stretch out a helping hand to the drop-outs in the poverty-stricken areas so as to enable every Chinese child to enjoy the warmth, love and friendship of socialism." The exemplary role and teaching worked; all the 427 students made donations in cash and in kind. After donating her pencil box, pencils and books, a third-grade student, Liu Ruixia, expressed the thoughts of all when she said: "We are the future of the motherland, and so are those now deprived of school education in the poor areas. We are duty-bound to lend them a friendly, helping hand."

Li Haiyan, a fifth-grade pupil of the primary school attached to the Beijing Hongtu Aircraft Factory, is an only daughter. Somewhat spoiled, she seldom thought of others. However, on her 11th birthday when she read an article about the "Hope Project" posted on the school walls, she donated 20 yuan which was to have been spent for her birthday cake. "Compared with those who are unable to go to school," the big-eyed, round-faced girl said, "I live a much, much better life. I should care for others too."

Pleasure in Helping Others

Lending a helping hand to the handicapped is an important and concrete subject of school ideological education and also a traditional activity which has been carried out in schools for a long time. In 1987, the State Education Commission, the Central Committee of the Chinese Com-



Advanced Young Pioneers commended for their help to the disabled.

munist Youth League, the All China Federation of Women and the China Fund for the Disabled jointly decided to carry out education in socialist humanitarianism among the young to urge them to understand the difficult situation of the handicapped, and to respect, care for and help them.

This education has been going on for three years with good results. "Helping the handicapped has proved to be one of the most successful activities for carrying out ideological education among children," said Ai Ling, an official with the China Youth Working Committee. "It helps children to consciously take action to help the disabled. In turn, the spirit of the disabled shown in surmounting difficulties moves and spurs on the young."

Thirteen-year-old Chu Wenxi in Poyang City, Henan Province, is known as a good pupil in his school and an outstanding example of caring for others. He has been carrying his pal, Cui Guowei, whose legs are paralyzed because of congenital bone disease, to and from school for five years. When praised, Chu often says, "It's nothing. We children should be close friends, care for and help each other. Only in this way can we be united and make progress together."

Unlike Chu who has taken on an individual task, however, many school pupils have formed such organizations as "Group for Aiding the Disabled" and "Friends of the Disabled" to help physically handicapped classmates both in and out of school in different ways. For example, one such group in the Zhongcun Township Central Primary School in Yueyang County, Hunan Province, has been helping a blind couple and a crippled farmer with household chores for four consecutive years. A group of Young Pioneers in the Taohuacang Primary School in Yiyang City has made friends with a handicapped schoolmate named Lu Zheng. While helping her with lessons, they discovered she had unusual endurance in medium-long-distance running and encouraged her to keep practising. Later, Lu attended the Second National Sports Meet for the Disabled and pocketed two gold medals and one bronze, breaking one national record. In 1988, she was found representing her Chinese counterparts in races at the World Olympics for the Disabled.

Incomplete statistics show that since 1987, more than 2 million primary and middle school students in Hunan Province alone have been involved in activities

geared to aid the handicapped.

Concern for Society

In Beijing streets, many primary and middle school students can be found exhibiting pictures and giving theatrical performances to solicit donations for the 11th Asian Games to be held in the capital city this coming fall. It will be the first time for China to host such an international sports meet of this scale. For the success of the Games, many primary and middle schools in the capital city have organized an activity called "My Contribution to the Asian Games" among their students to cultivate their social consciousness and patriotism.

The activity is considered important for the school students in cities, most of whom are only children. Spoiled as they are, they show concern for no one but themselves. The activity can help them overcome their weak points and prompt them to do voluntary service for society. According to Zhou Chunling, head of the Children's Department of the Beijing Municipal Communist Youth League Committee, some 800,000 youngsters in Beijing are tending potted flowers for the Asian Games.

Students in other cities are also making contributions to the Asian Games. When the fifth-grade pupils of the Taiping Road Primary School in Qingdao City, Shandong Province, learnt of the shortage of funds for the Asian Games from TV and radio programmes, they swung into action immediately. In order to raise money without bothering their parents, they took to the streets looking for odds and ends for sale after school. "When I received one yuan from selling junk, I was very excited! I donated it to the state for the Asian Games. I'm proud of this!" said one of the pupils named Liu Wanjun.

In the famous kite city of Weifang, Shandong Province, there is



ZHANG XIAOJUN
Pupils themselves make postcards at the Shijiazhuang May 1 Street Primary School.



ZHANG YAOZHI
Education in patriotism: flag-raising at the Shanghai Yanan Road Primary School.

a kite association composed of 100 children. Early this year, the association decided to make a souvenir kite for the Games. It was to represent their ideals, beliefs, wisdom and creativeness and express their sincere wish for the success of the event. Racking their brains, they designed and constructed one

with the help of local masters. The large, unique kite, with the motto "Flying to Asia, Flying to the World and Flying to the Future" painted on it, made a successful test flight in May before being presented to the Beijing Asian Games Preparatory Committee together with their donations amounting to 10,000 yuan. ■

Strolling in Beijing Streets in May

by Li Shangzhi, Huang Zhimin and Zhang Sutang

Although in May it is still quite chilly in Beijing early in the morning or late at night, fashion-conscious young women are already in their summer best, looking colourful and trendy.

At dawn, when the sun is labouring out of the horizon, groups of residents can be seen out strolling, bird-watching, boxing, jogging or doing morning exercises in parks, by lawns and brooks, or in woods. Others, actually a cross section of the public, may be seen at their new hobbies—disco or callisthenics — to the accompaniment of musical rhythms. Shortly afterwards, they will appear at a nearby morning fair to buy snacks for breakfast or fresh vegetables. By then the traffic is getting heavy as Beijingers begin yet another busy day.

Market

For the Beijing housewife, what to put in the "vegetable basket" is no longer a headache. There are more than 730 free markets and 20-odd morning fairs which are conveniently located and provide a full variety of fresh vegetables to choose from. Back in early May, fresh vegetables and fruits kept pouring in from the south as well as from local vegetable farms. Beijingers appreciate the adequate supply of vegetables and feel the prices are stable.

At present, the "sluggish market" is a household expression.



ZHENG SHUFU

Students from Dalian get ready for a snapshot at Tiananmen Square.



WANG CHENGXUAN

Tourists having a taste of Beijing delicacies at the Donghuamen Evening Fair.

However, take a walk at such shopping centres as Wangfujing, Xidan and Qianmen and you will find endless streams of shoppers. Sales at these places have kept rising. Increasing numbers

of people are seen shopping or browsing in fashion shops, jewellery stores or shops selling luxury consumer durables. Take the newly built Changan Bazaar for example. On May 18, the open-

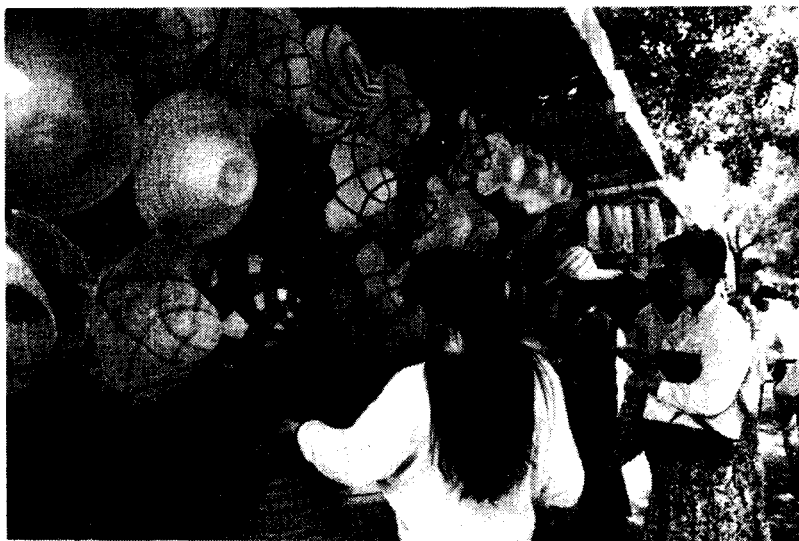
ing day, it racked up more than 910,000 yuan in total sales.

Wandering through one of Beijing's evening fairs is an enjoyable experience. Long before the sun sets, peddlers begin to prop up their stalls near Xidan, and start hawking local delicacies or trend-setting fashions. Equally as brisk is the evening fair in front of the Longfu Department Store, one of Beijing's four biggest shopping centres. The ten-metre-wide street, lined on one side by stalls of local delicacies and on the other by the latest fashions, is jammed with eager shoppers and the air is rife with the calls of hawkers equally eager to sell their wares. It is said, at present, there are more than 300 kinds of delicacies available in Beijing.

Tourism

In May the flowers are in full bloom, the trees lush and green. It is Beijing's golden season for tourism. At the airport, railway stations and bus stations, travellers, both Chinese and foreign, are seen coming and going in streams. In April, Beijing played host to 103,000 foreign visitors, up 14.1 percent from April last year. In May, Beijing received more visitors with a welcoming smile. An official of the Great Wall Badaling Section Administration reported that in May his centre received 4,000 more visitors a day than in April.

Some young "Laowai" (a good-humoured nickname for foreigners), are seen cycling about the city along the avenues or in narrow lanes, sometimes stopping to chat with "the man in the street" or a housewife out shopping. Many "Laowais" have developed an affinity for traditional Chinese culture. A group of Spanish visitors interrupted their travel schedule and took up *qigong* (breathing exercises) and



Plenty of straw hats to pick from at the Beitapingzhuang Free Market.

DU JIE



On an after-dinner stroll, Peking Opera fans stop at a "street theatre."

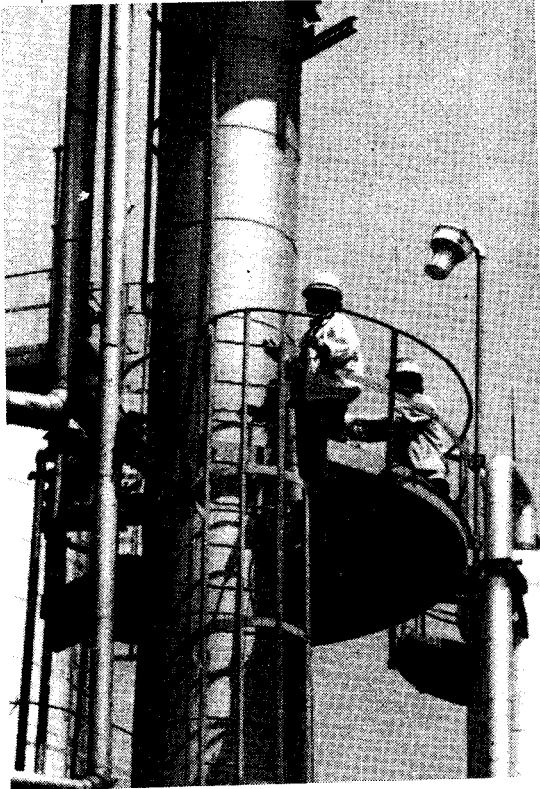
WANG CHENGXUAN

Taijiquan (shadow boxing) lessons in the Purple Bamboo Park in western Beijing.

Tiananmen Square in central Beijing offers many attractions. Early in the morning, people are found clustering around the flag-pole to witness how the national flag rises as steadily as the sun in the red east. In the evening, colourful kites are seen floating in the sky. Throughout the square, there is an atmosphere of solemnity and sacred-

ness mixed with peacefulness and relaxation.

In May when it is getting warm, visitors from outside and local people as well like to have their snapshots taken at Tiananmen Square. Two long rows of mobile photography stands keep busy blinking their shutters as the people line up, cashing in handsomely on their advantageous location. The most favourite backdrops for photos are the Tiananmen Gate-Tower at



YU HUIRU
The Yanshan Petrochemical Complex turned out standard m-cresol-BHT in May.

which hangs a large portrait of Comrade Mao Zedong, and the Monument to the People's Heroes.

From January to April, more than 180,000 people visited the gate-tower. In May, visitors numbered around 3,300 a day, with a record of 4,300 on May 13. It is really fun to take in a bird's-eye view of the fluttering five-star national flag, the magnificent Tiananmen Square, the dignified Forbidden City, and the surrounding high-rises.

In recent years, the proliferation of amusement centres, cinemas, theatres, cultural palaces, gymnasiums and libraries in Beijing has enriched and invigorated the local people's cultural life. As TV sets, video-recorders and radio-cassette recorders find their way into more and more homes in Beijing, a large number of cafes, ballrooms and karaokes

have sprung up, attracting young people to the maze of "metropolitan culture."

Cultural Life

In Beijing, known as "the home of Peking Opera," many people can hum a few lines. Groups of them like to gather in the park or by a stretch of lawn to form a "street theatre" and sing a few snatches from this or that opera. At the street park near Xuanwumen Gate, amateur performers, Peking opera fans and pleasure-seekers can often be heard intoning themselves hoarse to the accompaniment of drums, gongs and *erhu* (a musical instrument for Peking Opera). To the delight of Beijingers, *kunqu* (a type of local opera), *danxian* (story-

telling to musical accompaniment) and plain story-telling have quietly made their way into the city's neighbourhoods and by-ways.

It is really true, as the saying goes, "Wherever there is a park there is singing."

Bookstore browsing is another pastime of Beijing residents. Every day large numbers of people are seen strolling through Liulichang and other cultural markets, while chronic browsers and bookworms are seen elbowing each other in bookstores or in front of pavement stalls at Wangfujing and other places.

In western Beijing which has the highest concentration of universities and colleges, students are pursuing their majors. Reading aloud can be heard by the Weiming Lake, on the Qinghua campus, and elsewhere. The Beijing University Library

opens at 6:30 in the morning, many students get there before six. "Every day," said the library's deputy director, "more than 2,000 books are lent out, and an increasing number of students are turning to the works of Marx and Lenin."

Production

Beginning this year, an encouraging situation had emerged in production. The good weather bodes well for a bumper harvest in suburban Beijing. In April, Beijing's industry emerged from its depression and registered a 5 percent increase in total output value over the same month last year. After celebrating the May 1 International Labour Day, Beijing's workers have presented a series of gifts to honour the "Red May":

In the first 20 days of May, the Shoudu Iron and Steel Co. passed a record 10,000-ton mark in daily output of pig iron, steel and rolled steel.

The Yanshan Petrochemical Complex turned out standard m-cresol-BHT after several years of trial operation.

The 600-odd foreign-funded enterprises in the city registered an upward turn in their output value, profits and taxes delivered to the state, as well as foreign exchange earnings.

Greeting the Asian Games

As the 11th Asian Games approach, enthusiasm for sports grows heavier throughout the city. So far all the 33 planned gymnasiums and stadiums have been completed and all the 39 member countries of the Olympic Council of Asia have signed up for the competition.

Asian Games placards, streamers, logos, ads, badges and souvenirs have appeared everywhere, and new popular songs in celebration of the games fill the air. ■

Chen Yizi's True Physiognomy

Now Chen, living abroad, miserably calls himself "a failure at reform" (it should read a failure in attempting to lead China to capitalism). However, he still harbours illusions. More shamelessly, he has been appealing to hostile overseas forces for aid.

After Beijing's political turbulence at the turn of spring and summer in 1989, Chen Yizi, former director of the Research Institute for Reforming Economic Structure in China, absconded abroad to avoid punishment. Soon he joined plotters and organizers of the turmoil and anti-government rebellion, including Yan Jiaqi and Wan Runnan. They appealed to overseas forces hostile to China for aid and knocked together a reactionary organization "The Front for Democracy in China" to openly conduct activities betraying the socialist motherland.

An Instigator

On October 15, 1989, Chen made his first speech at Columbia University in the United States entitled "The Ten-year Reform and the 1989 Democratic Movement." He publicly claimed that "allowing leadership such as that of the Communist Party to exist, the country has definitely no way out" and that the people's regime led by the Chinese Communist Party "is a common disaster for all Chinese nationalities." In his overseas talks, Chen repeatedly mentioned "pluralistic politics." What is that? In an interview with a Hong Kong magazine *Commoner* on December 1, 1989, Chen made no secret of this conception. "In the final analysis," he explained, "reform of the political structure means to share power with the Communist Party."

But it was this person, who

opposes the Communist Party and socialism to such a degree, who wrote in his "Report to the leading Party group of the State Commission for Reforming the Economic Structure" in 1989, "I am a communist and I must be responsible to the Party" and "looking back over the past ten years, I feel worthy of the Party and people."

Chen also went about boasting of himself as a "reformer," repeatedly advocating "the third road" as the goal of his reform. What is "the third road?" In his interview with *Commoner*, Chen revealed that the third road is, in respect to politics, to "create a political force against the Chinese Communist Party," and economically it touches on the issue of ownership in the economic base of Chinese society. "The essence of the economic reform is whether people can own property," he said. To put it bluntly, China should practise private ownership of the means of production. Obviously, Chen's "third road" refers to the capitalist road.

According to historical experience, China cannot take the capitalist road. With a backward economy and a population of 1.1 billion, capitalism would only bring enormous wealth to a few people while the majority would not be able to escape from poverty. The Chinese Communist Party, representing the interests of the majority, would certainly never permit taking this road, which Chen understands well. Once he said in despair, "It is very difficult to count on such a regime to change over to new

ways." What to do then? Naturally, according to his logic, subvert the people's regime and drive the Communist Party out of power.

Now Chen, living abroad, miserably calls himself "a failure at reform" (i.e. a failure in attempting to take the capitalist road). However, he still harbours various illusions. He said, "What we especially hope for is a confrontation between a weak, leaderless central government and strong local forces." "So long as the basic economic, political and social problems in China remain unsolved, the masses out of dissatisfaction will rise again and again. That will cause a political paralysis...then, we can return to China so much the sooner."

More shamelessly, Chen has been directly appealing to hostile overseas forces for aid. He proclaimed, "Only as they are able to promote the internal disintegration of the Chinese Communist Party, can the overseas protesting forces be effective." "I personally think it is necessary to impose economic sanctions on the present Chinese government," said he. On September 7, 1989 when he held a conversation in Paris, he asked "all countries in the world to keep protesting and imposing economic sanctions on China." He complained that the US government did not effectively support people of like himself or impose enough economic sanctions on China. With the utmost servility, he tried to provoke discord in Sino-US relations, saying "The current Chinese regime is against the long-term and basic interests of the United States."

From these words and deeds, Chen's true physiognomy shows up clearly. The more he performs, the more he exposes his ugly face in betraying the moth-

erland and the nation. *European Daily* published a Taiwan reader's letter, which pointed out sharply, "Chen Yizi and persons like him call themselves theoreticians. Yet they have nothing but the theory of selling their souls...the theory of losing their personal and national dignity...as persons, they fall short of all categories. They are just the dross of mankind."

An Opinion Monger

Chen's true face was actually fully exposed during the turmoil and anti-government rebellion at the turn of spring and summer of 1989.

On the morning of May 19, after he learnt the "restricted news" that the former general secretary of the Central Committee of the Chinese Communist Party Zhao Ziyang supported the turmoil and had split the Party, Chen immediately summoned a meeting attended by some of the responsible people of the State Council's Research Centre of Rural Development (RCRD), the Institute of International Studies of the China International Trust and Investment Corporation (CITIC), the Beijing Youth Economic Society along with cadres of the Research Institute for Reforming Economic Structure in China. Chen arranged for Gao Shan, then deputy director of the Central Committee's Research Office for Reforming the Political Structure, to reveal the restricted news. Then to stir things up, he stated, "We cannot remain silent! We must have a clear-cut stand. Now it is necessary to put out a statement." He dictated the "Six-point Statement on the Current Situation," calling the turmoil "a patriotic democratic movement" and with evil intent, he called for publicizing "the inside story and differences

in decision-making among the upper leadership." The statement also intimated that the government would "adopt extreme measures (military control, for instance)." This actually functioned later as an opinion mobilization for some masses ignorant of the truth to try to prevent the military vehicles from entering the city, bringing on actions which developed into an anti-government rebellion initiated by an unruly mob. On the afternoon of the same day, Chen, in the name of the organization, coerced cadres of the research institute to take part in activities he supported and incited to bring on the turmoil.

On the morning of May 20, with Chen's agreement, a few people of the research institute concocted "A Second Statement on the Current Situation," publicly defaming the Party Central Committee's decision-making and assailing Premier Li Peng by name. After that Chen met Bao Tong, then director of the Central Committee's Research Office for Reforming the Political Structure. Bao expressed his appreciation for Chen's six-point statement but at the same time, instructed him not to expose himself too much.

Back at the research institute, Chen immediately instructed people to destroy the leaflets of the six-point statement which had already been printed. He also notified news units which had received the statement not to publish it. Meanwhile, he decided to adopt new methods to continue his anti-government conspiracy. He gathered some people of the research institute and the RCRD for a meeting. At the meeting, he decided on specific titles and points for anonymous leaflets, arranging who was to write them and how they were to be printed and distributed. The leaflets included an

"Urgent Call for the Standing Committee of the National People's Congress to Propose a Bill to Impeach Li Peng" signed "Insiders of the report centre," "That Man Li Peng" signed "A number of Communists, cadres and staff workers of the Central Committee of the Chinese Communist Party, institutions and departments directly under the State Council," "Emergency Call to the People of the Whole Country" signed "Citizens of the Republic" and A Bill on "Earnestly Urge the Standing Committee of the National People's Congress to Exercise Power" signed "More than 300 people of the capital's intelligentsia."

In late May, seeing the game was as good as lost, Chen hurried to organize a "retreat" and later plotted to flee abroad. On the morning of May 23, Chen, with Gao Shan and a responsible person of the RCRD, arranged to tell the same story. They especially determined not to admit the leakage of secrets. On the afternoon of May 24, at a meeting attended by the research institute's cadres, Chen threateningly declared that whoever revealed the institute's problems would be "a traitor," "a person condemned by history."

Because of Chen's various activities during Beijing's turmoil and anti-government rebellion, the State Commission for Reforming the Economic structure decided to dismiss him from his posts as a member of the commission and director of the Chinese Research Institute for Reforming the Economic Structure. Later on August 18, 1989, Chen was expelled from the Party.

Inglorious History

Abroad, Chen loudly advertised his history, boasting of his

"contribution" during the ten-year reform. But let's take a look at this "glorious" history.

In the "cultural revolution" (1966-1967), Chen was a student at Beijing University. In one of his interim summaries he wrote, "As soon as the proletarian cultural revolution started, I stood at the very front of the struggle...went to more than ten provinces and cities to inflame and agitate people."

In 1976, Chen became a commune Party secretary of Queshan County, Henan Province. He drew up ultra-Leftist critical articles and presided over various critical meetings aimed at the rural grass-root cadres. Because he did not fulfill his post with credit and remained deeply influenced by the Leftism of the "cultural revolution" without recognizing his mistakes, the organization department of Queshan County Party Committee, approved by its superior, dismissed Chen from his post.

Chen proclaimed that during the ten-year reform, he participated in the establishment of the rural reform set-up and put forth a series of the most basic policies for the rural reform. He also boasted that in the past few years, he had taken part in the Central Committee's drafting of documents on rural issues many times. However, according to related personnel, except for his participation in a symposium preparing for the 1983 "No.1 Document" of the Central Committee of the Chinese Communist Party, Chen did not take part in the drafting of central documents on rural issues. Chen also claimed that he participated in the preparatory work of the 13th Party Congress, while investigation shows that he neither participated in the preparations, nor was he a member of the docu-

ment drafting team.

In reality, in the name of "study and reform," Chen hawked his bourgeois liberalization conceptions now and again during the past few years. In articles published in newspapers and magazines like *World Economic Herald* and speeches delivered on some occasions, he overtly and covertly opposed the four cardinal principles.

Chen posed as a "hero" who was against corruption. As a matter of fact, he brazenly abused his power for personal gain. Investigation shows that over the past few years, he twice took advantage of his power to purchase and decorate his house. In early 1987, violating regulations, he fitted up a 200-square-metre courtyard of the research institute into a 11-room private house for himself, spending 152,000 yuan of public funds. In February 1989, through personal connections, Chen exchanged the research institute's four suite in the workers' dormitory (227 square metres altogether), for two suites (150 square metres) at another place. Then with the expenditure of research institute funds, he fitted them out with high-quality equipment. That house-exchange cost 2,700 yuan in feasts and gifts, all from his director's funds. Investigation shows that over the past few years, close to 200,000 yuan, along with US\$ 20,000 in foreign exchange, all fell into Chen's private pocket and was spent on feasts, gifts, furniture and other personal expenditures.

This is the sort of person some Hong Kong and overseas reporters ignorant of the truth praised as "one who treasures justice rather than material benefits." What could be more ironical. ■

Responsibility of A Party Leader

QIU SHI
(Seeking Truth)

On July 17, 1987, Chen Yun, chairman of the Central Advisory Commission, met a leader of the Party Central Committee. Chen talked about philosophy and the responsibility of the Party leader. The following is the gist of his remarks:

"The stable situation of our country today was hard won. Hundreds of thousands of revolutionary martyrs laid down their lives and the members of the Party and people of various nationalities throughout the country had struggled arduously for this stability. Our country is also a large socialist country with a population of one billion. It occupies an important position in the world today and will continue to do so in the future.

"To lead our Party and country well, the most important thing for our leaders is correct ideological methods, that is, to study Marxist philosophy.

"When I served as head of the CPC Organization Department in Yanan, Chairman Mao talked with me three times about studying philosophy, and sent teachers to help us.

"We began these studies in 1938, and stuck to it for five years. First of all we studied philosophy, then the *Manifesto of the Communist Party* and political economy. In addition to reading the related works of Marx, Engels, Lenin and Stalin, we also studied Chairman Mao's works such as *Problems of War and Strategy*, *On Contradiction*, *On Practice* and *On Protracted War*.

"In Yanan, I read all the documents and telegrams Chairman Mao drafted, from which I came to a conclusion that one should

seek truth from facts. The key to the question is to look at things from all angles. I have said what is difficult is not to decide a policy, but to make clear the situation. Therefore, we should pay attention to listening to different opinions. When I have a suggestion about something, for example, I put it aside and consider it prudently to see whether there are any different opinions. If so, I will listen carefully and have discussions with others. By doing this, I absorb correct ones and discard the wrong ones, and my suggestions will become perfect. The process of refuting wrong opinions is one of perfecting my suggestions. Even if there are no different views, I will assume opposite ones to be criticized by my comrades. It's not easy to buy opposing opinions even if you have money. When there are opposing opinions, this will give you food for thought. Often the case is someone has different opinions but he is reluctant to voice them. It is not a bad thing to hear different voices.

"In short, my personal experience tells me that studying philosophy can open one's mind and benefit from it for life. I hope the comrades who work in the Political Bureau, Secretariat and State Council will arrange to study philosophy, and consider it as an important part of your work and your responsibility.

"At the Sixth Plenary Session of the Sixth Party Central Committee held in 1938, Chairman Mao said, 'As I shoulder the main leadership responsibilities, if there are 100 to 200 comrades who study Marxism and Leninism in a systematic but not fragmentary manner, in practice instead of meaninglessly, the Party's fighting power will be greatly strengthened, which will accelerate our mission of conquering Japanese imperialists.'

"Under the present situation facing us, the whole Party has

the pressing task of studying the stand, viewpoint and method of Marxism, Leninism and Mao Zedong Thought in analysing and solving problems."

(Issue No. 8, 1990)

Able Persons Run Factories

BANYUE TAN
(Fortnightly Conversations)

Able persons run factories." This phrase, born a few years ago, was directed at talented people, needed to manage China's enterprises. The idea was that talented people or "able persons" would replace mediocre managers.

However, it has been found that some "able persons" do not match the reality. They have ignored the opinions of their superiors and the masses. They have acted arbitrarily and have brought about heavy losses to factories and to the country. Some were promoted through dishonest means or toadyism.

The facts have shown that this type of "able person" does not have the talent to manage a factory.

It is correct to criticize this phenomenon and punish those who have violated the law. But, in the process, it is wrong to absolutely negate the practice of putting talented people in charge of enterprises.

Comparatively speaking, it is better for "able persons" to run factories than mediocre people. Therefore, an environment should be created whereby talented people can be discovered and trained. This will allow "able persons" to fully play their role in the reform and opening to the outside world and management of enterprises. This idea should be stressed particularly now when enterprises are facing difficulties.

(Issue No. 6, 1990)

China Boosts Economic Ties

China is trying to advance international economic co-operation with the developed and newly-industrialized regions by actively setting up processing and assembling factories.

This statement was made in mid-May by Ji Chongwei, a senior research fellow at the Research and Development Center of the State Council, at an international symposium on technological and economic co-operation in the Asia-Pacific region.

Ji said that China will establish special economic zones and economic and technological development areas along its coast. For example, it will designate Dalian, Tianjin and Qingdao for development of chemical, machinery and shipbuilding projects. Fujian and Hainan will be specified for the development of labour- and technology-intensive projects. The Changjiang (Yangtze) River delta in east China, the Zhujiang (Pearl) River delta in south China, and the Shenzhen, Zhuhai and Xiamen special economic zones will be developed into advanced economic co-operation areas.

Ji noted that China's co-ordinated production can cover motor vehicles, machine-building, electronics, household appliances, spare parts and components and other equipment.

In the field of transport, energy and raw materials, he said China hopes all countries will take up co-operation on a wide scale.

He said that Chinese government promulgated this in-

dustrial policy last year; it is stipulated that priorities and preferential treatment will be given to those projects which manufacture products to replace imports, particularly raw materials, iron and steel and chemicals. "We welcome Japan and newly industrialized regions to transfer more production technology in their future investment projects so as to raise China's technological standards and capacity for international co-operation," he said.

Ji added that the Soviet Union was making efforts to develop its Far Eastern region, and both sides would benefit greatly from economic co-operation in this respect.

As to Hong Kong, Macao and Taiwan, he said, investment and trade from these regions have increased markedly in the past few years.

He suggested further co-operation in labour-, fund- and technology-intensive sectors, such as garments, food-stuffs, light industrial products, petroleum, chemicals and electronics, in order that funds, technology, resources, labour force, sales networks and all other economic advantages in these regions can knit together to enrich the economy. ■

Shipbuilding Gains Momentum

The reputation of China's shipbuilding industry in the world market gained a great boost after it successfully built two cold-storage container ships of advanced world level for the Federal Republic of Germany. Between January and April this year, China has contracted to build eight ships

for export, with a total cargo-carrying capacity of 400,000 tons. By contrast, last year the country undertook to manufacture ships with only a total carrying capacity of 270,000 tons.

The eight ships were contracted by Norway, Belgium and Hong Kong. Of these, six are finished-product oil tankers, and the other two are roll-on-roll-off ships. The largest oil tanker, ordered by a Norwegian company, has a carrying capacity of 95,000 tons.

Zhang Shou, general manager of the China National Ship-Building Corporation, said that since the beginning of this year, many businessmen from Norway, Federal Germany and other countries have come to China to discuss matters relating to ship exports. That is the basis of his optimistic view regarding ship exports in the coming years.

Zhang said, importing shipbuilding technology and exporting ships has enhanced China's ship-building capacity, raising it to fifth place in the world. At present China's major shipyards continuing to expand their ship-building facilities. For example, Dalian Shipyard, an important shipbuilding base in northeast China, is building a 200,000-ton-class dock.

According to reports, China has built ships for export totalling 2.8 million tons in carrying capacity for more than 20 countries and regions. Varieties of ship for export have developed from transport ships to multi-purpose ships of world advanced level, such as large cold-wind, cold-storage container ships, large shuttle oil tankers, automobile-

loading ships, and tankers for end-product oil. ■

Overall Plan for a Development Zone

The overall programme for the Yangpu Development Zone (YDZ), according to its administrative office, will be promulgated in September.

YDZ's overall plan is composed of Ganchong, Sandu, Eman and Baima districts occupying about 100 square kilometres. The districts, separated from each other by a 600-metre or 800-metre green area wide, are laid out with industrial, commercial and residential quarters. At present, the Kumagai-Gumi (Hong Kong) Co. Ltd. has signified willingness to develop a 30-square-kilometre piece of land in the Ganchong district.

The Yangpu zone shaped like a peninsula, has a construction area of 70 square kilometres and a green area of 30 square kilometres. In addition, a 220-square-kilometre stretch of land near YDZ and Xinyingwan, 50 square kilometres in area, will be used as its suburbs. When completed, the zone will occupy a total area of 370 square kilometres and has a population of 500,000.

Construction of the zone's infrastructure is proceeding smoothly. A 3,000-ton wharf for work ships has been completed and put into operation, for example. And the Macun Power Plant, to supply power for Yangpu Port, has completed the construction of a 400,000 kw generating set, which can supply power for the Yangpu area in the next three months. A telecommunications satellite station, in

which the Hainan post and telecommunications departments have invested 500,000 yuan, will be completed. In addition, Yangpu Port plans to use programme control direct telephone service at the end of this year. ■

Xiamen Improves Infrastructure

To encourage foreign investment in the construction of its harbour and wharf, Xiamen city government promulgated four preferential policies in mid-May:

- A foreign-funded enterprise that uses money within its total investment to import raw materials, loading and unloading equipment, means of transport and other production facilities required in the construction of wharves may be exempted from import duties and industrial and commercial consolidated tax;

- A foreign-funded enterprise scheduled to operate for a period of 15 years or more is exempted from income tax in the first five profit-making years and may be granted a 50 percent reduction of income tax levied at a 15 percent rate in the period from the sixth to the tenth year;

- A foreign investor who will use his or her share of profit obtained from the enterprise to reinvest in the construction of new berths or wharves, will receive a refund of 40 percent already paid on the reinvested portion, and when remitting his share of profit out of China, will be exempted from income tax on the remittance.

- Land used by wharves (revetment wharf, floating pier and embankment ap-

proach), and land occupied by goods yards, non-residential buildings and roads as well as some facilities will be given favorable exemptions in usage fees. ■

Haikou Builds Its Own Oil Refinery

The foundation stone laying ceremony for the Haikou (Ko Fung) Comprehensive Oil Refinery was held in Haikou, Hainan Province, the largest special economic zone in China. It will be the largest foreign-funded modern enterprise since China opened its doors to the outside world in 1979.

The refinery is financed by the exclusive investment of the UK Haikou (Ko Fung) Refinery Co. Ltd. The first phase of the project, which involves an investment of US\$630 million, is expected to be completed in 1992, and has a designed annual processing capacity of 6 million tons. The yearly output value will be US\$860 million. All the crude oil needed by the refinery will be imported from Middle East countries and all the products marketed by the British Petroleum (BP) Co. Special-purpose loans issued from the Chase Bank in Britain and other European consortiums will be used. The refinery will buy the foreign patent of continuous re-processing installation, which is up to world advanced level.

It is reported that it took only one year from the project negotiations to the ceremony for laying the foundation stone. Now, the work to determine the route of a high-speed highway for the refinery and to build the infrastructure is

already under way. A whole set of refinery equipment worth US\$75 million has been ordered, and the first batch of the equipment is on its way from a British port. To protect Hainan's ecological environment, the refinery invites Chinese and foreign experts in environmental protection to discuss how to use international advanced anti-pollution technology to keep pollution down to the minimum level. ■

UN Helps Develop The Tarim Oilfield

China signed an agreement with the UN Development Program (UNDP) in Beijing, May 22, for co-operation in drilling at the Tarim Oilfield. This is China's largest energy project aided by the United Nations.

Under the agreement, the United Nations will use drilling technology of a world advanced level to help China solve oil-drilling problems arising from complicated geological conditions in the Tarim area and will also help train Chinese drillers.

Economists regard implementation of the co-operative item as very important for China, particularly in respect to importing internationally advanced oil-drilling technology, attracting advanced foreign experience and developing China's important oil and gas resources - the Tarim Basin.

The UNDP plans to provide US\$5.87 million in funds and China expects to invest US\$980,000 in foreign capital and 82 million yuan in the co-operative project, which will last for three and a half years. ■

Guangdong Holds Hi-Tech Symposium

An International new high-tech industrial symposium, jointly sponsored by the China Torch Technology Development Centre, the Guangdong Foreign Science and Technology Exchange Centre and the Yuehai Enterprises (Group) Co. Ltd., will be held in Zhongshan City, Guangdong Province June 20-22.

It is designed to acquaint businessmen from Hong Kong, Macao, Taiwan and overseas with its development and prospects and also brief them on its policies and favorable investment climate in absorbing foreign funds to develop high-tech industries.

More than 200 intent projects will be sent from Guangdong and other provinces and cities to the meeting for international co-operation. They involve such new high-tech industries as electronic information, bio-technology, new materials, new agro-technology, food-processing technology and new energy.

The symposium has already invited representatives from industrial, commercial and financial circles in the United States, Japan, Australia, Singapore, South Korea, Hong Kong, Macao and Taiwan.

This year, foreign investment in Guangdong Province has done fairly well. By the end of last April, the province had approved the signing of contracts with foreign countries for 2,004 projects using foreign funds valued at US\$790 million; and US\$550 million in foreign funds has been processed into use. Direct foreign investment increased by 22 percent over the

same period last year, with Taiwan investment in particular increasing more rapidly. ■

Beijing Radios Enter Foreign Market

The Beijing Radio Factory, a state export base, is developing its international market for its qualified products. The export value in 1989 amounted to US\$1.65 million, and is expected to reach US\$3 million this year.

The factory specializes in the production of radios, recorders, hi-fi and electronic equipment for construction. Its *Peony* recorder has a good reputation at home and abroad, and has been exported to the Federal Republic of Germany, Britain, Belgium, Finland, Austria and many other countries. In 1989, it exported 200,000 recorders; while this year, businessmen of the Federal Republic of Germany have ordered 220,000 sets and British businessmen 120,000 sets. A total of 86,600 sets has been exported during the first quarter of this year.

Beijing Radio Factory has established good relations with famous foreign factories for the purpose of improving and developing its export products. With technology and equipment imported from Phillips and Sharp, the factory has succeeded in assembling recorders in co-operation with foreign partners.

Currently the factory is busy developing portable recorders, a hot-selling product in European and American markets, and preparing to try them out soon in the international market.

by Li Ming

New Discoveries in Giant Panda Research

Videotapes of panda mothers and their offspring have provided detailed information on how giant pandas are nurtured during the first eight months of their lives.

The 42 tapes, made by noted Chinese panda expert Pan Wenshi, an associate professor at Beijing University, and his chief assistant, Lu Zhi, last about 14 hours and were recently released to the public.

A new-born panda is little more than the size of an egg, weighing 100 grams, approximately 0.1 percent of the weight of an adult panda. With the help of a radio device attached to a panda living in Qinling Mountains of central China, scientists were able to record for the first time the sound of a baby panda nursing.

A baby panda suckles for seven or eight minutes at a time on average. The longest observed period was 15 minutes. It sucks

75-80 times per minute. After nursing her baby, the mother leaves to look for food. To the scientists' surprise, the mother can be gone for as long as seven hours and the baby can survive temperatures of minus-13 centigrade.

Based on this discovery, Pan said, it is improper to regard some baby pandas as abandoned and to transfer them to zoos, as we used to do. In fact, the mother is usually nearby.

A four-month-old giant panda can only crawl a distance of one to two metres. Even when a cub has learned to walk on its own, the mother carries it in her mouth when going up any slope steeper than 10 degrees.

Professor Pan Wenshi, 52, was born in Thailand. He is a council member of the China Association of Zoology and head of a group of experts carrying out giant panda research.

In 1984 he systematically re-

vealed the relationship between giant pandas and arrow bamboo, which constitutes the bulk of their diet. Pan pointed out that although the loss of arrow bamboo affected pandas in certain limited areas, this situation did not pose a major threat to their survival because there are at least two suitable types of bamboo growing in great quantity in panda-inhabited areas.

His discovery halted government plans to raise giant pandas in limited, protected areas and was praised by his domestic and foreign colleagues. His research programme won support and aid from the Smithsonian Society of the United States and the World Wildlife Foundation.

Pan said that current research on the behaviour of grown-up and young giant pandas is concentrated on the most important stage of their life span. Once we get to know how the pandas survive the difficult winter and spring in the snowy and damp areas 2,000 metres above sea level and adjust to the disruptions of logging and agriculture, we may find more effective ways to protect the rare species.

It is generally believed that zoos can provide more food and better living conditions for giant panda infants. But giant pandas living in the wild are stronger and grow more quickly. So it is essential to continue field research on when pandas stop nursing and begin an independent life. Pan plans to carry on his study through the first seven or eight years of a panda cub's life, until it reaches maturity.

"We not only hope to get some idea about the relationship between giant panda siblings but also make deeper research on the giant panda's environment and the social structure of the giant panda population."

Pan set out this spring to explore ways to prevent inbreeding within the panda population liv-



CHEN JIE

These two giant pandas, which were rescued four years ago by Cui Xuezhen, director of the Forestry Bureau of Baoxing County, Sichuan Province, have grown up healthy and strong under human care.

ing in the Qinling Mountains. Pan holds that the prevention of inbreeding is the key to protecting the species from extinction.

There is an anti-inbreeding mechanism within most mammals. Once male lions reach sexual maturity they are driven out by old lions or killed, and there is no sexual attraction among wolf siblings, Pan said, adding that such a mechanism might exist among pandas as well, although this has not yet been proven.

At the end of 1984 Pan and his research group transferred from the Wolong Natural Protection Area in Sichuan Province to the south slope of Qinling Mountains to continue their study. Pan found that only 92 of the area's more than 200 pandas were fertile and the annual inbreeding rate topped 5.4 per thousand, in part because the area is isolated from other panda populations.

"If inbreeding continues at the same rate," Pan stressed, "after 12 generations, about 80 years, all of the existing pandas will be cousins. That means the Qinling panda population is doomed to extinction without human help."

To clarify the blood relations of the panda population, Pan and another Beijing University professor, Zhu Shenggeng, began studying the pandas' DNA "fingerprints" and population structure in January.

"Although the work has just started we think it will be of great importance because it will not only help us work out more effective measures to protect the existing wild pandas and preserve their genetic variety but also give guidance to zoos in breeding pandas," he said.

China's giant panda population has decreased from about 2,000 in 1977 to about 1,100 distributed over 44 counties in Sichuan, Shaanxi and Gansu provinces.

To protect the variety of the



SUN SHU
On October 4 last year, a giant panda in the Chengdu Zoo gave birth to a baby weighing 160 grammes. One month later the baby had reached 1,500 grammes. The picture shows the mother carrying her baby in her arms.

gene pool, Pan suggested that farming, destruction of bamboo and hunting in areas above 1,400 metres be banned and more bamboo be planted. He also said that it was necessary to work out a national plan to exchange males between different panda populations to encourage outbreeding.

Pan also suggested that zoos around the world establish a bloodline for each of their pandas.

The Chinese government has invested a great deal of time and money in the protection of pandas and has formulated special regulations for them. In areas where giant pandas live, local governments also design regula-

tions, such as the "panda protection responsibility system."

Sichuan Province has established a responsibility zone of about 160 hectares, 80 percent of the local giant panda habitat. At the same time, the central government has allocated special funds to encourage people in the protected areas to develop animal husbandry and township enterprises. This limits the amount of land under cultivation while providing work for unemployed farmers.

Law-enforcement departments in some regions are also making special efforts to crack down on the hunting, selling and smuggling of giant pandas. ■

Ancient Music Revived at Concert

A large Beijing audience that included many foreign guests recently enjoyed a unique concert, the first of this kind, performed with classical Chinese musical instruments.

The concert was mounted to mark the 40th anniversary of the Guqin Research Society, which takes its name from the *guqin*, a seven-string, one-metre-long, zither-like instrument that dates back nearly 4,000 years.

Because of the more than 400-year-long history of the instruments used at the concert—and the music performed on them—society director Xiao Xinghua gave a brief introduction to the instrument and music before each number.

The first solo piece performed with a *guqin* was *Flowing Stream*, which, legend says, was first played by a man named Bo Ya for his friend Zi Qi more than 2,000 years ago. The music recreated the sound of flowing streams, waterfalls, torrential rivers and swirling currents. Bo Ya is supposed to have valued Zi Qi's friendship because Zi understood the meaning of the music.

Playing the *guqin* to search for friends is said to have been popular in ancient China. As early as the 8th century BC *guqin* playing was one of the major skills Confucius taught his students. Of the four compulsory courses in ancient China—*guqin*, chess, books and painting—playing the *guqin* took priority.

Despite the upheavals and calamities that have overtaken the country and destroyed other valued art forms through the ages, *guqin* music has survived, handed down from dynasty to dynasty. Thus we can still listen to music composed several thousand years ago.

At the concert there was *Remembering the Ancients*, original-

ly composed by Cai Yong (132-192) during the Eastern Han Dynasty. *Phoenix Hairpin*, also performed at the concert, dates to the Song Dynasty and is based on poems exchanged by the poet Lu You (1125-1210) and his wife Tang Wan, who was forced to leave him. These poems deal poignantly with their love and the tragedy of their separation. Qiao Shan's playing and singing of this work movingly expressed the bitterness of one pining for his lover.

Another of the ancient instruments at the concert was the *xun*, an egg-shaped or globular wind instrument made of pottery with one, three or five holes. Chen Tao played *Apricot Blossom and Sunshade*, a work written by Jiang Kui (1155-c-1221), a poet and musician of the Southern Song Dynasty (1127-1279). The *xun*, with its melancholy tones, was able to reproduce the feeling of despair and sentimentality in Jiang's works.

The *konghou* has been described as a Chinese harp but despite being of similar appearance, the *konghou* differs in both structure and sound. Rather than one row of strings like a harp, the *konghou* has two. Its tone is clear and sonorous with a wide range of sounds, able to mimic those of all other traditional plucked Chinese instruments. It is also more difficult to play than the harp.

Cui Junzhi, China's premier *konghou* player, has played this strange, ancient instrument at many foreign concerts and won awards for her artistry. At this concert she played *Thinking of the Mortal World*, which is based on theatrical music and tells the story of a young Buddhist nun who bravely escaped the cloister. Cui's playing recreated the sound of the evening drum and morning bells and one could almost smell the curling incense of the



QIN XUZH
Harpist Zhao Jiazhen at a concert.

temple.

Jiang Jiaqiang, a tenor renowned at home and abroad for his renditions of ancient Chinese folk songs, sang poems of Tang and Song dynasties (7th-13th centuries). These works of passion and deep affection won warm applause from the audience.

Jin Nenggang, organizer of the concert and secretary-general of the Guqin Research Society, said, "How China, a country whose civilization dates back six to seven thousand years, stands in the world with her image of high material and ideological civilization is a question that concerns every patriot. This concert shows the people of the world that China's cultural heritage and *guqin* art not only have successors but appreciators."

The Beijing Guqin Research Society is a popular academic organization founded in the 1950s. It has performed important research on ethnic music and published reference works such as *Collection of Qin Music*, *Collection of Guqin Music* and *Biography of Qin Players* in the past dynasties as well as other important books and periodicals available for the public and reference use.

by Hong Lanxing

ART PAGE

Engravings by Zhang Guilin

Zhang Guilin, who was born in Xuchang County, Henan Province in 1936, is a senior fine art teacher at the Xian Railway Primary School. His works display a strict, simple and highly-detailed style.



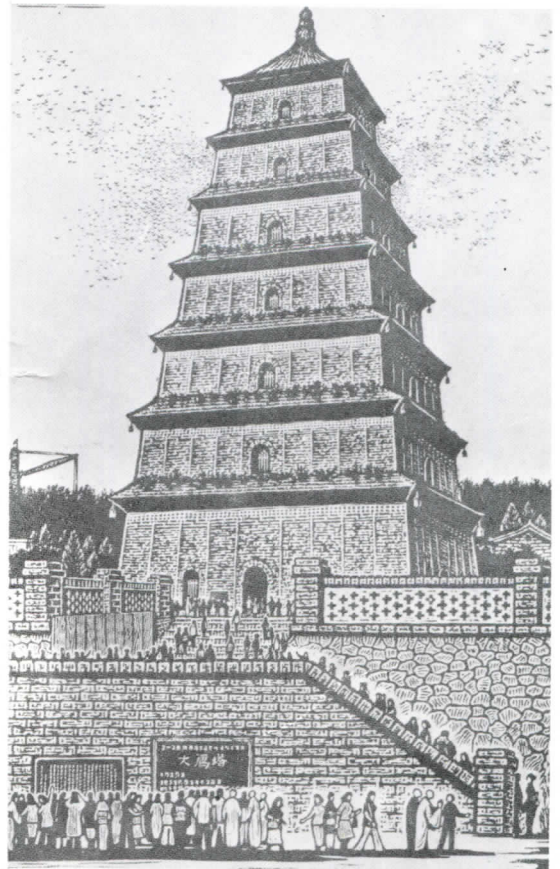
A Girl.



Heroine Mu Guiying—an opera figure.

穆桂英

穆桂英是北宋抗辽名将杨宗保之妻，武艺高强，智勇双全。此图由穆桂英扮相，手持大刀，威风凛凛。



Dayan Pagoda in Xian.

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