

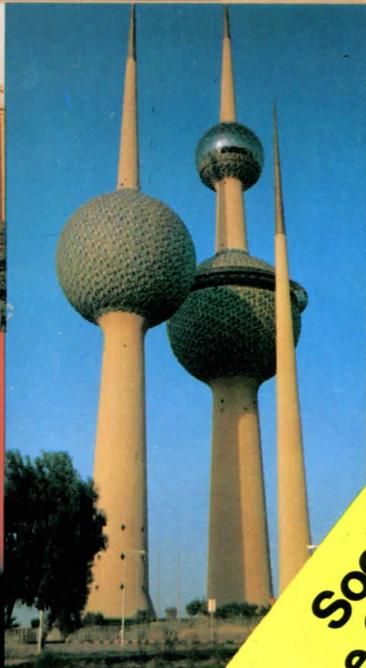
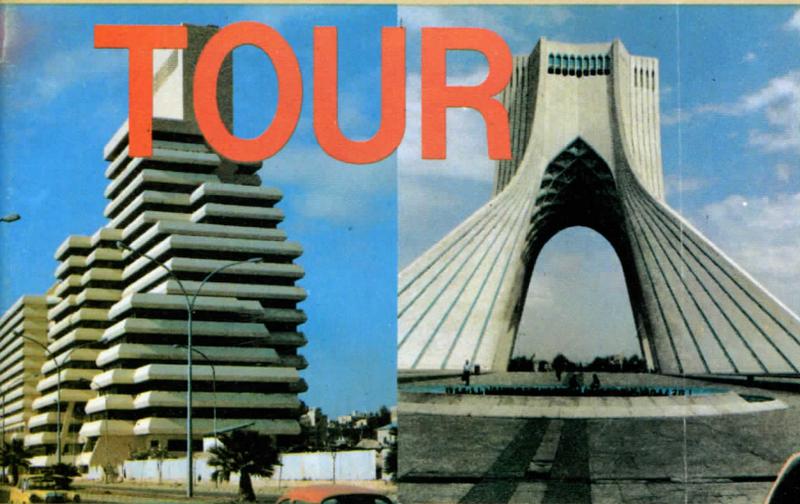
A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

北京周报

VOL. 34, NO. 27 July 8-14, 1991

## MIDEAST TOUR



**Socialism,  
The Chinese Way**



A joke during work break.

*Photo by Li Yingjun*

# HIGHLIGHTS OF THE WEEK

## Jiang's Speech Marks the CPC's 70th Birthday

□ General Party Secretary Jiang Zemin spoke at a grand rally held in Beijing to mark the 70th anniversary of the founding of the Communist Party of China. His speech dealt with three major questions: the CPC's 70 years of struggle, the solemn mission of Chinese Communists today and strengthening the Party building. Full text of the speech (p. 14).

## Premier Li's Middle East Tour

□ Chinese Premier Li Peng's 12-day tour will take him to six Middle East countries this month. Li's visit will further traditional friendship, enhance mutual understanding and promote co-operation with these countries (p. 4).

## On China's Financial Situation

□ The assistant president of the People's Bank of China recently said in an interview with *Beijing Review* that the financial situation in China is generally favourable but there is still the danger of inflation. In order to ensure a steady improvement in the situation, he emphasized the need to properly handle the problem (p. 35).

## China Protects Trademark Rights

□ The Trademark Law of the People's Republic of China is an important step towards establishing intellectual property rights. China recognizes the exclusive right to use trademarks and will continue to ensure the protection of such rights. This is the key component of the Trademark Law (p. 37).

## Developed Countries Urged to Contribute More

□ The Beijing Declaration on Environment and Development, adopted at the Ministerial Conference of the Developing Countries last month in the capital of China, calls on the developed countries to contribute more to world environmental protection by providing preferential financial and technical assistance to the developing countries (p. 9).

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**COVER:** Premier Li Peng's itinerary includes six countries: Egypt, Iran, Jordan, Kuwait, Saudi Arabia and Syria. Photos by Xinhua and Xue Chao

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# Tour Promotes Ties With Middle East

by Our Guest Commentator Ming Dajun

**A**t present Chinese Premier Li Peng is making a 12-day official visit to the Middle East. The tour (July 2-14) will take him to Egypt, Jordan, Iran, Saudi Arabia, Syria and Kuwait.

It is the first time since the outbreak of the Gulf war almost a year ago that a top Chinese government leader visits the region in a significant diplomatic move to consolidate and develop traditional ties and co-operation. His tour will strengthen bonds with third world countries.

Li's brief sojourns in Iran and five Arab countries, destined to enhance mutual understanding, friendship and co-operation, will provide a fine opportunity to expound China's independent foreign policy of peace and to brief the hosts on its views on major international issues.

The Middle East question will be one of the issues brought into focus in Li's deliberations with the hosts. China is not directly involved in the Arab-Israeli conflict; however, as a great power and a permanent member of the United Nations Security Council, it is duty-bound to play a positive role in helping settle this problem of global concern.

In his visit, the Chinese premier is expected to emphasize the importance of unity among the Arab countries and extend support for their efforts to remove differences and iron out grievances.

China consistently stands by the Palestinian and other Arab

people in their cause of justice and shares identical views with the Arab countries on the Middle East issue. Israel must withdraw from the occupied territories and the Middle East issue should be settled through political means. China maintains that the Palestinian people's right to self-determination and Israel's right to existence should be respected and guaranteed. China is in favour of convening an international peace conference on the Middle East under UN auspices with participation by all parties concerned and the five permanent members of the UN Security Council.

Li Peng and leaders of the host countries will exchange views on other international issues of mutual concern, especially the Gulf problems.

Post-Gulf war arrangement in the Middle East has become one of the major concerns of the world and inspired a host of proposals from many countries. It is China's consistent stand that regional problems should be settled through negotiations and consultations among countries in the region, that the internal affairs of a country brook no interference by any other country, and that a country's independence, sovereignty and territorial integrity should command the respect of all other countries.

China and the six Middle East countries share identical views on the establishment of a new international order. China stands

for the establishment of a new international order on the basis of the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. Premier Li is expected to seek common grounds on this issue with his counterparts and try to coordinate positions and actions in this regard.

Egypt, a country of tremendous influence in the Middle East and Africa, is Li Peng's first stop. During his four-day visit to Egypt, Premier Li met with President Muhammed Hosni Mubarak, who paid a visit to China in May 1990. Premier Li visited this ancient country as vice-premier in March 1986.

At the invitation of the Jordanian government, Li Peng will pay a two-day visit to Jordan, an important party to the Middle East issue. He plans to discuss with King Hussein Ibn Talal international issues of mutual concern.

According to the schedule, Li will visit Iran at the invitation of President Akbar Hashemi Rafsanjani on July 7-9. China and Iran have been in frequent contact in recent years. Their annual trade volume reached US\$270 million in 1987. China exports to Iran mainly machinery, metals, mineral products, light industrial and chemical products. Crude oil accounts for about 80 percent

of its imports from Iran. There is a broad prospect for furthering economic co-operation between the two countries.

Li Peng will be China's first head of government to visit Saudi Arabia. The two countries established diplomatic relations last July. While in Saudi Arabia, the fourth stop of his Middle East tour, Li will hold talks with King Fahd Ibn Abdul Aziz, who is also prime minister, on the Middle East issue and on bilateral co-operation.

Li's fifth stop will be in Damascus. The premier will be the highest Chinese official ever to visit Syria. Earlier this year, Qiao Shi, member of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party, paid an official visit to this country. Li will meet with President Hafez Al Assad and Prime Minister Mahmoud Zouebi.

Li Peng will wind up his six-nation tour in the Kuwait City. Invited by Kuwaiti Prime Minister and Crown Prince Sheikh Saad al-Abdullah al-Salim al-Sabah, he will pay a one-day visit to Kuwait, a country frightfully ravaged by the Gulf war. In the wake of the war, China has sent a group of fire-fighting experts to help put out the oil fires set by Iraqi troops.

The five Arab countries and Iran are ancient countries with long histories of friendship with China. Their friendship can be traced 2,000 years. They shared similar historical experiences and are facing the same task of national development. China and these countries can supply each other's needs through economic co-operation and trade. They all belong to the developing countries and hold identical or similar views on many international issues. There is, therefore, a bright prospect for promoting mutual ties. ■

## Party's 70th Birthday Celebrated Nationwide

**M**ore than 10,000 people from all walks of life in Beijing along with Party and state leaders gathered in the Great Hall of the People on July 1 to celebrate the 70th anniversary of the founding of the Communist Party of China (CPC).

Jiang Zemin, general secretary of the Party's Central Committee, addressed the meeting. In his 20,000-character speech, Jiang reviewed the Party's history and outlined the new tasks of the Party in the socialist modernization drive. (For the full text of Jiang's speech, see p.14.)

The CPC, now with more than 50 million members, was established in 1921 with only 57 members. The Party's First National Congress was held on July 23, 1921. In June 1941, the CPC

Central Committee designated July 1 as the Party's birthday according to Mao Zedong's suggestion in 1938.

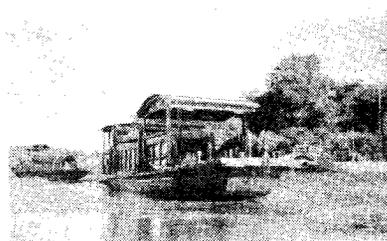
For the last couple of weeks, various celebration activities were held nationwide.

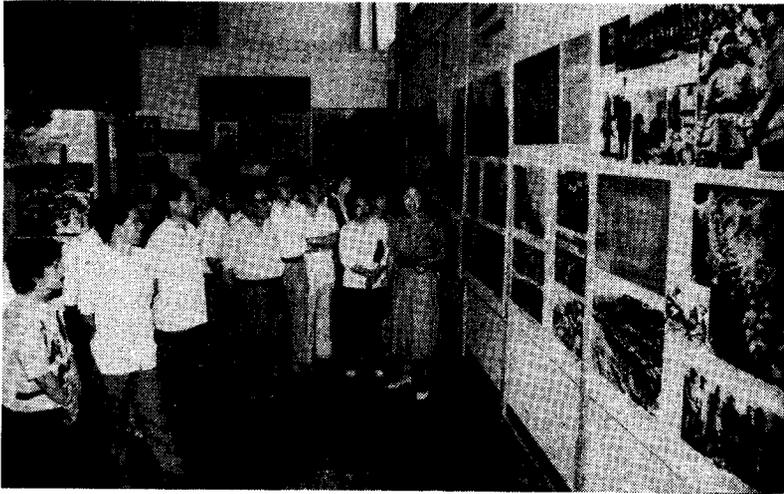
A grand inauguration ceremony for the Nanhu Revolution Museum was held in Jiaying, Zhejiang Province on June 25. Song Ping, member of the Standing Committee of the CPC's Political Bureau, was present for the opening of the museum.

Nanhu (South Lake) is the place where the CPC's First National Congress closed. The congress was first held in the former French concession in Shanghai. It was interrupted by the police search. The congress then continued in a gaily-painted pleasure-

Song Ping (in the middle), member of the Standing Committee of the Party's Political Bureau, cutting the ribbon for the opening of the Nanhu Revolutionary Museum. The gaily-painted pleasure-boat on the Nanhu Lake, in which the First CPC National Congress was held 70 years ago.

ZHANG YIQIANG





BAI LIANSUO

An exhibition in honour of the 70th birthday of the Party on display in the Museum of the Chinese Revolution.

boat on the Nanhu Lake.

In the early 1920s Beijing University was the first institute to research and disseminate Maxism in China and became a base for the preparation of the founding of the CPC with the setup of the first group of revolutionary organizations to study and propagate Maxism in 1920. Among the 57 founders of the Party, 13 had studied and worked in the university, including Chen Duxiu and Mao Zedong.

The university held various activities to mark the Party's birthday, including a symposium on "Maxism and China's Modernization." At present there are 9,600 undergraduate and graduate students in the university, of which more than 900 are Party members.

Nationwide festivities included performances, films, telefilms and exhibitions in honour of the Party's 70th anniversary.

One three-hour film, "Epoch-Making Event," reflected the history from 1919 to 1921, when the CPC was founded. One of the major characters in the film, Chen Duxiu (1879-1942), was the first Party general secretary for six years.

Chen, one of the founders, who later renounced his Maxist beliefs and was finally expelled from the Party, has been a negative figure in the eyes of ordinary Chinese and some historians for quite a long time. The film, however, depicts Chen's early revolutionary career, his role in spreading Maxism and his prominent position in the early history of the CPC. It describes in detail his affection for his two sons and his wife. The above were not known to the public before. ■

## Direct Exchanges, A Taiwan Dilemma

Two officials here on the mainland urged the Taiwan authorities to lift unreasonable restrictions on direct exchanges of journalist visits and shipping services.

Some Taiwan officials have reportedly professed to welcome mainland journalists to visit Taiwan. But Taipei authorities require that they relinquish their membership if they are members of the Chinese Communist Party or other Party-led organizations. "It is a political discrimination,"

an official with the All-China Journalists Association (ACJA) noted on June 23.

The official also pointed out that it is unrealistic for the Taiwan authorities to require mainland journalists to present round-the-clock agenda and abide by them during their visits.

"We have received some 1,700 journalists from more than 40 Taiwan news media without imposing any discriminations nor restrictions," he said, adding that so far none of the mainland journalists has obtained any visitation permission from the Taiwan authorities.

Once the Taiwan authorities lift these unreasonable restrictions, the ACJA official said, mainland journalists are ready to visit Taiwan with dignity.

In another development, a spokesman for China's Ministry of Communications recently welcomed the Taiwan authorities' approval of direct exchanges of postage, trade, air and shipping services across the Taiwan Straits, saying it is "a positive gesture and a progress" compared with their previous non-exchange policy.

But it is so far more said than done, the spokesman said. The catch is that the Taiwan authorities have demanded that shipping services between the mainland and Taiwan should involve a third port.

"It is in fact an obstacle thrown in the way," he noted, saying that Taiwan's stipulation entails massive waste of money because of additional expenses on reshipment.

"The increasing trend of exchanging visits and trade have made direct shipping service a must," the spokesman said.

He revealed that the number of visitors from Taiwan to the mainland have amounted to 2.5 million since Taiwanese were allowed to visit their relatives or for sightseeing on the mainland.

And some 10,000 mainlanders have travelled to the island.

Meanwhile, the volume of entrepot trade across the Taiwan Straits has seen a dramatic increase since Taiwan started to import raw materials from the mainland.

"We hope the Taiwan authorities would clear the path towards the direct exchanges of shipping services at an early date, in consideration of the growing relations across the straits and the vital interests of residents both in Taiwan and the mainland," the spokesman said.

**Responses from Taipei.** According to Taiwan sources, the Taiwan information office has approved on June 27 applications

by five Chinese journalists, the first group of its kind from the mainland, to cover the island for the first time.

The office also gave the go-ahead for two mainland movie stars — Chen Hong and Wu Junmei.

Meanwhile, the requirement for CPC-member applicants to renounce their memberships has been reportedly removed.

Taiwan spokesman Shaw Yuming said on June 27 that Taipei would allow Chinese newspapers and films to circulate in Taiwan if Beijing reciprocated.

by Staff Reporter Shuang Yu

## Getting Tough Against Drug-Related Crime

China will launch a new "people's war" against drug-related crime that is on the rise in recent years, announced China's top drug enforcement officer at a three-day national conference on drug control held on the eve of the fourth anniversary of the International Day Against Drug Abuse and Illicit Trafficking.

Wang Fang, who is state councillor and head of the newly formed National Narcotics Control Commission, said that the new drive is designed to curb the spread of narcotics in China within the next two or three years by stamping out the illegal drug trafficking and drug abuse.

The rampant drug abuse has become a worldwide pestilence. On December 17, 1987, the 42nd United Nations General Assembly designated June 26 as the International Day Against Drug Abuse and Illicit Trafficking.

China eradicated drug abuse across the land in the early 1950s, soon after the Communists came to power and for three decades enjoyed an international reputation as a narcotic-free nation.

However, since the 1980s, the problem resurfaced as a result of infiltration of drugs from the Golden Triangle in the border area of Thailand, Myanmar and Laos.

The annual output of opium poppies in the Golden Triangle area reportedly increased from 700 tons a few years ago to 2,500 tons in 1990.

Meanwhile, the drug abuse spread from the border provinces to interior China. Statistics show that more than 700 counties and cities all over China have been affected by the drug problem to varying degrees.

Thus Chinese law enforcement officials are confronted with a problem only their predecessors in the 1950s were familiar with.

Figures from the Ministry of Public Security show that from 1985 to 1990, more than 30,000 drug-related cases were uncovered by the Chinese police; more than 20,000 criminals were arrested and 80 percent of them were sentenced according to law.

Last year alone, 3,670 drug cases were cracked by the Chinese police, seizing 782 kg of opium and 1,632 kg of heroin and arresting a total of 5,612 drug traffickers from both China and foreign countries.

In the first five months of this year, China's customs seized 26 kg of heroin, 28 kg of opium, 122 kg of marijuana and 31 kg of amphetamines.

According to Wang, the crackdown will be centred on criminals who smuggle, traffic, transport or make drugs in large quantities, and on those armed drug dealers who resist investigation and arrest.

Severe penalties will also be handed out to international drug kingpins and those who provide drugs to juveniles, Wang said.

Yunnan Province, which is near Asia's largest drug source, has suffered as a result of increased drug trafficking in re-



**Top:** Xie Jialou, a drug trader from Myanmar arrested recently by Chinese police in Kunming, capital of Yunnan Province, for smuggling 7,104 grammes of heroin into China. **Below:** In the first five months of this year, police in Kunming has cracked down on more than 200 drug offences, capturing 493 traffickers and seizing 75,718 grammes of heroin and 31,327 grammes of opium.

photos  
ZHOU ZHONGYAO

cent years. On June 26, the provincial higher people's court pronounced at a public meeting that 21 drug traffickers were sentenced to death.

A few days ago, two other drug smugglers were given death penalty by the intermediate people's court in the Dehong Dai and Jingpo Autonomous Prefecture in the province. One of the two, Lin Zhengyou was a 22-year-old citizen of Myanmar.

In Hunan, eight drug dealers were given severe punishment on June 24. Of them, three culprits were sentenced to death.

In view of the fact that traffickers include not only Chinese from Hong Kong, Taiwan or the mainland, but also Americans, Britons, Nepalese and Burmese, Chinese narcotics officials call for close co-operation of other countries and the United Nations Drug Control Programme.

## Bishop Pledges Allegiance to Nation

The destiny of China's Catholic Church is closely bound with that of the Chinese nation, China's Catholic leader Zong Huaide said recently.

"This conclusion is based on my experience as a clergyman," said the 74-year-old Zong.

A native of Shandong Province in east China, Zong is a graduate of Furen University. He was ordained a Catholic priest in 1943. Later he served at Jinan and other dioceses in Shandong Province.

"If a country is poor, weak and dependent on other countries, the church in that country will be at the beck and call of other countries too, and its clergymen and laity will be subjected to bullying and discrimination," Zong said.

In the 137 dioceses in old

China, Zong recalled, only 29 Chinese were bishops, accounting for 21 percent of the total number of bishops in China at that time.

Since new China was founded in 1949, the Chinese Catholic Church no longer has to be a vassal of any other country as it has embarked on a road of independence, self-reliance and self-administration of churches, he said.

A fundamental change has taken place since Chinese Catholics became the real masters of the Chinese church, Zong said.

"We have built our own churches, publishing houses and various kinds of religious organizations, pre-school classes, convalescent centres and social welfare facilities," he said.

The late Premier Zhou Enlai, on behalf of the Communist Party of China and the Chinese government, gave strong backing to the Chinese Catholic Church's anti-imperialist and patriotic movement in 1951, Zong said.

"Premier Zhou told us," Zong recalled, "that those who rely on others instead of their own efforts are by no means strong men; only men with independence have a great future."

China's Catholic churches boast a total of 3 million believers. Over 960 clergymen and laity have been elected deputies to people's congresses at various levels and members of committees of the Chinese People's Political Consultative Conference. The Chinese church has established ties with Catholics in more than 90 countries and regions, Zong said.

As chairman of the Catholic Patriotic Association and its most influential representative, Zong has headed delegations on visits to European countries on many occasions.

Zong stressed that China's Catholic Church would not be independent without New China.

Therefore, the church should be independent, self-reliant and self-administered in promoting the charitable cause of Chinese catholicism. ■

## Law and Order Drive Pitched Against Theft

China has decided to launch a nationwide campaign to crack down on the current wave of theft during the latter half of this year.

Qiao Shi, member of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party, said June 21 that the decision was made in response to public demand.

Qiao told a meeting of public security officials that theft has become rampant, and severe punishment should be the answer.

In recent years, theft has taken up some 80 percent of all criminal cases, and 1.45 million of the 2.2 million of the cases investigated by the public security departments last year involved larceny.

Qiao said that in the first half of this year, China's economy has been growing soundly, the political situation has been stable and society has been in good order, and that all these are indications of a good start of the Eighth Five-Year (1991-1995) Plan and the 10-Year (1991-2000) Programme.

However, he pointed out that there still exists many complicated problems, and efforts are needed to ensure a favourable social environment for socialist modernization.

Qiao said that everyone should do his or her bit to maintain order and stability and that various departments should co-operate with each other in this law and order campaign. ■

*The two-day Ministerial Conference of Developing Countries on Environment and Development closed in Beijing on June 19. The conference, attended by delegates from 41 countries, adopted a Beijing Declaration which focused on how to coordinate environmental protection with economic development and promote international co-operation in this area. The full text of the declaration follows:*

## **Beijing Declaration on Environment, Development**

**W**e, the ministers from 41 developing countries, met in Beijing, at the invitation of the Government of the People's Republic of China, from June 18 to 19, 1991, at the Ministerial Conference on Environment and Development, and having discussed in depth the challenges faced by the international community in establishing norms of co-operation for the enhancement of environment and development, particularly the implications for the developing countries, declare as follows:

1. We are deeply concerned about the accelerating degradation of the global environment. This is largely on account of unsustainable development models and life styles. As a result, the basic elements indispensable for the human life — land, water and atmosphere — are gravely threatened. The more serious and widespread environmental problems are air pollution, climate change, ozone layer depletion, drying up of fresh water resources, pollution of riv-

ers, lakes and the marine environment including the coastal zones, marine and coastal resources deterioration, floods and droughts, soil loss, land degradation, desertification, deforestation, loss of biodiversity, acid rain, proliferation and mismanagement of toxic products, illegal traffic of toxic and dangerous products and wastes, growth of urban agglomerations, deterioration of living and working conditions in urban and rural areas, especially of sanitation, resulting in epidemics and other such problems. Furthermore, poverty in the developing countries is becoming aggravated, hampering the efforts to meet the legitimate needs and aspirations of their people and exerting greater pressures on the environment.

2. We affirm that environmental protection and sustainable development is a matter of common concern to humankind, which requires effective actions by the international community and provides an opportunity for global co-operation. Against this background and out of a strong

concern for the present and future generations, we hereby reaffirm our solemn commitment to participating actively, on the basis of differentiated responsibilities and to the best of our ability, in the global efforts for environmental protection and sustainable development, keeping in view the general principles and broad approach set out below.

### **I. General Principles**

3. Changes in the environment are closely related to economic and social activities. Environmental problems must not be viewed in isolation, and need to be addressed together with the process of development, by integrating environmental concerns with the imperatives of economic growth and development. In this connection, the right to development of the developing countries must be fully recognized, and the adoption of measures for the protection of the global environment should support their economic growth and development. In particular,

the international community must actively support the efforts of developing countries to strengthen their institutional and technical capacities.

4. The special situation and needs of the developing countries should be fully taken into account. Each country must be enabled to determine the pace of transition, based on the adaptive capacity of its economic, social and cultural ethos and capabilities. The environmental problems of the developing countries arise from the conditions of poverty. The development process initiated by these countries utilizing the old polluting technologies provided by the developed countries also contributes to the degradation of the environment, which, in turn, undermines the development process itself. This adversely affects not only the developing countries but also the entire world. Sustainable development and steady economic growth constitute a way to break this cycle of poverty and environmental degradation and to strengthen the capabilities of the developing countries for environmental protection. The least developed countries, disaster-prone developing countries as well as island and low-lying developing countries should be given special attention by the world community.

5. The inequities in current international economic relations confronting the developing countries, especially with regard to debt, financing, trade and transfer of technology, have led to serious consequences for them, including the reverse flow of financial resources, brain drain and backwardness in their scientific and technological capabilities. The economic development of the developing countries have thus been constrained and their capability to participate effectively in global envi-

ronmental efforts undermined. It is therefore imperative to establish a new and equitable international economic order conducive to the sustained and sustainable development of all countries, particularly the developing countries, thereby creating the conditions necessary for global co-operation to protect the environment. Countries should be able to determine their own environment and development policies, without any barriers or discrimination on trade against them.

6. International co-operation in the field of environmental protection should be based on the principle of equality among sovereign states. The developing countries have the sovereign right to use their own natural resources in keeping with their developmental and environmental objectives and priorities. Furthermore, environmental considerations should not be used as an excuse for interference in the internal affairs of the developing countries, nor should these be used to introduce any forms of conditionality in aid or development financing, or to impose trade barriers affecting the export and development efforts of the developing countries.

7. While the protection of the environment is in the common interest of the international community, the developed countries bear the main responsibility for the degradation of the global environment. Ever since the Industrial Revolution, the developed countries have over-exploited the world's natural resources through unsustainable patterns of production and consumption, causing damage to the global environment, to the detriment of the developing countries.

8. The developed countries, in view of their main responsibility

for environmental degradation and their greater financial and technological capabilities, must take the lead in eliminating the damage to the environment as well as in assisting the developing countries to deal with the problems facing them.

9. The developing countries need adequate, new and additional financial resources to be able to address effectively the environmental and developmental problems confronting them. There should be preferential and non-commercial transfer of environmentally sound technologies to the developing countries.

10. On their part, the developing countries will contribute to the process of environmental protection and enhancement by, inter alia, stepping up technical co-operation and transfer of technology among themselves.

## II. Sectoral Issues

11. Land degradation, desertification, floods and droughts, marine and coastal resources deterioration, worsening quality and supply of fresh water resources, soil loss, deforestation and vegetation degradation are among the serious environmental problems confronting the developing countries. These constitute a major part of the problem of global environmental degradation, to which priority should be accorded. These problems have been discussed in international fora, and some plans of action have been proposed or approved. However, no effective actions have been taken so far by the international community towards their implementation. We urge the international community to immediately initiate actions in this regard, particularly by establishing an international funding mechanism for this purpose.

12. We are gravely concerned with the continuous increase in the greenhouse gases leading to climate change and its likely implications for the global ecological system, especially the threat that they pose to the developing countries, and to the island and low-lying developing countries in particular. Responsibility for the emission of greenhouse gases should be viewed both in historical and cumulative terms, and in terms of current emission. On the basis of the principle of equity, those developed countries which have contaminated more must contribute more. Developed countries should therefore commit themselves to adopting measures to halt human-induced climate change and to setting up mechanisms to guarantee the environmental security and development of the developing countries, including the transfer to the developing countries, on preferential and non-commercial terms, of technologies for this purpose.

13. The framework convention on climate change currently being negotiated should clearly recognize that it is the developed countries which are mainly responsible for excessive emissions of greenhouse gases, historically and currently, and it is these developed countries which must take immediate action, with time-bound targets, to stabilize and reduce such emissions. Developing countries cannot be expected to accept any obligations in the near future. However, they should be encouraged through technical and financial co-operation to undertake measures within their plans, priorities and programmes which contribute both to their economic development and to the efforts to tackle the problem of climate change, without prejudicing their growing energy needs. The frame-

work convention must include, inter alia, firm commitments by developed countries towards the transfer of technology to developing countries, the establishment of a separate funding mechanism, and the development of the economically viable, new and renewable energy sources as well as sustainable agricultural practices, which constitutes an important step to deal with the major cause of climate change. In addition, the developing countries must be provided with the full scientific, technical and financial co-operation necessary to cope with the adverse impacts of climate change.

14. We further agree that the purpose and principles of the Vienna Convention on the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer, as amended in June 1990, are positive in nature. The implementation by the developing countries of the obligations under the amended Protocol is subject to the effective implementation by the states parties to the Protocol of the arrangements for the provision of financial resources and transfer of technology to the developing countries. We urge the developed countries to commit themselves to the long-term arrangements for providing adequate financial resources and the expeditious transfer of technology as required of them under the Vienna Convention and the Montreal Protocol, as amended in June 1990.

15. We are concerned at the accelerating loss of biodiversity. Most living organisms and their habitats in the world belong to the developing countries and they have borne the cost of conserving them over the ages. Such efforts should be recognized and supported by the international community and in international

conventions and subsequent protocols. Each state has sovereignty over its biological resources, thus conservation measures should be compatible with its national plans and priorities. The international legal instrument on biodiversity now being negotiated must clearly recognize, inter alia, the linkage between access to genetic material and transfer of biotechnology, research and development in the country of origin, sharing of the fruits of scientific research and the commercial profits. Issues of intellectual property rights must be satisfactorily resolved so that they do not become an obstacle to the transfer of technology, including biotechnology. Furthermore, the international legal instrument must recognize and reward the innovative work done by rural populations, largely in developing countries, in protecting and utilizing biodiversity.

16. We note that though control and management of hazardous wastes and toxic substances require international co-operation, the Basel Convention adopted two years ago has not entered into force. We therefore urge those states which have not ratified the Convention to consider the possibility of becoming parties to it. We urge all states to take steps to provide for a liability and compensation regime; mechanisms for transfer of low-waste technologies to the developing countries; development of capabilities for identification, analysis and disposal of wastes and mechanisms for adopting a worldwide ban on export of hazardous wastes to developing countries which do not have such capabilities. Likewise, we are concerned with the continuous illegal traffic of toxic and dangerous products and wastes, particularly from developed to developing countries. We urge

the developed countries to take appropriate measures to halt such traffic.

17. Multilateral measures to protect forests and promote their sustainable management, including the proposal for a global consensus on forestry, should be aimed at enhancing the economic, social and environmental potentials of forest. Management plans should integrate living resource conservation and development priorities and goals, taking into account the needs of the local communities, including their habitats. In this respect, efforts, including specific projects of developing countries to promote the utilization of the tropical forests on a sustainable basis, should be recognized and supported. It should take the form of financial and technical assistance, as well as ensuring better market access for higher value-added timber products. It is equally important to ensure financial co-operation by the world community for forest conservation and development. Towards this end, the international community should, among other things, make efforts towards the greening of the world and countries which had in the past so destroyed their extensive forests should increase their forest cover through reforestation and afforestation programmes.

18. We are deeply concerned about the spread of desertification process and continuity of prolonged drought cycles, which have been recognized by the international community as major environmental problems. Hence there is an urgent need to accord high priority to these problems to take all necessary measures including the provision of appropriate financial, scientific and technical resources in order to stop and reverse the process of desertification and drought,

with the aim of contributing to the preservation of the global ecological balance.

19. The marine and coastal resources deterioration resulting from irrational exploitation and pollution, mostly by developed countries, constitutes a serious development constraint for those countries that depend on them. It is necessary to enlarge co-operation on the protection and use of regional seas and to improve their rational utilization based on better knowledge and information. Discharge of toxic and nuclear wastes at seas and oceans must be banned and that of other wastes should be strictly regulated.

20. In the densely populated cities of developing countries, insufficiency of resources causes inefficiency of the basic public services, high marginality and degradation of the urban environment. The urban planning, including mechanisms for financing sustainable development, must contribute to enhancing the quality of life in the urban and rural settlements. In this context, the new mechanisms for financing sustainable development should give priority to those problems.

### III. Cross-Sectoral Issues

21. The key to the success of the global efforts for the protection of the environment is the broadest possible participation of the international community; this depends to a large extent on whether substantial progress can be made on cross-sectoral issues, including in particular, the availability of adequate, new and additional financial resources and transfer of technology on preferential and non-commercial terms to the developing countries.

22. With regard to global en-

vironmental issues, every international legal instrument should include provisions for adequate, new and additional funds, which should lay down in explicit terms the commitments of the developed countries in this regard. A key factor is the adequacy of financial resources, which should be sufficient for the developing countries to cover the incremental costs involved in addressing the issues and in implementing their relevant commitments derived from international legal instruments. Contribution by the developed countries should be sufficient to cover the costs not only of prevention but also of mitigating the cumulative effects of past actions. Developing countries could also contribute, on a voluntary basis, to the funds.

23. In order to deal with the long-existing but now rapidly aggravating environmental problems of immediate concern to the developing countries, a special Green Fund should be established to provide adequate and additional financial assistance to them. This Fund should be used to address problems which are not covered by specific international agreements, such as water and coastal pollution, shortages and degradation of fresh water resources, deforestation, soil loss, land degradation and desertification. It should also cover the costs of the transfer of environmentally sound technologies and the costs of building up national capabilities for environmental protection and for scientific and technological research. This Fund should be managed on the basis of equitable representation from developing and developed countries, and should ensure easy access for developing countries.

24. We emphasize the important role of science and technology in protecting the global en-

vironment, and reaffirm that measures need to be taken to ensure the transfer of environmentally sound technologies to the developing countries on preferential, most favourable, concessional and non-commercial terms. The transfer of these technologies to the developing countries should be regarded as a contribution to the common interests of humankind. The developed countries should promote the transfer of environmentally sound technologies to developing countries, through procedures and arrangements including incentives and disincentives to the private sector.

#### **IV. The United Nations Conference on Environment and Development**

25. In accordance with the United Nations General Assembly Resolution 44/228, we emphasize that the United Nations Conference on Environment and Development in 1992 should not only discuss the global environmental issues such as climate change and ozone layer depletion and the related response strategies. It should also be a forum to address other global issues confronting the developing countries, particularly those development issues related to environment. The relevant agreements reached at the Conference must provide guidance to international deliberations on trade, finance, technology and other similar issues. The interlinkages, where relevant, should be incorporated in each.

26. We believe that the proposed Earth Charter and Agenda 21 resulting from the United Nations Conference on Environment and Development should be compatible with the principles embodied in relevant resolutions of the United Nations

General Assembly. Furthermore, they must reflect the outcome of the conferences of developing countries with regard to the inter-relationship between environment and development, and the special situation and the needs of the developing countries. The agenda should be action-oriented to solve the environmental problems and meet the needs of the developing countries with the aim of integrating environmental concerns with development.

27. We also believe that poverty is at the root of the environmental problems of the developing world. The Conference could provide new strength and momentum to the proposed launching of a huge world programme against poverty and its effects on world environment.

#### **V. Coordination and Co-operation Among Developing Countries on Environment and Development**

28. We agree that environment-related efforts at various international fora, particularly in the preparatory process for the 1992 Conference, will have direct and far-reaching implications for the developing countries. We emphasize that it is a pressing task for us as developing countries to intensify consultations and co-ordination among ourselves in an effort to present our positions at international fora more effectively so as to safeguard better the interests of the developing countries as a whole.

29. We decide to strengthen further consultations and co-ordination among developing countries in the preparatory process for the 1992 Conference and at other international fora, along the lines of the New Delhi Conference in 1990 and the Bei-

jing Conference.

30. We believe that measures should be taken to explore the ways and means and modalities for economic and technical co-operation among developing countries in the sphere of environment and development. In this regard, developing countries will also endeavour to set appropriate environmental goals for attaining better quality of life and environmental well-being, while at the same time identify and assess the financial and technological needs for achieving such goals.

31. We support the retaining and strengthening of the Headquarters of the United Nations Environment Programme and all its programme activity centres in Nairobi, considering the success the Programme has achieved to date from this venue and the need to have it better equipped for carrying out its work.

32. We re-emphasize that we intend to participate fully in the global effort to protect the environment without hindering the development process and that this can be achieved if the right climate is created for global co-operation by a positive, constructive and practical response on the part of the developed countries, so that we can jointly promote the well-being of the present and future generations.

List of participating countries:

Algeria, Argentina, Bangladesh, Brazil, Cameroon, Chile, China, Colombia, Cote D'Ivoire, Cuba, Egypt, Ethiopia, Fiji, Ghana, Guyana, India, Indonesia, Iran, Jordan, Kenya, Malaysia, Mali, Mexico, Morocco, Nepal, Niger, Nigeria, Pakistan, Peru, The Philippines, Saudi Arabia, Senegal, Singapore, The Sudan, Tanzania, Thailand, Uganda, Venezuela, Yugoslavia, Zaire, Zimbabwe. ■

# Building Socialism the Chinese Way

—A Speech Delivered by Jiang Zemin on July 1, 1991 at a Meeting Marking the 70th Anniversary of the Founding of the Communist Party of China

Comrades and friends,

We are here today at this grand rally to mark the 70th anniversary of the founding of the Communist Party of China. Our objectives, at this current stage of history, are to carry on and promote the fine traditions of the Party and further mobilize the entire Party and the people of all our nationalities in our effort to accomplish the second-step strategic objective of the socialist modernization drive and continue building socialism with Chinese characteristics.

Now I should like to focus on the following three questions.

## I. The Chinese Communist Party's 70 Years of Struggle

During the past 70 years, our Party has grown stronger day by day as it led the Chinese people



in writing new chapters of history. During this same time, Marxism has become a great success in China.

Following the Opium War in 1840, China was gradually reduced to the status of a semi-colonial and semi-feudal society. During that time, imperialist powers rode roughshod over the Chinese people and manipulated China's economy and politics. Chinese feudal rulers humiliated the nation and forfeited

its sovereignty, collaborating with the imperialists in cruelly exploiting the Chinese people. As a result, China was plagued by incessant war and became increasingly poor and weak, while the Chinese nation was stricken by disaster after disaster and the people suffered greatly from hunger and cold. The Chinese people waged one hard and bitter struggle after another to improve their conditions, but failed each time. Many people with lofty ideals tried in vain to find a way to save China. The Revolution of 1911, led by the great Dr. Sun Yat-sen in an effort to overthrow the monarchy, constituted a historic event in China's modern history. But after this event, political power eventually fell into the hands of feudal warlords and China remained a semi-colonial and semi-feudal society, leaving the national and democratic revolution yet to be completed. Under the twofold oppression of the powerful im-

perialist and feudal forces, it was impossible for China's weak domestic bourgeoisie to lead the revolution to success. The road to capitalism and the plan to establish a bourgeois republic in China were impracticable. The Chinese revolution had to be led by a political party of an advanced class of people armed with progressive ideology. This is the indisputable conclusion of China's history since 1840.

The great October Socialist Revolution of Russia inspired advanced elements in China, giving them a light to follow through the darkness. Thanks to the May 4th Movement in 1919, Marxism-Leninism was integrated with the workers' movement in China and the Chinese Communist Party was born in 1921. Having clearly defined socialism and communism as its objective and having formulated the revolutionary programme for realizing socialism by way of new democracy, our Party led our people of all nationalities in writing a magnificent new historical epic in the East.

Standing in the forefront of the struggle against imperialism and feudalism, our Party launched worker-peasant movements, co-operated with the Kuomintang and waged the Northern Expedition (1926-27), setting off an upsurge in the national revolution. After the Kuomintang reactionaries staged the April 12th counter-revolutionary coup in 1927, China's Communists, with Comrade Mao Zedong as their champion, fought back against the enemy's bloody massacre, corrected Chen Duxiu's Right capitulationist mistakes, continued to hold high the banner of the revolution, founded the people's army, established revolutionary

base areas, carried out agrarian revolution and initiated the strategy of encircling the cities from the countryside. As the revolutionary forces grew ever-stronger, however, the enemy's frenzied "encirclement and suppression" campaign and Wang Ming's "left" adventurist mistakes made things extremely difficult for the revolution. At this critical moment, when enemies both at home and abroad were asserting that our Party was doomed to total failure, the Party established Comrade Mao Zedong as the leader of the Red Army and the Party Central Committee at its Zunyi Meeting of 1935, setting right the course of the revolution. The Party and the Party-led Red Army triumphantly completed the Long March, covering a distance of 12,500 km. This miraculous accomplishment breathed new life into the revolution. When the Japanese imperialists invaded China on a large scale, plunging the Chinese nation into a critical life-and-death struggle, our Party was the first to hold up the banner of unity in the fight against Japan, first to uphold the nation's dignity and first to help establish the extensive Anti-Japanese National United Front based on co-operation between the Kuomintang and the Communist Party. This front brought about the participation of the whole Chinese people in the War of Resistance Against Japan. Our Party and the people's armed forces under its leadership served as the mainstay in the eight-year-long war against Japan. For the first time in China's modern history, the Chinese people attained a complete victory in a war against foreign aggression. Following the end of the War of Resistance

Against Japan, China had to choose between two destinies — a new democracy or a state under the dictatorship of big landlords and big bourgeoisie. Our Party and the people worked very hard for peace and democracy, while the Kuomintang reactionaries, backed by the US imperialists, turned down this demand for peace and democracy, going so far as to start a civil war in China. Under the leadership of our Party, the Chinese people bravely fought a war of liberation and overthrew the reactionary rule of imperialism, feudalism and bureaucrat-capitalism. Hence, they achieved victory in the new democratic revolution. In 1949 the People's Republic of China was established.

The Chinese people have stood up!

A new era in Chinese history has dawned!

After the birth of New China, the Party and the government, relying on the masses, eliminated the remaining reactionary forces, broke up the blockade imposed by the imperialists, foiled attempts at sabotage and defeated the imperialists' provocative moves, thus consolidating the newborn political power of the people. We quickly healed the wounds of war, cleaned up the mess left over from the old society, completed the agrarian reform nationwide and restored the national economy to its highest level in history in only three years. As a result, the people began to lead a peaceful and tranquil life. After that, we adopted measures suitable to China's specific conditions and lost no time in carrying out the socialist transformation of private agriculture, the handicraft

industry and capitalist industry and commerce, thus eliminating the system of exploitation and the exploiting classes in favour of the socialist system. This represented the greatest and most profound social change in China in several thousand years.

Our success in the socialist transformation paved the way for socialist construction in all fields. The people of all of China's nationalities displayed unprecedented enthusiasm for national development, demonstrating the great vitality of this new social system. We went through a tortuous process in coming to understand the laws governing socialist construction and the main contradictions in a socialist society. While under the influence of "Left" ideology, we made some mistakes. In particular, we suffered serious setbacks in the "cultural revolution." However, despite these ups and downs, we made tremendous achievements and laid an initial material, technological and cultural foundation for the modernization drive. Since the Third Plenary Session of the 11th Central Committee held in December 1978, the Chinese Communists, with Comrade Deng Xiaoping as their champion, have emancipated their minds, sought truth from facts, set things right and clarified various matters. They also shifted the focus of the work of the Party and the government to the modernization drive, which was centred on economic development. After making a profound analysis of the positive and negative elements of their experience in socialist construction, they gradually established the Party's basic line for the primary stage of socialism and discovered the path of building so-

cialism with Chinese characteristics. This was a change of far-reaching significance in the history of our Party and nation. The policies of reform and opening to the outside world which we have been carrying out over the past decade or so have injected great vigour into China's socialism and brought about marked achievements in our modernization drive. All undertakings of our country and society have flourished.

Over the past 70 years, our Party has done a lot in its leadership of the various nationalities of China to promote progress of the Chinese society. Generally speaking, there were three major achievements. First, the task of defeating imperialism and feudalism set by the new-democratic revolution was accomplished, putting an end to the history of China as a semi-colonial and semi-feudal society. Second, the system of exploitation and the exploiting classes were eliminated and the socialist system was established. Third, a path for building socialism with Chinese characteristics was opened up, allowing for the eventual realization of socialist modernization.

These three major achievements brought about earth-shaking changes in China.

— The Chinese people won the national independence they had been yearning for day and night, and the Chinese nation, assuming a new image, began to stand like a giant among the nations of the world. The founding of the People's Republic of China put an end to all the privileges enjoyed by imperialists in China and to China's century-long history of humiliation in the form of endless foreign man-

ipulation and bullying. Since then, the Chinese have been able to hold their heads high. We have built a powerful defence system for the protection of the nation's sovereignty and security. In addition, we have been independently handling our domestic and international affairs. In the struggle to safeguard world peace and the just cause of mankind, we have stood without fear of power or pressure, upheld our nation's dignity and won the respect of all the people of the world. China is thus playing an increasingly important role in the international arena.

— The Chinese people have become the masters of the country and of their own destiny. We have overthrown the rule of the feudal landlord class and bureaucrat-capitalism in favour of a state power under the people's democratic dictatorship led by the working class and based on the worker-peasant alliance. We have established an economic system dominated by the public ownership of the means of production and governed by the principle of distribution of "to each according to his work." As a result, the Chinese people have lifted themselves out of their oppressed and exploited position and begun to build a new life. New socialist China has opened up fresh prospects for the people to give full play to their enthusiasm, initiative and creativity.

— Endless wars and the situation in which China resembled a heap of loose sand have come to an end, while national unification is progressing and the great unity of all our nationalities continues to be consolidated and developed. Working for the same goal of building socialism

and bringing about national reunification, all socialist workers and patriots have formed the broadest possible patriotic united front. Sharing the same fundamental interests, China's 56 fraternal nationalities have established and constantly developed new socialist relations based on equality, mutual assistance, unity and co-operation, and the drive for common prosperity.

— Poverty and backwardness left over from old China have been eliminated and the initial stages of prosperity have been realized in the country. Our country has established independent and complete industrial and national economic systems. Its major industrial and agricultural products are among the world's best, its economic strength has grown considerably, and its national strength as a whole is on the increase. In general, China's 1.1 billion people now have adequate food and clothing and are moving towards a fairly comfortable life. The growth rate of New China's economy and the improvement in the people's living standards could never have been matched in old China. Furthermore, this growth rate and improvement can be compared favourably with those of other countries.

— Tremendous progress has been made in education, science, technology, culture, public health and sports. Achievements in some scientific and technological areas have reached advanced world levels. The educational level of the people has been greatly raised, and their national self-respect, self-confidence, and determination to improve themselves, as well as their patriotic enthusiasm, have been strengthened. The

ideal of building socialism with Chinese characteristics has become the inspiration motivating hundreds of millions of people to work for the prosperity of the country.

Comrades and friends!

On this occasion, the 70th anniversary of the birth of the Chinese Communist Party, we wish to pay high tribute to and express our thoughts on the cherished memory of Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De and other late veteran proletarian revolutionaries who made magnificent contributions to the Chinese revolution and the building of the nation. We greatly cherish the memory of the revolutionary martyrs who made heroic sacrifices for the establishment, defence and building of New China. We also dearly cherish the memory of all pioneers who, after the Opium War in 1840, contributed to the liberation of the Chinese nation and all other progressive causes.

All the achievements in China's revolution and national development are the outcome of the joint efforts made by all our nationalities. On behalf of the CPC Central Committee, I wish to express our respect for the workers, peasants and intellectuals on all fronts as well as for all the democratic parties, mass organizations and patriotic personages, all of whom have contributed to the socialist modernization drive. I also wish to express our respect for the People's Liberation Army, the Armed Police and the Public Security Police, who have rendered meritorious service in the defence of the People's Republic and the socialist cause. I should also like to take this opportunity to extend cordial greetings to

our compatriots in Hong Kong, Macao and Taiwan and those residing abroad who have worked for the reunification and revitalization of their motherland. I also wish to express our heartfelt gratitude to all our foreign friends and other people throughout the world who have been friendly towards us and supported the Chinese revolution and national development.

The past 70 years prove that only by following the leadership of the Chinese Communist Party and taking the socialist road can our country become powerful and prosperous, our nation be rejuvenated and our people enjoy a prosperous life.

These past 70 years show that our Party, armed with Marxism-Leninism and Mao Zedong Thought and endowed with revolutionary creativity, has been able to maintain independence and rely on itself. It has kept close ties with the masses, struggled ceaselessly and made endless sacrifice for the fundamental interests of the Chinese people. It has held fast to what is right and amended what is wrong. And it has been able to stand the trials of success and setback, high and low tides and favourable and unfavourable circumstances, proving that no enemy or adversity could ever crush or destroy it. Enduring countless ordeals, our Party has never gone into decline; tempered by innumerable hardships, it will become even stronger. Our Party has proved itself to be a great, glorious and correct party!

In the struggles of the past 70 years, our Party has accumulated a wealth of experience. This experience boils down to one

point: we must integrate the fundamental principles of Marxism with the concrete realities of the Chinese revolution and national development and keep to our own road.

Marxism reveals the universal laws governing the development of the world and the historical development of human society in particular, as well as those governing the inevitable replacement of capitalism by socialism and the way to build socialism and ultimately realize communism. It is a powerful ideological weapon to help the proletariat and working people understand and change the world. The Chinese revolution and national development must be guided by Marxism, which is not a dogma but a guide to action. Our Party's history shows that if we want to constantly achieve success in our cause, we must integrate the fundamental principles of Marxism with China's specific conditions, scientifically review our own experience and determine the direction, strategy and tactics consistent with China's characteristics. The key to the realization of such integration lies in gaining a profound understanding and grasp of Marxism and China's conditions and in correctly applying them to the practice of revolution and national development. In understanding Marxism it is most important to grasp its essence and then apply its basic tenets, stand, viewpoint and method to the study and analysis of problems. In understanding China's situation, it is most important to familiarize ourselves with all the favourable and unfavourable factors that have a great impact on the Chinese revolution and national development.

In particular this means understanding the nature of the Chinese society and its stage of development as well as the society's main points of conflict and the changes it is experiencing. In integrating Marxism with China's actual conditions, we must always follow the Party's ideological line of proceeding from reality and seeking truth from facts as we boldly explore and blaze new trails, testing and developing truth through practice. We must maintain the Party's mass line of "from the masses and to the masses" to amass the practical experience and wisdom of the people. We must also analyse and solve China's problems independently and try to find a road consistent with China's specific conditions.

Mao Zedong Thought is the product of the integration of the fundamental principles of Marxism-Leninism with the realities of the Chinese revolution and the crystallization of the collective wisdom of the Chinese Communists. Comrade Mao Zedong set a shining example in carrying out this integration. His theories, lines, policies and principles concerning the new-democratic revolution and socialist revolution, his immortal contributions to the political, economic, cultural, military and foreign affairs and the building of the Party, and his correct thinking on a series of major issues concerning socialist construction have enriched and developed Marxism-Leninism and become our precious ideological wealth. Comrade Mao Zedong was the great leader of the Chinese Communist Party and of all nationalities throughout China. He was a great Marxist and a great proletarian revolutionary, strategist and theorist.

The CPC Central Committee with Comrade Deng Xiaoping at its core fully affirmed Comrade Mao Zedong's historical feats and the guiding position of Mao Zedong Thought. This is of profound significance for the correct evaluation of the history of the Party and the people and for guaranteeing that the Party and the state will advance along the correct road in every field of endeavour. All nationalities in the country will always remember Comrade Mao Zedong for his outstanding contributions. Comrade Deng Xiaoping is an eminent champion in defending, upholding and developing Marxism-Leninism and Mao Zedong Thought. The theories, lines, policies and principles he advanced for building socialism with Chinese characteristics are his distillation of the combined wisdom and experience of the entire Party. These theories, lines, policies and principles represent a major contribution to Marxism-Leninism and Mao Zedong Thought in this current stage of history, representing a great stride in our Party's understanding of the laws governing socialist construction and ushering in a new historic period in the development of China's socialist cause and improvement of the socialist system. Comrade Deng Xiaoping's expositions on the need to maintain economic development as the central task, to adhere to the four cardinal principles and to persist in reform and opening to the outside world, his views on promoting socialist cultural and ideological progress and opposing bourgeois liberalization, his concept of "one country, two systems," his views on peaceful reunification of the motherland, and his theories on an international strategic

pattern and the establishment of a new international economic and political order all have enriched and developed Marxism-Leninism and Mao Zedong Thought in this new stage of history. The Chinese Communists will forever hold high the great banner of Marxism-Leninism and Mao Zedong Thought and carry through to the end the cause pioneered by the veteran proletarian revolutionaries!

## II. The Noble Mission of Contemporary Chinese Communists

Looking back at the Party's glorious 70-year history, we feel even more deeply that our responsibilities will be heavier in the years to come. The noble mission of contemporary Chinese Communists include adhering to the basic line of the Party and uniting and leading the people of all our nationalities in making China a prosperous, democratic and culturally and ideologically advanced, modern socialist country with Chinese characteristics by relying on ourselves and working hard. The present tasks are to fulfil the Ten-Year Programme and the Eighth Five-Year Plan and realize the second-step strategic objective of the socialist modernization drive, laid down at the Seventh Plenary Session of the 13th Party Central Committee and the Fourth Session of the Seventh National People's Congress, in order to lay a solid foundation for attaining the third-step strategic objective in the middle of the next century.

To fulfil our mission, we must have a correct understanding of

China's basic condition, which consists of many facets. I shall now mainly elaborate on the following three points.

First, although we have made great strides in economic development through decades of endeavour, our country's economic, technological and cultural standards are still relatively low due to the fact that New China's economic development started from a basis of poverty and emptiness left to us by old China. This is also due to China's huge population, a per-capita shortage of resources and uneven regional development. The principal contradiction in our country at the present stage is the one between the people's increasing material and cultural needs and the backward state of production.

Second, class struggle is no longer the principal point of conflict in Chinese society today, though it will continue to exist in certain areas for a long time to come and may intensify under certain conditions. This struggle is manifested mainly in the conflicts between bourgeois liberalization and the four cardinal principles, with the question of political power still being the central issue. This struggle is closely interrelated and interwoven with the struggle between infiltration and counter-infiltration, subversion and counter-subversion, and peaceful evolution and opposition to peaceful evolution, a struggle which is being waged between hostile foreign forces and ourselves.

Third, the socialist system has already taken root in the vast land of China and has begun to display its superiority. However, because it is newly established

and not mature and still needs to be improved, reforms must be continued to gradually readjust the aspects of the relations of production and the superstructure which are unsuited to the development of the productive forces.

The basic realities of China have determined that China now be in the primary stage of socialism. The fundamental task of socialism is to develop the productive forces. At this primary stage of socialism, we must more than ever conscientiously and unremittingly keep this task at the centre of our work. As Comrade Deng Xiaoping once said, "After coming to power, a genuine Marxist party must devote itself to developing the productive forces." Concentrating on developing the productive forces, making a success of the national economy and realizing socialist modernization and laying a more solid material and technological foundation for consolidating and developing the socialist system are not only China's long-term fundamental tasks, but also of great immediate significance to China.

Since the Third Plenary Session of the 11th Central Committee, our Party, based on a correct analysis of the basic realities of the country, has established its basic line of focusing on economic development, adhering to the four cardinal principles and persisting in reform and opening to the outside world. Having reviewed the experience gained in the implementation of this basic line, the Seventh Plenary Session of the 13th Party Central Committee formulated 12 principles for building socialism with Chinese characteristics. This action indi-

cates the Party's thorough understanding of the laws concerning socialist modernization. In short, the Party's basic line and the 12 principles point to the need to build a socialist economy, political system and culture with Chinese characteristics through the self-improvement and self-development of the socialist system, in order to facilitate the continued development of the productive forces and social progress in all fields and achieve socialist modernization.

**A socialist economy with Chinese characteristics requires that we adhere to the socialist public ownership of the means of production as the main form of ownership and allow and encourage the appropriate development of other economic sectors. We should not adopt total public ownership in disregard of the development level of the productive forces, nor should we abandon the leading position of the public economy and practise privatization. We must implement the system of distribution of "to each according to his work" as the main form supplemented by other forms of distribution, overcoming egalitarianism on the one hand and preventing polarization on the other, in order to gradually realize common prosperity for all the people. We must establish an economic structure and operational mechanism which are consistent with the development of the socialist planned commodity economy and which combine a planned economy with the use of market forces, giving play to regulation by market forces within the framework of the country's laws and statutes and under the guidance of state plans. We should overcome the defects of the old system's overconcentra-**

**tion and excessive, rigid control while at the same time avoiding undue decentralization and weakening of macro-control. We must get a firm grasp on these basic requirements of a socialist economy with Chinese characteristics, constantly improve the various policies and measures and gradually modernize the national economy.**

The socialist relations of production based on public ownership of the means of production can fundamentally overcome the basic conflict between private ownership of the means of production and socialization of production in the capitalist modes of production. It can also guarantee that production, circulation and distribution are under the spontaneous regulation and control of society, and realize a proportionate and rational development of the economy in a planned way and bring about common prosperity for all members of society. If public ownership of the means of production were to be abandoned, the economic foundation of socialism would be weakened. This would certainly damage the fundamental interests of all the people and there would be no socialism. At the present stage, in order to be consistent with the present level of the productive forces and further develop them, we must, first of all, consolidate and expand the publicly owned socialist economy. At the same time, we need appropriate development of the self-employed undertakings and privately owned economy, as well as Chinese-foreign joint ventures, cooperative enterprises and wholly foreign-owned enterprises, all of which serve as necessary and beneficial supplements to the publicly owned socialist econo-

my. We should conduct thorough and systematic investigation and study in the course of practice, adopt appropriate measures to gradually bring about a rational ratio and scope of development for the various economic sectors in the national economy as a whole. We must gradually improve policies concerning finance, taxation, banking, prices, wages, social security and administration of industry and commerce, in order to guarantee the leading position of the public economy and guide other economic sectors towards healthy development by taking advantage of their positive role and curtailing their negative influence.

Two points must be stressed here. First, since the large and medium-sized state-owned enterprises are the backbone of the socialist economy, how well they are run is decisive in the development of the national economy and the consolidation of the socialist system. We must give full play to the role of the Party organizations as the political nucleus of these enterprises, continue and improve the responsibility system of the factory director, rely on the working class wholeheartedly, establish a vigorous managerial structure and operational mechanism for state enterprises through deepening the reforms and conscientiously work to invigorate large and medium-sized enterprises. Second, agriculture is the foundation of the national economy. We should continue to stabilize the household contract responsibility system with remuneration linked to output, improve the dual system which combines unified with independent management, establish a system of social services, and

gradually expand the collective economic strength for the development of the rural economy.

The socialist distribution principle of "to each according to his work" is the practical expression of socialist public ownership. We shall continue to implement the various income distribution systems with the principle of "to each according to his work" as the main form. At present, both egalitarianism and a great disparity in income distribution are in evidence. Such unfair income distribution dampens the enthusiasm of the workers and hinders the development of the productive forces. Problems arising from implementation of the principle of "to each according to his work" should be solved through gradual reform of the wage system. Problems existing in other forms of distribution should be settled through improving related policies and regulations. We should continue to allow and encourage some people and some regions to prosper before others through honest labour and lawful operations while also encouraging those who prosper first to help those who are still behind. We will protect lawful income. Taxation and other means will be used to regulate overly high income. Illegal operations which reap staggering profits must be resolutely stopped. We have not done enough in this respect and therefore must work to do better.

To establish an economic structure and operational mechanism which are consistent with the development of a socialist planned commodity economy and which combine a planned economy with the use of market forces, we should not only observe the general laws of

a commodity economy but also the special laws of a socialist economy. The socialist economy is based on public ownership while the capitalist economy is based on private ownership and the two are therefore different in essence. As a means to regulate the economy, planning and market forces are objective needs for the development of the commodity economy based on large-scale socialized production. Although we may use both of them to a certain degree, they are not symbols of the difference between a socialist economy and a capitalist economy. In developing a socialist economy, we should proceed from the realities of China and adopt those general practices which meet the requirements of socialized production and development of a commodity economy. Still, we must adhere to the correct orientation and never veer towards developing a capitalist economy. We should conscientiously utilize the law of value in the planned economy. We should fully exploit the positive role of market forces and do away with the practice of neglecting the role of the market and the law of value, while at the same time improving state planning and macro-regulation. The combination of a planned economy with the use of market forces is a creative step. Through the reforms of the past few years, we have already made some progress and accumulated some experience, but we have also met with some new problems. We shall continue to study and seek specific ways, forms and measures for combining the two, in order to guarantee sustained, stable and coordinated development of the national economy.

**To develop a socialist political system with Chinese characteristics, we must maintain the people's democratic dictatorship led by the working class and based on the worker-peasant alliance. The people's democratic dictatorship must not be weakened or abandoned. We must also uphold and perfect the system of the people's congress rather than turning to a parliamentary-type system of the West, and we must adhere to and perfect the system of multi-party co-operation and political consultation under the leadership of the Chinese Communist Party. We should not weaken or negate Communist Party leadership, nor should we ever practise a Western-style multi-party system. We must maintain a good grasp of these fundamental requirements for a socialist political system with Chinese characteristics, constantly strengthen socialist democracy and improve the legal system, and promote a stable, unified and lively political situation, to guarantee that the people act as the masters of the country and that the country enjoys lasting peace and stability.**

The people's democratic dictatorship combines the exercise of democracy among the people with dictatorship over the enemies of the people. Under the leadership of the Chinese Communist Party, all the people, including workers, peasants and intellectuals, are masters of the country, running the state and enjoying extensive democratic rights. This is the core of our socialist democracy and the essential difference between it and capitalist democracy. We should continue to unswervingly promote socialist democracy and strengthen the sense of responsibility of the people as the

masters of the country. The people's democratic dictatorship, which is, in essence, the dictatorship of the proletariat, is just as important as the three others of the Four Cardinal Principles. We attach great importance to the dictatorship functions of the people's political power because class struggle will exist for a long time to come within certain areas in our country and because there are still hostile international forces which are attempting to subvert our socialist system. The turmoil and the counter-revolutionary rebellion which took place in Beijing in late spring of 1989 is proof of this point and we should never forget the historical lessons provided by this soul-stirring political disturbance.

The people's congress system is the fundamental political system of our country. Through the people's congress, the people exercise state power and guarantee their position as masters of the country. We should continue to support and perfect the various systems of the people's congress. The legislative work should be improved and the legal supervision and work supervision of the people's congress should be strengthened. In addition, the electoral system should be improved and perfected. People's deputies at all levels should forge closer ties with the masses and carefully listen to and consider their opinions and demands. Activities of the Communist Party should be carried out within the framework of the Constitution and the law. The lines, principles and policies of the Party should reflect the interests of the people and the propositions of the Party should be turned into the will of the state through legal procedures. The

leadership of the Communist Party over the people's congress should be strengthened, and Party committees at all levels should support the people's congresses at the corresponding levels in the legal performance of their functions and powers.

The system of multi-party cooperation and political consultation under the leadership of the Chinese Communist Party is part of the fundamental political system of our country. It is the product of the combination of Marxist theories concerning political parties and the united front with the realities of our country and thus is a unique feature and advantage of China's political system. The Chinese Communist Party is the force at the core leading our cause forward. Without this strong core, it would be impossible for us to realize socialist modernization. Over the past decades of revolution and national development, the Communist Party has established a close relationship with the democratic parties. This relationship has taken the form of long-term coexistence, mutual supervision, mutual openness and the sharing of good and bad alike. These democratic parties are participants in state affairs; they are not out of office, nor are they opposition parties. The Chinese People's Political Consultative Conference is an important organizational form of the united front under the leadership of the Chinese Communist Party. We should fully exploit its functions in the political activities of our country. The structure of political parties and the political consultative conference system must be maintained and perfected, in order to give full play to the functions of the

democratic parties and other patriots in their participation in the administration and discussion of state affairs, as well as to give full play to their democratic supervisory role. This is also necessary to maintain and improve the leadership of the Communist Party, and to unite people from all walks of life and establish more extensive links with them. Any proposal to institute a Western-style multi-party system would be, in essence, a proposal to eliminate Communist Party leadership and the status of the Party as the ruling party. Should this occur, the people's political power would be lost, the socialist system subverted, the country split and the people subjected to suffering. The people of all our nationalities would never allow this to happen.

The united front is a magic weapon which our Party uses to unite all forces possible and to continue to attain success in revolution and national development. In the drive for socialist modernization, we should continue to consolidate and expand the patriotic united front as much as possible, and mobilize all positive factors in a joint effort to promote economic and social development and the great cause of reunifying the motherland.

While improving the socialist political system, we should uphold and perfect the system of regional national autonomy, continue to implement the Party's policies regarding nationalities and speed up economic and cultural development in minority nationality regions, in order to bring about the common prosperity and progress of all our nationalities. We should continue with the Party's religious pol-

icies and consolidate and strengthen national unity so as to fight against attempts at disintegrating our nation and to safeguard unification of our motherland.

We should systematically press ahead with political structural reform under the proper leadership, establish and perfect a complete democratic and scientific policy-making system and relevant procedures, follow the mass line and listen to the opinions of people from all walks of life so as to collect and make use of their wisdom. The structural reform should be continued in order to streamline and improve the efficiency of leadership organizations and functional departments and overcome bureaucratism. The role of the trade unions, the Communist Youth League, the women's federations and other mass organizations should be brought into full play. Democracy should be promoted at the basic units in both urban and rural areas. The socialist legal system should continue to be perfected, and education in law among the masses, particularly cadres at the various levels, should be stepped up, so that proper laws will be formulated, obeyed and strictly implemented and violators prosecuted. People's rights in managing state, economic and social affairs according to the law, in addition to other democratic rights, should be effectively guaranteed so that our various undertakings will develop in a healthy manner in accordance with our socialist laws.

**In building a socialist culture with Chinese characteristics, it is essential to use Marxism-Leninism and Mao Zedong Thought as a guide; pluralism should never be accepted as a**

**guiding ideology. It is essential to adhere to the orientation of serving the people and socialism and to promote a flourishing socialist culture by following the principle of "letting a hundred flowers blossom and a hundred schools of thought contend." Nothing which would poison the minds of the people, pollute society or run counter to socialism should be allowed to spread unchecked. We must carry on the fine cultural traditions of our nation while giving full expression to the spirit characteristic of the socialist era. We must remain firmly rooted in our own culture while absorbing quality advancements of other cultures. Neither national nihilism nor wholesale Westernization should be allowed. We must hold fast to these fundamental requirements of a socialist culture with Chinese characteristics, greatly enhance the moral, scientific and cultural qualities of the entire nation and make socialist material, cultural and ideological progress.**

Upholding Marxism-Leninism and Mao Zedong Thought as our guide is fundamental to the building of our Party, the state and a socialist culture, and to the determination of the nature and direction of our cultural undertakings. Only by so doing can we develop our culture along a correct path and in a sound manner and resist and eliminate all the influences of backward and decadent ideology and culture. Only by so doing will we be able to make steady progress towards creating a progressive, healthy and novel socialist culture and bring forth a new generation of well-educated and self-disciplined people with lofty ideals and moral integrity, such as are necessary for our socialist

modernization drive. Therefore, we must include in the education of our people patriotism, collectivism, socialist ideology and communist ideals, as well as modern and contemporary Chinese history and China's present conditions. We must heighten self-respect, inspire self-confidence and foster self-reliance of the Chinese nation, solidify and expand a new type of socialist relationship among the people characterized by equality, unity, fraternity and mutual help, and discard backward habits and customs, making socialist ethics prevail in our society. All Communist Party members, Communist Youth League members and progressive people must study hard to get a good grasp of the Marxist stand, viewpoint and method, cultivate lofty communist ideals and a communist outlook on the world and life, and practise communist ethics. All thinking and ideology conducive to the success of our socialist modernization programme should be protected and promoted, as well as that which is favourable to the people's unity and social progress. In short, we should try to transform our ideological strength into tremendous material strength and provide leadership to hundreds of millions of our people who are building socialism with Chinese characteristics.

Our cultural endeavours must serve the people and socialism, give full expression to their interests and aspirations, and satisfy the needs of the people through diverse, abundant and well-rounded cultural products, so as to kindle their enthusiasm for building socialism. To bring about prosperity in socialist science and culture, our Par-

ty follows the important principles of "letting a hundred flowers blossom and a hundred schools of thought contend" and of "making the past serve the present and foreign products serve China." While upholding the Four Cardinal Principles, we should work to create a dynamic atmosphere to encourage people to try new ways, urge different academic and art schools to contend, exchange views and learn from each other, and encourage everyone to conduct criticism and counter-criticism in a comradely manner. It is essential to encourage in-depth analysis of the problems existing in China's current economic development and reform and bring about creation of more healthy and inspiring works which will be embraced by the masses. The spirit of the socialist era should be reflected as the main theme of these works. The Chinese nation is a great one with a long history and brilliant culture. Our cultural development cannot be separated from our past. We should keep the cream and reject the dross in the cultural traditions of our nation, weeding through the old to bring forth the new, and develop our culture in conformity with the needs of the times. We must also absorb all of the splendid cultural achievements scored by mankind, making them part of the socialist culture with Chinese characteristics. Only by keeping our roots in the soil of China, relying on the strength of the people, and looking towards modernization, the world and the future can we create a socialist culture commensurate to this great era.

Culture covers a wide range of endeavours. To meet the re-

quirements of the modernization drive, we should work hard to develop all cultural undertakings such as education, science, literature and art, the press and publishing, broadcasting, film and television, public health and sports, libraries and museums, carrying out a diversity of cultural and recreational activities among the masses. We should continue to pay attention to both rectification and progress. To be more specific, we should stimulate theoretical research, help our cultural undertakings flourish and enrich the cultural activities of the masses, while continuing our fight against the "six evils" (prostitution; manufacture, sale or dissemination of pornography; abduction or sale of women or children; illicit drug cultivation, abuse or trafficking; gambling; and cheating or harming people through feudal or superstitious practices).

Our long-term plans should be based on education, which in turn provides a very important basis for building a socialist society which is advanced materially, culturally and ideologically. Furthermore, education is of great strategic significance to our efforts to improve the ethical, scientific and cultural levels of all the people and to train successors to the socialist cause in the coming generations. Therefore, we must redouble our efforts in education and expand educational undertakings.

Our Party has always attached great importance to ideological work. How well we do this work has a direct bearing on the success of the socialist cause. The ideological sphere is a major arena of struggle between people trying to effect peaceful evolution in China and people working against it. Bourgeois liberal-

ization is the antithesis of the Four Cardinal Principles and the struggle between these two is, in essence, a political struggle over whether or not the leadership of the Communist Party is to be upheld and whether or not we are to adhere to the socialist road. By and large, this struggle is usually manifested in ideological and theoretical struggle. If socialist ideology does not prevail on the ideological front and in the media, bourgeois ideology will. Party committees at all levels should attach great importance to ideological work and provide better guidance in this regard. They must keep a firm hold on leadership over departments in charge of ideological work. They should unremittingly use strong and convincing arguments to explain to people the need to uphold the Four Cardinal Principles and oppose bourgeois liberalization. Most of the contradictions in the ideological sphere stem from poor or incorrect ideological understanding and therefore come under the category of contradictions within the ranks of the people. We must strictly distinguish between the two different types of contradictions — on the one hand, between the people and the enemy and, on the other, among the people themselves — and handle them correctly. Party committees at the various levels should adopt specific measures to support and organize ideological and cultural workers to mingle with the masses and plunge themselves into the midst of economic development and reform, encouraging these workers to gain more knowledge from the socialist modernization drive and put their talents to best use so as to become qualified engineers of the human

soul.

The socialist economy, socialist political system and socialist culture with Chinese characteristics form an organic, inseparable whole. The fundamental aim of developing undertakings in these three fields is to fully stimulate the enthusiasm of the people and spur development of the productive forces and social progress in all areas of endeavour. Throughout our socialist modernization drive, we must always keep economic development as the central task. All other work of the Party and state must be subject to and serve this central task, never deviating from it nor obstructing it. As Comrade Deng Xiaoping has repeatedly exhorted us, unless a large-scale war breaks out, all comrades in the Party should at all times concentrate on economic development in order to attain our strategic objectives step by step. We must urge the entire Party membership and all the people to firmly foster this lofty ideal, always pursuing it without wavering. As the economy develops, the overall strength of the country increases, people's living standards improve and the country becomes stronger, the unsurpassed advantages of the socialist system will be fully displayed, a massive and substantial material, technological and cultural foundation will be laid for us to resist peaceful evolution, and our socialist system will become invincible. In working to modernize the national economy and greatly increase labour productivity, we cannot succeed without modernizing our science and technology. It is, therefore, important for us to be fully aware that science and technology are part of the primary productive forces, a

great force propelling economic and social development. We must fully exploit the role of science and technology, respect knowledge and talent and conscientiously turn to scientific and technical progress and enhancement of the quality of the work force for economic growth. We should take effective measures to transfer scientific advancements into actual productive forces. All comrades of the Party must acquire a better understanding of this great strategic task and work hard to accomplish it. We are developing the productive forces under a socialist system and in the process, we must make the best of the advantages of socialism. All the while we must keep in mind the tremendous impact that man's spirit has on the material world and his social consciousness has on his social being, as well as the impact the relations of production have on the productive forces, the superstructure has on the economic base, and politics has on the economy. We should never forget these principles of dialectical materialism and historical materialism. We should bear in mind the lessons learnt in recent years from our mistake of stressing material progress to the neglect of cultural and ideological progress, try to promote material progress and cultural and ideological progress simultaneously and give full play to one of our Party's strong points, which is in stressing the importance of ideological and political work, so as to ensure co-ordinated development of the socialist economy, socialist political system and socialist culture with Chinese characteristics.

We must uphold the Four Cardinal Principles and adhere

to the general policies of reform and opening to the outside world as we build a socialist economy, political system and culture with Chinese characteristics. Only through reform can the superiority of the socialist system be fully displayed. The great achievements we have made in various fields of endeavour since the Third Plenary Session of the 11th Central Committee cannot be separated from reform and opening to the outside world. All the basic requirements we have already set forth for building a socialist economy, political system and culture should be met, given concrete form and systematized through reform. The many new problems we face while trying to achieve the second-step strategic objective and lay a solid foundation for the third-step strategic objective must be solved in the spirit of reform. Our reform embraces a huge set of complicated systematic projects, including reform of the economic, political, educational, scientific, technological and cultural structures. These reforms need to be carried out in a well co-ordinated manner. We must organize the implementation of the reforms specified in the Ten Year Programme and the Eighth Five-Year Plan and ensure their success. Engels said long ago, "I do not believe this kind of 'socialist society' remains the same forever, it is a society of constant changes and reforms, like any other social system." So, the socialist system gradually moves towards completion, perfection and maturity only through constant self-reform. The historic mission of the Chinese Communists is to throw themselves into the great cause of reform and, through

reform, consolidate and develop China's socialist system, and provide broad prospects, a greater motive force and a guarantee for economic development and social progress in all areas. We must seek truth from facts, emancipate our minds, dare to explore new ways, do away with blind faith, proceed from reality in everything we do, dare to act, and constantly analyse our experience, if we want to further deepen and expand reform, open wider to the outside world and achieve further success. Our reform means self-improvement and self-development of the socialist system; it is a process in which advantages are displayed, drawbacks are eliminated and bold innovations are made. In opening to the rest of the world, we shall absorb advanced science and technology, managerial skills and outstanding cultural attainments from other countries, and introduce foreign capital — all for the purpose of strengthening the country's self-reliance in making economic and social progress and ability to compete in the international community. Without reform, the socialist system cannot maintain its vitality; without adherence to the socialist orientation in reform, all the achievements scored by the Party and the people in the last 70 years will come to nought. We must distinguish between two fundamentally different concepts of reform and opening to the outside world, namely, the concept of reform and opening to the outside under the guidance of the four cardinal principles and the one advocated by exponents of bourgeois liberalization. The latter would, in essence, lead China towards capitalism. In reform, we must proceed from the

realities of the country; we should not hesitate or stagnate, nor should we press for quick results. Under the leadership of the Party, we must rely on the wisdom of the people, move forward step by step and in good order and adopt positive and prudent policies to guarantee stability and development of the political, economic and social activities of the country.

The People's Liberation Army, led by our Party, constitutes a solid pillar of the people's democratic dictatorship and a great wall of steel for the defence of the socialist motherland as well as an important force in building socialism with Chinese characteristics. It has always persisted in its aim of serving the people wholeheartedly, playing an important role and rendering invaluable service in consolidating national defence, resisting foreign aggression, defending the People's Republic and the socialist system, protecting the people in peaceful labour and participating in the country's socialist development. Without the people's army, the people would have nothing. Under the current conditions, further strengthening the army and national defence is of far-reaching strategic significance to maintaining lasting peace and stability and to insuring smooth progress of the socialist modernization drive. The Party must unswervingly exercise absolute leadership over the army, keeping it highly centralized and unified at all times. We shall constantly modernize the army's equipment along with the growth of the economy and the country's might. Weapons are an important factor in war, but not the decisive one. The decisive factor is men who have high

political consciousness and morale plus modern military technology. We should, therefore, make further efforts to improve ideological and political work and military training, so that all our troops are politically qualified and militarily capable. We must ensure that they have a good work style, abide strictly by rules of discipline and are backed by reliable logistic support. We shall work hard to make our army a modern, standardized and powerful revolutionary army.

We need a peaceful international environment to build socialism with Chinese characteristics. Now that the old world structure is disintegrating and a new one has yet to take shape, the world is in an uncertain period in which the old structure is being replaced by a new one. Under these circumstances, we shall persist in our independent foreign policy of peace and actively develop friendly relations with all countries. In particular, we shall maintain and develop good-neighbourly relations with the surrounding countries and strengthen unity and co-operation with third world countries. In international affairs, we shall never seek hegemony, and we shall resolutely oppose hegemony and power politics in any form and oppose the use or threat of force. We stand for solving international disputes by peaceful means and through consultation in order to preserve world peace. We shall firmly safeguard the fundamental interests of the Chinese people and maintain state sovereignty and national dignity; we shall never allow anyone to interfere in China's internal affairs. As always, we stand for developing economic and tech-

nological co-operation and trade with all countries on the basis of equality and mutual benefit. In handling relations with the political parties of other countries, we shall continue to apply the principles of independence, complete equality, mutual respect and non-interference in each other's internal affairs. Together with all other countries and peoples of the world, we shall do our part to contribute to the establishment of a new international political and economic order on the basis of the Five Principles of Peaceful Coexistence.

### **III. Further Building Up the Chinese Communist Party**

The key to building socialism with Chinese characteristics is to improve the leadership of the Communist Party. Without a party which has high political consciousness, strict discipline and the spirit of self-sacrifice and which can truly represent and unite the people, it would be absolutely impossible to unify thinking and unite all the forces represented by 1.1 billion people for the building of socialism in a big country like China. Through their long years of struggle, the Chinese people of all nationalities have arrived at a profound understanding of the truth that they must uphold the leadership of the Chinese Communist Party.

Currently, the world socialist cause has been suffering some serious setbacks. However, this represents only a temporary phenomenon in history. Over the past 70 years, our Party has led the country's people of all

nationalities in overcoming countless hardships and difficulties. No difficulties or enemies have so far succeeded in overwhelming us; it is we who always overwhelmed them. During the last ten years, Party committees at all levels and primary Party organizations have followed the Party's line and become united with the masses, leading them in a hard-fought struggle, serving as a political core and fighting force. Most of our Party members and cadres have been working diligently, playing their role as the vanguard and backbone on all fronts. At those crucial moments when state safety was at stake or people's lives and property were seriously threatened, large numbers of Party members and cadres came forward and stood at the forefront of defence. It is this Party with such members and cadres as these that have helped open up new prospects for the modernization drive, reform and opening to the outside world. We Chinese Communists are convinced that the temporary difficulties and setbacks recently experienced by socialism in its forward march can not and will not ever prevent it from continuing to develop. The Chinese Communist Party will, as always, uphold Marxism-Leninism and Mao Zedong Thought in leading the Chinese people forward along the road of building socialism with Chinese characteristics.

In order to do still better in building up the Party, we must have a clear and full understanding of the present conditions in the Party and of the circumstances we are up against. Undoubtedly, our Party is generally good. But, as China car-

ries out reform, opens to the outside world and develops a commodity economy, decadent capitalist ideas, values and ways of life will unavoidably take advantage of our weak points to break in and contaminate the body of our Party. Peaceful evolution and bourgeois liberalization pose a practical threat to our country's independence and sovereignty and to our development, reform and opening up. Under these circumstances, some of our Party organizations have indeed become weak and lax in their discipline. Some of our Party members and cadres failed to withstand certain tests, became muddle-headed and showed a lack of a firm political stand. Others even violated the law or standards of discipline and became degenerate. Still others have obdurately clung to bourgeois liberalization and discarded national and personal dignity, standing in opposition to the Party and the people. There are a host of problems in the Party's ideological, political and organizational work, as well as in its work style, that call for immediate solution. This shows that in the current stage of history, our Party will not only continue to undergo the test of holding power, but also the test presented by reform, opening up and running a commodity economy, and the test presented by the struggle against peaceful evolution. In the face of these stringent tests, we must act in accordance with the Party's political line and political task to intensify all aspects of work for the building up of the Party, constantly preserve the Party's role as the vanguard of the working class, adhere to the Party's aim of serving the people wholeheartedly, hold firmly to

our faith in socialism and communist ideals, and build a great wall of steel to stand against attempts at peaceful evolution committed by hostile forces at home and abroad. Our Party must become an even more powerful force at the core leading the people of all nationalities in the country in realizing socialist modernization and superbly fulfil the great mission entrusted to it by history.

**First, we must enhance the entire Party membership's understanding of Marxism.** In face of the current complex international situation and arduous domestic tasks, the Party must become more mature theoretically. In the new cause of building socialism with Chinese characteristics, much rich practical experience needs to be analyzed, many important issues need to be resolved and many unknown areas need to be explored. Marxism provides the theoretical basis guiding our thinking. We should uphold and develop it in our modernization drive, reform and opening up. Only when the entire Party has a profound understanding of Marxist theory can we gain the initiative and maintain control of complicated conflicts and struggles, adhere to the ideological line of seeking truth from facts and avoid "Left" and Right mistakes, continue to analyse new experience among the masses, arrive at new theoretical generalizations and help promote the modernization drive, reform and opening up. Only Marxism can guide us to a true understanding of the objective laws governing social development, help us to grasp the changing world situation and enable us to avoid being perplexed by the whirlpools and eddies in the

long river of history. We should persistently and thoroughly carry on with the education in Marxism-Leninism and Mao Zedong Thought among the entire Party membership. Party cadres, at the middle and senior levels in particular, are expected to learn and master the basic theories of Marxism-Leninism and Mao Zedong Thought, faithfully apply in practice what they have learned, conduct investigation and study, have a profound understanding of the realities in the country and conscientiously explore ways to solve the major political, economic, ideological and cultural problems of our times. The second Chinese edition of *The Complete Works of Lenin* and the second edition of *The Selected Works of Mao Zedong* have recently been published — a great event for our country's political activities and the building of the Party. All Communist Party members in China should assiduously study Marxist-Leninist works, works by Comrade Mao Zedong, Comrade Deng Xiaoping and other proletarian revolutionaries of the older generation, as well as the theory, line, principles and policies concerning building socialism with Chinese characteristics. At the same time, they must acquire the scientific and cultural knowledge needed for development and reform. In their studies, they must integrate theory with practice, conscientiously remould their world outlook, overcome non-proletarian ideas and establish a firm communist world outlook. We have achieved initial success in socialist ideological education and in future we must make this education even more extensive and intensive in order to achieve

greater success. Through such study and education, we must learn to distinguish clearly between Marxism and anti-Marxism, between socialism and capitalism and between the proletarian ideological system and the bourgeois ideological system, if we want to become more resistant to corrosion from erroneous trends of thought and be more ingenious in solving the varied practical problems that may crop up in development and reform.

**Second, we must enhance all Party comrades' awareness of the need to serve the people.** Serving the people wholeheartedly is the Party's fundamental aim and keeping close ties with the masses is part of its fine style of work. During the revolutionary war years, our Party was able to win the people's warm support precisely because it showed through its actions that it was fighting for the benefit of the people. Since coming to power, the Party has been in a position to serve the people even better, while its members have also been exposed to the danger of alienating themselves from the masses and even becoming corrupt. Under the conditions presented by reform, opening up and developing a commodity economy, this danger has become even greater. If we relax our vigilance, the consequences may be even more serious. However, we can not let ourselves be blinded by certain current negative and decadent phenomena in our Party and fail to see that the main trend of our Party is good. Even more important, we should not allow ourselves to be blinded by the fact that our Party's main trend is good, causing us to fail to see the problems, and therefore lower our guard.

Some of our Party cadres have become overly bureaucratic. Others have been working for the benefit of their own locality, department or work unit and even for themselves at the expense of the interests of the country and the people as a whole. A few have abused their power for personal gain, bribed people, accepted bribes and become corrupt. These phenomena, which are utterly incompatible with the Party's aim, only serve to jeopardize the Party's reputation and cripple the Party's relations with the masses. The Party's survival hinges on its conduct. If these decadent phenomena are allowed to continue, the Party will be doomed to self-destruction. Our Party does not exist in a vacuum, and such negative and decadent phenomena are nothing but practices and ideas of the bourgeoisie and other exploiting classes that have found expression in the Party. In order to maintain closer ties with the people under the current conditions of history, the Party must resolutely eliminate all those phenomena. We must become attuned to the soul-stirring, bitter struggles that have been going on in recent years both at home and abroad, administer the Party strictly, establish a complete set of systems to resist corruption and degeneration and adopt effective measures to have stricter supervision within the Party and stricter supervision by the masses, so that a relentless struggle can be waged against all negative and decadent phenomena. Leading organs and cadres at all levels should set an example in improving their work style, working diligently for the people and solving the masses' urgent problems

which these organs and cadres can solve. They should, as always, place the interests of the people above everything else, correctly deal with the relationship between interests of the part and those of the whole, the relationship between immediate and long-term interests and the relationship among the state, the collective and the individual. They should resolutely oppose individualism, selfish departmentalism and any ideas or actions solely aimed at money-making. Without hesitation, Communist Party members should steadfastly implement the Party's present policies, which are completely consistent with the Party's supreme ideal. We should set greater demands on Party members in accordance with the qualifications of Party membership. To develop the socialist commodity economy, we should stress and apply the law of value and the exchange of equal value, but we should never apply the principle of commodity exchange to the political activities within the Party. The Party's policy allows and encourages some people and some areas to become prosperous before others through their honest work and legitimate business operations, with a view to achieving prosperity among all the people everywhere. Party members and Party organizations should not just work to make themselves, their work units or areas become prosperous; they should show consideration to other people and areas and help them to prosper as well. Communist Party members should not abuse their power for the benefit of themselves or some groups at the expense of the state or the people. This would run counter to the Party's

aim and disqualify them as Party members. Those members who act wildly in defiance of the law and the Party's and government's standards of discipline should not be tolerated at all; they should be punished severely.

**Third, we must increase the fighting capacity of the Party organizations at all levels.** What is it that has helped organize our Party and make it grow to a membership of 50 million and become so powerful? One important factor is democratic centralism, which we have all along been adhering to and perfecting. This is our Party's fundamental organizational principle. To weaken or negate it would impair the Party's fighting capacity and even lead to disintegration of the Party organization. Democratic centralism, the unity of democracy and centralism, requires giving full play to democracy and perfecting it. It requires that democratic rights be guaranteed for Party members and Party organizations at all levels as stipulated in the Party Constitution, so that both members and organizations will remain vigorous and contribute to the Party's cause with their initiative and creativity and so that Party cadres, especially those in leading positions, will remain under effective supervision. It is essential to practise centralism correctly on the basis of giving full play to democracy, to enable the entire Party membership to be unified in their thinking, political orientation and actions. Our Party Constitution stipulates that individual Party members are subordinate to the Party organization, the minority is subordinate to the majority, the lower Party organizations are subordinate to the

higher Party organizations, and all constituent organizations and members of the Party are subordinate to the National Congress and the Central Committee of the Party. All our Party members must strictly abide by these principles, acquire a strong sense of discipline and resolutely set to rights any acts not in the interest of the organization or counter to proper discipline as well as any double-dealing or going a different way from the Party. The unity of the Party, and the unity of the leading bodies at all levels in particular, is decisive for social stability and the progress of our cause. All Party comrades should treasure, safeguard and strengthen Party unity. Absolutely no political factions or attempts designed to sabotage or split the Party can be allowed within the Party. The primary Party organizations constitute the foundation for all the Party's work. We should turn these organizations into a powerful force composed of members who conscientiously carry out the Party's lines, principles and policies, keep in touch with the masses, strictly observe the standards of discipline and are combat ready. To do so, we have to work to bring about a change in those organizations that are weak and lax in discipline. Their organizational activities and the education and management of Party members must be improved and they must encourage criticism and self-criticism and raise the quality of their members so that they can fully play their vanguard role and set an example in everything they do. New members must be recruited strictly in accordance with the requirements so as to guarantee their quality. Special attention

should be paid to recruiting outstanding people who work in the front lines of enterprises and agricultural production.

**Fourth, we must train and bring forth millions upon millions of successors to the socialist cause.** Back in the 1960s, Comrade Mao Zedong, with foresight, set this strategic task for the Party. This task is more urgent now than at any time in the past. The overwhelming majority of our veteran comrades who joined the revolution before the founding of New China have already left or will soon leave their posts. A large number of comrades who started to work in the early years of New China will retire soon. The middle-aged and younger cadres who have taken up leading posts in recent years urgently need to increase their understanding of Marxist theories, strengthen their Party spirit and better their work proficiency. The next ten years will be a crucial period for our country's economic and social development and a period in which new cadres will be replacing older ones. To a large degree, the future of the socialist cause in China hinges on how well the younger generation do. We must become highly aware of our responsibility for the future of China's socialist cause, particularly in the next ten years and the next century, concentrating on the training of large numbers of young people. We should strictly apply the Party's standards for cadres, that is, they should be people who possess both political integrity and professional competence. We must also continue to follow the principle formulated by the Party Central Committee and Comrade Deng Xiaoping, which requires us to select

cadres who are more revolutionary, younger in age, better educated and more professionally competent. We must train and test our cadres in the course of our socialist modernization drive, reform and opening up as well as in the fight against bourgeois liberalization and peaceful evolution. We should be carrying out extensive, down-to-earth training, education and a search for talented workers, peasants and intellectuals from among all our nationalities. We should carefully analyse the experience and lessons in our work concerning cadres, further reform the cadre and personnel systems, attentively listen to people's opinions and promote outstanding middle-aged and younger cadres who have proved themselves qualified in practical work to leadership positions without delay. This will ensure that government and state leadership at all levels are in the hands of those who are loyal to Marxism. Successors to the socialist cause should not act like overlords, abusing their power to make a fortune. They must follow the example set by the older generations in maintaining the heroic revolutionary spirit, serve the people heart and soul, be the first to bear hardships and the last to enjoy comforts, and be ever ready to give their all for victory in the socialist cause and for the people's benefit.

During its long years of struggle, the Chinese Communist Party, in accordance with the Marxist theory on Party building, has accumulated a wealth of experience for building itself up and established many fine traditions. These include closely linking Party building with the Party's political line; placing priority on the Party's ideologi-

cal development and stressing the need for Party members to join the Party not only organizationally but also ideologically; always combining theory with practice, keeping close ties with the masses and making self-criticism; attaching great importance to the building of primary Party organizations and paying attention to training and bringing up successors in the course of struggle; and correctly handling contradictions within the Party in accordance with the formula of "unity-criticism-unity" and the principle of "learning from past mistakes to avoid future ones and curing the sickness to save the patient". In this current stage of history, we must carry on and develop these traditions, work to satisfactorily solve the new problems confronting us, and gain and analyse experience as we go, so as to do a better job of building up the Party and make the Party more unified ideologically, more powerful politically and more consolidated organizationally.

Comrades and friends!

Realization of the great cause of reunifying the motherland is in accordance with the fundamental interest of the Chinese nation and represents the common aspirations of the people of all our nationalities, including our compatriots in Taiwan, Hong Kong and Macao and those residing abroad. After the Chinese Communist Party put forward the principle of "one country, two systems," the issues of Hong Kong and Macao were resolved. We shall not relax our efforts to ensure a smooth transition, as well as stability and prosperity in the two regions. In

order to expedite reunification of Taiwan with the mainland, we have worked out a series of principles and policies and adopted many practicable measures, all in accordance with the concept of "one country, two systems." These have served to increase mutual understanding and exchange between compatriots on both sides of the Straits. At the same time, we have noticed that in recent years many patriots in Taiwan, including far-sighted men among the Taiwan authorities, have contributed to the development of relations between the two sides. Most recently, the Taiwan authorities have, on more than one occasion, stated that they are in favour of reunification of the country. This has been well received. But, regrettably, they have not yet abandoned their hostile position against the Chinese Communist Party. Taiwan is now undergoing major changes, one of which is the spreading trend advocating the "independence of Taiwan," which calls for special attention and vigilance. As this situation develops, the Chinese people are becoming more and more aware of the task of ending the separation of the two sides and reunifying the motherland. All parties, organizations and people with lofty ideals who are determined to work for reunification of the country should give first priority to the righteous cause of the Chinese nation and become aware of the urgency of this question. Both the Chinese Communist Party and the Chinese Kuomintang bear responsibility for the weighty historic mission of reunifying China. The two parties should adopt a responsible attitude towards the

country and the nation and send delegates to hold direct talks so as to gradually reach an agreement on the principles of reunification. Representatives of other parties and organizations should be invited to join such talks. All issues of concern to the Taiwan authorities, to all parties and organizations and to public figures from all circles in Taiwan may be raised for discussion. We hope that our compatriots at home and abroad will unite and work together to achieve the great goal of reunifying China.

Comrades and friends!

In addition to the Party's basic line, which has been proved entirely correct in practice, we have a strategic plan for realizing modernization and a programme of action for attaining the second-step strategic objective. Though in future we may come up against various kinds of problems, difficulties and unforeseen circumstances, our objective has been explicitly defined and our road mapped out. All Party members should carry forward the revolutionary spirit persistently advocated by the Party. They should be unselfish, putting other people's interests before their own, strictly observe discipline, be ready to make self-sacrifices, maintain revolutionary optimism and surmount every difficulty to achieve victory, unswervingly striving to attain the objective of our struggle.

Victory belongs to the great Chinese Communist Party!

Victory belongs to the great Chinese people of all nationalities! ■

# On Taiwan Authorities' Programme

by Wu Daying

**T**he Taiwan authorities' attempt to join the international community in the capacity as an equal "political entity" with the People's Republic of China and seek diplomatic "dual recognition" is contradictory to their public propositions for one China.

In February of this year, Taiwan's "State Reunification Commission" adopted the "programme for state reunification" as "the highest guiding principle for future mainland policy." The "programme" advocates that there is only one China and sets forth an idea for the reunification of the motherland. Although this "programme" was welcome, there were quite a few points in it that are not positive. The proposal of "not negating the other party's status as a political entity" is one such unacceptable idea.

Over the past few years, although some Taiwan scholars have advocated that the two sides could act within one China as a "political entity" and establish diplomatic rela-

tionship respectively with other countries, this is the first time that a statement about the mainland and Taiwan "not negating the other party's status as a political entity" has appeared in a formal document of the Taiwan authorities. What is behind this proposition and what would be the consequences if such an idea were put into practice?

## The Meaning of 'Political Entity'

To answer these questions, it is necessary first to clarify the concept of "political entity." The salient feature of the concept of a "political entity" is that it is indistinct and elastic. As a political and legal term, the word "entity" is seldom used and the phrase "political entity" is even less used. For example, these two words are not included in the political and legal sections of *Yunwu Social Science Dictionary* published in Taiwan, nor can they be found in the *English-French-Chinese International Law Dictionary* also published in Taiwan.

According to *Black's Law Dictionary*, "entity" refers to

a sort of objective existence recognized by law and covering a wide area, ranging from immovable property to government units. That is a definition in the broad sense. To further reduce the scope, as seen from the vantage point of international law, the *Digest of International Law* published by the US State Department says on the first page in its first volume, "International law is the standard of conduct, at a given time for definition states and other entities subject thereto." Here, entities and the state are juxtaposed as the main body of international law, that is, of an international personality. In the practice of international relations, for example, the United Nations and Vatican are called the "international entities" (page 583, Volume I of the *Digest of International Law*). Countries which cannot fully exercise their sovereign rights because of belligerency and insurgency are also called "entities" (op. cit. page 41). To sum up, intact countries which cannot fully exercise their sovereignty for various reasons or areas having an international personality can also be called

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"entities."

To cap "entity" with the word "political" gives it the added colour of a sovereign state. I provide the following two examples. In December 1948 when the United Nations Security Council discussed Israel's application for the UN membership, the United States' deputy representative used the concept of "political entity" in his speech. He said that a political entity whose application could be taken into consideration "must be a state" (*Announcement of the US State Department*, No.493, December 12, 1948). Conversely, if a political entity is not a state, its application cannot be taken into consideration. In 1960, the court decision of the US Court of Appeals for the District of Columbia Circuit in the case of *Rogers v. Cheng Fu Sheng and Lin Fu Mei*, called Taiwan a "political entity." The verdict says, this "political entity" of Taiwan contains "a government...which has undisputed control of the island," and is, therefore, a "state." Here, I will not refute this inappropriate wording as it is sufficient to understand the logic of the case solely in order to master the meaning of "political entity": If a "political entity" does not contain such a government as Taiwan's, then it is not a state. Evidently, a state is, of course, a "political entity," while a "political entity" may be, or may not be, a state.

### The Motive

The so-called "not negating the other party's status as a political entity on a mutually

beneficial basis" is tantamount to saying that just as Taiwan does not negate the mainland's status as a "political entity," so, the mainland, should not either negate Taiwan's status as a "political entity." This statement should be studied from two aspects.

On the one hand, it can be said that there has been some progress in the Taiwan authorities' stand. The People's Republic of China has existed for 40-odd years on a territory of 9.6 million square kilometres, and has been recognized by the overwhelming majority of countries around the world. The Taiwan authorities' statement in a formal document that they "do not negate the other party's status as a political entity" indicates their acceptance of this reality. Of course, this is only a small step because, after all, the "programme" has not clearly defined what sort of "political entity" it is.

On the other hand, with regard to Taiwan's demand that the mainland not negate its status as a "political entity," it is necessary to make a detailed analysis. The People's Republic of China has a central government and local governments which in turn are subdivided into provincial, autonomous regional and municipal governments and into the governments at various levels under them. In addition, there will be the governments of the Hong Kong and Macao special administrative regions. Viewed from the perspective of political science, every government therefore can be called a "political entity." It can be said that China is a large "political entity," within which there

are a number of "subsidiary political entities." Shanghai is a "political entity," as is Inner Mongolia, as well as Taiwan. In this sense, the mainland has long regarded Taiwan as a "political entity."

However, the demand of "not negating the other party's status as a political entity" raised in the "programme" is that Taiwan should be recognized as a state in the international community, enjoying the status described as the main body of international law. In the "programme," the term "equal" is an attractive wording. The "Foreword" regards "equality" as the prerequisite for reunification and Part III reiterates "equality" as the principle for reunification. What is the meaning of "equality"? In the discussion on the "programme," officials from Taiwan's "State Reunification Commission" said that the first step necessary is the "mutual recognition of sovereignty not involving the other party" and the "mutual recognition of each other's equal status as a political entity." As to what aspects should be "equal," the "programme" said in the fourth point of the first stage that the two sides across the Taiwan straits should "respect and not exclude each other in international relations." If Taiwan could act as an equal "political entity" to the People's Republic of China in international relations, it would be able to establish official relationships with other countries, to join international organizations and to acquire diplomatic "dual recognition." This, in effect, is the real intention of the "programme."

Particularly noteworthy is that the "programme" puts the statement "not negating the other party's status as a political entity" in a significant and special position. The "programme" divides the process of reunification into three stages—short, medium and long-range. According to its logical structure, these three stages proceed step by step in sequence. The preceding stage can enter the next stage only after the preceding steps are realized. The demand for "not negating the other party's status as a political entity" is placed at the top of the four-part contents of the first stage whereas the parts concerning the exchange of mail, trade and air and shipping services, which people of the two sides across the straits have long been hoping for, and issue of top-level mutual visits vital to establishing links between both sides are placed in the second stage. Such arrangements mean that if the People's Republic of China does not recognize Taiwan's equal status as a "political entity" in international relations, the exchange of mail, trade and air and shipping services, and mutual visits to occur during the second stage and reunification to be achieved through consultation in the third stage will be out of the question.

It is not hard to see that the Taiwan authorities have taken great pains in recent years to strive for international status. They have changed from their rigid policy of "you advance when I retreat" to a relatively elastic "pragmatic diplomacy" and, as well, from a proposition of "one country,

two governments" and "one country, two regions," to the present "one country, two political entities." Although their tactics have changed, their train of thought is consistent. They evade the prerequisite for the reunification of the motherland, striving for a legal status equivalent to a state in the international community and seeking diplomatic "dual recognition." This contradicts the principle under which the Taiwan authorities themselves recognize that there is only one China. It provides an opportunity for those who intend to create "two Chinas," "one China, one Taiwan," "the independence of Taiwan," or those who want to perpetuate the division of the country. Obviously, this will only delay and even obstruct the process of reunification. At present, although the Taiwan authorities have announced their reunification goal to the world, they have not given up practices which retard the progress towards this goal. Isn't this contradictory?

### **Contrary to the International Law**

"Not negating the other party's status as a political entity" is a proposition contrary to the basic tenets of international law. A country can have only one legal government which acts as its representative in the international arena and which exercises sovereignty in its relationships with other countries. This is an indisputable and most important principle of international law which the United Nations, the most im-

portant international organization in the world, has abided by for decades. The present reality is that the People's Republic of China has gained increasing strength over the past 40-odd years since its establishment. Its government is recognized by 137 countries and the overwhelming majority of international organizations, and is China's sole and legal representative in the world. Under such circumstances, although the Taiwan authorities try their hardest to become a "political entity" equal to the People's Republic of China, this is by no means a pragmatic attitude.

The policy of the Chinese Communist Party is clear—to realize reunification of the motherland under the principle of "one country, two systems." Under this method, Taiwan can enjoy a high degree of autonomy in political and economic fields and keep its capitalist system unchanged. However, the practice of seeking diplomatic "dual recognition" which will lead to "two Chinas," or "one China, one Taiwan" and thus hinder the great cause of reunification is absolutely unacceptable. The Taiwan authorities should set great store by the goal of reunifying the country and, in a practical attitude and in the spirit of mutual trust, begin taking some practical steps to realize as soon as possible the exchange of mail, trade, and air and shipping services, the start of top-level mutual visits and, through exchanges, enhance understanding between the two sides, thus bringing about the reunification of the motherland at an early date. ■

# Banker Speaks Out on Financial Situation

by Our Staff Reporter Han Guojian

In an April interview with *Beijing Review* about China's current financial situation, Wang Qiren, assistant president of the People's Bank of China, said that although the financial situation in China is generally positive, there is also the danger of inflation. He emphasized the need to "keep the wolf from the door" in order to ensure a steady improvement in the financial situation.

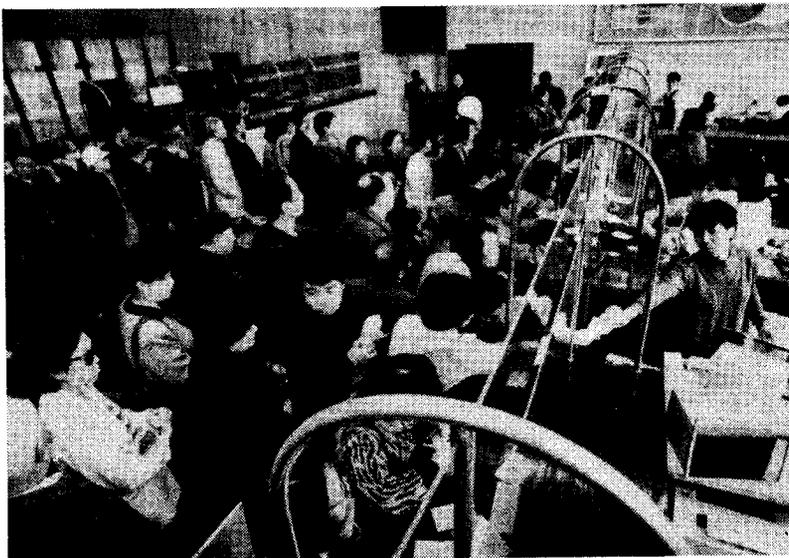
## Inflation Halted

Since 1988, Wang said, China's financial situation has been in a state of flux. As a result of the economic overheating and the over-supply of money, the inflation which occurred in 1988 drove the retail price index up 18.5 percent. As a result, in the fourth quarter of that year, the central government began to improve the economic environment and rectify the economic order by introducing a policy of financial and credit retrenchment. The economy then cooled down and the retail price index was back at 2.1 percent in 1990. China's efforts to curb inflation were so successful that they won the praise of officials from International Monetary Fund when they visited China in November 1989 and November 1990.

They said that the economic achievements China has accomplished were rarely seen in any other country.

Although the inflation was halted, new problems arose. For example, industrial production was plagued with negative growth and the market became sluggish. In the spring of 1990, the People's Bank of China, acting upon a State Council decision, slightly relaxed its control over the supply of money so as to promote an economic rebound. The result was that the industrial economy grew at 7.6 percent, the GNP increased by 5 percent in 1990 and the market began to firm up. The market has been

Beijing Residents line up to buy bonds.



thriving especially since Spring Festival as retail sales in the first quarter of the year rose 13 percent from the same period last year (a time during which there was negative growth).

## New Tasks

This year is crucial for China's financial situation be-



cause the approved Ten-Year Programme and the Eighth Five-Year Plan both require strengthened fiscal macro-regulatory functions and, while balancing finance, credit and foreign exchange receipts and spending, the promotion of the national

LI MINGFANG



YANG FUTAO

The Shanghai Foreign Exchange Coordination Centre, the first of its kind in China.

economy by correctly using such financial levers as interest and exchange rates. In all, while bringing about proper economic growth, we have to stabilize the money supply so as to prevent the occurrence of a new round of inflation. The tasks ahead are arduous.

To jump-start production and the market, banks granted 275.7 billion yuan in loans and supplied an additional 30 billion yuan in 1990. As stable as the current financial situation is, the more rapid growth in credit and price hikes over economic development in 1990 may trigger off another round of inflation in the second half of this year. To top it off, some localities are vying with each other to see whose economy can grow faster. Some economists believe there are signs of another round of economic overheating. With regard to the money supply, China has to be extremely careful this year.

### Monetary Policy

Wang said that in 1991, China's money supply should neither be too loose nor too tight. The general policy is "to control the overall supply of money, readjust the structure in a timely fashion, strengthen management and raise efficiency," that is, effect a proper economic growth while stabilizing money supply. As the country's central bank, the People's Bank of China strives to promote economic development by stabilizing the money supply. Our specific measures are intended to optimize the increased supply of money, stimulate fund reserves and support enterprises.

At present, low efficiency is the most serious problem facing the nation's economy. This is, in the final analysis, caused by an irrational economic structure and poor management. Even though, in the first quarter of this year, industrial growth tended to be normal, a large

amount of credit funds were "deposited" in storehouses in the form of finished products.

The overstocks have made it difficult for part of the funds to circulate. This year, China must make up its mind to close, suspend or merge a group of enterprises and transform their production lines. In granting loans, banks should give priority consideration to those enterprises that are operating well or are vital for the national economy and reduce loans to enterprises which are operating poorly or are not vital for the national economy. Economic restructuring is a painful process. No pain, no gain. Only when inefficient enterprises are discarded can the well-operating ones survive. Initially, however, only a small number of inefficient enterprises will be eliminated in order to prevent social unrest.

This year, banks will grant loans primarily to key state projects in the fields of energy, communications, telecommunications and raw materials, to large and medium-sized backbone enterprises and to "milk-producing" enterprises. As of now, loans totalling 1,600 billion yuan have been granted throughout the country. If 4 percent of these loans are kept "alive," much of the thirst for funds will be quenched. To this end, the People's Bank of China and specialized banks such as the Industrial and Commercial Bank, the Bank of China, the Agricultural Bank and the Bank of Construction have been formulating a series of measures to deal with the present economic situation. ■

# Protecting Trademark Rights

by Our Staff Reporter Yang Xiaobing

The Beijing Bureau for Industry and Commerce investigated complaints lodged by the Swiss embassy in China and discovered that the trademark "Sugus" had been registered in China by a Swiss company, the Tacobs Suchard Tobler SA of Switzerland. When the Yili Food Co. in Beijing used the trademark on its packages, it therefore infringed on the Swiss company's exclusive trademark rights. In accordance with the Trademark Law, the Beijing Bureau for Industry and Commerce seized the "Sugus" printing plates used in packing candies from the Yili Food Co. and had the remaining packing paper destroyed. The Yili Food Co. was also ordered to stop selling fruit candies under the trademark "Sugus."

At the request of the Mobil

Petroleum Corp. of the United States, the Guangzhou Bureau for Industry and Commerce discovered that the Jiujiang Tanker Manufacturing Plant and some other enterprises in Nanhai County illegally produced and sold engine oil under the trademark "Mobil." In accordance with the Trademark Law, the companies infringing on the trademark were ordered to remove the false labels and were fined 94,377 yuan. Personnel from each company were required to prepare a written statement of repentance. In accordance with the request of the party whose rights were infringed, the companies were asked to pay the US Mobil Petroleum Corp. all the profits obtained through use of its trademark, a total of 7,660 yuan.

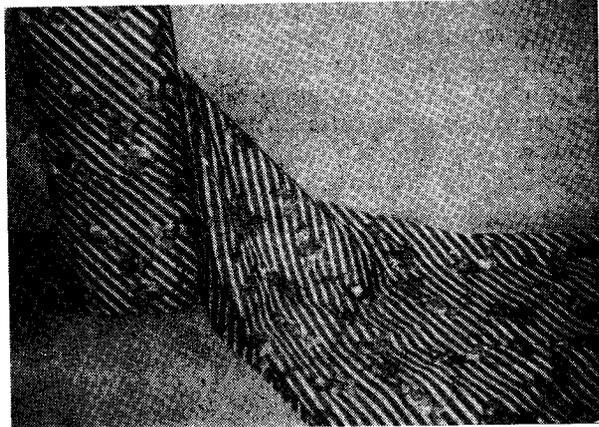
## A Decade of Progress

The Trademark Law of the People's Republic of China is an important step in the establishment of intellectual property rights. Li Jizhong, director of the Trademark Office of the State Administration for Industry and Commerce, said, "China recognizes the exclusive right to use trademarks and truly protects such rights. The protection of exclusive trademark rights is the key component of the law."

More than a decade has elapsed since the law was enacted and eight years since its implementation. During this period, China has strengthened its ties and expanded its co-operation with related organizations worldwide. In 1980, China joined the World Intellectual Property Organization. In 1985, it participated in the Paris Convention for the Protection of Industrial Property and, in 1986, joined the Madrid Agreement Concerning the International Registration of Trademark, and in 1988, it implemented the International Classification of Goods and Services for the Purposes of the Registration of Marks Under the Nice Agreement (Nice classification). This progress marks a giant step in the country's exam-

*Left: A Chinese department for industry and commerce seals confiscated imitation IBM products; Right: Following requests by a Singapore businessman, a printing and dyeing mill in Zhejiang Province which printed images of Mickey Mouse and Donald Duck on its cotton cloth, registered trademarks of the US Walt Disney Corp., is ordered to stop selling the products.*

GUO GONGSHANG



ination of trademark applications towards modern international standards.

Since the 1980s, China's efforts to protect trademarks have developed apace and the number of trademark applications has grown annually. In 1990, the country's industrial enterprises applied for 57,272 trademark registrations, including 6,419 foreign trademark applications. The number of approved registered trademarks is thus growing. Between 1950 and 1979, China had only 32,000 approved registered trademarks but, by the end of 1990, the figure had reached 279,397. Before the 1980s, only 18 countries and regions registered 5,130 trademarks in China. By the end of 1990, however, foreign businessmen from 62 countries and regions registered 42,097 trademarks in China. The United States which only registered 122 trademarks in China before the 1980s registered 12,528 trademarks in the country by 1990, a rise of more than 100 times.

### Main Principles

Director Li noted that the main principles underlying the Chinese Trademark Law are to register that trademark which had been applied first and to allow trademarks which have gone through the legal procedures to enjoy exclusive rights. Where two or more applicants apply for the registration of identical or similar trademarks for the same or similar goods, an approval notice will be given, after a preliminary examination and approval of the trademark which was first filed while late applications will be rejected.

The key principle of "national treatment" and "the right of priority" which are part of the Paris Convention has been implemented in China.

Director Li also said, "Wheth-

er in the application for the trademark registration or in the protection of the exclusive right to use trademarks, the departments in charge of trademarks will treat Chinese and foreign people equally without discrimination." In 1985, the Hoong Tao Nominees PTY. Ltd. of Australia applied for the registration of the trademarks "Pizza Hut" and the corresponding roof figure designs according to the 33rd and 34th categories of the International Classification of Foods and Services. After a preliminary examination, the Pizza Hut Inc. of the United States raised an objection to the granting of the trademark to the Australian company. The Trademark Office, after an in-depth investigation, discovered that the trademark was first registered by the Pizza Hut Inc. of the United States in 1958 and so the US company enjoyed the exclusive right to its use in 104 countries, including Australia. According to the stipulation on famous trademarks in the second provision of Article 6 in the Paris Convention, the Trademark Office decided on August 17, 1987 that it would not accept the registration of the "Pizza Hut" filed by the Hoong Tao Nominees PTY. Ltd. of Australia and approved the use of the registered trademark by the US Pizza Hut Inc.

China handles a large number of cases annually which involve the infringement of rights and the use of imitation trademarks so as to protect the exclusive right to trademarks and the interests of the consumers. In 1990, the departments for industry and commerce handled about 10,000 such cases, including a dozen or so cases filed by foreign companies. In accordance with the stipulation of the Trademark Law, organizations in charge of industry and commerce and the people's courts have the right to handle such cases. Because the depart-

ments for industry and commerce can directly oversee trademark usage, it is comparatively easier and quicker for them to handle the cases. In practice, most cases involving the infringement of trademarks have been dealt with by the departments for industry and commerce.

In the second half of 1990, through its trademark agent (the China Patent Agent HK Ltd.), the Adidas AG Co. Ltd. of Germany filed a complaint to the Hangzhou Bureau for Industry and Commerce against the Jiangtang Handicraft Clothing Factory in Jinhua County, Zhejiang Province, for infringement of the "Adidas" trademark. After an investigation, it was clear that the trademark was the registered trademark of the Adidas AG. Co. of Germany in China. In 1990, however, the Jiangtang Handicraft Clothing Factory had used a number of Adidas trademarks for its production of imitation famous-brand sports clothes which it then sold in Hangzhou, the capital city of Zhejiang Province. In April 1991, the Hangzhou Administration for Industry and Commerce decided that the Jiangtang Handicraft Clothing Factory had to remove the labels and destroy the trademark printing plates. The company was also fined 2,460.4 yuan.

An official of the Trademark Office said that any party which raises a challenge to the decision of the Trademark Office may, in accordance with the Trademark Law, apply for a review of the decision to the Trademark Review and Adjudication Board. The board is directly under the jurisdiction of the State Administration for Industry and Commerce and will not be influenced by the Trademark Office. In this way, it can act objectively and impartially in its review of cases.

In 1983, the E. I. Du Pont de Nemours and Co. of the United States applied for the use of the trademark "Freon" on some of its goods. At that time, "Freon" was used as the common name for refrigerant by Chinese consumers and by industrial production departments. The term "Freon" was regarded by the Trademark Office as a common name for commodities and, in accordance with the stipulation of the Trademark Law, the Trademark Office refused the application of the Du Pont Co. However, the latter did not accept the decision and appealed for a review to the Trademark Review and Adjudication Board under the State Administration for Industry and Commerce. It argued that "Freon" was a unique term created by the Du Pont Co. and had been registered in 91 countries since 1981. It argued further that the term had even been included in the *Collins English Dictionary* and cited as a famous trademark. After extensive investigation and verification of the claims made, the Trademark Review and Adjudication Board ruled that "Freon" was indeed a creation of the Du Pont Co. and not a common product name. It decided that the trademark "Freon" could be registered in China.

According to Li Jizhong, China's Trademark Law still leaves much to be desired. For instance, the current Trademark Law only contains stipulations on trademarks for commodities but no stipulations on service trademarks. Moreover, the penalties for those who have infringed upon trademark rights are too weak. At present, the Trademark Law is being revised by the State Administration for Industry and Commerce so as to further meet the needs of economic development and the country's policies of reform and opening to the outside world. ■

## Expanding Insurance Coverage for Foreign Firms

by Our Staff Reporter Han Guojian

*Along with the widening reform and opening to the outside world, China's growing insurance business provides foreign businessmen with various kinds of risk insurance coverage. Overall, the scope of China's insurance business with other countries is expanding, the quality of service improving, and foreign markets being diversified.*

In March this year, the Huizhou Panda Auto Co. Ltd., the largest solely foreign-owned enterprise ever built in China, bought a ten-year insurance policy from the People's Insurance Company of China (PICC) for a total premium of US\$1 billion. According to Xu Zhenbin, manager of the Overseas Business Department of the PICC and the person in charge of the account, the content of the insurance covers engineering construction safety. After the project's completion, the insurance premium will be automatically changed into property insurance for the enterprise.

Since China introduced the policy of opening to the outside world in 1978, the scale of foreign business investment in China has been growing annually. Early in 1991, foreign investment totalled US\$46 billion and the number of enterprises with various forms of foreign investment reached 29,000. In addition, China's import and export trade has developed apace, amounting to more than US\$100 billion. Such developments have

furnished a broad avenue for an expansion of China's insurance underwriting.

The 41-year-old PICC has an extensive business network and an abundance of funds, underwriting 95 percent of the insurance coverage for foreign businessmen. In recent years, its business has continued to increase. Insurance premium income totalled US\$340 million in 1988, US\$410 million in 1989 and US\$420 million in 1990.

### Some 100 Types of Insurance Coverage

China's insurance coverage for foreign businessmen has made considerable progress, offering 100 types of reliable services for its clients. China provides such traditional insurance coverage as transport insurance for import and export goods, insurance for ocean-going vessels and insurance for airplanes on international routes. In accordance with the growing requirements for risk insurance by foreign businessmen in recent years, China has also begun to provide new

insurance coverage such as political risk coverage, accident insurance for tourists and coverage for the oil exploitation. Currently, China offers all the insurance services needed by foreign businessmen.

Last year, for example, in order to alleviate the concerns of foreign investors about possible changes in China's political situation, the PICC offered political insurance coverage for the construction of the Guangzhou-Shenzhen Expressway which had been granted a syndicated loan totalling US\$800 million. This move by the PICC helped to complete the loan agreement.

The Central Hotel in Guangzhou and the Antaibao Coal Mine in Shanxi Province are Chinese-foreign joint ventures. In 1990, in order to meet the needs of the two joint ventures, the PICC designed a comprehensive insurance policy for the two enterprises so that they could obtain the maximum insurance coverage for the lowest possible premium payment. The PICC arrangement was well received by the two joint ventures and helped to pioneer a new form of insurance coverage for foreign businessmen.

## Compensation

Underwriting projects which require a considerable amount of funds and compensating for losses in a timely fashion shows the strength of China's insurance industry. For instance, during a hijacking incident which occurred in Xiamen, Fujian Province in October 1990, three jumbo jets were damaged. The insurance company made good a loss of US\$80 million within the agreed upon period. Also, last year, within ten days after the *Taoyuan*, an ocean-going vessel, met with a mishap, the ship-owner received US\$19 million in insurance payments.

In March this year, a tourist from Germany suddenly died of heart attack in Beijing while touring the Great Wall. Since he had purchased personal accident insurance soon after arriving in China, his relatives soon received 197,000 yuan in insurance payments from the insurance company. Since 1986, about 8 million foreign and Hong Kong, Macao and Taiwan tourists have been covered by such insurance policies and obtained insurance compensation totalling more than 300,000 yuan.

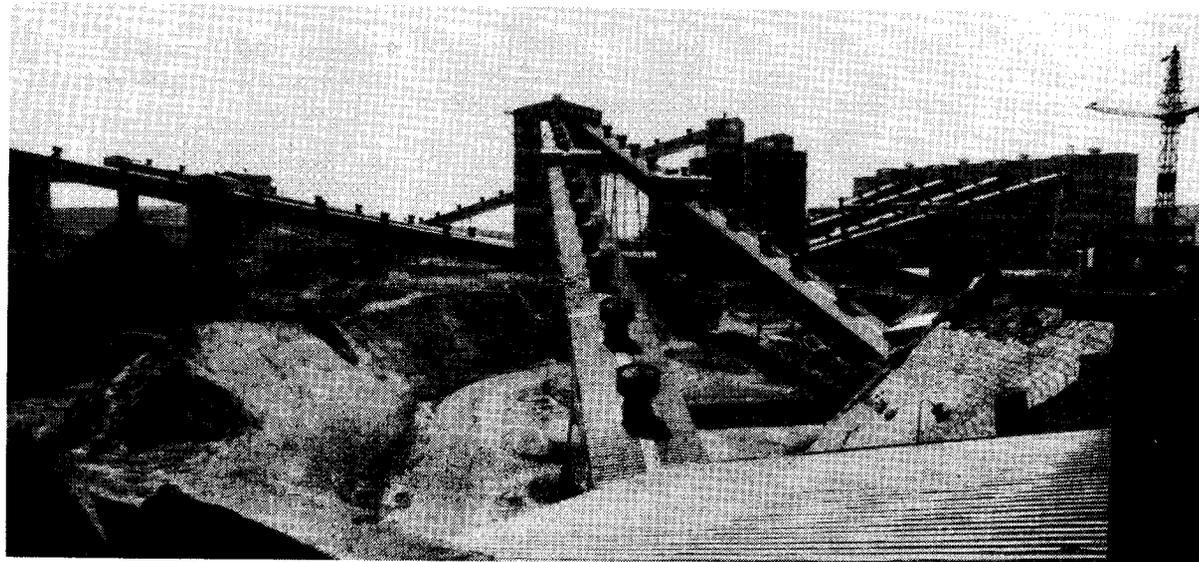
## A Co-operative Network

Along with the development of China's trade relations with other countries, the PICC has set up an extensive array of trusted agents who provide compensation, offer overseas services for insured materials and provide average examinations. By the end of 1990, the PICC had over 300 agencies in 120 countries and regions and, at the same time, entrusted by 111 foreign insurance companies with offering compensation and examination services for their foreign counterparts in China. For instance, Lloyds of London has entrusted the PICC branches in Beijing, Shanghai, Dalian, Guangzhou and Tianjin to act as its examination agents in China.

Participation in the international reinsurance business is an important facet of PICC operations. According to Shen Xizhong, deputy manager of the reinsurance department under the PICC, by early April of this year, China had forged reinsurance relations with 1,012 insurance companies in more than 100 countries and regions. Domestic projects involving huge amounts of funds with foreign firms are

The Antaibao Opencut Coal Mine in Shanxi Province, a Sino-US joint venture.

DONG RONGGUI



basically underwritten by foreign insurance companies. Such projects include the Daya Bay Nuclear Power Station, the launching of the AsiaSat I telecommunication satellite, 200 big and medium-sized passenger planes for CAAC and over 1,000 ocean-going vessels for China's ocean-shipping departments.

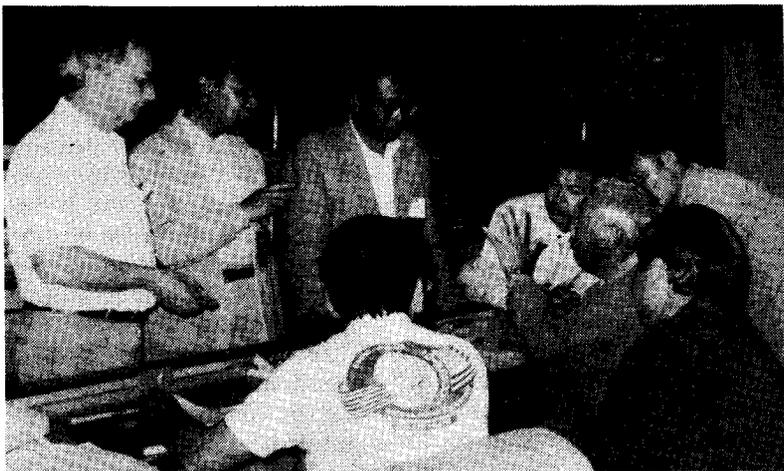
Shen Xizhong noted that such co-operation with other countries has furnished new opportunities for Chinese insurance personnel to learn how their foreign counterparts operate and has reduced risk pressure. When the 1990 plane and ocean-going accident cases occurred, China was able to retrieve a substantial amount of premium because of international reinsurance.

Shen also said that because there had been surplus involvement in the international insurance market, the PICC had accepted less underwriting business from other countries. However, this does not mean that China is too weak to participate in competition in the field. In view of the fact that extensive competition has led to excessively low premiums and that even some well-known insurance companies have had to close down, a blind expansion into the field by the PICC would only further deteriorate the international insurance market.

### Overseas Market

Mr. Xu Zhenbin believes that as far as China's current foreign trade is concerned, although the current annual insurance premium income of US\$420 million is considerable, China's foreign insurance businesses should more actively compete on the international market and vigorously open up new overseas insurance businesses.

The potential for China's overseas insurance market is great. Enterprises run by foreigners of



Scientific and technical personnel from China, the United States and Hong Kong hold a pre-launch discussion regarding the AsiaSat I telecommunications satellite.

WU SENHUI

Chinese origin (including Chinese-invested enterprises abroad and foreigners of Chinese descent themselves) are the main service targets for China's insurance organizations abroad. In addition, in recent years, China has sent large numbers of personnel on labour service and engineering projects to Africa, the Middle East, Oceania, the Soviet Union and other regions. Such projects require the insurance services of Chinese companies. Since the domestic insurance market involving foreign firms is saturated, the overseas market looks more attractive.

By the end of 1990, the number of China's overseas insurance organizations rose from 40 in 1987 to 56. Most of them were business organizations mainly concentrated in Hong Kong, Macao and Singapore. In 1990, China's premium income from Hong Kong reached HK\$1 billion and its insurance premium income from Singapore and London totalled US\$10 million respectively, overall a healthy growth trend.

According to Guo Dechun, deputy general manager in charge of PICC's foreign insurance bus-

ness, China in the 1990s will vigorously open up the overseas market and set up business insurance organizations in Hamburg, Germany and Tokyo, Japan, and an insurance representative office in Australia. In 1992, China will also try to set up insurance organizations in the European Community. At the same time, China will resume insurance operations in Southeast Asia.

One PICC official believes that even though China's foreign insurance business has made rapid progress in recent years, poor information has slowed the growth of China's foreign insurance business.

The failure to come to grips with changes on the world insurance market accurately and in timely manner has led to underwriting some projects that were never completed and insuring projects which were not worthy of insurance.

The PICC will reportedly adopt measures to resolve such problems. One foreign insurance expert said, "Compared with older insurance companies overseas, the PICC is still young. Because it is young, there is big room for development." ■

## Hair Tonic Takes America by Storm

JINJI CANKAO BAO  
(Economic References)

**D**ue to its magical results, "101" hair tonic for treatment of baldness won several awards in international new technical invention fairs in recent years. The creator, Zhao Zhangguang, went to the United States for the first time not long ago to give treatment. His success caused a "101" craze to spring up in many US cities.

Soon after Zhao reached Seattle, he said, "If my clients have no results after using '101' for three months, my agent here will refund the cost of the medicine." He also indicated that those unable to attend consultations in person could receive replies to letters they sent in stating the nature of their hair problems and with photos enclosed. As soon as the American newspapers reported this, many people telephoned the "101" agency of America for details.

On the first day, 55 patients received Zhao's attention. A man from Washington State said he had heard for a long time that the "101" inventor had won international prizes on seven occasions. After treatment Zhao told him, "You have seborrheic baldness. You only need to apply one bottle of 101-B and four bottles of 101-A for one or two months in order to recover." The patient was very pleased

to hear that.

While Zhao was treating clients, a young American standing nearby asked the Chinese doctor to have dinner with him. He said he had also been bald and had been unable to find a girl friend. Three years ago, he asked a friend to obtain five bottles of "101" from China. He was cured after using three bottles, so he had come to thank Zhao.

Zhao had a continuous stream of visitors and patients when he was in Seattle. It showed the high interest of the American people in "101" hair tonic.

(March 23, 1991)

## Beat Backwardness Through Competition

DANGDAI QIYE  
(Contemporary Enterprises)

**X**ue Muqiao, a well-known economist in China, believes that a weakening market is common to capitalist countries and will lead to acute competition. During this stage the bad and weak will be replaced by the good and the strong as the practice proves. The trend will promote technical renovation, upgrade products and rejuvenate the economy at a higher level.

There are two ways to deal with a sluggish market in socialist countries. The old way is protection, with the government subsidizing all losing enterprises. This formula

used to be regarded as one of the advantages of the socialist system. The other is competition which was considered a form of capitalist blindness in the old days.

Xue believes subsidies entail protection of backwardness and a sacrifice of economic efficiency. They will cause further troubles and lead to a dead-end street. The confused pricing, weak financing and misuse of credit in some socialist countries led them to the brink of destruction. We should remember this lesson and set out on new tracks. This new strategy is to shift from protection of backwardness to competition. Those with merit will survive the fray. This is an objective law governing not only the evolution of living creatures but also social progress.

(No. 1, 1991)

## Three Types of Coastal Open Areas

BEIJING QINGNIAN BAO  
(Beijing Youth News)

**C**hina's open coastal areas come under the three categories of special economic zones, open cities and economic development zones.

1. Special economic zones. Neither a political area, nor a special administrative region like Hong Kong that follows the policy of "one country, two systems," the special economic zones are places where the state introduces preferen-

tial policies to attract foreign trade and investment. China now has five such zones including Shenzhen, Zhuhai, Shantou, Xiamen and Hainan.

2. Open cities. These refer to 14 coastal cities that implement part of the preferential policies of the special economic zones. They are Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai.

3. Economic development zones. In order to meet China's development needs for foreign economic relationships, the State Council has set up open coastal areas. These zones encompass the Pearl River Delta, Yangtze River Delta and the triangle of Xiamen, Zhangzhou and Quanzhou cities in southern Fujian Province.

(April 2, 1991)

## China Tops the World In Ancient Inventions

HAIWAI XINGYUN  
(Overseas Tidings)

**B**esides inventing paper-making, printing, the compass and gunpowder, the ancient Chinese produced many more creations.

—The earliest porcelain in the world was invented by the Chinese. The primitive porcelain was lustrous white and can be traced back to the Shang Dynasty (c.16th-11th

century BC). The proper porcelain was created in the period of East Han (25-220 AD).

—As early as Eastern Jin in the 4th century, the Chinese people invented the gyroscope, a direction-finding instrument for ships and aircraft. It predated the European version by 1,300 years.

—The hermetically sealed sound vibration laboratory of ancient China is the oldest physical laboratory in the world.

—The world's first mechanical spinning devices that made use of hot air current were magic lanterns, according to records in the Northern Song Dynasty (960-1127).

—Labouring people in ancient China employed solar energy as early as 3,000 years ago.

—The world's first humidity-sounder was the balanced hydrometer devised in the Han Dynasty (206 BC-25 AD), more than 1,600 years earlier than its equivalent in Europe.

—Zhang Heng, a scientist in Eastern Han, was the first man in the world to invent a clock.

—The discovery of oxygen, which became one of the bases of modern chemistry, was achieved by Taoist practitioners seeking to produce pills for immortality.

—The world's earliest casting technology was China's three-casting method which used mud, iron and wax models.

(No. 3, 1991)

## Change in Employee Structure in China

RENMIN RIBAO (HAIWAIBAN)  
People's Daily (Overseas Edition)

**T**he tally of workers and staff in the country increased from 123 million to 140 million over the last five years. The structure of the change is as follows:

Numbers in state-owned concerns grew faster than those in collective-owned businesses. At the end of 1990, there were 103 million workers and staff in government-owned enterprises and 35 million in collective-owned ones. In the five years from 1986 to 1990, the average gain in each sector was 3.8 percent and 1.3 percent respectively.

During this period, contract workers and staff rose from 13.7 million to 17.02 million. The proportion in wholly state-owned enterprises rose by 13.3 percent.

Female workers and staff increased faster than their male counterparts. Now, there are three women for every eight employees. Their total number of 53 million, has risen five percent, outstripping growth for the workforce as a whole.

Worker numbers in tertiary industry built up rapidly. The whole country has 60.36 million, accounting for 42.9 percent of all employees, up 1.9 percent from five years ago.

Workers and staff in China are becoming younger, as well as possessing higher political and cultural levels.

(May 1, 1991)

## Adapt Product Mix To Market Changes

China's foreign trade enterprises have already completely revised their traditional methods of exporting large amounts of raw materials for foreign exchange, and have begun to pay attention to the technological content of their export commodities. Over the past two years, China's annual export earnings have exceeded US\$4 billion, and a large number of hi-tech products and famous brands of food and clothing developed by China have enjoyed a brisk international market.

The chocolate produced by a factory of the Shanghai Foodstuff Import & Export Co. has entered the American market on the basis of its low sugar content. The Shenzhen Huamei Fine Chemical Engineering Co. Ltd. has boldly renovated its imported equipment and turned out BOPP film—a new packaging material up to the international standard for high-grade garments, cigarettes, medicine, food and cosmetics. It has helped change China's image as a manufacturer of "first-class commodities with second-class packaging."

China now has 1,700 export-oriented processing enterprises in its foreign trade system. They mainly process grain and oils, arts and crafts, chemicals and light industrial goods, deal with packaging improvement, and undertake the development and demonstration of new products. In recent years, about 1,000 enterprises have acquired 1.1 billion yuan in loans for technical updating, including the renovation of outdated production equipment and backward technology, plus the improvement of the quality and design of products for export. Many products have won prizes in both foreign and

domestic product quality appraisals. Meanwhile, over 300 scientific and technological items have received awards of the Ministry of Foreign Economic Relations and Trade, and the export earnings brought by them have amounted to US\$500 million. ■

## Tangshan Seeks Foreign Co-operation

Tangshan City, famous both at home and abroad for its devastating 1976 earthquake, has been rebuilt after 15 years of construction and development. Liu Jingchang, mayor of the city, recently announced that Tangshan will further accelerate its speed of opening to the outside world, by expanding the use of foreign capital and importing advanced technology. It will try to absorb more loans from international financial institutions and bilateral government loans and to strengthen project construction involving agriculture, water conservancy, energy, transport and communications, telecommunications and important raw materials.

Liu said that during the Eighth Five-Year Plan period (1991-95), Tangshan will arrange 150 projects using foreign invest-

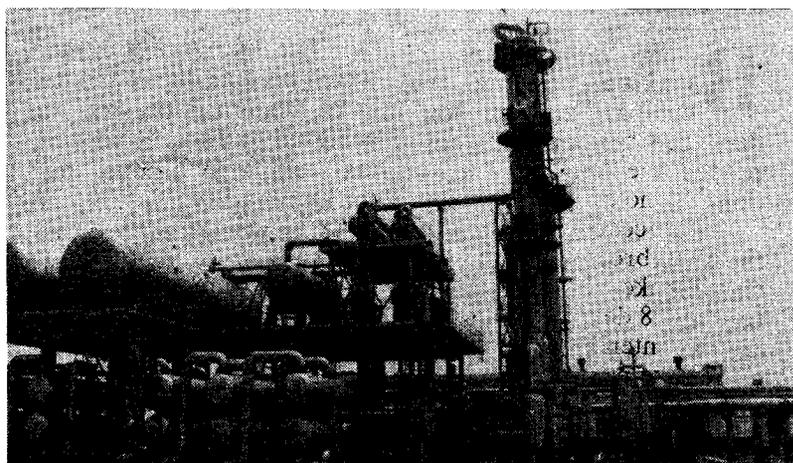
ment of US\$400 million, including 100 directly foreign-funded projects valued at US\$210 million. The value of commodities purchased for export is expected to reach 2 billion yuan, representing an increase of 94.9 percent over 1990.

Tangshan has opened two development areas as key industrial districts during the Eighth Five-Year Plan period thanks to its abundance of raw materials. One is the Nanbao development district focusing on chemical salts and the petrochemical industry. The Changlu Saltworks in the area now produces 600,000 tons of soda ash each year and will set up a caustic soda plant with an annual capacity of 100,000 tons. The Jidong Oilfield in the district is to add a set of equipment with a daily handling capacity of 150,000 cubic metres of oil field gas, and an annual capacity of 40,000 tons of methanol. The other area is the harbour development district. Currently four lots of land with 532.87 hectares have been offered to Hong Kong, Macao and Taiwan compatriots and foreign businessmen for development.

Since Tangshan adopted the policy of opening up in 1988, it has brought in US\$130 million in investments and approved 53

The newly built oil/gas complex on the Jidong Oilfield.

CAO WEI



joint ventures, co-operative enterprises and wholly foreign-funded enterprises, of which 28 have been put into operation and more than 50 percent are operating normally. They involve plastics, textiles, ceramics, chemicals, electronics, machining, casting, food processing, feed, prawn breeding and marble exploration. The investors are mainly from Hong Kong, Taiwan, the United States, Japan, Singapore and Australia.

According to Zhou Jieqi, deputy director of the Tangshan Foreign Economic Relations and Trade Commission, Tangshan is abundant in natural resources and has a good industrial basis and rich labour resources. Its labour price is only one-third of that along the China's southeast coast. These conditions will benefit investors. The city government, during recent years, has continued to improve Tangshan's access to the outside world. A new port which can berth 15,000-ton ships will soon be put into operation; a railway connecting the port, an auxiliary project, has been opened; four power plants, with a combined generating capacity of 137,000 kw, have been constructed; 25,000 channels of programme-controlled exchanges have been connected with the national long-distance telecommunications network; and direct-dial telephone service now reach 182 countries and regions throughout the world.

On the question of whether Tangshan will have another big earthquake, Chen Rong, deputy director of the State Bureau of Seismology, noted recently that it was unprecedented in either China or abroad for large earthquake like that occurred in Tangshan (7.8 degrees on the Richter scale, intensity 11) to reoccur. "It is like patients who have immunity to a disease, an area where a big earthquake has oc-

curred also has immunity to another large upheaval. Tangshan, rebuilt on the ruins, does have the capability to resist large quakes. If I'm an investor, I would choose Tangshan because after the big disaster, it will be safe for several hundred years," said Chen.

by Li Ning

## Real Estate Boom in Shantou

Director Wu Bo of the Administration Committee of the Shantou Special Economic Zone (SEZ) recently noted that as the zone's operational scope expands, so will foreign interest in the area's real estate.

According to Wu, the development of the Shantou SEZ has brought a bright future to the zone's real estate business. The zone encourages foreign businessmen to develop real estate for projects but does not encourage the pure development of commercialization of houses.

The best form of development to date has been comprehensive development in which the Chinese side provided land and foreign businessmen funds. The majority of foreign businessmen have set up contracted factory buildings for projects and other residential quarters. Officials in the zone are now encouraging more foreign investment in real estate development.

Wu stressed that drastic changes in the zone's real estate situation are impossible. The Shantou SEZ stipulated that when land is leased, some 25 percent of the reinvestment must be increased. At the same time, the zone also stipulated that if there is no investment in the construction two years after the land was bought, the government of the Shantou SEZ has the right to take control of the land. With the zone's expansion, the devel-

opment and administration over real estate will continue to improve.

The varied topography of the 30-km Guangao District in the Shantou SEZ is suitable for investment by varieties of businesses and the construction of a modern, new city. Foreign businessmen who invest in the Guangao District, in addition to enjoying the preferential treatment stipulated by the Shantou SEZ, will also enjoy preferential treatment in land-use fees. At present, the 66 villas which have been completed or are under construction in Jinhai and Bihai holiday villages will be sold at preferential prices to foreign businessmen who invest in the two districts. ■

## Sino-Soviet Hydropower Station On Border River

China and the Soviet Union will jointly set up a terraced hydroelectric power station at Mohe on the Heilongjiang River.

The normal water storage level of the key dam at the hydro-power station is 400 metres. The backwater for the upper reaches is 273 km and that of the reservoir is 190 km.

The river section will become China's "golden waterway" on its north frontier. It will connect with the Qiqian terrace on the Ergun River and, on the upper reaches of which, it will enter the Hailar River and run through Hailar City, capital of the Hulun Buir League in Inner Mongolia.

From the development planning viewpoint, this waterway will connect the Harbin-Manzhouli Railway and Highway, link with several other railways in China and connect the railways and highways of the Soviet Union and Mongolia, forming a communication network for various forms of transport. ■

## Foreign-Funded Enterprises Thrive

During the Seventh Five-Year Plan period (1986-90), Hangzhou City approved the establishment of 150 foreign-funded projects covering a total investment of US\$270 million, an increase of 4.4 times over the Sixth Five-Year Plan period (1981-85). The proportion of investment pooled by foreign business people in projects rose from 25 percent in 1985 to 50 percent in 1990.

Before 1985, foreign businessmen invested mainly in several hotels in Guangzhou. However, during the Seventh Five-Year Plan period, over 95 percent of foreign funds were sunk into manufacturing projects. More than 60 percent of foreign-funded enterprises set up over the past five years have upgraded existing enterprises through the attraction of foreign capital.

In 1985, Hangzhou had only five foreign-funded enterprises that had gone into operation. Their combined production value reached 32.3 million yuan per year, while 4.9 million yuan in profits and taxes was turned over to the state. By 1990, the last year of the Seventh Five-Year Plan, 65 foreign-funded enterprises had been put into operation. Their combined annual output value plus the amount of profits and taxes they contributed increased by 18 and 12 times respectively. Although the domestic market was sluggish over the past two years, the production and operation of foreign-funded enterprises continued to enjoy favourable growth. In 1985, there were only three such businesses which exported products worth US\$2 million from Hangzhou City. By 1990, a total of 37 foreign-funded enterprises were directly exporting their products worth US\$50 million

and their total export value soared by 21 fold. **by Lu Fengqin**

## News in brief

### SMI Microscope on Sale

The SMI stereomicroscope, developed and manufactured by the Chengdu Scientific Instrument Plant affiliated to the Chinese Academy of Science, has been exported to 32 countries and regions including the United States, France, Italy and Germany. It is a top-quality product with high resolution, fine pictures, a large viewing field and good stereo result. Feedback from clients indicates that the quality of the model almost rivals that of equivalent Wild and Heerbrugg equipment made in Switzerland, at half their price. Following co-operation with a company from Hong Kong, production capacity for the stereomicroscopes increased from 3,400 pieces last year to 10,000 this year.

### Miaoling Mineral Water

Exports have begun to Singapore of Miaoling mineral water, developed by the Research Institute of Geography and Chemistry of the Chinese Academy of Sciences. Trade talks for orders are also under way with South Korea and Saudi Arabia. The water, which shares the same birth place as Maotai and Dongjiu wine, is a fine quality product with low sodium and mineral contents. It is used as a special beverage in the Great Hall of the People and the State Guesthouse of Diaoyutai. Annual output for this drink is 10 million bottles.

● China's first sewage treatment plant, constructed with Danish government loans, technology and equipment, was recently put into operation in the east of Handan City, Hebei Province.

Using internationally advanced sewage treatment technology, the plant can handle 66,000 cubic metres of waste water daily. Co-designed by Handan City and a Danish company, project construction began in 1989 and was listed by the State Environment Protection Bureau as a pilot project.

● The B ultra-sonic devices produced by the Jiangdu Electronic Medical Instrument Plant, Jiangsu Province, have been exported to the Soviet Union in small quantities and attracted the interest of local businessmen. Clinical practice indicates that the product is up to the standard of similar products of the mid-1980s in developed European and Latin American countries and gives a clear, high resolution picture of a patient's internal organs. Small and light, the B ultra-sonic machine is quite suitable for rural areas.

● Diaoxinxuekang, a new type of the state-class medicine for treating heart disease, developed by the Chengdu Biological Research Institute of the Chinese Academy of Science, has been in high demand since it came on the market. Several domestic pharmaceutical factories have discussed producing the medicine with the institute. In addition, many pharmaceutical businessmen from Japan, the Soviet Union, the Netherlands, South Korea, Singapore, Hong Kong and Macao have held talks regarding purchase and marketing agreements or production co-operation.

The medicine, made from special medicinal herbs, has been used by some 300,000 patients. It has been effective in treating a variety of coronary diseases, including hypertension and arrhythmia. There are no side-effects. In 1988, the product won the top prize for scientific and technological achievements from the Chinese Academy of Science.

## The Complete Works of Lenin

The 60-volume *The Complete Works of Lenin*, recently published by the People's Publishing House in Beijing, is to be distributed both in and outside China.

It is the second Chinese edition of the epic work and also the most complete one in the world.

With three parts entitled *Works, Letters and Notes*, the set contains 9,289 articles and documents totalling 30 million characters. It has 21 new volumes with 5,009 articles and documents not found in the first edition. These materials were written mainly after the October Revolution of 1917. They cover issues related to the building of the party, political power, and economic and legal systems during the socialist period as well as science and technology, foreign relations and the international communist movement. Compared to the first edition, this collection is richer in content, more accurate in translation and boasts better printing quality.

It took 15 years beginning from 1975 for the Compilation and Translation Bureau of the Central Committee of the Communist Party of China (CPC) to complete the great undertaking.

## Human Rights Compendium

The first *Compendium of the World's Human Rights Conventions and Laws*, released recently by the Sichuan People's Publishing House, is available both in China and overseas.

Edited by Dong Yunhu and Liu Wuping of the Institute of Marxism Studies at the Party School of the CPC Central Committee, the book is a significant achievement in human rights studies by Chinese theoreticians.

The 1.5 million Chinese character work is divided into five parts accompanied by several appendixes. The first section gives a systematic theoretical explanation of the principles of Marxism on human rights, and analyses the historical evolution and development of concepts of human rights. The second part collates the human rights conventions, bills and constitutions of capitalist countries including Britain, the United States, France, Germany, Japan and Italy. The third segment compiles human rights chapters on the Soviet Union, East European countries, the Democratic People's Republic of Korea, Viet Nam and Mongolia. The fourth part assembles human rights chapters from the constitutions, laws and regulations of the governments of the Qing Dynasty, the Republic of China, the Liberated Areas

ruled by the Communist Party of China and the People's Republic of China. And the fifth section provides the declarations, conventions, agreements and resolutions of the United Nations and other international organizations. In addition, the book also contains some speeches and articles of the political leaders of China, the United States and the Soviet Union on human rights.

The theoretical critique in two chapters in the first section deserves particular attention. With 200,000 Chinese characters, the part is the most systematic and comprehensive Marxist elaboration to be published on human rights in China.

## Dictionary Introducing Physicians

Chinese medicine has a long tradition. It has produced many influential physicians throughout its history. The increasing influence of Western culture on modern Chinese society, has produced a new generation of doctors who are not only familiar with modern Western medicine but are also masters in traditional Chinese health care (including qigong and acupuncture). Their efforts have contributed greatly to the promotion of the health of the Chinese people, while helping Chinese medicine cross cultural borders and win fame outside China.

The editors of *The Consultative Dictionary of Senior Physicians in China* begin their work by declaring their admiration for Chinese medicine. The first of the three-volume work of more than 1.21 million Chinese characters has come off the press. Published by the Knowledge Press in Beijing, it is to be distributed both in and outside China.

Included are senior physicians who are providing medical service for patients throughout China's 30 provinces, municipalities and autonomous regions. Some of them are able to cure suspect or difficult diseases, some have unique techniques and others are experts with local or national fame in many disciplines. The book is arranged according to medical specialties ranging in order from internal to external medicine, gynaecology, pediatrics, urological and digestive disorders, male problems and acupuncture. It lists the specialty of every physician including his or her work unit, address and telephone number.

The dictionary reveals a pool of human talent. Its publication is believed to promote the understanding by foreigners of the current situation and development of Chinese medicine. It can play a positive role in fostering international exchange and co-operation.

by Lou Xinyue

## Tea Culture Festival

The International Festival of Tea Culture, the first of its kind, was held from April 24 to 30 in Hangzhou. This capital of Zhejiang Province has long been renowned as a "paradise on earth." The 1,500 Chinese and foreign visitors came from nationwide as well 18 countries and areas including Japan, Korea, Canada, Germany, the United States, Britain, Malaysia, Taiwan and Hong Kong.

China was the first country to discover and make use of tea. The plant's history can be traced back to 1,000 BC. Since then, tea has entered many aspects of life in China. It is used in medical remedies, food and drink, horticulture, ceramics, technology, and is the basis for special etiquette and customs. The beverage has become an essential part of everyday life

for Chinese people.

Early during the Han Dynasty (from 206 BC to 220 AD) people in today's Zhejiang Province had evolved activities centred round tea. With a temperate and moist climate, the region is conducive to the cultivation of teas, such as the well-known West Lake Longjing Tea. Lu Yu, a Tang Dynasty poet, who studied there for many years, produced China's first treatise on tea, the *Tea Classic*.

The area was also the birthplace of the Japanese tea ceremony (chado). During the Tang and Song dynasties (618-1279 DC), famous Japanese monks such as Saicho and Eisai studied Buddhism in Zhejiang. On returning to Japan, they took back not only Buddhist teachings but also the tea art of China, which formed the basis of the Japanese tea ceremony.

Zhejiang still enjoys a reputation as the "kingdom of green tea." Its output and export earnings both rank the top in the country. The province exports 50 percent of the nation's green tea. The high quality teas it offers have received laurels several times at international food festivals.

### Tea Ceremony

The customs of the tea ceremony originated in China. The most common way for people of many different nationalities to welcome guests is by offering them a cup of tea. Although tea is not as strong in taste as alcohol, it is nevertheless refreshing and fragrant. Tea makes the atmosphere at a gathering of close friends more tranquil and pleasant. Probably that is why the world of tea is called "a realm of peace."

At the Hangzhou festival, established practitioners of the tea ceremony from Japan, Korea, Singapore, Taiwan, Fujian, Sichuan and Zhejiang displayed various tea presenting customs.

The Chinese tea ceremony has been enriched by the contributions of many races. People like to drink different teas in spring, summer, autumn and winter since they can choose from black, green, yellow, white and black Oolong varieties.

The Zhejiang Tea Ceremony Troupe gave a performance called "The Teas of the Seasons." The artists put on an interesting show using many styles of tea utensils along with flowers representing the four seasons.

The Yunnan Teahouse at the China Tea Museum in Hangzhou.



Initially, a hostess in a light pink silk cheongsam placed a winter jasmine flower symbolizing the arrival of spring on the tea table. Then she presented her guest with tea made from the first batch of buds picked in the spring. The guest placed his choice in a transparent glass cup and filled the tumbler with the famous Hupao spring water. The audience could witness clearly the tender tea sprouts unfolding in the glass.

The next bloom was the lotus of summer. A woman clad in a white silk cheongsam displayed a green tea called Sanbeixiang, which was picked high up in the mountains. She boiled it with the mineral water and poured it into an iced kettle. After a moment, it was decanted into a glass cup with ice flower motifs. The chilled green tea was then ready for the visitor.

Then followed the chrysanthemum of autumn. An attendant wearing a light yellow cheongsam with long-sleeves presented her guest with jasmine tea in a bowl with a porcelain lid from Jingdezheng, China's porcelain industry capital. The tea had an intoxicating fragrance.

In the final act, winter was symbolized by the plum blossom. The hostess in a velvet cheongsam meticulously prepared a pot of black tea. The brew, steeped in a purple pottery kettle, had a strong flavour and fragrance. It was said to warm the stomach and strengthen the body.

Sichuan is also a key Chinese producer of tea. Ac-



Photos by Caowei

A Dai nationality girl is preparing Yunnan roasted tea.

ording to research on historical records, it was the first place in the world to turn medicinal teas into beverages. It has developed a unique tea tasting style which sightseers at the festival were fortunate to witness. A performer began by holding a tea-pot with boiled water in his right hand and eight cups and lids between the five fingers of his left hand. He then placed the tea-cups on the saucers with his left hand, poured boiled water into them with his right hand and put the covers on the cups with his left hand. The whole process displayed considerable dexterity.

Yunnan's roasted tea revealed yet another flavour. Sitting next to a brazier, a young girl clad in a Dai nationality skirt heated a 200 to 400 millilitre clay mug for a while. She then put some untoasted dried tea leaves into the mug. After two to three minutes of alternate roasting, the tea leaves turned yellow and there was a smell of burning fragrance accompan-

ied by crackling sounds. The brew was ready for drinking after some floating foam appeared when the woman poured boiling water on the leaves.

The tea ceremony has reached the highest stage of refinement in Japan. The performance of two internationally acclaimed Japanese tea ceremony troupes, Urasenke and Senchado, attracted a large Chinese and foreign audience.

Quite different from the Japanese tea ceremony were the Korean artists who offered only displays. They showed the rites involved when a host presents tea to four guests.

### Tea Museum

The China Tea Museum, located in a tea garden on a slope in the West Lake District of Hangzhou City, opened on the same day as the festival. It is the first museum in China devoted solely to tea.

With a total construction

area of 3,500 square metres, the complex is composed of four groups of buildings. A corridor of flowers, a winding path and artificial mountains provide the feel of atmosphere of southern China.

Five halls in the display building feature history, tea collections and customs. The large number of objects, explanatory texts, photos and audio-visuals illustrate the history of tea in China. They cover the origin and development of tea technology and culture, famous teas, various tea utensils, and the rich customs of China's regions and national minorities.

In the tea-house, visitors can taste various teas, while in the garden of tea customs they can see art performances and exhibitions. The tea ceremonies are based on the customs in such places as Japan and Taiwan.

### Symposium

More than 60 Chinese and foreign scholars participated in the "International Symposium on Tea and Human Physical Health," held during the festival. The programme focussed on recent developments in the study of the medical applications of tea. Tea experts, medical scientists, and pharmacologists explored the roles tea might play in fighting cancer; the prevention of cardiovascular disease, dental caries and pollen allergies; and the slowing down of aging, as well as in therapy and general health care.

Liu Zusheng, a professor at the Department of Tea Studies of Zhejiang Agricultural

University, argues that tea is the best of the three traditional natural beverages for health care (the other two are coffee and cocoa). It contains more than 500 nutritious and medicinal elements including amino acids, vitamins, minerals and alkaloids. Its medical effects have been generally acknowledged by the world's medical circles. Along with human progress, there has been a tendency, "to go back to nature." In order to control and reduce the effects of pollution on the human body, people have been demanding better health care and health, thus making tea the most popular beverage in the world, Liu claims.

### Competition

Another activity at the festival was a competition for the best tea. Experts sipped unnamed teas and gave them marks on the basis of their shape, colour and fragrance. After a three-round contest, the best variety was chosen.

Tea tasting tests have a long history in China, according to one account. In early times, when new tea leaves were picked and trading began for the year, tea farmers often agreed to let marketgoers taste their products and select the best. The audience was always enthusiastic.

According to professor Liu Zusheng, who presided over the tea competition at the festival, there have been three such events since 1987. They have been held once every two years to encourage the production of new teas. The

newly selected tea has always proved superior to other famous teas. For example, *Jingshan* tea, awarded the top prize at the first competition, has risen to unprecedented fame. Now its sales volume exceeds that of the celebrated *Longjing* tea.

### Tea Set and Packaging

At the festival, there were 185 kinds of teas from 15 provinces. The public selected 65 of these, including *Longjing*, as outstanding teas.

The appraisal covered a rich array of tea packaging styles. Applauded for distinguished wrapping were 15 iron pots, paper boxes and bags made of various materials.

Part of the culture of tea tasting is the accompaniment of good tea with fine utensils. They play an important role in setting off the colour of the brew, preserving a strong fragrance and improving interest in the tasting of tea. With the development of tea drinking, tea receptacles have also undergone transformation and innovation. With an endless choice of shapes, they have become collector's objects whose aesthetic value far surpasses their practical value. Specific rules for evaluating refined tea utensils were established at the festival. The four factories that participated in the activity showed more than 200 of their wares. These products reflected the plant's innovations based on traditional designs.

by Hong Lanxing



A Stone Village (by Zheng Shufang).



The Dong Nationality Homes (by Jin Lianjing).

## Landscape Sketches

These sketches were created by Beijing artists when they visited minority nationality areas on the Yunnan-Guizhou Plateau. Art-lovers are sure to be pleased by the uniquely styled buildings and beautiful landscape drawings which exhibit such rich local flavour.



A Covered Bridge (by Wang Wenfang).



Homes in a Stone Forest (by Zhang Weiguo).



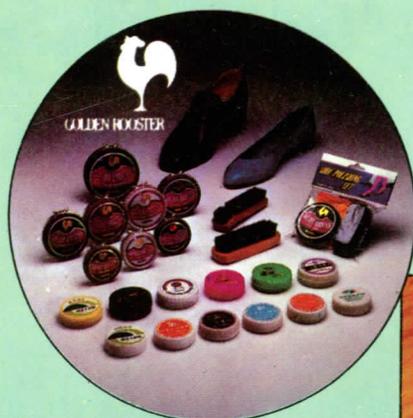
A Village (by Zhou Xi).

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