

A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

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## Integrating Marxism-Leninism With China's Reality

**SHENYANG SEEKS  
CO-OPERATION IN  
REFORM OF INDUSTRY**





At the end of last year, 34 children were orphaned when a severe earthquake struck Lancang County in Yunnan Province. The government arranged for their care in an orphanage. Above: Two of the children rescued from the ruins. Below: at a music lesson.

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by Shen Huagao

## Marxism-Leninism Integrated With China's Reality

□ This article, chosen from the *Selected Works of Deng Xiaoping*, was his answer to a question put to him during his meeting with international youth delegations on November 17, 1956. The question is: What are the implications for membership in the Communist Party of China? Who decides which international classical communist principles are applicable to China? The author's thesis remains highly significant even today (p. 14).

## Big Fish Caught in Anti-Corruption Net

□ Two high ranking local government officials were dismissed from their posts for abusing their power and other shady activities by their local legislatures.

These are the first two cases involving senior officials revealed since the start of a nationwide campaign against corruption and bribery (p. 5).

## Some Words About the Martial Law

□ Although China's political situation has stabilized, martial law will continue for a time in parts of Beijing, because it ensures good social order, and normal activities in all aspects of life, including tourism and foreign trade (p. 4).

## Shanghai Re-establishes Stock Market

□ In old China, Shanghai was once the country's biggest banking centre, playing an important role in the Asian stock markets. Today, however, Shanghai's stock markets are essentially different from those of yesterday. The newly reopened stock market aims to increase financial channels and absorb idle social funds to support state construction. But it is necessary to prevent speculation (p. 19).

## Shenyang Seeks Co-operation for Industrial Transformation

□ Shenyang, a heavy industrial base in northeast China, is striving to modernize its old industries of outdated equipment and technology by use of foreign capital and advanced technology (p. 15).

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

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# A Few Words About Martial Law

by Yao Jianguo

**A**fter the June tumult subsided and the truth of events became known, China's political situation became more stable day by day. Business people and tourists, for example, are coming in greater numbers, and restrictions imposed by some foreign countries on their citizens wishing to visit China have been rescinded. Some foreigners, however, still have misgivings about Beijing's martial law, believing that the city remains unstable. This is a misunderstanding stemming from a lack of the true situation in Beijing.

Chinese government's enforcement of martial law in parts of the city was a measure necessary for quelling the turmoil and anti-government revolt that broke out in Beijing between April and June. In Western countries, "martial law" is often linked up with "military control" and "curfew," but in China, they have entirely different meanings. In 1949, shortly after the founding of New China, the political, economic, and public security activities of some cities were put under military control because local government had not yet been or was just established. During the "cultural revolution," military control was also enforced because the government became paralytic. This time the implementation of martial law in Beijing, however, is different from those earlier events. The martial law enforcement troops' main task is to help the police and public security forces maintain normal social order; they do not participate in any other business of local government.

Beijing's martial law decree is still in effect, but the number of sentries has been substantially reduced. Except at major intersections and in key government departments, soldiers in two or three are seen on duty, people almost can't find any difference in Beijing from what it was like before. People go to work, shopping and to recreational centres as usual, foreign tourists can also freely and safely visit places. This is an evident fact.

Some may ask, however, that if Beijing life is so normal, why is there a need for troops to

remain?

The reason is that though we have won decisive victory, a handful of rioters will not take their defeat lying down, and they will possibly carry out disruptive activities. To maintain the capital's stability, guarantee the citizen's safety of lives and property and ensure normal government operation, it is necessary for a small number of troops to continue enforcing martial law.

Continuing the martial law also helps guarantee that foreign friends do business, set up enterprises in China and conduct economic and technical exchanges, as well as facilitates their visits in the country. Since the martial took effect, no foreign businessman or tourist has been injured. A convincing proof of this is that foreign embassies and commercial offices have performed their duties safely.

Still, due to the distorted propaganda and rumours spread by certain Western mass media, many people are unclear and have misgivings about or misunderstand China's political situation. However, there's a Chinese saying, "It's better to see once than to hear a hundred times." Since the beginning of August, many visiting foreigners have discovered the city, though still under martial law, is operating normally. Last month, for example, 100 ordinary tourists from the United States, came for a visit on a "See the Tiananmen Square With Your Own Eyes." They saw a completely different situation from what they had imagined while in the States. The present political situation in Beijing is not as frightening as described and played up by certain Western mass media.

The imposition of martial law will continue in parts of Beijing for a time. However, Yuan Mu, State Council spokesman, said there is a time limit and that it is not open-ended. He stressed that the imposition of martial law in Beijing has strengthened the stability of the social order, keeps the door open to the outside world and facilitates restoration of the tourist industry and development of foreign trade. □

## Big Fish Caught in Abuse Crackdown

Two high ranking local government officials have been sacked from their posts for their malpractice after being implicated in corruption cases as part of the government's recent anti-corruption drive.

Tuhti Sabir, a former vice-chairman of the Xinjiang Uygur Autonomous Region, was dismissed from his post by the region's People's Congress Standing Committee August 26 for abusing his power by supporting speculation and taking bribes. He has also been expelled from the Communist Party.

This was the first case revealed by the Ministry of Supervision that involved a senior official at minister and governor levels since the start of a nationwide campaign against corruption and bribery.

It was found that Sabir, 56, in March of last year, ordered a fertilizer factory to sell 100 tons of urea at a preferential price to a female acquaintance who later resold it for an instant 10,000 yuan profit.

He later helped this woman friend by using his influence with rail authorities to get the use of eight air-conditioned freight cars to transport Hami melons she had purchased.

The woman made illegal profits of 180,000 yuan from the Hami deals and later gave Sabir 1,500 yuan, a refrigerator and a wool carpet as his payoff.

In 1987, Sabir met up with a makeup woman from a Beijing drama theatre who asked him to help her buy 1,000 tons of aluminium ingots. He then instructed a local factory to sell this female acquaintance 200 tons of aluminium ingots in April and May of last year.

From this deal Sabir got a 10,000 yuan payoff after the woman made an 80,000 yuan

profit when she sold 120 tons of the ingots to a Beijing factory.

According to the Supervision Ministry, Sabir later surrendered his illegal gains during its investigation which started last December. That case is now pending before the local judicial department.

Meanwhile, Xu Yunian, director of the Guangdong Provincial Foreign Economic Relations and Trade Committee, has also been dismissed from his post on September 3 for squandering and abusing power for personal gains.

This action followed a decision made at the ninth meeting of the Standing Committee of the Guangdong Provincial People's Congress.

The investigation, which is still in progress, has revealed that Xu spent HK\$228,000 to import a delux car for his own use soon after he became a committee director even though he had a minibus assigned for his private use.

## First Foreign Head Visits Since June

Chinese President Yang Shangkun expressed thanks on September 7 to African countries for their understanding of and support to China's quelling of the recent counter-revolutionary rebellion. This showed that "China's friendship with Africa can stand the test of storms," Yang said.

Yang made the remarks at a banquet he hosted in honour of Captain Blaise Compaore, chairman of the Popular Front and head of state and government of Bourkina Fasso, the first foreign head to visit China since early June when the Chinese government quelled the rebellion.

Speaking about the rebellion in his return speech, Compaore

Xu's car had also been imported under a false declaration that claimed it to be a donation from a Hong Kong firm so as to escape the tariff payment.

Xu had also asked a Hong Kong company to buy another car for him and to import it under the same pretext. But that scheme failed after the importation of cars was banned by the provincial government.

In addition, Xu spent HK\$200,500 to buy and lease mobile telephones for his own use even though he had several domestic and international telephones in his office.

It was also discovered that immediately after becoming director, Xu got himself a luxury six-room apartment which was much larger than what he was entitled to have.

But, still not content with this, Xu asked a company in Foshan, Guangdong, to renovate it at a cost of 21,900 yuan. At first he only paid 11,000 yuan for the work and paid the balance only after his case was exposed. □

said that this premeditated unrest was a concrete manifestation of the reactionary political forces' intention to make the socialist countries abandon socialism and put them under the shackles of the world monopoly capitalism.

Chinese Premier Li Peng said that China should guard against outside subversion while continuing its contacts with the West when he talked with Captain Blaise Compaore the next day.

Li pointed out that China advocates contacts with the West on the basis of equality and mutual benefit. As a developing country, China needs a peaceful international environment to boost its economy and improve

the life of its people.

He said that China holds that the developed Western countries have many strong points in industrial production and management. China should learn from them and should not close itself to international intercourse.

Speaking of China's economy, Li said that agriculture is China's most pressing problem. The question of feeding the people must be solved by relying on China itself. No country in the world can solve this question for China. It is of great importance to the economic independence of a country to boost agriculture and raise the output of farm

## Multi-Party Co-operation Continues

**A** senior Party official reiterated in Beijing September 5 that China will not change its multi-Party co-operation system.

Yan Mingfu, head of the United Front Work Department of the Communist Party of China (CPC) Central Committee and Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference, was addressing the Fourth Plenum of the Fifth Central Committee of the China Democratic National Construction Association (CDNCA).

Yan said that the CPC and the non-Communist parties will persist in following the principles of "long-term coexistence and mutual supervision," and in "showing utter devotion to each other and sharing honour or disgrace" in order to develop the country.

The relationship between the CPC and non-Communist parties has undergone a new test, Yan said. Since the recent turmoil, co-operation between the CPC and the non-Communist parties has developed rather than split. This shows that the foundation of multi-Party co-operation is sound and can withstand tests and that

production, he said.

Chairman Compaore said over the past 15 years, since the two countries established diplomatic relations, Bourkina Fasso and China have sympathized with and supported each other. The two countries have cooperated in many areas and achieved good results, he said, and expected more economic co-operation between the two countries.

On September 9, Zheng Tuobin, Chinese minister of Foreign Economic Relations and Trade, and Pascal Zagre, minister of Planning and Co-operation of Bourkina Fasso, signed a loan agreement on behalf of their respective governments. □

the future is bright.

Yan pointed out that the multi-Party system in China has its own characteristics and differs from the two-party or multi-party systems in the West.

The first prerequisite for the system is that all non-Communist parties recognize the leadership of the CPC;

Second, the system takes serving socialism as its goal;

Third, that all non-Communist parties share in state power and governmental work along with the CPC. Such issues as a non-ruling party, an opposition party or being alternately in and out of office are out of the question;

And fourth, all parties are recognized and protected by the Constitution, and they have political freedom, organizational independence, and legal equality within the framework of the Constitution.

Sun Qimeng, chairman of the CDNCA, presided over the meeting and made a speech. He stressed in his speech that the CDNCA will follow the CPC's leadership as before and push forward its work to "strengthen its own construction and bring its function as a party into full play." □

## Li Puts New Generation in Focus

**C**hinese Premier Li Peng said that in order to make China prosperous there is a need to train youth to cherish lofty ideals and to nourish within them a sense of morality and discipline while they intellectually develop.

Li said in a September 6 address to a national seminar on the improvement of childbirth, upbringing and education that today's children will be working on the various fronts of socialist construction after several years or decades.

It is inevitable that they will shoulder the historical task by the early twenty-first century. Therefore, it is China's multi-faceted task to ensure the next generation's healthy development in regard to their birth, family upbringing and education, said Li.

The three-day seminar that approached the problems of improving the "future quality of the Chinese nation" urged the whole society to care more about children, to guarantee their rights and interests, and to give children healthy and favourable surroundings to grow up in.

Li said the nurturing and education of infants, children and teenagers is a social issue that every family is involved and which is directly related to the people's interests.

Propaganda should spread three areas of knowledge. These are quality breeding, child nurturing and education, said Li.

Education must be provided to enable the masses to gradually understand new concepts of family planning, better methods of raising children, and the correct approach to their education, he added.

Premier Li said: "Thanks to the



## Dr Ma Haide Commemorated

To commemorate the first anniversary of the death of Dr Ma Haide (George Hatem, 1910 — 1988), the Ministry of Public Health, the Chinese People's Association for Friendship with Foreign Countries and the Foreign Expert Bureau jointly held a memorial meeting in Beijing on September 2.

Leaders such as Wang Zhen, Xi Zhongxun, Huang Hua, Kang Keqing and Huang Zhen attended the meeting.

Left picture: The memorial meeting in session.

Right picture (up): State Vice President Wang Zhen making a speech.  
(down): Chinese and foreigners at the meeting.

By Chen Zonglie

concern of the Party and government, many infantile and child epidemic diseases have been eliminated during the years since Liberation, infantile mortality rate has dropped greatly, and most children are growing up in good health with the improvements in living standards."

Li also noted that problems and weaknesses still exist in dealing with the birth, nurture and education of children. So, he said, studies on these issues and policy decisions are urgent.

It is said that the country now has more than 50 million disabled people, and that one-fifth of these

disabilities are caused by congenital defects.

Dementia, considered the most serious disability and one that affects people's labour ability, has 10 million victims and half these cases are termed congenital.

More than 100 experts from various fields involving the interests of women and children have been invited to the seminar to discuss problems and to suggest improvements in methods of dealing with them.

Li Peng urged Party committees and governments at all levels as well as individual families and the entire society to join the na-

tionwide effort.

He revealed that the State Council has decided to form a co-ordination group, composed of state officials and experts from health fields, to provide leadership and instructions for carrying out the work across the country.

Li appealed to parents and teachers to take good care of their children but not to spoil them. He asked the public health, commercial and production departments to become more alert to the medical care and food for children and also to care more about their toys and articles of daily use.

Education departments should

strictly enforce the nine-year compulsory attendance at schools and cultural departments should provide more decent books, periodicals, and audio-video products that cater to the needs of children, Li said. □

## Total China-Made Car Mkt Targeted

**C**hina is striving to reach the goal that within next two or three years almost all the country's new cars will be Chinese-built.

For this purpose, China's First and Second Automotive Works, and the Shanghai, Tianjin, Beijing and Guangzhou car factories are planning to raise their production output to an annual total production of 600,000 top-class and minicars and buses by the end of this century.

According to the State Statistics Bureau, China has produced 5 million motor vehicles of various kinds in the last 40 years. Now, 80 percent of the motor vehicles running in the country were made in China.

In recent years, China has attached great importance to and given more aid to the automotive industry which is regarded as one of the mainstay industries of the national economy.

During the period of the Seventh Five-Year Plan (1986-90), China has completed its production adjustment for the automotive industry. It has invested 10 billion yuan in the period, equivalent to the total of its investment in the industry from 1953 to 1985. This helped increase the country's motor vehicle production by an average rate of 25 percent a year in the past five years, said Cai Shiqing, acting president of the China National Automotive Industry Federation.

The First and Second Automotive Works, China's main automotive producers, now have a total

production capacity of 300,000 medium-sized trucks, almost the total output of the whole country. Small trucks and buses now make up 60 percent of the annual production output of China's automotive industry, which used to be only 14 percent ten years ago.

In the past ten years, China's motor industry has imported advanced manufacturing and testing technologies and equipment from Japan, the United States, Italy, West Germany, France and Austria. This has helped to narrow the technology gap, which used to be 30 years behind the advanced countries. Chinese-made motor vehicles have also started to enter the international market.

Among joint-venture cars now being turned out are the Audi in Changchun, Santana in Shanghai and Peugeot in Guangzhou.

The First Automotive Works (FAW) in Northeast China's Changchun City, the oldest carmaker in the country, will provide all of the 120 Audi cars it produces this year to Chinese state leaders who have decided to henceforth use home-made cars, according to FAW Deputy Director Lu Fuyuan.

He said the total 120 Audi-100s and Audi-200s, each costing more than 200,000 yuan (US\$53,700), will roll off the assembly line this year.

Since FAW started producing Audis last year, it has turned out more than 600 such cars, said Lu.

Audis, along with the Shanghai-made Santanas, are the top cars produced by China's auto industry.

Lu said that their immediate goal is to block the wave of cars from being imported into China.

Before it started to produce Audis, FAW was largely a truck maker, producing fewer than 300 limousines a year for high-ranking officials.

Now with the shift in production from trucks to cars, FAW is building a factory capable of producing 30,000 Audis a year by

1992 in co-operation with Chrysler Motors.

The factory is well on its way to its ambitious goal of turning out 150,000 economy class cars a year by 1996. It is negotiating with Chrysler, Ford and Volkswagen to set up a joint venture for the project.

Lu revealed that his plant has bought "on favourable terms" a Volkswagen factory in the United States, which is capable of producing 300,000 Golf models a year.

About 40 FAW technicians have been sent to the States to take over managing the factory.

During the 80s, FAW upgraded its technology and produced a new generation of trucks with an annual production capacity of 80,000.

Now FAW, employing 80,000 workers, has produced 1.28 million Liberation trucks. □

## Big Trouble In the Woods

**A**lthough China's forested areas and percentage of forest cover have increased since 1981, timber resources have seriously declined, a forest survey shows.

Gao Dezhan, the minister of forestry, warned that timber reserves have significantly decreased and that unless drastic measures are taken the nation's entire timber supply will be exhausted within eight years.

Forest resources are on the brink of extinction, he said, owing to excessive and inappropriate felling.

A forest ministry survey has revealed that the country's annual tree cutting has shot up from 196 million cubic metres in 1976 to 344 million cubic metres in 1988.

But the survey also carried some good news. The ministry found the nation with 125 million hectares of forest lands, an increase of 5.88 million hectares



over the forest land surveyed in 1981.

Forests now cover 12.98 percent of the country's total land area, up about 1 percent from eight years ago.

"This has reversed the trend of declining forests," the minister said, crediting the development to three factors — the nationwide effort to plant more trees, the construction of three northern shelter belt systems and afforestation projects on plains.

China has planted 31 million hectares of trees since 1981, Gao said, pushing the percentage of planted trees from 20 to 26 percent and making China the nation with most planted trees in the world.

But the forestry minister urgently warned that the nation's timber consumption has far outpaced its forest natural growth rate by 100 million cubic metres.

About 3.82 million hectares of trees have been damaged since 1981 to make room for construction, mining, farming while another 4.23 million hectares of forest land has been converted into other uses, Gao said.

Gao said afforestation should be pushed harder and that random logging must be curbed. "We can't delay in finding a solution to this problem," he said. □

## News in Brief

### Sino-Micronesian Ties Established

The governments of The People's Republic of China and the Federated States of Micronesia have decided to establish diplomatic relations at the ambassadorial level starting from September 11, 1989. □

### Foreign Economic Ties Confirmed

China is confident of its ability to break new ground in its foreign economic relations and trade and

to overcome the difficulties which have accompanied the economic sanctions imposed on it by some Western countries, Premier Li Peng said on September 7.

The premier said that China welcomes foreign investment and will support the development of foreign-funded joint ventures.

He also called attention to the fact that some Western countries have not changed their strategy of pushing for a peaceful evolution in China. Li made these remarks in Beijing after listening to reports by several Chinese diplomatic personnel stationed abroad who are in charge of economic affairs. □

### New Ports to Open

The construction of 40 new docks is under way in China's coastal ports, and their completion before the end of this year is expected to boost the country's cargo handling capacity by another 10 million tons, according to the Ministry of Communications on September 7.

This is part of an ambitious programme to develop a transport artery, involving the opening of some 200 new coastal ports, in addition to four major international shipping hubs at Dalian, Ningpo, Shenzhen and Xiamen.

The ministry also announced on September 5 that a new harbour in the the southern part of Shandong Province has been authorized to open to foreign ships. The Lanshan Harbour, 81 nautical miles from Qingdao, will be the 44th harbour to open to foreign ships in China. The new harbour has four berths, with accommodation for 500 dwt, 1,000 dwt, 5,000 dwt and 20,000 dwt ships, respectively. □

### Restriction on Touring in Lhasa Relaxed

Restriction on touring in Lhasa, capital of the Tibet Autonomous Region, will be relaxed and the region's open policy will not be changed.

The city will welcome tourist

groups of at least three people. The group must be organized by travel agencies at the state, provincial and municipal levels, said Mao Rubo, vice-chairman of the region's government on September 2.

The issuing of travel permits will be handled by the local tourism department, he added.

Previously the city only admitted tourist groups of at least ten people. □

### The Bear Was The Panda's Ancestor

Chinese scientists have discovered that the giant panda evolved from an ancient bear, the *Guangming Daily* reported on September 6.

Giant pandas, they say, belong to the ursidae family, which includes bears. Animal experts had previously thought that the giant panda was relative of the raccoon.

The shape and internal organs of giant pandas have similarities to both bears and raccoons. And this has led to disputes about its origin and classification since 1869 when it was named. The lack of fossil evidence prolonged the controversy.

Recent discoveries have ended the controversy. Researchers from the Institute of Vertebrate Pathology and Paleoanthropology of the Chinese Academy of Sciences have found bear fossils in Yunnan Province which have features of today's giant panda and blood tests performed by a professor from Beijing University have proven that the panda is closely related to the black bear. □

### Leprosy Rate Drops in China

The rate of leprosy in China has steadily been dropping with many cities and counties having basically eliminated the disease, according to the Ministry of Public Health on September 2.

More than half a million leprosy patients have been treated since 1949, and more than 80 percent of them have been completely cured. □

# The Development of Comecon and Its Prospects

by Yang Jiarong

The Council for Mutual Economic Assistance (Comecon) has celebrated its 40th birthday this year. Over these 40 long years, the economies of most member countries have registered great achievements after experiencing periods of recovery, coordination, integration, scientific and technological transformation and reform.

Having recovered from the desperate crisis of the postwar period, their economies now rank among the industrial countries of the world. The area of cultivated land of the 10 member nations accounts for only 16.3 percent of that of the whole world while their national income makes up one-fourth of the world's total.\* The Comecon's industrial output value is one-third of the world's total, its agricultural output value is one-fifth, and its scientific capabilities are one-third. As a result, even developed capitalist countries have to admit that Comecon represents a socialist economic force which cannot be ignored.

## Achievements

The substantial achievements of Comecon are reflected in the following aspects:

(1) Rapid economic development. Since Comecon's establishment, its economy has developed at a pace so rapid that no other regional economic group can compare with it. The general speed of development has greatly exceeded that of the capitalist countries. For example, during 1950-1983, the national income of Comecon countries increased 6.7 percent annually while that

of Western countries increased only 3.8 percent. The growth rate of industrial output value was 8.3 percent while that of the capitalist countries was only 4.2 percent. Excluding the 1950s and 1960s when their economies were developing at a high speed, the annual growth of its members' national income was still 4.6 percent in 1971-1985 while that of the European Economic Community (EEC) countries was only 2.3 percent during the same period. The respective growth rates of the industrial output value of Comecon and the EEC were 5.3 percent and 1.8 percent.

(2) Greatly increased strength. Early in the mid-1970s, the Soviet Union overtook the United States and ranked first in the world in the production of more than 20 important products including 19 industrial products, such as steel, petroleum, coke, cement, locomotives and tractors. Some member countries mainly involved in agriculture in the past have established developed industrial sectors. For example, Bulgaria has built up its electronics industry while Romania has established a machine-tool industry. The increasing strength of Comecon has been noted by the whole world.

(3) Outstanding scientific and technological achievements. Today, the scientific and technological resources of Comecon exceed those of any capitalist country or economic group. The number of its scientific workers has reached 1.42 million, one-third of the world's total. In the past 40 years, scientific workers of Comecon have completed some 20,000 scientific research and practical projects, developed about 1,700 new kinds of machines, mechanisms and instru-

ments, perfected 1,300 technological processes and produced 1,400 new materials, products and preparations. Registered technological inventions of Comecon have reached 130,000, among which 60,000 have been put into practice, making up nearly 40 percent of the world's total.

(4) Internal distinctions reduced. When Comecon is making concrete policies, such as in the field of loans, it customarily gives preferential treatment to those comparatively backward members. The two big Comecon banks, the International Investment Bank and International Economic Co-operation Bank, provide loans to most member countries at an annual interest rate of between 2 and 5 percent. But to Mongolia, Cuba and Viet Nam, the rate is between 0.5 and 2 percent.

## Problems

Despite their achievements, the Comecon countries have also met difficulties.

First, they face a grim economic situation. Their high speed of economic development before the mid-1970s was achieved mainly by increasing the labour force and investment and expanding production funds. However, they had exhausted these factors in the mid-1970s and suffered from poor management and a capital shortage so that their economic growth slowed or stagnated. The annual growth rate of national income for the European members, for example, was 4.2 percent from 1976 to 1980 but dropped to 2.7 percent in 1981-1985. The national income of Poland had negative growth for three years running

\* Figures quoted come from statistical data issued by Comecon countries.

after 1979.

Another aspect of the Comecon countries' economic problems is their large foreign debts which are difficult for them to repay. In the 1970s, most of them got a large number of loans from Western countries to import equipment and materials. By the end of 1979, seven European members of Comecon had hard currency foreign debts of US\$59.4 billion, but in 1988, the total had reached US\$130.1 billion. The Soviet Union accounted for US\$40.1 billion, Poland for US\$38.7 billion, and Hungary for US\$17 billion. Such a high level of foreign debt seriously affected the balance of supply and demand in some countries' domestic markets and their foreign trade.

Second, their technological level is relatively backward. After World War II, because, on the one hand, East-West relations were in a state of cold war and the Western countries headed by the United States applied an economic blockade against Comecon and, on the other hand, the Soviet Union adhered to the faulty theory of "two world markets" and "two world systems,"

the Comecon countries were basically isolated or semi-isolated from the capitalist world for a long time. In a situation where both external contacts and internal competition were lacking, they could neither raise their technological level and renew their products nor improve their backward sectors with advanced Western technology. So the gap between their technological level and that of the West, which had almost disappeared or had decreased, once again widened.

Third, their co-operative mechanism has faults. The present arrangements were made in the 1950s and have lasted up to now with some amendments. Administratively, they are characterized by over-centralization and vertical integration. Certainly, such a co-operative mechanism played a positive role for the Comecon countries in restoring and developing their economies in the 1950s and 1960s. However, today it cannot meet the needs of economic development and can even become an obstruction to further advance because the world economy and technology and science have progressed by leaps and bounds and those fac-

tors which allowed rapid expansion in their economic co-operation before the mid-70s no longer exist.

As for the Comecon countries' comprehensive programme for scientific and technological progress before 2000, it focuses on five major fields — electrification of the national economies, automation, nuclear power technology, new materials and new technology and biological engineering — as its main targets. However, the existing co-ordinating mechanism of Comecon still operates administratively with many regulations and organs. It is inevitable that this mechanism will be a drag on the implementation of the programme. It is clear that to fundamentally reform Comecon's co-operative mechanism has become one of the keys to revitalizing its member countries' economies.

## Prospects

The Comecon countries could persist in long-term co-operation in the past mainly because of their respective domestic economic needs. Their mutual trade

**Major Economic Indexes of Comecon Countries in 1988 (Percentage Increase over 1987)**

Countries	National income	Industrial output value	Labour productivity	Agricultural output value	Per capita real income
Bulgaria	6.2	5.2	3.7	—	3.4
Hungary	0.5	-0.2	2.3	4.5	-2
Viet Nam	5.9	9	—	2.3	—
GDR	3	3.2	3.2	reduction	4
Cuba	2.3	2.3	—	3.7	—
Mongolia	4.3	4.7	1.5	3.6	1.8
Poland	4.5-5	5	7	reduction	3
Romania	3.2	3.6	2.1	2.9	3.3
USSR	4.4	3.9	4.7	reduction	2.7
Czechoslovakia	2.5	2.1	2.1	2.2	3.8

Source: Statement by Comecon Secretariat

# New Developments in Southern Africa

by Shi Fei

On August 28, Zambian President Kenneth Kaunda and acting South African President F. W. de Klerk held talks in Livingstone, a tourist city some 480 km south of Lusaka, during which the two discussed the future of South Africa, the peace process in Angola and the ongoing independence process in Namibia.

In the recent period, a series of consultations have been held around issues in the southern Africa. For example, on August 21 and 22, the Organization of African Unity (OAU) *ad hoc* Committee on Southern Africa and the eight-nation committee on Angolan issues respectively held meetings in Harare, the capital of Zimbabwe. On August 25, President Mobutu Sese Seko of Zaire met with de Klerk in Goma, Zaire, and the two leaders discussed how to promote peace in Angola. On August 27, Jonas Savimbi, leader of the anti-government National Union for the Total Independence of Angola (Unita) went to South Africa to confer with de Klerk on the peace accord between the Angolan government and Unita. All this is part of the efforts made by concerned countries in pursuit of a peaceful solution to the issues in the region.

In the Livingstone talks,

Kaunda exchanged views with de Klerk on the "reform" in South Africa and the talks between the South African government and the African National Congress (ANC).

Since succeeding P. W. Botha as chairman of the South African ruling National Party, de Klerk has stressed repeatedly that he would promote "reform" in South Africa. He once stated in parliament that the aim of the National Party is to establish a new South Africa without any confrontation, autocracy or oppression. He also said that the present ruling system by the whites should be ended. Meanwhile, the South African government has expressed its intention to hold talks with the ANC on ending apartheid and for this purpose has sent people to contact the ANC to keep informed of its stance and policy on the apartheid issue in South Africa.

The attitude of the South African government has aroused the attention of the international community, especially the African frontline states. At a meeting on May 16, Kaunda proposed talks with de Klerk on political reform in South Africa and establishing a free and democratic South Africa without apartheid. In addition, the ANC began adjusting its tactics on ending the

apartheid system in South Africa while persisting in armed struggle. In July this year, Nelson Mandela, the imprisoned leader of the ANC, met with P. W. Botha, then president of South Africa and said in a statement that dialogue was the only way to end confrontation and achieve peace in South Africa. The summit of the African frontline states on August 10 adopted a declaration on solving the South African issue through negotiation which was based on the document provided by the ANC. The declaration was approved by the summit meeting of the OAU *ad hoc* committee on South Africa on August 21 and it will be delivered to the United Nations, Non-Aligned Movement and the British Commonwealth for record as an official document.

Before the Livingstone talks, South African Foreign Minister Pik Botha had said that if Kaunda agreed to deliver the declaration adopted by the OAU *ad hoc* committee to de Klerk, the South African government would be ready to discuss its content with Kaunda. After the talks, de Klerk said that he had discussed in depth with Kaunda the future of South Africa and expressed the wish of his government to participate in the peace process. However, he also stressed that

still accounts for 60 percent of their total foreign trade. And most of their import and export commodities are exchanged internally and scientific and technological co-operation is also conducted mostly inside Comecon. So, their economies comple-

ment each other. It should be said that mutual exchange and promotion in their long-term internal co-operation has laid a good co-operative foundation.

However, there are also some problems which need to be solved. As for developing co-

operation in science and in production, it is not always easy to reach a consensus. This means that co-operative structural reform inside Comecon is imperative, but it will be both an arduous and long process. □

apartheid in South Africa is an internal affair which brooks no outside interference. This indicates that although the parties concerned with southern Africa have taken a great step towards a peaceful solution of South African issues under the encouragement of the international com-

munity, there is a long way to go before these issues will be completely resolved.

If the South African government really has the desire to settle the question of apartheid through peace talks, it should first accept the conditions put forward by the ANC, such as

release all political prisoners including Mandela, end the emergency law and lift the ban on the ANC and all other anti-apartheid organizations. Now the international community is paying attention to what policies the South African government will adopt after the national elections this month. □

## Panamanian Political Crisis Deepens

**The formation of the provisional government in Panama on August 31 is a further development of the political crisis which erupted last February rather than a solution to the problems confronting the country.**

by Wei Cheng

On September 1, Francisco Rodriguez was sworn in as Panama's provisional president. He was appointed by the General State Council to replace former President Solis Palma, whose mandate expired that day.

Panama has been gripped by an acute political crisis since last February when strongman Antonio Manuel Noriega, through the National Assembly, deposed pro-American President Eric Arturo Delvalle who had dismissed him from his post as general commander of Panama's national defences. The crisis deepened with the annulment of the May 7 elections. Under the Constitution, these elections should have given the country a president and two vice presidents as well as 67 national deputies.

Prior to the formation of the provisional government, Panama's ruling Democratic Revolutionary Party, the military and the opposition held fruitless tripartite talks in an attempt to resolve the crisis. However, the Civil Opposition Democratic Alliance rejected any type of provisional government. It insisted on its victory in the May general

elections and denounced the formation of the provisional government as a new coup d'etat.

After the tripartite talks ended with no result, General Noriega said the opposition had made a historical mistake and thus lost the opportunity to share power. The success of Noriega and the Panamanian authorities in forming the provisional government shows that Noriega still has control of the political situation.

The United States made a strong response. It said it would not recognize any government manufactured by Noriega. Washington has been trying hard to oust Noriega who refused to amend the Carter-Torrijos Canal Treaty which requires the United States to return sovereignty over the Canal to Panama on schedule. Noriega has said that if the United States would agree to give back sovereignty before 1990, he would step down immediately. For more than a year, the United States has adopted diplomatic and economic measures as well as taking military action to put pressure on Panama. It carried out a large military manoeuvre in the Canal Zone just before the formation

of the provisional government.

Although the Panamanian authorities have resolved the problem of replacing the government under the Constitution through the formation of the provisional government, the move has sharpened the conflicts among the government, the military and opposition. This will further weaken the ruling position of the provisional government and create new unstable factors in the political situation, for democratization is another significant problem in Panama besides US intervention. It is one of the reasons why many Latin American countries have reservations towards the Panamanian situation.

It has become more difficult to find a solution to US-Panamanian conflicts. It is not to be expected that the United States will suspend its sanctions while the provisional government is in office. However, no matter who holds power, he will be able to consolidate his position so long as he does not give up the demand that sovereignty over the Canal be returned to Panama. It is because Noriega has held aloft the banner of nationalism that he is still firmly in power. □

# Marxism-Leninism Needs to Be Integrated With China's Reality

This article, chosen from the newly published 'Selected Works of Deng Xiaoping' (consisting of articles and speeches written or delivered between 1938 and 1965), was his answer to the first question put to him during his meeting with international youth delegations on November 17, 1956. The author's thesis remains highly significant to us today.—Ed.

Deng Xiaoping

**F**riends have raised the question: What are the implications for membership in the Communist Party of China? Who is to decide which of the international classical communist principles are applicable to China?

With regard to the question, if friends want to get a full understanding, it is advisable to read the Party Constitution adopted at the Eighth National Congress of the Chinese Communist Party. The two sections—General Programme and Membership—may give you an answer to this question. The Report on the Revision of the Party Constitution can also give you an explanation to this question. The implication and tasks of a Chinese Communist Party member can be summarized briefly in two phrases: serving the people whole-heartedly; taking people's interests as the highest criterion for everything. The aim of every Party member is to realize socialism and communism. In line with the principles of Marxism-Leninism, in the period when the democratic revolution had not yet been accomplished in China, the immediate task was to complete bourgeois democratic revolution. Following the accomplishment of the democratic revolution, we should now build socialism and then in the future we should advance from social-

ism to communism. In this way, we can lead the Chinese people into a society completely free of exploitation and oppression, and in the endeavour build a happy life characteristic of communism. That is the implication and tasks of a member of the Chinese Communist Party. Of course, as far as the Communist Party of China is concerned, with 11 million members, not all or even the majority of them have been up to this standard. The task of the Party is to raise, step by step, the political consciousness of the Party members so that they can, in ideology and in action, become Communist Party members worthy of the name. The Chinese Communist Party has regarded this as a regular task for itself. Within the Chinese Communist Party, many members are from peasant families as large numbers of peasants were admitted into the Party soon after its founding. They joined the Party in order to oppose imperialism and feudalism and to have a share of land. It can be said that they cherished the desire for democratic revolution, but not, at the very beginning, the demand for socialism. For instance, they came to desire co-operative transformation of agriculture only after education and tempering. Now, most peasants have become clearly aware of the need to take the socialist road and to or-

ganize co-operatives. Therefore, it is clear that the Communist Party members' standard cannot be reached overnight. As a Communist, first, he is an ordinary person and second, he is a progressive among ordinary people. However, there are Communist Party members who lag behind even the ordinary people.

As to the question who is to decide which of the international classical communist principles are applicable to China, eleven years ago, the Seventh National Congress of the Chinese Communist Party laid down the principle that, the universal truth of Marxism-Leninism should be integrated with the concrete practice of the Chinese revolution, and this should be the guide to China's revolution and construction. This principle was summed up by our Party and by Comrade Mao Zedong in accordance with the experience gained from both the failures and successes of previous revolutions and was affirmed at both the Seventh and Eighth National Party Congresses. Of course, this is only a principle, and in applying it, we will still encounter many concrete problems. Every country faces problems in many fields, whether in the period of revolution or of construction and the question of how to combine Marxism-Leninism with the specific situation in each period is a problem

needing constant solution. This problem has to be discussed and decided by the Party Congress; when the congress is not in session, it is to be discussed and decided by the Central Committee. Once a matter is decided, it still requires that Party members be good at carrying it out in practical work. Primarily, it requires that tens of thousands and even hundreds of thousands of core members understand the principle before it can be carried through.

The idea of integrating the universal truth of Marxism-Leninism with the concrete practice of a country is in itself a universal truth. It consists of two aspects: one is called universal truth, and the other is called integration with the reality of a country. We have always maintained that both aspects are indispensable. In the eyes of the Communist Party of China, there is such a universal truth; that is the abolition of feudalism and capitalism, the realization of socialism, and in the future, the need to realize communism. Is it possible not to follow the socialist road? No, it is impossible. If we deviate from this universal truth and do not realize socialism, then there is no need for the People's Republic of China and the Communist Party of China to exist. There is also the question of how China can abolish feudalism and capitalism and realize socialism and communism relatively quickly. To achieve this, we must study the characteristics of our country. If we deviate from the peculiarity of our country and mechanically copy things foreign, this universal truth will not be translated into reality. You, my friends, may have heard from various places something about the socialist transformation of China's capitalist industry and commerce. This is a question concerning the combination of the

universal truth with China's reality. The universal truth means the need to abolish capitalism and exploitation and the need to realize socialism. If we depart from this universal truth, the socialist transformation of capitalist industry and commerce will be out of the question. It would mean taking the capitalist road, not the socialist road. This is one aspect of the question. On the other hand, the road we follow today in transforming the capitalist industry and commerce was envisaged by Lenin, though he was not able to realize it. We employed the method of peaceful transformation of capitalist industry and commerce. Practice has proved that as a result of this method, our production has not been disrupted, but has, instead, developed; it has eliminated capitalism and educated the bourgeoisie. It is a comparatively good method. If the universal truth had not been integrated with China's reality, or if it had not been properly combined, great losses would have ensued. The same is true of the socialist transformation of agriculture as well as of other fields.

With regard to the integration of the universal truth with concrete practice—our Party suffered a great deal in the past and from that time on we have always firmly opposed subjectivism.

Combating subjectivism consists of two aspects: opposing dogmatism and opposing empiricism. Dogmatism means knowing only Marxist-Leninist phrases, and not applying them on the basis of the concrete situation. Dogmatism has caused failures and setbacks to China's revolution. Empiricism means noticing only some concrete cases of practice, and only the experience of a country, a place and a certain period of time, and failing to see the Marxist-Leninist principles. We oppose both of them.

I now want to make one more point to our friends. Based on our experience, I can say that it is really not easy to combine the universal truth with concrete practice. The Communist Party of China has also frequently made mistakes. But we have taken heed of them, studied their causes and corrected them in time. Chairman Mao said that a person should often wash his face and sweep the floor of his house. This is also true of the Party, which should often correct its mistakes whenever they are committed. I myself also frequently make mistakes. This is true of everybody. Chairman Mao often said he also frequently made mistakes. Nevertheless, we all know he made less mistakes than we did. Anyone can make mistakes. There is no one who never errs. □

## Shenyang: Seeking Co-operation In Industrial Transformation

**This report gives an account of the latest progress made by Shenyang City, a large heavy industrial base in northeast China, in its transformation of industrial enterprises through the introduction of foreign capital and advanced technology under China's policy of opening to the outside world.—Ed.**

by Our Staff Reporter Li Ping

**B**etween October 6 and 10, the Symposium on International Economics and Technical Co-operation in the Reform of

Tiexi, Shenyang will be held in Shenyang, one of the largest industrial cities in China and the capital of Liaoning Province. At

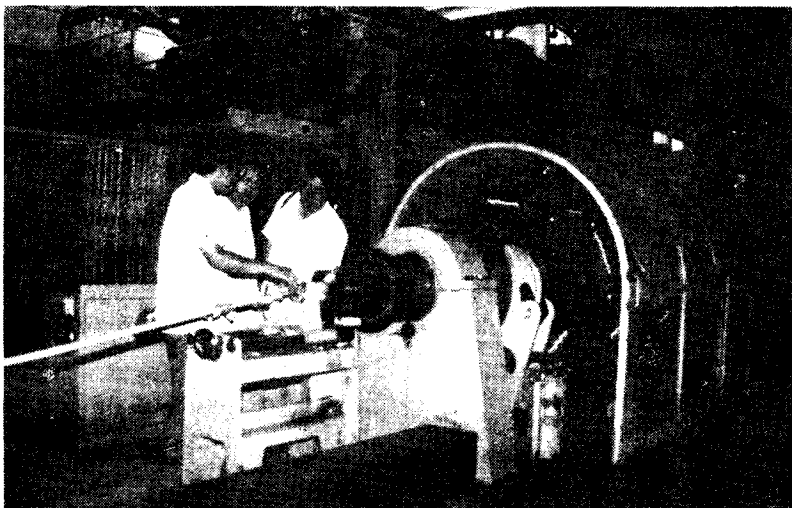
the symposium, the sponsors will introduce Shenyang's investment environment and its preferential policies to overseas investors; announce a list of joint ventures and technology and equipment to be imported; and organize on-the-spot fact finding trips and business talks for foreign businessmen with their Chinese counterparts.

Attracting foreign capital, technology and specialists to upgrade existing technology in enterprises constitutes an important part of Shenyang's opening-up programme.

Distinct from many cities of south China, Shenyang has a rather strong industrial base, according to Zhang Chongmao, vice-mayor of the city. The city boasts a total of 1.3 million skilled workers in 5,400 industrial enterprises, of which more than 200 are large and medium-sized enterprises. Its quite varied industrial base, having the capacity to process and manufacture complete sets of machines, is particularly well known throughout China for its machine-building industry. Thus, the city allows foreign businessmen to concentrate investments in only key elements in order to obtain notable returns. "There's no need to start from scratch," said the vice-mayor. "This is Shenyang's strongest advantage in offering itself to businessmen from around the world."

### Tiexi District

Situated in the western part of Shenyang, the Tiexi District, covering 39.3 square km, developed primarily in the First Five-Year Plan (1953-57) shortly after the founding of New China. By the end of the 1950s, Tiexi had developed into an area with the machine-building industry as its core. In addition, it also includes metallurgical, chemical, pharmaceuticals, building materials, tex-



A wire-coiling workshop in Shenyang Electrical Cable Factory.

WANG JIA

tile and food industries, all of which make it an important industrial base in China. Its output of electrical and transformer equipment accounts for half of the nation's total. Explosion-proof electrical appliances and metal-cutting machines stood at 40 percent and 10 percent respectively. And, over the past 30 years, these enterprises have provided key state projects of energy and transportation, as well as many other basic departments with large quantities of equipment. Now, the district has 650 industrial enterprises, more than 110 of which are large and medium-sized businesses. The district's total industrial output value in 1988 reached 8.456 billion yuan.

During its development, however, the Tiexi industrial area also faces many problems. The most striking of which is that the majority of industrial enterprises have not changed their technology in the past 30 years. The result is out-of-date equipment, and backward technology and products. If these problems are not solved, the future role of Tiexi as an old industrial base will be stymied. Transformation of Tiexi District, therefore, is a pressing task, to which the cen-

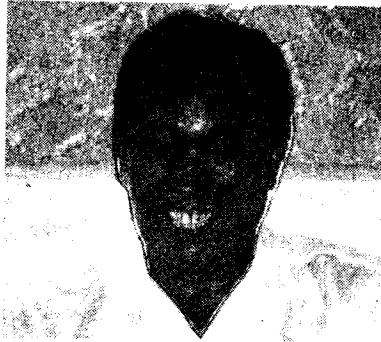
tral government has paid great attention, listing it as a key state programme during the Seventh Five-Year Plan (1986-90). One characteristic of the plan is that the Shenyang government will take the Tiexi District in its entirety to conduct a comprehensive transformation, focusing on technological changes of existing enterprises. At the same time, efforts will be made to revamp the facilities of the district's infrastructure, control sources of pollution, and improve the city's overall environment. The guiding thought for the transformation of enterprises is that while actively importing and applying foreign advanced technologies efforts will also be made to gradually modernize existing enterprises with an eye to developing products of an internationally advanced level. These products will be both those in urgent need and those famous for their brand name well received at markets.

Prior to this wide-scale technical transformation project, a number of enterprises began their own technical innovations in 1980 and won success. The Shenyang No.3 Machine Tools Factory, an old enterprise in the area, now has 7,000 workers and



staff and produces more than 2,000 machine tools a year. According to Xu Xinli, acting factory director, the factory in the past only turned out a monotonous line of products of inferior grade. In recent few years, however, the factory has brought in foreign advanced technologies through co-operative production, joint design efforts, invitations to specialists and training technicians. Under an agreement signed with Pratt and Whitney Co. of the United States in 1983, the factory learned the advanced technology on PW 1200-model digital control lathe, thus shortening the time required in the study of how to manufacture the lathe on its own. In 1987, the factory joined efforts with Lehmann Co. of the United States to conduct lathe design, successfully introducing technology used by Lehmann for the multi-coordinate series digital control lathe. To expand export volume, the factory bought both the technology patent and the trade mark of the product.

"At present, the factory is able to produce about 100 varieties of lathes in six series. Many of the products have reached or approached the international stan-



Wu Disheng, mayor of Shenyang.

dards of the 1980s," said the factory director. In 1988, two digital control lathes—CK 3263 A and CK 3263 B—were introduced to the Japanese market, a market heralded as the "kingdom of digital control." Now, the factory also exports 20 types of lathes with more than 30 specifications to the United States, East Europe and Southeast Asia. In 1988, its export volume amounted to US\$7.04 million, making up 50 percent of its total output value. In addition, a number of domestic enterprises have accepted the factory's products to replace imports.

Xu continued, "If not for the opening up policy, by which we were able to import foreign advanced technology and sell our products at international mar-

kets, the factory could only have remained at a low industrial level. Opening is the road enterprises must follow in their technological transformation and the road best suited for China's modernization. As beneficiaries of the opening-up policy, we hope, and also believe, that this policy of China will remain unchanged."

Shenyang Electric Cable Factory, the largest of its kind in China, is another enterprise taking the lead in technical transformation in Tiexi District. Its output value in 1988 was 480 million yuan, and exports, valued at more than US\$10 million, were marketed in 23 countries and regions. Factory director Xu Youpan said that they had spent US\$60 million importing several sets of advanced technology, equipment and production lines. To save limited funds, they purchased second-hand imported equipment from enterprises that retooled their production lines, or had closed down. Such advanced equipment was often obtained inexpensively.

"After several years of re-vamping over industry," Xu said, "our production level has already surpassed that of East European countries and is close to that in West Europe, but lower than that in Japan." The factory is now able to turn out any kind of cable in keeping with international standards. Last year, a visiting businessman from Taiwan Pacific Co. said that, before visiting the factory, he thought cable production on mainland was at most at the level of the 1950s or 60s. Afterwards, however, he said the visiting gave him a heartfelt admiration for the factory's high production level.

### Using Foreign Funds

To speed up the process of transforming old enterprises and developing new industries, Shenyang has paid attention to at-

View of Shenyang industrial area after development.



tracting foreign funds in different ways. Over the past few years, Shenyang received funds not only directly from foreign countries, but also from the mainland's financial agents in Hong Kong; not only directly from foreign investors, but also from foreign businessmen investing with their technology and business channels. In addition, enterprises in Shenyang are also encouraged to contract or rent their workshops to foreign businessmen or invite foreign businessmen to take part in management. This year, encouraged by the new state regulations which allow the sale of old enterprises by auction, Shenyang is considering the sale of 30-50 percent of the fixed assets owned by several out-of-date enterprises to overseas businesses, which will be followed up by the development of co-operative management through a stock system. Currently, the number of joint ventures, co-operative enterprises and wholly foreign-funded enterprises in Shenyang is 115.

In order to further absorb foreign funds, increase export, and at the same time, provide land for the expansion of Tiexi District's industry, the city decided in 1987 to set up an export processing area in Zhangshi, southwest of Tiexi. The total planned processing area covers 34.48 square km. Construction, which began in 1988 with 4.48 square km, will require four or five years to complete a modern industrial base capable of attracting foreign capital and advanced technologies and producing export products.

While covering the story of the processing area, this reporter found that various projects of the first construction stage were continuing uninterrupted and were not hampered by the "Beijing riot" in June.

The first stage in the supply of running water was completed on

July 1, and now provides a daily supply capacity of 18,000 tons of water. It will reach a supply capacity of 50,000 tons by 1990.

A 200,000 KW/hour electric capacity is already in place.

Heating capacity of 70 tons/hour will be reached by the end of this year.

Four of the 11 common factory buildings with a total floor space of 110,000 square metres are being built and are scheduled to be partially completed within the year and put into operation.

Additionally, a 160,000-square metre multiple storage and transportation service centre will be built in the area and equipped with a bonded warehouse.

Shen Qiliang, deputy general manager of the Shenyang Export Processing District Development Co. told this reporter, "Although overall construction began last year, the export processing area has attracted a lot of interest from many foreign business people. Even by this date, the area has already received more than 60 business groups from the United States, Japan, Canada, Malaysia, Hong Kong and Taiwan. Eight construction projects have been approved and registered in the area with a combined investment of US\$38.14 million. Most of the projects should be completed and put into operation by the end of this year or in the first half of next year." However, he added, "these projects have been influenced somewhat by the Beijing riot in June. Some foreign partners temporarily stopped their loans or put off their contracts. These matters were successfully resolved, at last, after many explanations, clarification of facts and expressions of sincerity. Except for one Sino-Japanese joint venture which has contractual troubles, all the co-operative ventures are going smoothly." Shen added, "We will, as usual, improve the investment environment, faithful-

ly fulfil our contracts, grant preferential policies to foreign business people and continue our open policy to the outside world." He encouraged foreign investors to participate in land-use features of the planned second-stage construction projects.

## Investment Climate

The economic features of Shenyang's geography are excellent. Situated in the communication hub of China's northeast railway trunk lines, it is the biggest central city in northeast China, and is also a material and commodity circulation centre, with a strong economic and technological base. It is abundant in coal, petroleum and natural gas. Within a radius of 150 km are Anshan city, known for its iron and steel; Fushun city, famous for its oil refining industry; the coal and iron city of Benxi; the coal and electricity city of Fuxin; the chemical fabrics city of Liaoyang and the newly built Shenbei Oilfield, all of which, together, form a concentrated group of heavy industrial cities with solid foundations.

In recent years, to meet the needs of continuous economic development and to better attract foreign capital, the city has invested funds to improve its infrastructures.

● Taoxian, a first-grade international airport, was completed in April 1989 and has already begun operation. The airport is connected with the city proper 18 kilometres away by a high speed highway. Designed for a passenger capacity of 5,000 person per day, the airport has a 3,200-metre long standard runway which is able to accommodate any type of plane, including Boeing 747. Today, there are regular flights between Shenyang and every major city, as well as two chartered flights to Hong

# Shanghai: Stock Market Re-established

by Our Staff Reporter Han Guojian

**R**eopening the stock market is aimed at increasing financial channels and absorbing social funds to support state construction. But it is necessary to prevent speculation.

Early in the 1980s, China's economic structural reform broke through a highly concentrated bank credit system. Banks began to issue state treasury bonds and debentures. More and more enterprises issued shares. Then stock markets appeared in Shanghai, Shenyang, Wuhan, Chongqing and other industrial cities.

From 1981 to 1988, China issued an aggregate total of 98 bil-

lion yuan in various stocks and bonds, a considerable proportion of which was centred in Shanghai. During this period, about 8 billion yuan of stocks and bonds were issued in terms of one year or more in Shanghai, accounting for 8 percent of the state total. In addition to state treasury bonds, debentures and bonds for state key construction, about 800 enterprises issued 1 billion yuan in debentures, representing an 8 percent of the state total in this form; some 1,700 enterprises issued 1.08 billion yuan in stocks, accounting for 50 percent of the state total.

Since China opened stock mar-

kets in August 1986, the volume of stocks in Shanghai has reached a total of 500 million yuan, accounting for 16 percent of the state total; of this, 42 million yuan represent shares and enterprises' debentures, accounting for 42 percent of the state total.

## Standardization

Shanghai's stock-issuing markets have undergone a process of gradual standardization. Bonds are increasing in number and variety. In 1986, there were only two kinds of stocks on the market, worth more than 5 million yuan. By the end of 1988, there

Kong each week. Opening up connections to international airports is being considered.

- About 60,000 computer-controlled telephones and 2,000 lines of long-distance automatic exchange equipment, as well as 2,000 lines of telegraph equipment, have been newly installed.

- Construction of the Shenhai Heat and Power Plant with a generating capacity of 400,000 kwh is under way and upon completion, it will alleviate the strained electrical demand in both agriculture and industry in Shenyang.

- Construction of an expressway between Shenyang and Dalian has already been built as far as Yingkou and allows goods to be sent from Shenyang to Yingkou in only two hours, after which shipment through Yingkou Port to places both within and outside China, opens a mar-

itime outlet for the city of Shenyang.

- A modern, large capacity railway station is expected to be completed and put into operation next year.

- Although Shenyang's environmental pollution problem has not been completely resolved, it has improved somewhat due to efforts made in recent years. Air pollution, for example, has been greatly reduced. In the atmosphere, suspended particulate dropped from 1984's 1.17 mg/sq m to 1988's 0.59 mg/sq m, approaching the state standard of 0.5 mg/sq m. Water and noise pollution have also decreased. A 14.5-km long newly built park now surrounds the city proper.

However, Shenyang's mayor, Wu Disheng, is not satisfied with these achievements. He said, "I think that the core requirement of our opening to the outside

world is to merge with the world civilization. To us, the key for success is how best to combine the world civilization with China's realities." When talking about Shenyang's continued opening to the outside world, he noted, "There is now fierce competition in the international market, so we should have the foresight to understand not only the recent development of the world's economy, but to know clearly our own conditions as well. It is necessary for Shenyang to select its most competitive products and enter them into the most accessible world market. At the same time, we should make the best use of both domestic and international resources. Efforts should also be made to bring the city's processing capacity into full swing, and to use foreign raw materials, funds and talented people to our best advantage." □

were up to six kinds of stocks on the markets and 20 kinds of debentures; their volume was 3 times that of 1987, reaching 1.2 billion yuan.

Wang Dingpu, director of the Administration of Finance of the People's Bank of China Shanghai Branch, is put in charge of the Shanghai stock market. He has been engaged in banking work for about 30 years. He considers that the life of stocks lies in circulation, while the prerequisite of circulation is stock standardization. To this end, Shanghai has maintained unified control over the stock issuing markets from the very beginning.

In August 1984, when a number of collective enterprises wanted to issue stocks, Shanghai Municipality promulgated provisional regulations on the issuing of stocks by enterprises. These were China's first local laws and regulations in this sphere. Stipulations were made regarding the conditions which the bonds-issuing enterprises must fulfil, rights of bond-owners, main qualifications that bonds should meet and the scope of transfer, and laid down relevant punishments for infractions. At the same time, Shanghai actively supported qualified enterprises issuing standard stocks.

In November 1984, the collectively owned Shanghai Feiyue Audio Co. for the first time issued to the public 10,000 shares of stock, at 50 yuan each. Two months later, another collectively owned enterprise—the Yanzhong Industrial Co.—publicly issued 100,000 shares of stocks at the same face value. Both issues were managed by the Trust and Investment Co. of the Industrial and Commercial Bank of China

Shanghai Branch. Because the two kinds of stocks conformed more or less closely to the standard at the time of issue, later they became the first valuable securities to appear on the stock market.

Zhang Ning, cadre of the People's Bank of China in charge of stock issues, said that Shanghai's stock administrative measures stipulated that stocks could only be transferred within the issued scope, while most of the stock-issuing enterprises issued their stocks only within the company. Moreover, most of the stocks they issued were to be repaid within a fixed period. Therefore, although quantities of stocks were issued, little of them appeared on the market.

To change this situation, Shanghai tried having large state-owned enterprises to issue stocks. In January 1987, the Shanghai Electronic Vacuum Device Co. Ltd. (SEVDC),

which has an asset of 200 million yuan, publicly issued 575,600 shares of stocks, each with a face value of 100 yuan; half of the issue was from private investment. This time, stocks were clearly distinguished from debentures, so that the shares of stock on the market increased substantially.

Afterwards, Shanghai tried to adopt the international method of issuing stocks. In March 1988, the SEVDC publicly issued 15 million yuan of stocks at a premium, at a price higher than the face value. In July 1988, the Bank of China's Shanghai Trust and Investment Co. as the sole agent issued 29.5 million yuan of debentures for the Shanghai Volkswagen Automotive Co. Ltd. In April this year, an underwriter group comprised of three securities companies headed by the Shanghai Hai Tong Securities Co. and one bank trust and investment company put out a stock issue of 22.1 million yuan for the third time for the SEVDC.

This was the first time these methods were used in China. What is even more worth mentioning is that people who buy stocks have been made to understand that they are making investment instead of the form of savings. This February, for the first time in China, the Shanghai Feiyue Audio Co., after four years' operation, issued 30,000 shares of stock (each with a face value of 50 yuan) combining the methods of uncompensated added capital and compensated added capital. That is to say, they turned part of their accumulation of money scraped up over many years and the year's dividend yield of the company into added capital.

Customers in front of the Shanghai International Securities Co. Ltd.



The old stockholders needed to pay only 30 percent of the face value; and they could get the newly issued shares equivalent to the amount of their original investment.

This produced repercussions in Shanghai. Many people, who had already lost interest in stocks owing to price hikes and the increase in interest rates on bank savings deposits in recent years, acquired a new understanding of stocks. Suddenly, the price of the Feiyue Audio Co.'s stocks soared, doubling the face value at the highest.

Wang Dingfu speaks highly of this turn of events. He holds that the value of stock does not lie in its dividend yield, but in its added value.

At present, the government-stipulated 15 percent ceiling for dividend yield is so high that it is not conducive to the development of enterprises. It would be suitable to lower it to about 5 percent.

### For Individuals

At present, Shanghai has 11 counters and 13 brokerages for securities transactions, forming a preliminary market for securities counter transactions. With the expansion of transactions, three securities companies specializing in stocks and bonds were formed in Shanghai, making it the city with the most securities companies in China.

Shanghai's first securities transaction counter appeared in September 1986. At that time, in order to meet the needs of some stock holders anxious to sell their stocks for cash, the Industrial and Commercial Bank of China Shanghai Branch's Jingan Trust and Investment Office took the initiative to open a stock exchange business. This news created a great sensation in banking and press circles both inside and outside China.



Stock broker discussing exchange prices.

In old China, Shanghai was once the biggest banking centre in the country. In the 1940s, the scale of buying and selling stocks in Shanghai was bigger than that in Hong Kong, or about the same as the Tokyo market. Fluctuation in the Shanghai stock market would directly influence buying and selling in Hong Kong and Tokyo. Even more, it had an important position in Asia. All this disappeared with the founding of the People's Republic of China in 1949. Thirty-seven years later, when the buying and selling of stocks dramatically reappeared in Shanghai, it was natural that the event attracted so much attention.

However, Shanghai's stock markets of today are essentially different from those in the old days. As explained by Jin Jiandong, head of the Banking Administrative Department of the People's Bank of China, the opening of securities exchange markets by the government aims at freely turning bonds in the hands of ordinary people into cash. At the same time, it provides opportunities for people who wish to buy second-hand securities, so as to eliminate the black market which has already appeared. The state prohibits enterprises and institutions from par-

ticipating in buying and selling securities.

Huang Guixian, director of the Shanghai Jingan Securities Business Department which is engaged in buying and selling stocks in Shanghai for the first time since liberation, also said that in addition to a few non-government foundation associations which buy second-hand stocks as a form of savings and accumulation, Shanghai's stock markets are basically markets for the use of individuals. Because individuals have limited capital, generally each transaction amounts to only a few hundred yuan or at most seldom exceeds 10,000 yuan. So it is not possible for speculators to dominate the stock markets by buying or selling in large amounts as was done before 1949.

In fact, the development of the Shanghai stock exchange is distinguished by the large number of state treasury bonds in the hands of citizens which are taken to the market. In April 1988 when state treasury bonds were allowed in part to enter the market, the average daily volume of transactions increased from 30,000 yuan to 993,000 yuan. It rose to 1.826 million yuan in the first quarter of this year.

## Market Features

At the beginning, the Shanghai stock markets did not have distinct features. The prices of stocks were set in the light of bank interest rates on savings deposits during the corresponding period. Later, stock prices were calculated on the basis of the interest and extra dividends that could be earned in the number of days the shares were held. Since April last year, the characteristics of the markets have gradually become clearer. Generally speaking, prices at the stock markets fluctuate according to the following five factors:

- Demand-supply relation. In April 1988, Shanghai's stock exchanges set a price higher than the rest of the country for state treasury bonds (a kind of bond issued by the Chinese government annually in larger batches than any other kind). As a result, state treasury bonds of other places flowed into Shanghai, causing the supply to exceed the demand. After readjustment, the price in Shanghai dropped, approaching the prices in other cities. According to Zhuang Ming, manager of the Business Department of the Shanghai International Securities Co. Ltd., such a situation had occurred several times in Shanghai.

- Size of gains to be made from stocks. According to Wang Ding-fu, about 400,000 people (or 3 percent of Shanghai's population) frequent the stock exchanges to watch the trading trends in order to choose the best exchange counter and best time. Therefore the Shanghai TV Station opens its programme on every other day by quoting the current prices of stock.

- Market prices. Around September last year, a flurry of panic buying spread across the country. The panic caused by price hikes caused the prices of stocks to slump. Many big stock holders

threw their shares of stock on the market by the dozens or hundreds. The price of long-term bonds also fell below the price of issue

- Bank's interest rates. Since banks have begun providing the service of inflation-proof savings deposits this year, the yearly interest plus dividends from shares of stock were below the interest rates of inflation-proof deposits. This led to most prices of stocks falling to face value, or even below. After drawing interest and dividends, many stock holders put up their stocks for sale at the market. Since the beginning of this year, the volume of stocks for sale has been several dozen times greater than that for purchase.

- Psychology regarding expected returns. Most stock investors estimate that the price rise within a year will not be too steep, so one-year stocks are particularly well received; more-than-one-year second-hand stocks also sell well. As for second-hand stocks which come due in two or more years and have a profit rate of more than 20 percent, they are still passed by.

Experts hold that the latter three factors mentioned above were direct causes of the fall in current prices in the Shanghai stock markets. This has interfered with carrying out the enterprise stock system. This spring, SEVDC planned a stock issue of 22.1 million yuan, with the result that only one-fourth was sold. A responsible member of the company said, "Considering our business history and future respects, our stocks should have sold well." Stocks issued in 1987 and 1988 were sold out in a short period of time. However, this year, interest rates provided by banks for savings deposits surpass the interest and dividend rates of stocks. Who would want to buy stocks? According to the source released by the Shanghai Peo-

ple's Bank, issues scheduled for this year by eight enterprises have been suspended.

## Market Management

The Shanghai People's Bank is authorized to administer the stock markets. In January 1987, the Shanghai government promulgated revised regulations governing the issue and exchange of stocks.

The regulations stipulate that the following persons and organizations are not allowed to buy stocks: Party organizations at various levels, government institutions, non-independent-accounting units, foreign organizations and individuals, foreign-funded enterprises, cadres from Party and state organizations, and servicemen.

The regulations also forbid any falsehood and cheating on the part of investment firms and brokers. Last year, an enterprise was criticized and punished for falsely reporting its management conditions as favourable, and exaggerating the level of interest to be gained, in a newspaper advertisement before the issue of its stocks.

In order to prevent speculation in stocks, it is stipulated that spot transactions must be carried out at stock markets, and that stock-issuing enterprises are strictly forbidden in purchase of their own stocks across the counter. This seeks to prevent wide price fluctuations brought on by market-manipulation.

The people who know the inside workings of a stock-issuing enterprise are not allowed to take part in its stock exchange dealings. Early this year, SEVDC leaked information about its plan to put out the third issue of stock at lower prices than the current market quotations to a number of old shareholders. This was immediately followed by the sale of old shares at the mar-

ket with a view to buying the new shares about to be issued shortly. In this way, some made profits to the tune of thousands of yuan. Later leaders of the enterprise were investigated and dealt with according to the law.

Limits have been set on enterprise in regard to the sale and purchase of their own stocks, or the sale and purchase of their own stocks through their agents at stock market. One regulation stipulates that sale and purchase of its own stocks is only given an allowance of maximum two-yuan price difference in profits for transaction of 100 yuan of stocks. If an enterprise sells and purchases its own stocks through agents, both sides of the deal are to be charged three out of 1,000

yuan as commission. In addition, exchange counters are allowed to float prices and compete freely. This has brought stock dealing both convenience and risks. Changes in price over the counter can often lead to price fluctuations throughout the city. To avoid blind competition, various counters, summoned by the People's Bank of China Shanghai Branch, have established a system of informing each other of prices and the volume of stock trade every day, and hold an information exchange meeting once a week attended by responsible members of the counter, at which they discuss and analyse current prices of stocks and solve problems arising at the market. Many financial experts consider

Shanghai's stock market still in its initial stage, judging by the small quantities of stocks circulating in the market. Of the total amount of stock issued, only part, representing 30 million yuan, is marketable. Moreover, management methods are backward, since the Shanghai stock markets still have no legal stockbrokers, or institutions as investors. There are only counter transactions, which are completed mainly by hand for lack of modern telecommunications equipment, therefore it is hard to form a network of counters. Owing to the above factors, according to the experts, there will be no concentration of competitive prices during trading on the Shanghai stock markets for at least five years. □

## Hai Tong Endeavouring Securities Transaction

by Our Staff Reporter Han Guojian

**N**ear the Bund (Shanghai's downtown area) stands a big, grey stone-foundation building. That houses the 82-year-old Bank of Communications, and its Shanghai Branch. Since September 22, 1988, however, when the name plate of the

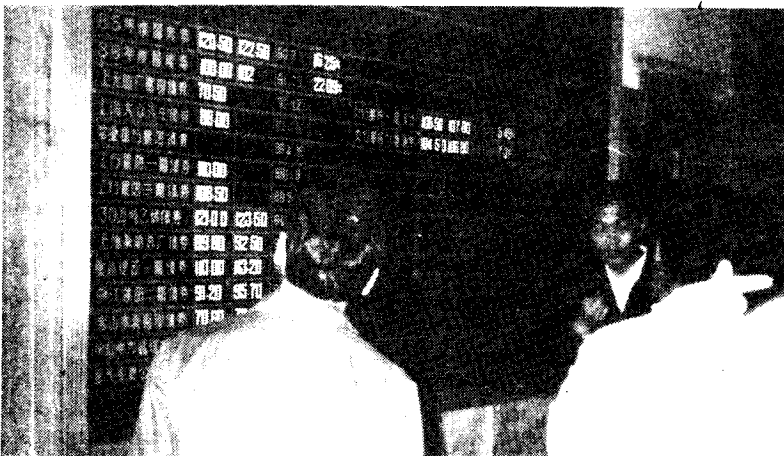
Shanghai Hai Tong Securities Co. was hung at the entrance gate, the building has lost its former tranquility.

One morning in May, our reporter visited the site and saw nearly 80 persons assemble in a business hall of less than 80

Customers of the Shanghai Hai Tong Securities Co. get most recent prices quotations from bulletin board.

square metres. At a counter, some people were going over the formalities of stock transfer certificates, some were buying and selling debenture shares while still more were gathering in front of a bulletin board marked with the buying and selling prices and earning ratios of various stocks and debenture shares. Some stood ardently discussing and gesturing others intently. Some copied market quotations in notebooks while others carried out the latest calculation with their hand held calculators.

The Shanghai Hai Tong Securities Co. began with 10 million yuan of venture capital invested by the Shanghai Branch of the Bank of Communications. The company issues, buys and sells and promotes various portfolio, such as stocks and debenture shares; acts as a procurator in securities storage, mortgage and registration of ownership transfer





A staff worker of Hai Tong (middle) explains stock knowledge to customers.

photos by HAN GUOJIAN

as well as arranges the interests and bonus payment for stocks and bonds and, additionally, provides the concerned customers consultancy services. The company operates its business both directly and through agents.

According to Tang Renrong, manager of the company, the state treasury bonds transaction usually makes up almost 90 percent in the company's business volume. But recently, in contrast to this normal volume, the stocks and debenture shares transaction business has undergone a depression due to the Chinese government's recently strengthened macro-control of funds and the strict limits placed on enterprises' ability to issue stocks and debenture shares, including their own listed volume.

In the business hall, the reporter saw, in confirmation of what Tang said, a man of about 40 years of age, selling 7,800 yuan of state treasury bonds as one unit, and still another young man selling 10,500 yuan worth. The reporter learned from the deputy manager of the company, Yao Xijian, that there were bond specialists who traveled throughout the country to purchase state treasury bonds and later sell them in Shanghai, profiting from the price difference. The buyers, al-

ways Shanghai citizens, include workers, farmers, teachers and staff in companies and government institutions. The amount they spend ranges from several hundred to several thousand, even hundreds of thousand yuan worth of bonds.

Tang, 37 years old and a former deputy manager of the Credit Department of Shanghai Branch of the Bank of Communications, said that the Shanghai Branch began to act as a procurator in the issue, buying and selling of enterprise stocks and debenture shares in July 1987. However, because of the limited amount of listed securities, the total business volume still registered only about 4 million yuan plus that amount earned by the later-established Hai Tong securities. It was only this past April, when state treasury bonds came on the market, that the securities transaction volume vigorously increased, the daily business volume creating its highest ever record at 800,000 yuan. Hai Tong entered the market about this time.

Two other securities companies were established during the two months before and after the foundation of Hai Tong. According to Tang, the securities company is actually a middleman who profits from both price difference and

service charges from customers. Up to now about 33 securities companies have come into existence in most of China's central financial centres and have turned over more than 3 billion yuan in business beginning August 1986, when China first opened the securities transaction market, to this April.

With only 19 employees, Hai Tong's total business volume in various securities transactions had reached 48.8 million yuan by the end of 1988, and in its first 100 days made a profit of 478,000 yuan. By the end of this past April, the business turned over a total 200 million yuan, 100 million yuan from securities transaction and 100 million yuan from its agency commission on behalf of enterprises and institutions.

Before visiting Shanghai, this reporter went to a securities company in Beijing and saw a scene quite different from that of Hai Tong. Except the one or two persons who occasionally came to receive dividends, almost no business was conducted there. According to the manager of this company, the Beijing Municipality exercises unified control over state treasury bonds' transactions. Because the price is lower than in Shanghai, Shenyang and Wuhan, people are unwilling to sell. The company with state treasury bonds valued at several million yuan in store is reluctant to sell for fear that they will be unable to recover such sum. The rather high earning ratio of the reserved state treasury bonds in their maturity ensure that the company is not thrown into the red.

But manager Tang had another view. He said the securities company aims to promote the circulation of securities and turn the "dead money" in people's hands into "living money."

The People's Bank of China stipulates that, from the buying and selling of securities per 100 yuan, monetary facilities can only profit 2 yuan. If the securities circula-



tion is to be accelerated, the essential prerequisite is that the buyer and seller can profit. For this, Hai Tong always keeps the difference for every 100 yuan transaction between the buying and selling price to 1 yuan or 1.5 yuan, even as low as 0.5 yuan. Tang said that although it seemed they earned less, their total business volume shot up. It is this flexible management that allows Hai Tong to stand out and take the initiative in the Shanghai securities transaction market.

Now Hai Tong has six agencies established in Shanghai to play the role of proxies for the company, and in ten of Shanghai's big-sized enterprises and institutions there are Hai Tong's representatives. The company pays agencies' and representatives a procuration fee monthly on the basis of business volume they've conducted. In fact, the six agencies business volume per month has accounted for 28 percent of the company's total, one-fourth for all of the Shanghai market.

Yao Xijian said these agencies also act as the company's eyes and ears. On May 6, an agency located adjacent to the Shanghai International Securities Co. Ltd.(SISC)

phoned the company saying that many people who wanted to sell a kind of debenture share thought the buying price offered by the SISC too low and asked if Hai Tong might bid a higher price. The company gave a positive answer and then, in less than one week, the price of this debenture share shot up rapidly, allowing a large profit for Hai Tong.

In order to get market quotations in time, Hai Tong invites two retired men, who had been bill brokers in old Shanghai, to engage in market quotations' analysis and suggest the transaction prices. The business mentioned above was conducted under the consultancy of Weng Zuen, one of the two advisers.

Weng believes that if there is no stock business, then there is really no securities company. At present, the company's involvement and labour capability in this aspect is a weak link because the stock system is very embryonic in China. Additionally, the number of stocks which are allowed to be traded on the market is few.

But Hai Tong has daringly undertaken the stock trade as much as conditions allowed. This April, it joined hands with another two

securities companies and a trust and investment company in Shanghai to try to sell stocks valued at 22.1 million yuan for a big Shanghai enterprise. The results were unsatisfactory. Only one-fourth up to now has been sold and a large volume of fund lies idle.

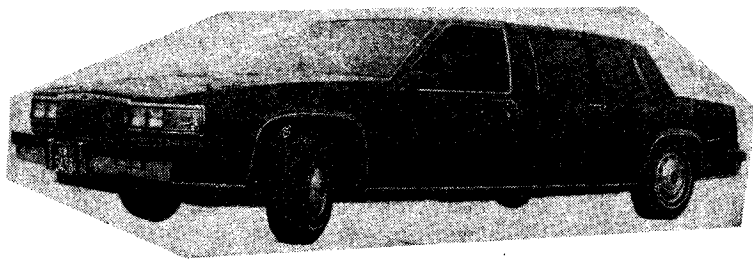
The decision makers of Hai Tong believe the stock system is the most thorough method to transform consumption funds into production funds and think there will be more enterprises practising stock system in the future. In preparation they are actively developing business exchanges with foreign securities companies to gain the know-how and expertise on how foreign securities business firms operate. This past November and April, Hai Tong held symposiums with Japan's Daiwa Securities Co. Ltd. and Nomura Securities Co. Ltd. respectively in Suzhou of Jiangsu Province and Guilin of Guangxi Zhuang Autonomous Region.

Manager Tang said they receive the *Financial Bulletin* run by the Nomura Securities Co. Ltd. every day and are now planning to send employees there to discover how the company is managed. □

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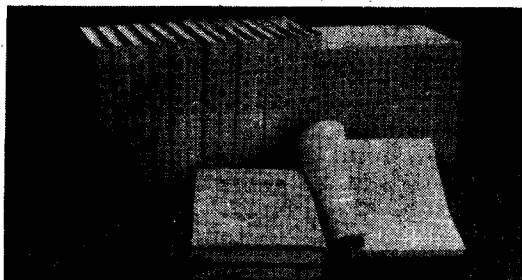
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## 'Selected Works of Deng Xiaoping' Published

**A**nother volume of the *Selected Works of Deng Xiaoping* (1938-1965), Chinese edition, was published recently by the People's Publishing House. It was compiled by the Editorial Committee on Party Literature Research Centre of the Central Committee of the Chinese Communist Party and is already being distributed both inside and outside China.

The present collection consists of 39 important articles and speeches by Deng Xiaoping in the 28 years before the "cultural revolution" which began in 1966. Of these articles and speeches, 30 had not been previously published for general readers. The volume includes a total of 250,000 words, and to a great extent, reflects his contributions to military, political and economic work, as well as to party construction during the Anti-Japanese War (1937-45), the War of Liberation (1945-49) and the 17 years after the founding of New China in 1949. Many of his expositions still have a widespread and far-reaching significance.

During the War of Resistance Against Japan, Deng Xiaoping successively served as political commissar of the 129th Division of the Eighth Route Army, secretary of the Taihang Branch Bureau of the Communist Party of China, acting secretary of the North China Bureau. The nine articles written by Deng during this period which appear in the volume give a detailed account of the principles and working methods of Party leadership in the anti-Japanese democratic government, economic construction in the anti-Japanese base areas, and problems of organizational work, policy and strategy in the enemy-occupied areas. One of the nine articles entitled *The Party and the Anti-Japanese Democratic*



*Selected Works of Deng Xiaoping* (1938-65) in *de luxe* and paperbound editions. GUO ZHANYING

*Government*, issued in 1941, mainly criticizes the erroneous tendency of failing to separate the functions of the Party from those of the government, and of substituting the Party for the government.

In the seven articles written during the period of the War of Liberation, Deng dealt with the strategic principles and deployment of troops for the campaigns of advancing towards Central China, establishing base areas in the Dabie Mountains, and continuing straight to Nanjing, Shanghai and Hangzhou. He also put forward and laid down policies and tactics concerning land reform and rectification of the Party in the newly liberated areas in Central China. These policies and tactics were adopted by the Party Central Committee which believed they were applicable to all liberated areas and played an important role in the formation of policies in the early period following liberation. Deng was a well-known political commissar of the Second Field Army, and took part in commanding the Huai-Hai campaign, the campaign for Crossing the Yangtze and other important campaigns.

From 1949 to 1952, Deng was independently in charge of the overall work of the Party, government and army in China's southwest areas. Six articles written by him during this period are incorporated in this volume.

After 1952, Deng came to work

in the central government, serving as vice-premier of the State Council and secretary-general of the CPC Central Committee. In the ten years following the 8th National Party Congress in 1956, he acted as general secretary of the Party Central Committee. Seventeen articles written during this period appear in this volume. Their extensive coverage includes a bril-

liant exposition of Party construction and Marxism-Leninism and Mao Zedong Thought.

On April 8, 1957, Deng made an important speech at a cadres meeting in Xian. As a part of his speech, the article entitled *The Major Task in the Future Is to Carry Out Construction* points out in good time that the focal point of Party work should be changed. The article notes that it is more difficult to carry out construction than revolution. "In regard to construction, the Party is still a pupil and has very little ability," Deng says. He particularly stresses the quality of thrift as necessary to turn China from a poor, backward country into a socialist advanced one. He says, "If we don't understand the necessity of building up the country through thrift and hard work from a base of poverty, national construction will not be done well."

In another part of the speech entitled *The Communist Party Should Accept Supervision*, Deng points out, "Our Party is a ruling Party and it enjoys high prestige. Great numbers of our cadres are in leading positions. As far as China is concerned, who is in a position to make big mistakes? The Chinese Communist Party of course. And once it makes a mistake, the harm done will be the biggest." To exercise good leadership, the Party should constantly overcome subjectivism, bureaucracy and sectarianism, accept supervision and expand

democracy within the Party and the state. Supervision comes from three sources: first, the Party; second, the masses; and third, democratic parties and non-Party personages. Whether the Communist Party is qualified to exercise leadership and whether the leadership is up to standard or not depends on our Party itself. Deng says, "Only if the Party and Party members don't cut themselves off from the masses, only if the Party and Party members accept supervision, only if the Party and Party members study modestly, and only if the Party and Party members work continuously and conduct ideological and political work, can our Party lead national construction without a hitch, just as it led the revolution and won the victory in the past."

Early in 1956, Deng Xiaoping put forward the question of how the ruling Party could strengthen the work of Party-building. On September 16 that year, Deng Xiaoping, then general secretary of the Party Central Committee, on behalf of the Party Central Committee, made the *Report on the Revision of the Party Constitution* at the Eighth National Party Congress. In it he points out, "Experience has told us that in the position of the ruling Party, our comrades easily become tainted with the habit of bureaucracy, and the danger of becoming divorced from reality and the masses has increased as compared with the past. To this end, apart from strengthening ideological education among the Party members, we should work out appropriate stipulations in the system of the state and in the system of the Party so as to exercise strict supervision over the Party organizations and the Party members by the Party, the masses and non-Party personages."

*Speech at the Enlarged Central Authorities Work Conference* on February 6, 1962 is another of Deng Xiaoping's historical writings on the building of the ruling Communist Party. The article expounds the organizational principle of the Party—democratic centralism. He

points out that without democracy there will be no centralism, whereas centralism can be truly and accurately realized on the basis of democracy. Without democracy and centralism of the proletariat, there will be no socialism. Without centralism and unification established on the basis of democracy, the Party will have no combat effectiveness. To create a vivid and vigorous political situation in our country, it should be, first of all, created in the Party. In short, "democratic centralism is the basic system of the Party and the country."

The article entitled *Building a Mature Party With Fighting Capacity* is based on two speeches made by Deng Xiaoping in 1965. The article says that it is not easy to build a Party into a mature one. To work out and implement the correct strategy and tactics can only be made by the Parties of various countries in line with their own specific conditions. It highlights Deng Xiaoping's ideological style of always seeking truth from facts.

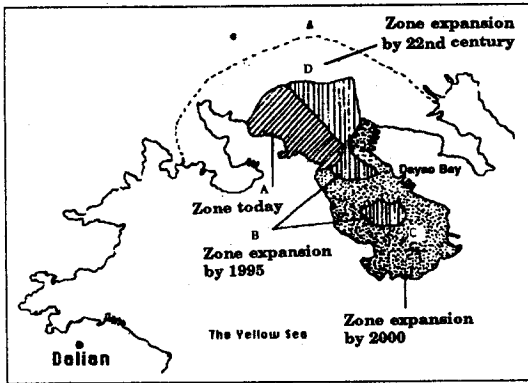
Deng's Marxist ideological style also finds expression in the article entitled *Marxism-Leninism Should Be Integrated With China's Specific Conditions*. This answers the first question raised by the International Youth Delegation in November 1956. It says that the Seventh Congress of the Chinese Communist Party established the principle that the universal truth of Marxism-Leninism should be integrated with the concrete practice of the Chinese revolution. This means that we must study the characteristics of our own country. By deviating from the characteristics of one's own country to copy the experience of other countries inflexibly, this universal truth cannot be realized. This is the summation of the historical experience of our Party.

This ideological style of seeking truth from facts can also find expression in Deng Xiaoping's leadership over economic work. In 1962 China was still in the three-year period of economic difficulties. In July that year Deng made an im-

portant speech in which he points out, "If we are to overcome difficulties and strive for a fundamental turn for the better in the financial and economic situation, it is necessary to start with the restoration of agriculture." The article *How to Restore Agricultural Production* included in the selected works is part of this speech of his. The article points out, "What is the best form of production relations? I think this attitude should be taken, that is, the form which can, more easily and quickly restore and develop agricultural production in the locality should be adopted; we should adopt whatever forms the masses would like to adopt; if they are illegal, make them legal." It was in this particular speech that he used the famous metaphor "it doesn't matter whether it is a yellow cat or a black cat, any cat that catches mice is a good cat."

Readers will conclude after reading the articles that during the long period of revolution and construction Deng Xiaoping has always been good at combining the principles of Marxism-Leninism with the realities and concrete conditions of China, and his idea and theories are an important component part of Mao Zedong Thought.

In 1983 the Party Literature Research Centre published a volume of Deng's selected works, which contains 47 of his speeches and articles of the period between 1975 and 1982. The two volumes of *Selected Works of Deng Xiaoping* that have been published provide valuable materials for the study and research of the history of the Chinese Communist Party. They help us understand the principled stand and pioneering spirit of the leading members of the Chinese Communist Party, as well as the Chinese people's socialist construction and reform, adhere to the four cardinal principles (adherence to the socialist system, the people's democratic dictatorship, the leadership of the Chinese Communist Party, and Marxism-Leninism and Mao Zedong Thought) and fight against bourgeois liberalization. □



## Dalian Plans Big New Free Port

**A**n ambitious new free port is being planned near this northeastern port city.

Designed as a financial, processing, industrial and trade centre, the free port will be a northward expansion of the 64-square-km Dagushan Peninsula, shaped like Italy.

The plan has been submitted to the State Council but has not yet been approved. Construction has started on the Dagushan Peninsula special economic zone which includes the entire Dalian economic and technological development district.

At a news conference celebrating the fifth anniversary of the district on September 4, Tian Changming, vice-chairman of the district's administrative committee, said the free port is envisioned as a "second Hong Kong."

In the next five years, Tian said, the development district will double its present size of about 10 square kilometres.

The expansion will take full advantage of the Dayao Bay Port to develop heavy industries such as machinery.

About three square kilometres of the new area will be devoted to multi-product industries and five square kilometres will be designated for lease to foreign investors. A three-square-km petrol-

chemical industrial district will also be built, Tian said.

By the end of the century, the special economic zone will be formed, he said. The zone is designed for various foreign-invested enterprises with high technology.

Scientific research institutes, information centres and markets for export products will also be set up in the zone, Tian said.

In 100 years' time, the special zone is planned to be expanded further north to complete the construction of "the new Hong Kong," he said.

The free port, which will be considered a window to the outside world for the three northeastern provinces and the eastern part of the Inner Mongolia Autonomous Region, will include four districts: free port, scientific institutes, centre for imports and exports, and processing and industrial production base, Tian said.

The extensive plan is off to a good start. The first phase of the Dalian special economic and technological district, which was only moors and fields five years ago, has become a 10-square-km area of new buildings.

By Monday, around 160 foreign-invested enterprises and domestic co-operative projects had been approved for the first phase, involving total contracted investments of more than 2 billion yuan (about US\$533 million), Tian said.

Of these firms, 111 involve foreign investment, including 12 wholly foreign-funded enterprises. Total contracted investment of the 111 projects is US\$430 million, 60 percent of which is foreign capital, he said. □

## Paid Transfer of Land-Use Right in Fujian

**F**ujian Province recently compensatedly transferred the right to use 34 blocks of land to foreign businessmen according to the Fujian Land Administration.

Covering 146,458 square metres, this batch of land includes 10 blocks in the provincial capital city of Fuzhou totalling 36,762 square metres; 5 blocks in the Xiamen Economic Special Zone, 20,104 square metres; 3 blocks in the coastal city of Quanzhou, 80,129 square metres; 3 blocks in Shishi, 6,439 square metres; 5 blocks in Zhangzhou, 33,452 square metres; 3 blocks in Longyan, 11,400 square metres; and 5 blocks in Dongshan County, 30,072 square metres.

Mostly scattered in the prosperous sections of these cities, these blocks will mainly be used for the construction of department stores, office buildings, apartment blocks, residential houses, all-purpose structures, and some factory workshops.

Since 1987 when the State Council permitted Fujian to transfer the right to use state-owned land to foreign businesses, the two cities of Fuzhou and Xiamen have leased, apart from the current 34 blocks, 14 blocks totalling 53,842 square metres to companies from Hong Kong, Taiwan, Japan and other countries and regions. □

## ADB Loan Flows to Shanghai

**A** US\$100m loan agreement with the Asian Development Bank was recently struck in Shanghai.

This is the first time in China that the Asian Development

Bank has entrusted a local monetary facility, the Shanghai Trust and Investment Corp. to act as an intermediary in arranging the transfer.

The new loan will be aimed at helping modernize the more than 8,000 small and medium-sized enterprises in Shanghai. Many of these require modernization despite decade-long efforts to update their equipment, production process, managerial expertise, product quality and variety.

The signing ceremony was held on August 28 in Manila.

Since 1979 when China began its policy of opening to the outside, Shanghai has accepted the spot exchange loans valued at US\$270 million from foreign banks; issued US\$240m securities to foreign countries; and absorbed direct foreign investment totalling more than US\$2.3 billion, of which most have been used in the modernization of old enterprises. □

## Exhibition of Foreign-Funded Enterprises' Achievements

**M**ore than 700 enterprises involving energy, transport, machinery, chemical industry, electronics, textile, light industry, agriculture, forestry, animal husbandry, fishery and tourist service in 37 provinces, municipalities, autonomous regions, special economic zones and cities enjoying provincial administrative power in economic and investment planning will participate in China's First Foreign-Funded Enterprises' Achievements Exhibition to be held in the China World Trade Center, November 9-15, to show off their achievements since China's reform and opening up.

Representatives of 44 countries

and regions such as the United States, Japan, Britain, France, the Federal Republic of Germany and Australia, as well as Hong Kong and Macao will also attend the exhibition to show their products.

More than 100 kinds of exhibits in 16 categories including computer, automobile, toy, household electric appliances and textiles will be on display on a floor space of 7,200 square metres. Also on exhibit will be pictures and models of such large projects as the Guangdong Daya Bay Nuclear Power Station and Guangzhou-Shenzhen Expressway.

In addition, more than 100 projects will be discussed with foreign business people for investment.

The exhibition is sponsored by the Ministry of Foreign Economic Relations and Trade, the State Council Special Economic Zones Affairs Office and the State Planning Commission.

By the end of last July, China had approved the establishment of 19,445 foreign-funded enterprises. Of these, 10,732 were joint ventures; 7,573 co-operative enterprises; 1,090 wholly foreign-owned enterprises; and 50 co-operative development projects concerning offshore oil exploration and exploitation. To date, more than 7,000 enterprises have begun operations. □

## New York City Pizza Corp. in China

**A**merican ambassador to China James Lilley and Deputy Mayor of Beijing municipality Huang Chao attended the signing ceremony held in Beijing on August 28 to mark the establishment of the Beijing-New York Pizza Corp. Ltd., a joint venture between the Beijing

Developing and Trading Corp. of Agriculture, Industry and Commerce (BDTCAIC) and the New York City Pizza Corp. of the United States.

The joint venture has a registered capital of US\$3 million and a total investment of US\$3.5 million which is 60 percent contributed by the Chinese partner and 40 percent by the United States. The co-operation period is 13 years.

The restaurant, 1,600 square metres in size, will be set up in one of Beijing's busiest areas—the east street of the Beijing Railway Station. It will serve pizza and such foods as hamburger, sandwich and macaroni. Apart from serving 4,000 customers each day, the co-operation will also offer doorway services. Investment is expected to be recovered within two and a half years.

The General Manager Hu Jinguang said the project is a result of our long negotiations on the basis of mutual respect, equality and mutual benefits. He added that all the needed materials would be provided by China except for some special facilities that have to be imported from the United States.

Richard Rosenzweig, General Manager of the New York City Pizza Corp., a young man of 26, first investigated whether cheese would appeal to Chinese people and found that young people in particular liked its taste. In order to better suit his new customers' palate, he'll provide two kinds of local pizza, one with cheese, the other without.

The venture is scheduled to begin operations in June 1990, well in time for the start of the 11th Asian Games in September.

After the Beijing pizza restaurant is established, Rosenzweig says the venture will establish branches in Shanghai, Guangzhou, Tianjin and Shenzhen.

by Wei Liming

## Plant Growth Agent Taken to Rural Areas

RENMIN RIBAO  
(People's Daily)

Lu Qinglian, chairman of the board of Hong Kong's Wai Hing Business Promotion Co. Ltd., has left his footprints in many of China's inland areas. Recently, a *People's Daily* correspondent interviewed him in Hong Kong.

"For more than two years, I've spent most of my time inland, mainly in the countryside," Lu said. "I have been to more than ten provinces in the south, east, the central plains and northeast." There, Lu has conducted experiments in plant growth together with farmers and agronomists in fields, orchards and vegetable plots.

"Going to the countryside is hard work, but I'm totally committed to doing it," Lu said. Last winter he went to the experimental site of Qianjiashuang Village in Shanxi Province with an agricultural expert from Taiwan to do some tests. They flew from Beijing and arrived at the village early the next morning. The temperature was 10 degrees below zero centigrade and Lu was cold and hungry. But he went immediately to the experimental fields with the farmers. For two years, he has been busy visiting the countryside like this.

Lu, aged 40, is one of Hong Kong's new industrialists. He goes to the countryside to promote a plant growth agent named "Biquan."

"Biquan" is an amino acid developed by a Taiwan expert after experiments for over 30 years. It contains much of the nutrition plants need, and is recognized as highly efficient, economical, a low cost, and harmless aid to plant growth. Its value in raising crop yields has been proved in Taiwan and Southeast Asia.

Inland local governments and scientific agricultural research institutions have co-operated pos-

itively with Lu in his experiments. And there has been good news of production increase from many testing sites after the use of "Biquan."

The Shenyang Agricultural Research Institute carried out experiments in over 8,600 *mu* in several counties in 1987. Yields from crops increased 16.5 percent and from vegetables 20 percent, and there was a total profit increase due to its use of 7.8 million yuan.

Experiments conducted by Zhejiang Agricultural University in Huangyan County and elsewhere in 1988 showed a 16 percent increase in per *mu* barley yield, more than 20 percent in paddy rice, and 20 to 100 percent in citrus fruit.

Good news was also reported from Beijing, Anhui Province and Quanzhou in Fujian Province. Experiments proved the outstanding qualities of "Biquan" in areas which had suffered from natural disasters such as drought and excessive rain. In Hangzhou, the paddy rice in an experimental field was flooded for seven days, but the use of "Biquan" saved 75 percent of the crop. In areas which were also hit by drought or waterlogging but "Biquan" was not used, practically all the harvest was lost.

This initial success gave Lu the confidence to promote the growth agent.

"I am definitely not out to make money by promoting 'Biquan' in the rural areas," Lu said. "I am totally committed to helping rural areas develop its agriculture. One cannot live only for money, one should have aspirations and goals to pursue. As a Chinese who has witnessed the poverty and backwardness in some parts of the countryside, I feel I have a responsibility to help farmers to become better off." He recognized his own limitations in promoting "Biquan" and hoped to get support from the authorities concerned. In August last year, he presented 1 ton of "Biquan" and 150,000 yuan to the

Chinese Ministry of Agriculture for promotion of the growth agent's use. Up to the present, he has spent more than 1 million yuan publicizing it on the mainland.

Following the quelling of the counter-revolutionary rebellion in Beijing, Lu believes that the mainland will continue its reform and open policies. He plans to expand his investment in inland areas and set up a factory to produce "Biquan" for the benefit of more farmers. In addition, his company has signed agreements with Boluo County in Guangdong Province under which it plans to invest US\$700,000 in the development of 13,000 *mu* of barren mountain slopes into a farm.

(August 6, 1989)

## Upstarts Evade Taxes

XIAOFEI SHI BAO  
(Consumption Times)

A recent survey in Gucheng County of Hubei Province indicated that the secret of individual managers in industry and commerce becoming financial upstarts is to evade taxes.

Of 5,185 managers in the county, 80 percent evaded tax in some way or other. Some evaded paying taxes of up to 7,000 yuan a year. Their habitual practices included declaring business volume at less than the real figures, making out false bills, using other people's names or business titles, and frequently changing places of business.

The investigation showed that it would be impossible for managers to become newly rich if they paid taxes according to the law. Take garment workshops in the county for instance. Their monthly business volume might average around 10,000 yuan. Of this, 20 percent would be gross income. According to the regulations, each should pay about 1,060 yuan a month for income tax, product tax, urban construction tax, extra educational

charges, and contributions for the development of area energy resources and communications. In addition, there would be 200 yuan for industrial and commercial administration fees and, say, 200 yuan for an assistant and business expenses. Thus, the monthly real income averages only around 400 yuan.

This shows that tax evasion is an important means by which some self-employed people have become financial upstarts.

(April 29, 1989)

## Establishing Clean Government

ZHONGGUO FUNU BAO  
(Chinese Women's News)

The consolidation of clean government is a matter of interest to the whole nation. Not long ago, the residents of Jinzhou replied enthusiastically to written questions about clean government distributed by a municipal investigation team.

In answering the question "What do you think about the consolidation of clean government," 77 percent of the people surveyed considered it very necessary; 20 percent hoped it could be established; while 3 percent were indifferent.

To the question of "What unhealthy phenomena do you see among Party and government officials," 79 percent said abuse on power for personal ends; 61 percent said spending public funds on wining and dining; 63 percent said receiving gifts; 32 percent said corruption and taking bribes; 12 percent said moral degeneration; and 11 percent said extortion. Most respondents gave more than one answer.

When asked which department lacked the practice of clean government, 66 percent wrote tax bureaus and 25 percent said industrial and commercial departments. These were followed in order by medical and health institutions, public security organs, the power

supply departments, labour departments, price control departments, courts and houses of detention.

When asked their attitude to the eradication of corruption and the realization of honesty among cadres of Party and government organizations, 35 percent said that provided the Party was resolved and took some necessary measures, the goal would be attained; 33 percent considered it very difficult to achieve in a short time; 10 percent hoped it could be done; 5 percent said that the establishment of clean government had nothing to do with them.

To the question "In order to achieve honesty among cadres, what would your hopes, suggestions or requirements be," 84 percent replied that leading cadres should build up the Party and run the government by serving the interests of the people; 25 percent suggested that the supervisory organs should be strengthened, resolute measures taken to investigate and deal with corruption, and some offenders should be not only dealt with according to Party discipline, but should also be punished according to the law; 10 percent said that effective laws and regulations should be established or perfected; 9 percent considered that the process would remain a fighting task for a long time; and 3 percent said that the wages of Party and government cadres should be increased.

(June 14, 1989)

## Farm Mechanization Takes Off

CHENGXIANG KAIFA  
(Urban and Rural Development)

The level of farm mechanization in China rose steeply in 1988. This has laid an important foundation for a big development of the rural commodity economy and agriculture in the 90s.

Since the implementation of the contract responsibility system in 1980, the household economy had

delayed the development of farm mechanization. To counter this tendency and in order to bring about a great improvement, the government changed the policy of a state monopoly over the purchase and distribution of farm machines and allowed farmers to buy and operate them.

In 1988, the area ploughed by tractors increased to 670 million *mu* (15 *mu* equal 1 hectare). The area sowed by planters was 250 million *mu*, that irrigated by machines, 390 million *mu*, and that harvested by harvesters, 120 million *mu*. In addition, farm machinery power increased to 260 million kw; irrigation and drainage equipment power amounted to some 66.9 million kw; and the number of tractors and heavy-duty farm trucks rose to 6.83 million and 580,000 respectively.

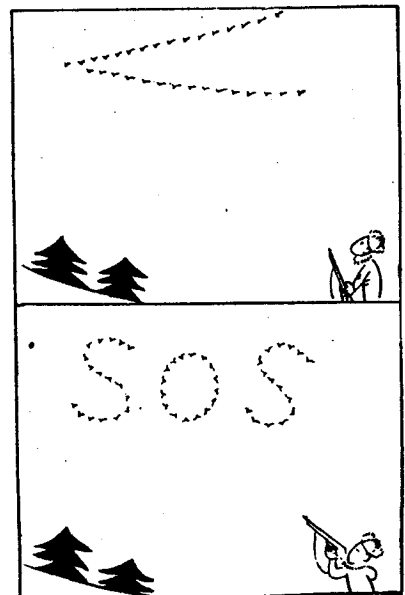
The development of farm mechanization has the following characteristics:

1. The number of small tractors is increasing rapidly now and there are 5.96 million. The supply falls short of the demand.

2. More and more farmers are operating machines.

3. The number of specialized farm machinery households has risen rapidly to 1.76 million.

(No.41, 1989)



Emergency formation CHEN JINGKAI

## Scientist Wins Top Honour



General Secretary Jiang Zemin and Premier Li Peng met with Qian Xuesen (centre) on August 7 to congratulate him for winning the Willard Rockwell Jr. Medal. GUO ZHANYING

**W**orld-famous Chinese scientist Qian Xuesen recently won the Willard F. Rockwell Jr. Medal giving him the honour of being "A World Notable of the Hall of Fame for Engineering, Science and Technology," and allowing him to be an "Honorary Member of International Technology Institute."

The honour was given to Qian at the International Conference of Technology and Technological Exchange held recently in the United States for his great contribution in the development of China's guided missile technology, space technology and systems science. Han Xu, Chinese ambassador to the United States, accepted the award on Qian's behalf.

The Willard F. Rockwell Jr. Medal, the highest award in contemporary science and technology, was established by the International Technology Institute in 1982 and is presented annually to a maximum of three world-famous scientists.

Out of the 16 scientists who have been awarded the Rockwell, Qian is the only Chinese.

The other two scientists winning this year's award are Edward Tay-

lor from the United States and Robert Klapis of France.

Qian urged at a meeting of the Chinese scientific circles honouring him that people should not put too much emphasis on the fact that he has been the only Chinese winner.

"They should rather emphasize that among the 16 winners, there is one from China."

"I had lived in the United States for 20 years. I spent the first decade in study and in the last decade I tried to accomplish something before returning. I never gave a thought to spending my whole life in the United States."

Qian Xusen was born in the Eastern Chinese city of Hangzhou in Zhejiang Province in 1911. In 1934, he graduated from Shanghai's University of Communications majoring in railway engineering. In 1936 he went to the United States where he took his masters degree in aeronautics engineering and a doctorate degree in aeronautics and mathematics.

He then worked as a research fellow in the Department of Aeronautics at the California Institute of Technology (1938-1943), then as an associate professor of aeronautics (1945-1947) and professor of aerodynamics (1947-1949) at the California Institute of Technology and later at the Massachusetts Institute of Technology.

He then became leading professor at the jet propulsion centre at the California Institute of Technology (1949-1955) before he returned to China in 1956 to become the director of the Institute of Mechanics under the Chinese Academy of Sciences. Later, he served as vice minister of the 7th Ministry of Machine-Building Industry and vice-minister of the State Commission of Science, Technology and Industry for National Defence.

Qian has also served as the first chairman of the Chinese Society of Theoretical and Applied Mechanics and the China Association of Automation. He is also the founder of the engineering controlling theory. Qian now serves as chairman of the Chinese Association for Science and Technology.

by Wei Liming

## Sea Stones Hit Art World

**A**n exhibition of Wang Zhiguo's stone sculptures held at the China Art Gallery in Beijing in last July brought a new dimension for art lovers. The 61 exhibits were all carved from a kind of black-coloured stone from the sea bed, commonly known as "green sea stone" which showed the sculptor's rich imagination and unusual life experience.

These black, sparkling stones from the ocean's depths were bril-

liantly reborn through the magic hands of Wang Zhiguo.

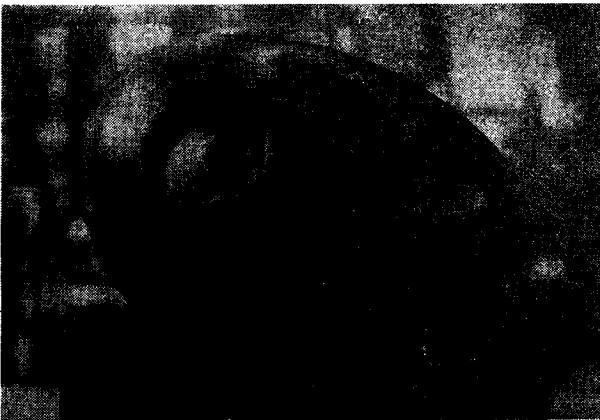
While maintaining the natural shapes and colours of the sea stones, Wang formed them into vivid human figures and objects. The sculptures Wang skillfully crafted carry vague shapes that follow the natural flowing lines of nature's original work.

The sculptures often come with abstract titles. One is called *Form No.1*, another is called *Star No.1*

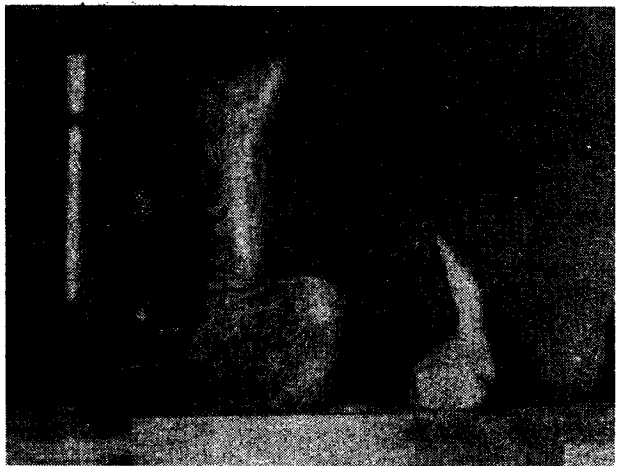




Body



Dream



Bird Forms

that suggests surrealistic meanings.

One piece simply titled *Dream*, is formed from a cobble-shaped stone on which is carved two half-closed eyes that signify a human's meditation in darkness.

Then there's *Source*. A piece carved on a grey stone with dark lines that resembles human skin. Two protruding parts of the stone have become breasts, which signify the breeding of mankind.

Qian Shaowu, a well-known Chinese sculptor, said that Wang's works are representative of a school of traditional Chinese art which stresses subjective experience. He pointed to a great gap between ancient Chinese artists and Western art.

"Ancient Chinese artists paid less attention to giving a realistic depiction of the objects. They considered artistic activity a subjective experience. They always tried to gain a

spiritual inspiration and philosophical understanding of life through their contemplation of nature," said Qian.

Qian added that Wang is a sensitive artist who has experienced both the charm of stones and nature's creativity.

"From these sea stones, we can see he has sensed a kind of spirit, a spirit of persistence and courage that he has put into his art. In his work, one can find a special beauty, an unusual depth and power, achieved through the blending of tradition and the artist's personal talent," said Qian.

Wang Zhiguo was born in Jinan city, Shandong Province in 1953. He had studied at the fine art department of Shandong Normal University for two years. He now works at the Shandong Arts and Crafts Research Institute.

by Wei Liming

## Actor of All Seasons

Several years ago a young actor won a "Hundred Flower Award" for his best performance in *Hibiscus Town*. This time, the actor, Jiang Wen, at just 26, once again took his second "Hundred Flower" with his lead role in the film *Spring Peach*. The "Hundred Flower" together with the "Golden Rooster" comprise the top two laurels given annually to China's best actors and actresses.

The young actor is probably most noted for his lead role in *Red Sorghum* that won world-wide praise and took the Gold Bear Prize at last year's International Film Festival in West Berlin.

In *Spring Peach* Jiang is cast as

a poor man named Liu Xianggao in the old China of the 1920s who picks at garbage heaps for a living.

The scrap collector chances upon Chuntao, or Spring Peach, who has been separated from her husband in the chaos of war. They fall in love and start to live together. Later *Spring Peach* happens upon her husband who has become disabled and brings him home to trigger off an unusual three-member household.

Jiang wins our hearts by his simple and straightforward performance. He successfully portrays a character who can bear hardship and hard work and who is also kind-hearted and honest.

Since he started his film career

four years ago, Jiang has treated audiences with his talented acting abilities. His career credits span vastly differing roles in the films of *The Last Empress*, *Hibiscus Town*, *Red Sorghum*, *Spring Peach*, *Tears on a Bridal Sedan Chair* and *The Year of One's Own Animal*.

His talent is not restricted to allowing him to bring to life the cold and conceited Emperor Pu Yi in *The Last Empress* as we next see Jiang as the simple but mild-tempered poor man in *Spring Peach*.

On the screen we can also find him cast in *Hibiscus Town* as a sophisticated and sedate "rightist" during the "cultural revolution." Then there's his bold and unconstrained role as a porter in *Red Sorghum*, a drama based on the anti-Japanese war (1937-45).

In each film he presents us with a distinct individual who has his humanity tied to his social position, character and age. This is a rare ability among the young mainland actors.

How can he play both emperor and poor man, two worlds apart roles? Jiang answered, "It's like asking a housewife how she can make both fried eggplant and stir-fried green pepper, or like asking why a reporter can write both news and features at the same time. It's natural that any actor should be diverse."

But by no means is Jiang as relaxed as he suggests. "I have to exert myself into the role whenever I decide to play it. I have to identify myself with the role in everything, from the individual's manner, ways to the rhythm of his speech. At that time, you cannot find two compatible Jiang Wens existing in real life."

In producing *The Last Empress*, for example, he really felt himself an emperor. "All people should knelt before me and I could not bear the sight of their standing," says he.

Jiang is hindered by one weak point: he is unable to play two

roles at the same time, at least at present.

Jiang's performances are described as natural, rich, humorous and free. The things he says are closely connected to what he sees in his keen observation of life.

In producing *Hibiscus Town*, Jiang says he tried to grasp just how the persecuted felt during the "cultural revolution" when he swept streets in front of a camera. In order to grasp the movement and psyche of "rightists" he learnt from his grandfather who was wrongly labelled and ordered to sweep streets during the "cultural revolution," and wore out ten brooms before actual filming. At last Jiang was able to master the unique movements of a street sweeper, a skill much adored by the audiences when the film came out.

While studying at the Central Drama Institute, he became engrossed in the theoretical study of performing arts and the various ideas associated with actors. He was also greatly influenced by foreign languages and music.

Jiang's real life perspective is optimistic, cheerful and humorous. "Outlook on life, disposition, experiences and even one's position in the family—all these are factors determining an actor's style of performance," says Jiang.

In *The Year of One's Own Animal*, a recent production by the Beijing Youth Film Studio, Jiang played the hero Li Huiquan. This is a young man of Jiang's age who, due to the influence of his environment, advocates violence. The hero is later isolated and puzzled when he decides to give up violence and dies in resistance against violence.

Of all the roles Jiang has played, the role of Li is the closest to the actor in terms of age and experience.

"Playing the role of a person of my age is of course the very thing I desire. I concentrate my efforts on giving depth to my perform-

ances," says Jiang.

Jiang can be called lucky. He has acted under some of China's best film directors including Chen Jialin, Xie Jin, Zhang Yimou, Ling Zifeng and Xie Fei.

Jiang, however, is not the person who is willing to be used as a director's prop. He always hopes that his own ideas have a chance to come out in film. But, he says, if the director can prove the weakness of his proposals, he willingly submits. Directors therefore understand Jiang and usually take great pleasure in working with him and giving the reins to his initiative and intelligence.

"Jiang has a good grasp of the roles he plays in and I never make demands on him so that he can give a free rein to his imagination," says director Xie Jin.

Several leading Chinese actresses including Pan Hong and Liu Xiaoqing, who have worked alongside Jiang, have highly praised him as a good chap to work with.

During the production of *The Last Empress*, Pan Hong, who played the empress, says, "Jiang has many ideas during performance. He will become a great actor."

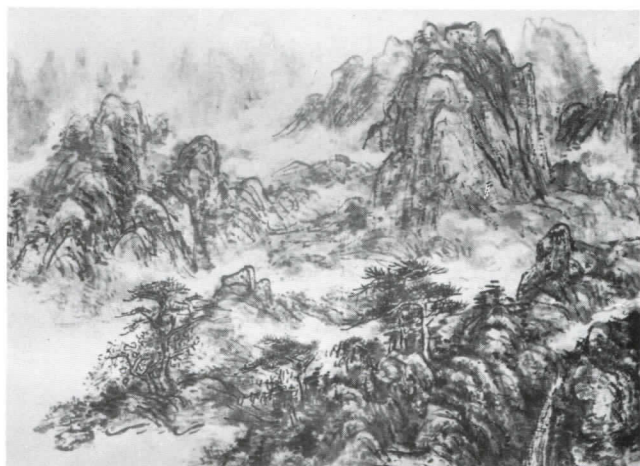
As French director Jacques Dormann watched Jiang's role in *Hibiscus Town*, he decided that Jiang was the ideal choice for one of the lead roles in his production *Tears on a Bridal Sedan Chair* that will be co-produced by China, France and Canada. Jiang's task is not easy. He will have to play the role of a character varying in age from 16 to 70.

"My God, the director asked me to play the character through eye and facial expression alone. I can't even use make-up to show age in scenes like when I am a father in his fifties," says Jiang.

Besides the above productions, Jiang performed in *Fire and Jade*, a six-part TV series co-produced by China and France that reflects the friendship between the Chinese and French people. □

## Paintings by Zhou Zhiping

Born in Shanghai in 1939, Zhou Zhiping was always interested in art and now works at the Chinese Overseas Union of Culture and Art in Beijing. He is fond of literature and poetry and is especially good at Chinese paintings.



Pine in Huangshan Mountains.



Lushan Mountains.

ART PAGE



Mountain Waterfall.

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