

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

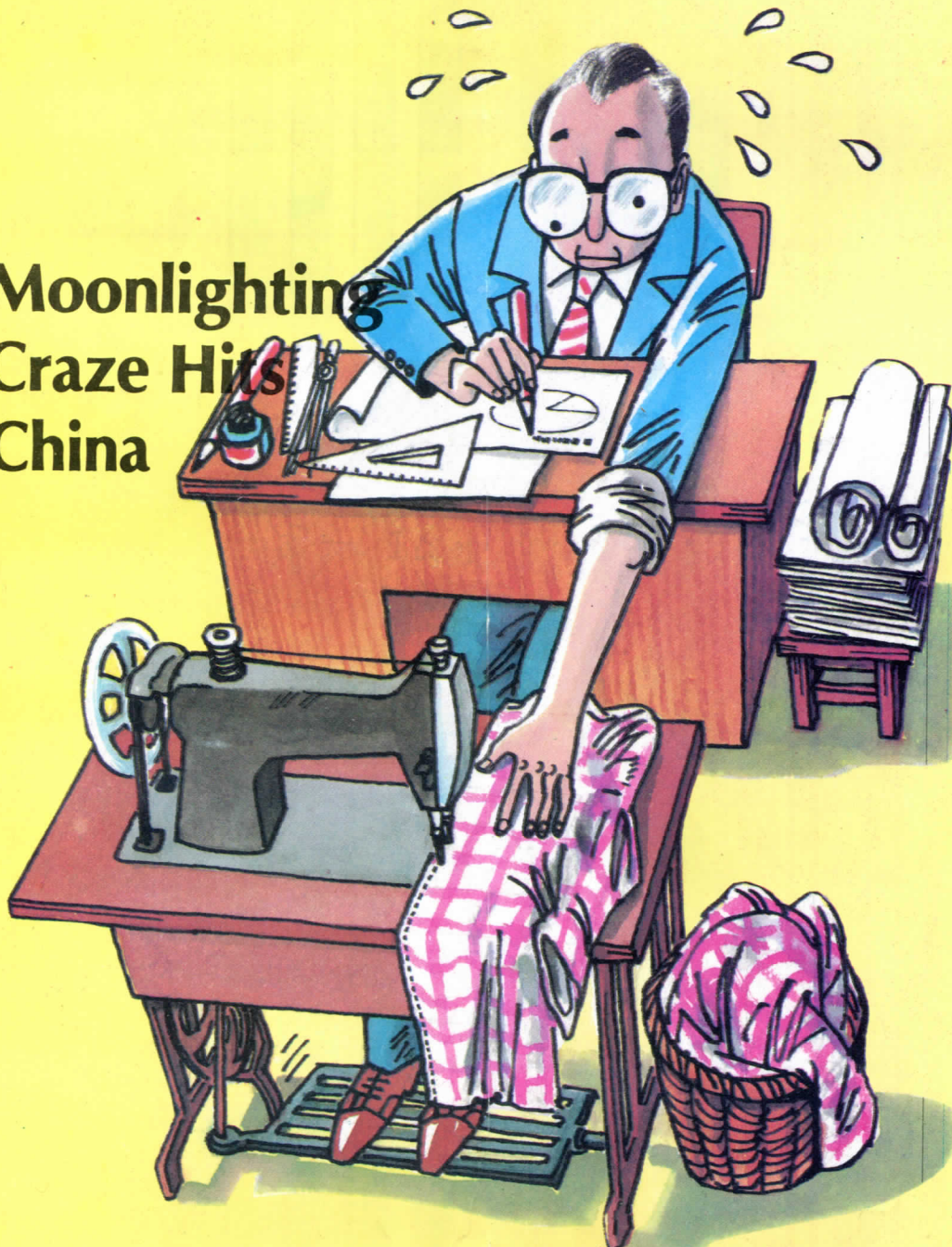
北京周報

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No Interference in Another's Internal Affairs

**Moonlighting
Craze Hits
China**





A marble statue recently erected at the Chinese Children's Recreation Centre in Beijing. It is intended to express the endeavours of children to strive for achievements which will not only bring credit to their country in Asia but even more so in the world as a whole.

Photo by Zhang Ruiqi

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COVER: When their regular work is done, many Chinese start their second job of the day.

Cartoon by Sun Yizeng

Human Rights Have Boundaries

□ One of the excuses some Westerners use to interfere with China's internal affairs is that human rights have no national boundaries. This article refutes that idea from theoretical, legal and practical perspectives (p. 10).

A Successful Decade of Using Foreign Capital

□ Based on a host of facts and figures, this article details China's successful use of foreign funds over the past ten years, and the positive effects foreign funds have produced in China's economic development. According to the State Statistical Bureau, between 1979 and late 1988, China signed agreements worth US\$79.168 billion for 16,325 projects, with US\$47.64 billion of the total actually invested. These foreign investments helped promote industrial development and agricultural modernization, and created employment opportunities for millions of urban and rural job seekers (p. 14).

Two Different Views on Reform

□ There are two diametrically opposed views on reform and opening. One holds that reform and opening should be based on the four cardinal principles, aimed at eventually building socialism with Chinese characteristics; the second advocates "total Westernization" of China in an attempt to transform socialist China into a capitalist country. Practice has proved that without reform and the open policy based on the four cardinal principles, the achievements already gained would have been impossible. Likewise continuation of its established policy is necessary so that China can realize its goals for the future (p. 4).

Private Businesses Need Protection and Supervision

□ Director of the State Industry and Commerce Administration Ren Zhonglin urged at a national meeting that private and individual businesses be protected and, at the same time, be supervised effectively. The meeting agreed that relying mainly on state-owned enterprises while developing other economic components including collective ownership and private ownership was a long-term policy of the Chinese Communist Party (p. 7).

Moonlighting Craze Hits China

□ In China today, particularly in major port cities, moonlighting has become a way of life. About 1.39 million technical personnel are doing so for extra income. Different views about this problem are doing so for extra income (p. 21).

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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Two Views on Reform

by Yao Jianguo

After putting down the counter-revolutionary rebellion aimed at the overthrow of the Communist Party leadership and a change in the socialist system, China has once again stressed the need to uphold the four cardinal principles—adherence to the socialist road, the people's democratic dictatorship, the Communist Party leadership and Marxism-Leninism and Mao Zedong Thought in the course of reform and opening. Some foreigners, however, have asserted that China "is returning to a hard line" and that its reform and opening are "retrogressing." That is a misunderstanding and misinterpretation of the changes under way.

It is well known that at the Third Plenary Session of the 11th Party Central Committee in December 1978, China put forward its policies of invigorating the domestic economy and opening to the outside world, and also the policy of adherence to the four cardinal principles. It later clearly summed this up as "one focus and two basic points," meaning that China would take socialist modernization as the central task, and the upholding of the four cardinal principles and persistence in reform and opening to the outside world as the basic points. Adhering to the four cardinal principles in the course of reform and opening is not a new formulation, even less a kind of "regression." It is, instead, China's consistent policy.

There do exist, however, two diametrically opposed views on and apprehension of the question of reform and opening.

The reform and opening usually referred to are based on the four cardinal principles which the CPC Central Committee and Deng Xiaoping, the chief architect of China's reform and open policy, have always advocated and encouraged. Its aim is, through reform and opening, to adjust the links and aspects of the socialist relations of production and the superstructure which are incompatible with the development of production, to boost the development of productive forces and the self-improvement of the socialist system, and to build socialism with Chinese characteristics. This view is supported by the overwhelming majority of Party members, cadres and the public.

Even now, however, both among the population at large and within the Party, there are some people who obstinately cling to their bourgeois liberal stand. Under the banner of "reform and opening up," they actually advocate "total Westernization" of China, vainly attempting to transform socialist China into a capitalist nation, thereby subsuming it under the Western capitalist system.

It should be noted that in the past few years, due to the mistakes of two former general secretaries of the CPC Central Committee, a small number of people

have raised a clamour for bourgeois liberalization and by doing so, cause confusion in the question of China's reform and opening up. Today, as China once again emphasizes continuation of the four cardinal principles in the course of reform and opening, its aim is to thoroughly carry out the established policy.

It should also be noted that some hostile forces abroad, attempting to create a "peaceful evolution" in China, have consistently stirred up and supported those within the country who stubbornly stick to their bourgeois stand in an attempt to lead China's socialist reform into capitalism. It is not surprising that these people, disillusioned in their attempt at a "peaceful evolution," attacked China's reform and opening for being "regressive."

In the course of reform and opening up, China not only needs to introduce advanced foreign science and technology and utilize foreign capital, but also to draw on certain advanced management expertise from abroad. Some of these methods are needed for socialized mass production and the commodity economy; they are not the exclusive patent of the capitalist countries. Such learning, however, must be based on China's specific conditions and things absorbed must be of use to the nation. It is not an indiscriminate transplantation of Western political and economic systems or transforming China's public ownership into a private system and altering the planned economy completely into a market economy, and socialism into capitalism.

China's achievements gained through the decade of reform are universally acknowledged, and the benefits brought by the reform to the Chinese people are evident. China's national economic strength has grown rapidly. Its gross national product rose from 358.8 billion yuan in 1978 to 1,401.5 billion yuan in 1988, an average annual growth of 9.6 percent, far higher than the average 2-4 percent growth rate of most countries.

China has set a three-step strategic goal for its socialist construction. The first, the doubling of its 1980 GNP, has already been achieved, and with it, the problem of feeding and clothing the Chinese people basically solved. The second step is to again double the GNP by the end of this century and enable the Chinese people to lead a fairly comfortable life. The third step is for China to reach the per-capita GNP of moderately developed countries by the middle of next century. All these are impossible without reform and opening to the outside world based on adherence to the four cardinal principles. In short, China will by no means return to the former closed-door path, nor will it slow down its reform and opening. □

'Internationalization' of HK Question Opposed

It is vain to pressure the Chinese government on the Hong Kong question, Chinese Premier Li Peng said in Beijing on October 26.

In a meeting with Tofilau Eti Alesana, prime minister of Western Samoa, Li said that China and Britain had already reached agreements on the solution to the Hong Kong question. Some people, however, are trying to recede from the principles set in the Sino-British joint declaration. They are playing the cards of "popular will," "confidence" and "internationalization" in an attempt to exert pressure on the Chinese government. "This is vain," he said.

Li said that the Chinese government is always principled and trustworthy. It has faithfully implemented and abided by agreements reached with other countries. There is no exception in carrying out the joint declaration on the Hong Kong issue, he added.

The Chinese government pays and will continue to pay close attention to the stability and prosperity of Hong Kong, Li said.

On October 25 a Chinese Foreign Ministry spokesman said that the Chinese government opposes any attempt to "internationalize" the question of Hong Kong.

The spokesman was commenting on the recent remarks and actions by leaders of the British government and some of its officials in an attempt to "internationalize" the question of Hong Kong.

He pointed out that Hong Kong has been part of the China's territory since ancient times. There are clear stipulations in the Sino-British Joint Declara-

tion on the Question of Hong Kong that the British government will restore Hong Kong to the People's Republic of China in 1997. At that time the government of the People's Republic of China will resume the exercise of sovereignty over Hong Kong.

In the present transitional period, the spokesman said, the implementation of the Sino-British Joint Declaration on the Question of Hong Kong is entirely a matter between the government of China and the government of the United Kingdom, and no other country or international organization has the right to interfere in it.

Any attempt to "international-

ize" the question of Hong Kong runs counter to the word and spirit of the joint declaration and violates the norms of international law, he said, adding that naturally, this is absolutely unacceptable to the Chinese government.

To maintain prosperity and stability and ensure a smooth transfer of government in Hong Kong, the British side must demonstrate its sincerity by strictly acting in accordance with the Sino-British joint declaration, the spokesman said. It absolutely won't work for the British side to use such tactics as playing the cards of "confidence," "popular will" or even "internationalization" to reintroduce various unreasonable demands that had been rejected in the course of Sino-British negotiations on the question of Hong Kong. □

China, Thailand Share Views on Kampuchean Issue

Chinese senior leader Deng Xiaoping exchanged views on Kampuchean question with Chatichai Choonhavan when the prime minister of Thailand was in Beijing on October 26.

During their 75-minute meeting, Deng, chairman of the Central Military Commission, said that there were two essential issues to the Kampuchean question — Viet Nam must completely withdraw its troops from Kampuchea and a four-party provisional coalition government headed by Prince Norodom Sihanouk must be established. Both issues must be resolved simultaneously and honestly, Deng stressed.

There are two aspects of the Kampuchean question which must not be mixed up. One is the question of internal affairs and the other is of aggression. The international community will not tolerate any foreign aggression in

Kampuchea, Deng said.

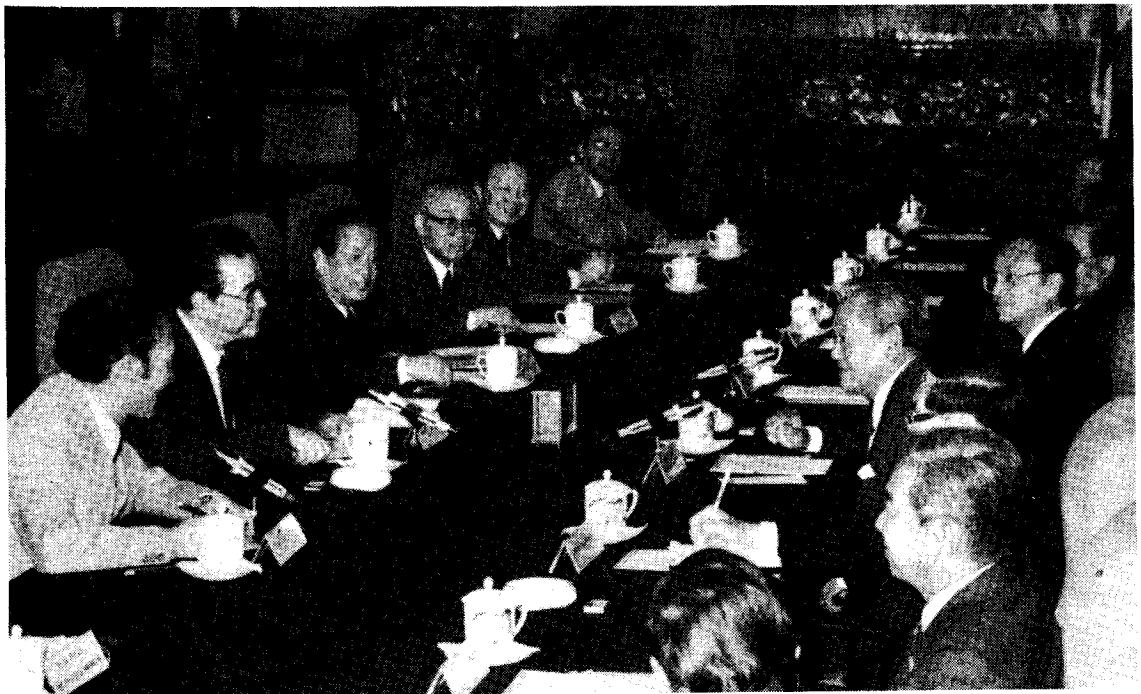
The Association of Southeast Asian Nations, Thailand and China have contributed to finding a solution to the Kampuchean question, Deng said. China and Thailand share identical views as they urge the restoration of Kampuchea's independence, peace, neutrality and nonalignment, and the end of Vietnamese aggression.

"We should guard against one thing in particular, that is, the occurrence of another 'Afghanistan' situation in Kampuchea," Deng warned.

In dealing with international relations, Deng said the Five

Principles of Peaceful Coexistence should be followed.

"I have recommended to foreign friends that for a long time in the future the Five Principles of Peaceful Coexistence should be taken as international political principles guiding the relations between different countries. The



Chinese Premier Li Peng holds talks with Chatichai Choonhavan, the prime minister of Thailand, in Beijing.

WANG QUANGUO

growth of Sino-Thai relations is due to the fact that both countries base themselves on these principles."

Chatichai said that Thailand and China serve as a model of countries with different social systems getting along in friendship. The current ties between the two countries are at a "peak" with political, economic and trade relations growing rapidly, he added.

Earlier, Chinese Premier Li Peng and the Thai prime minister held talks in Beijing.

Li told Chatichai that so far Viet Nam still hasn't completely withdrawn its troops from Kampuchea. China sincerely hoped for an early end to the war in Kampuchea and for a quick political settlement of the Kampuchean question.

He pointed out that the reason for the failure of the Paris international conference on Kampuchea was because of an unco-operative Viet Nam. The conference was held to discuss international supervision for

the pullout of the Vietnamese troops and the establishment of a four-party coalition government led by Prince Sihanouk.

China wants a comprehensive settlement of the Kampuchean issue because it is not only in the interests of the Kampuchean people, but is also conducive to peace and stability in the region, Li stated.

Chatichai said that before coming to China he had told the Thai press that he did not believe Viet Nam had withdrawn all its troops as it had announced because there was no international supervision of it.

On bilateral relations, Li expressed his appreciation of Chatichai's understanding of China's quelling of the anti-government riots in Beijing in June.

Most countries showed their understanding of the action taken by the Chinese government, said Li. "China has not harmed the interests of any other country and we do not allow any country to harm the interests of China," Li

stressed.

The premier also reaffirmed that China will never close its door to the outside world, but it will not barter away its principles either.

Jiang Zemin, general secretary of the Chinese Communist Party, and Chinese President Yang Shangkun also met with the Thai prime minister during his three-day visit.

Jiang told his guest that China upholds the principle that it will not export revolution but at the same time, allows no interference by other countries in its internal affairs or its socialist construction.

Whatever social system a country wants to take should be determined by its own people, Jiang said. The relations between countries, however, should be dealt with under the guidance of the Five Principles of Peaceful Coexistence while the economic and trade ties should be based on the principles of equality and mutual benefits. □

China Suspends Ties With Belize

China suspended its diplomatic relations with Belize on October 23, the Chinese Foreign Affairs Ministry announced.

A ministry spokesman said that on October 11 the government of Belize, a Latin American country west of the Caribbean Sea, established "diplomatic relations" with Taiwan. By doing so the government of Belize broke its word that "there is only one China" stated in the joint communique on the establishment of diplomatic relations between the People's Republic of China and Belize in 1987.

Taiwan, ignoring the principles of national righteousness, has recently used its financial clout to lure some countries into "establishment or resumption of diplomatic relations" with it in an attempt to bring about "dual recognition" and create "two Chinas," the spokesman said.

This runs counter to Taiwan's own policy that "there is only one China" and will not succeed, the spokesman said, adding that the Chinese people will definitely realize their great cause of national reunification.

The Chinese government hopes that the Belize government will, proceeding from the long-term interests of China and Belize, correct its erroneous decision and return to the principled position as set forth in the joint communique so that the development of relations between the two countries may return to normal, the spokesman said.

Chinese Premier Li Peng reaffirmed China's opposition to any attempt to create "one China, one Taiwan" or "two Chinas" during the meeting with seven

outgoing or new foreign ambassadors to China on October 24.

Taiwan is an inalienable part of China, Li reiterated.

The Taiwan authorities' "elastic diplomacy" runs counter to the interests of the people not only on the mainland, but in Taiwan as well, he said.

"We have to adopt a solemn and just stand on this matter," he declared.

Briefing the ambassadors on China's domestic situation, Li said all measures about economic readjustment and deepening

of reform have been undertaken under the precondition that the general policy of reform and opening to the outside world remains unchanged.

Some Western countries have not lifted their economic sanctions against China, he said. This has "caused some difficulties for China," but it will not affect the Chinese economy very much, for "we primarily practise self-reliance in building our country."

The premier added that China will, as always, pursue its independent foreign policy of peace, and develop relations with all countries on the basis of the Five Principles of Peaceful Coexistence. □

Private Businesses Need Protection

China's private and individual businesses should still be protected while supervision work in this area must be strengthened.

Ren Zhonglin, director of the State Industry and Commerce Administration, made the remarks at a five-day national meeting which closed in Beijing on October 21. Directors of industry and commerce administrations from 15 of China's provinces and municipalities attended the meeting.

The participants agreed that relying mainly on state ownership of enterprises while developing other economic components, including collective ownership and private ownership, was a long-term policy of the Chinese Communist Party.

There must be a balanced policy that doesn't overstress private ownership to the detriment of state-ownership, Ren said. Similarly, private business must not be neglected.

State ownership of enterprises

is the foundation of socialist production relations, and therefore China's economy must take the state ownership as its main body, Ren explained.

But, he also noted that the development of China's socialist commodity economy cannot rely on state ownership alone. There must be other economic components to make up the deficiency of state-run and collective economies, Ren said.

All participants agreed that individual and private businesses contributed to China's economic development in recent years. Individual and private businesses stimulate markets and circulation, develop production, solve the unemployment problem in cities and towns and increase the nation's income by paying billions of yuan in taxes.

Statistics show that there were 23.049 million Chinese engaged in private businesses by the end of 1988.

However, the figure dropped to 19.43 million, a rate of 15.7

percent, by the first half of this year. The decrease involved eight trades, of which transportation dropped 28.3 percent over 1988, industry 19.6 percent, repairing and maintenance trades 17.1 percent, service 14.9 percent, commerce 12.2 percent, and catering 8.7 percent.

The main reason behind the decrease, according to the State Industry and Commerce Administration, was that with the state's rectification of private businesses, many illegal businessmen and those who registered with local authorities but actually were not engaged in business were suspended.

Many private enterprises and individuals had to close their businesses because they couldn't afford expensive and limited raw materials and fuels. The state has restraints on loans and credit.

More individual businesses were gradually eliminated from

market competition because of bad management, poor information, backward technology and low-quality of products.

Ren urged local industry and commerce administrations to pay close attention to the following tasks:

- To give sustained support and guidance to the development of private businesses based on specific conditions in different parts of the country.

- To strengthen the supervision over them, investigating such practices as producing or selling fake goods.

- To prevent tax evasion through a nationwide inspection.

- To rectify those private and individual businesses that registered in the name of collective business.

- To discipline those people who do business without registering to the local industry and commerce administrations. □

ing its foreign relations remain unchanged. China primarily relies on itself when making its economic construction, "but we aren't closing the country to the outside world," Li said. China will accept advanced science, technology and managerial experience, and a certain amount of funds from foreign countries, he added.

The premier welcomed more people in economic and other circles abroad to visit China.

Briefing the visitors on China's domestic situation, Li said China is carrying out its economic readjustment and broadening the reform "with proper plans and steps."

Generally speaking, the national economy is developing "more steadily and in a more rational direction," despite some difficulties China is now facing, the premier said.

Fujioka said the ADB's cooperation with China has been "very good" since China's seat at the ADB was restored. Currently, the ADB is preparing some loan projects with China, which will soon be handed over to the financial institution's board of directors for discussion.

During his visit to China, Fujioka said, he has learned personally that the Chinese people support the reform and open policy, and are willing to develop friendly contacts with foreign countries. He said although he is leaving his post at the ADB soon, he is willing to continue his efforts to develop ADB's relations with China.

The conference held from October 24 to 28 was co-sponsored by the ADB along with the People's Bank of China and the State Council's Economic, Technological and Social Development Research Centre. □

China Hopes to Further Co-operate With ADB

China hopes to maintain and expand its co-operation with the Asian Development Bank (ADB), Chinese Premier Li Peng said on October 24.

During talks with ADB President Masao Fujioka, Li extended a warm welcome to Fujioka and more than 30 other foreign bankers, government officials and ADB officials. They were in Beijing for the seventh ADB roundtable conference on socio-economic policies for poverty alleviation.

After wishing conference success, the Chinese premier expressed appreciation for Fujioka's positive role in the restoration of China's seat at the ADB

and in promoting the ADB's business ties with China during his time in office. Fujioka is expected to retire as president soon.

Since China became an ADB member in 1986, Li said, the country has maintained good relations with the international financial institution. But great potential still exists for further co-operation.

"We sincerely hope to maintain and further such co-operative relations and, along with the ADB, make joint contributions to economic development in the Asia-Pacific region," he said.

China's basic policies govern-

Earthquakes Hit North China

Eighteen people were killed and 28 injured when earthquakes rocked parts of North China on the night of October 18 and early the next morning.

Quakes that occurred in Datong and Yanggao counties of Shanxi Province, an area of about 800 square kilometres, flattened 8,000 houses.

The State Seismological Bureau (SSB) in Beijing said on October 19 five of the quakes registered higher than five on the Richter scale and one higher than six.

Yet, life in the disaster area rapidly returned to normal. On October 19, shops opened and customers crowded in as usual. The output for Datong Coal Mine, one of the major coal mine centres in China, was 104,380 tons, which was slightly higher than usual. The power transmis-

sion network also remained working.

A local official said transportation lines in the area remained intact, thus making it easier for relief efforts.

On October 21, the State Council, China's highest governing body, sent a message expressing its sympathy to the earthquake victims. The State Council also thanked local officials, medical workers and soldiers and officers who worked on the rescue operation, and called on the local people to work hard to restore production and rebuild their homes as soon as possible.

Relief funds and supplies from Party committees and governments of seven provinces and cities were sent to the disaster area.

Several million yuan in relief funds and a large amount of relief materials, including rolled

steel, timber, diesel oil and medical equipment, were sent.

The Ministry of Railways asked all railway stations and bureaus in the country to give priority to the transportation of relief materials.

On October 24, a group jointly organized by high-level departments of the state, arrived in the earthquake area to express condolences and inspect relief efforts.

The group went to several villages severely damaged by the quakes and visited the injured in hospital.

The Datong-Yanggao area was once again hit by an earthquake on October 23. It registered 5.2 on the Richter scale. No casualties were reported.

An official from the SSB said that the quakes had little impact on Beijing, and it is not necessary to take safety measures in the city. □

An earthquake flattened this cave dwelling in Baocun Village in Datong, Shanxi Province, in North China on October 18.

TANG SHIZENG



Opposing Interference in Other Countries' Internal Affairs Through Human Rights

— "Human Rights Have No Boundaries" Refuted

by Yi Ding

In the turn of spring and summer this year, turmoil and then a counter-revolutionary rebellion in Beijing attempted to overthrow the leadership of the Chinese Communist Party and subvert the government of the socialist People's Republic of China. At first, the Chinese government imposed martial law in some sections of Beijing in accordance with the Constitution. Only later did it take drastic measures to crush the counter-revolutionary rebellion.

These actions were the proper, rational and lawful actions of a sovereign nation and have been understood and supported by most countries in the world. However, some foreign forces made unwarranted charges and wantonly interfered with this country's internal affairs. This, of course, sparked great indignation and opposition from the Chinese people. Consequently, these foreign forces explained they were only showing their concern for human rights, and that human rights have no boundaries. They maintained that concern for human rights in other countries does not constitute interference in those countries' internal affairs. This opinion is utterly unjustified.

No Abstract Human Rights Exist

First, there are no universal and abstract human rights. Countries with different ideologies and so-

cial systems and at different stages of development have different understandings of the basic concept of human rights.

The traditional Western view is that human rights are natural, inborn and inalienable. But from the Marxist standpoint, all rights emerge historically and are based on economic relations in society. Accepted "human rights" are only those which have been recognized in law by the dominant class of a country.

As for the scope of human rights, the West's traditional view is to stress the individual. Rights are defined as an individual's political and civil rights which are protected under law. But this view obviously does not consider different levels of economic development or political conditions in different countries. The third world countries, given their national conditions, stress collective rights. They regard collective human rights as the foundation of individual rights and the precondition for individuals to enjoy all rights and freedoms. They also consider that economic, social and cultural rights cannot be separated from civil and political rights. These two aspects are equally important—full economic rights and guarantees are material conditions for realizing the civil and political rights.

Some Western scholars also recognize differences in the theory and concept of human rights. Hedley Bull, for example, con-

tends, "We should remember how slender is the consensus that unites the governments of the world today in the matter of human rights," and that "the reluctance evident in the international community even to experiment with the conception of a right of humanitarian intervention reflects not only an unwillingness to jeopardize the rules of sovereignty and non-intervention by conceding such a right to individual states, but also the lack of any agreed doctrine as to what human rights are."

Second, there are, fundamentally, no universal human rights that override the laws of various countries.

The human rights we talk about today exist not only in theory, but also in the concrete form of specific laws. In the international community, most countries outline the citizen's basic rights and freedoms through internal legislation, especially through their constitutions or related documents. These internal laws are the legal basis for the enjoyment and realization of human rights. Without these specific laws, the individual's rights and freedoms cannot be said to exist and individuals cannot ask for guarantees of their rights and freedoms.

Different concepts of human rights are evident in the way various countries draft their laws indeed. These laws are unique to each country and sometimes contradict the legislation of another

nation.

According to the Western view, the right of property is an important component of human rights. For example, the idea that private property is sacred and inviolable appears in similar form in the constitutions of the United States, France, Japan and the Netherlands. Property rights—as one aspect of human rights—are essential to maintain the capitalist system.

This principle is quite different from those of countries that pursue a socialist policy of public ownership. For example, in the constitutions of China, the Soviet Union and Romania, the system of public and collective ownership is stressed. Public property is sacred and inviolable, while private property is protected according to the laws.

Given these differences in human rights legislation, where is the legal justification for saying there are no national boundaries for human rights?

Third, international documents relating to human rights do not supercede the laws of any country. Human rights documents adopted by the United Nations, such as the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights have played a great role in promoting and encouraging respect for human rights and for fundamental freedoms. However, they have failed to create specific and common laws about human rights. The reasons are:

(1) Sovereign countries played a leading role in drawing up these international documents. Without their involvement and agreement, these documents would not exist.

(2) International documents about human rights only state some general principles. The power of explaining and practis-

ing these principles is in the hands of sovereign countries. In fact, each country practises these principles according to its unique situation. For example, British Chancellor Lord Denning said that the International Covenant on Civil and Political Rights "is so wide as to be incapable of practical application. So it is much better for us to stick to our own statutes and principles and only look to the convention in case of doubt."

(3) International declarations on human rights must be implemented through the legislative, judicial and administrative measures of each signatory. For example, the International Covenant on Civil and Political Rights stipulates that each signatory is permitted "to adopt such legislative or other measures as may be necessary to give effect to the rights recognized in the present Covenant."

The fact that many countries have reservations about international conventions on human rights also proves there is no such thing as rights that completely transcend national boundaries and legal limits. As a matter of fact, not a single international convention or agreement passed by the United Nations has been accepted without reservation by member states.

In the case of the two most important international documents on human rights—the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights—more than 30 countries have reservations about the former and more than 20 countries about the latter.

The United States' attitude towards these international covenants is typical. In a report advising the US government not to approve some covenants on human rights, the American Bar Association pointed out that hu-

man rights are within domestic jurisdiction and that ratification would open the door to intervention by the United Nations in the field of human rights. In considering these two covenants, the US Congress recommended a reservation, understanding or declaration wherever a provision is in conflict with United States law. To date the US Congress still hasn't ratified the covenants.

Pretext for Meddling in Other Countries' Internal Affairs

The theory that human rights know no national boundary is not only theoretically wrong, legally groundless but also very harmful politically and practically. The preachers of this theory say that they are merely concerned about human rights and do not intend to interfere in other countries' internal affairs. This runs counter to the facts. A certain country has used its embassy to provide shelter for a criminal wanted by the host country, intervening in the host's normal judicial activities; allowed wanted criminals to conduct activities aimed at subverting another government; discussed the internal affairs of another country in its own Congress and imposed economic sanctions on that country just because they share different values; and even set as a precondition for improving bilateral relations the lifting of martial law. Does this represent gross interference in another country's internal affairs?

On December 9, 1981, UN Resolution 36/103 adopted a Declaration on the Inadmissibility of Intervention and Interference in the Internal Affairs of States. The declaration stated, "No State or group of States has the right to intervene or interfere in any form or for any reason whatsoever in the internal and external affairs of other States." It further

added, "The duty of a State (is) to refrain from the exploitation and the distortion of human rights issues as a means of interference in the internal affairs of States, of exerting pressure on other States or creating distrust and disorder within and among States or groups of States."

Though favourable to peace and development, the world situation today is still complicated. Any attempt to impose one's values, political beliefs and social systems on others will lead only to friction and tension in international relations. Only the Five

Principles of Peaceful Coexistence, including the principle of non-interference in each other's internal affairs, provide a healthy guide for international relations.

The Chinese government has repeatedly stated that China will continue its independent foreign policy of peace and the policy of reform and openness. We believe that on the basis of the Five Principles of Peaceful Coexistence, the friendly and co-operative ties between China and other countries will be further strengthened and developed. □

tion in 1987.

For its part, the Conservatives emphasized at their party conference commitments to "quality of life" issues, such as environment, transportation, education and health care.

Thatcher even appeared in her traditional leader's speech to soften the edges of Thatcherism, pledging a clear, greener Britain and acknowledging the need for better public services. Britain's national health service system "will not be privatized" and "will always be there," she vowed, apparently in a bid to address voters' fears.

Apart from policies, both parties also tried their best to improve their images before the electorate. Neil Kinnock, the Labour leader who took over his present post six years ago and is considered inexperienced in government, consolidated his position and improved his image as a potential prime minister with the adoption of moderate policies and the appearance of relative party unity at the conference.

In contrast, the Conservatives this time sought to present a "team approach." Their conference theme is: "the right team of Britain's future." The new Tory approach was designed, as many believed, to change the voters' impression that Mrs. Thatcher is "a bit autocratic" and that the Conservatives are having difficulties in finding a successor to the prime minister.

Commenting on the outcome of the conference season, many observers in London agree that the campaign for Britain's next general election is already under way. They also believe that both parties have to adapt to the changing situation and the voters' mood if they want to win.

Thatcher said: "Times of great change are also times of uncertainty and even danger. The lesson is that you must always keep your defence strong so that you

Election Fever Begins in Britain

by Xue Yongxing

The race is on between Britain's ruling Conservatives and the opposition Labour Party. And the goal is winning the next general election, due in mid-1992.

The race started early in October at Labour's annual conference in Brighton, south England, when it emerged for the first time since 1979 as a credible opposition threatening to replace the Conservatives in the next general election.

The Conservatives, who have been in power for more than 10 years, put up a brave face and accepted the challenge several days later at their gathering in the north English seaside town of Blackpool.

To be fair, the two-party race began slightly in Labour's favour as the Conservative government of Prime Minister Margaret Thatcher is currently beset with a series of economic problems and rising discontent over its radical social reform programmes.

Economically, Britain now leads Western Europe with an annual inflation rate of 7.6 percent, a high interest rate of 15

percent and a current account deficit that will possibly be as high as 20 billion pounds (about US\$32 billion) this year.

There has also been mounting dissent over the government's unpopular privatization programmes for water and electricity, proposed reforms in the national health service system, and the community charge, commonly known as the poll tax, a flat ratelevy on all adults.

Recent public opinion polls published in all major British newspapers showed that the Labour Party was leading the Conservatives by up to 11 percent. A Harris poll carried in the *Observer* indicated that 58 percent of voters questioned want Thatcher to step down before the next general election.

The Labour Party, encouraged by the polls, successfully adopted a new moderate policy package at its annual conference with an eye to winning more middle-ground voters. The package, including the abandoning of its unilateral nuclear disarmament position, was worked out after a two-year policy review following its defeat in the last general elec-

are prepared for any situation. We know now that it's strong defence which protects peace, weakness which brings war."

She dismissed Labour's new defence policy as being "still unilateral disarmament—unilateral disarmament by agreement with the Soviet Union."

As for Thatcherism, some pointed out that despite its great achievements, it would become a "spent force" in the 1990s unless it adapts itself to the voters' new preoccupations. In an editorial on October 14 the *Financial Times* commented: "The princi-

pal deciding factor will, as always, be economy." So, one thing is for sure that Britain's economic development in the next two years will have a deciding effect on the two-year-long race between the two parties. As a British political saying goes: Parties do not win an election, but governments lose one. Labour has to face the fact that the government is recovering from its mid-term slump.

Meanwhile, the race goes on and people have to wait patiently for two years to see the outcome. □

Yuan Mu on France's Recent Attitude

by Hua Xin

China welcomes France's recent attitude towards Chinese fugitives but hopes it can keep its word, State Council spokesman Yuan Mu said in Beijing on October 25.

Answering questions on China's domestic and foreign policies by journalists from Japan Economic News, Yuan said China has noted that French Foreign Minister Roland Dumas recently said France will not allow political refugees to engage in political activities on its territory against governments having diplomatic relations with France. "We hope France is as good as its word," he said.

On martial law which has been imposed on parts of Beijing, Yuan Mu said it is a factor in stabilizing the situation, not the contrary: It will exist for a limited time and it seems that it will be lifted before very long. As the capital's situation becomes more and more stable, the government has taken measures to reduce the scope of martial law and will continue to do so.

He said, "I cannot offer a time-table for lifting martial law."

He said some foreign friends have suggested China lift martial law as early as possible so as to

increase foreigners' confidence in China's opening policy. "We understand their feelings and will consider their suggestions," he said.

However, he warned, the Chinese people will never yield to the pressure of some foreigners and foreign governments who make use of the martial law issue to interfere in China's internal affairs and to impose sanctions against China.

Talking about Sino-Japanese co-operation, he said China hopes Japan will be more open to China in transferring technology to promote scientific and technological co-operation between the two countries.

When asked about China's attitude towards reforms in the Soviet Union and some East European countries, Yuan said China will not "comment on other countries."

Irreversible Trend

But, he said, China has some basic principles for socialist reform according to its own conditions. Socialist countries must carry out reform to vitalize socialism and maintain its advantages. China

will continue its reform, which is an irreversible trend.

Socialist reform means to improve and develop the socialist system. It cannot deviate from the track of socialism.

In the economy, China will not change its economic system with public ownership remaining dominant over private economy. While keeping and carrying forward the advantages of a planned economy, it will combine its planned economy with market regulation and let the latter play a positive role.

Some foreign economists have said planned economies and market regulation do not work together and it is impossible to combine them. "Although it will be arduous, China has to try this road. This is a characteristic of China's economic reform," Yuan said.

Yuan said China will promote the building of socialist political democracy and the legal system under the leadership of the Communist Party. Communist parties have no reason to fear or reject democracy. However, China will not practise political pluralism or a multi-party system.

China will adhere to its system of multi-party co-operation and political consultation led by the Communist Party.

As for reform measures taken before the Fourth Plenary Session of the Party's 13th Central Committee, so long as they were approved by the Party and the central government, they will still be implemented. At the same time, they need to be readjusted and improved under the principle of promoting what is beneficial and abolishing what is harmful.

Economic macro-control, which was slackened in the past few years, will be strengthened. He said China's recent stress on political and ideological work will not lead the country back to the old practice of "taking class struggle as the key link" and letting politics prevail in every field.

Yuan said China will never change its policy of reform and opening to the outside world. □

Decade of Successful Foreign Investment

by Our Staff Reporter Liu Jianjun

Based on a host of facts and figures, this article presents, in detail, the achievements made by China since the introduction of foreign capital ten years ago and the positive effect it has exerted on the development of the national economy. This review of the investment picture will also be presented when the Foreign-Funded Enterprise Achievement Exhibition is held in mid-November in Beijing. The exhibition will highlight achievements made by China in the use of foreign investment since the policy of reform and opening began ten years ago.

According to figures released by the State Statistical Bureau, from 1979 to the end of 1988, agreements for 16,325 projects using US\$79.168 billion of foreign capital had been signed with US\$47.646 billion invested to date.

Of this sum, the value of all agreements using foreign loans represented US\$46.986 billion with US\$33.126 billion already put to use. The negotiated value for compensatory trade, processing and assembling projects registered US\$3.981 billion, US\$2.698 billion of which has been used.

By the end of July this year, the Chinese government had approved the establishment of 19,445 foreign-funded enterprises. Of these, there were 10,732 Sino-foreign joint ventures, 7,573 Sino-foreign co-operative enterprises, 1,090 enterprises run exclusively with foreign capital, 50 co-operative exploration and

development projects for offshore oil. To date, US\$13.6 billion of the planned total of US\$31.5 billion has actually been invested.

Since 1984, China has approved the establishment of some 2,400 foreign-funded enterprises yearly with an average annual investment of US\$1.8 billion. Of all foreign-funded enterprises, more than 6,000 have started operation.

Investment funds originate from more than 40 countries and regions especially from Japan, the United States, Europe, Hong Kong and Macao. Though put to use in many fields, they are channeled mainly to oil, coal, electric power, transport and communications, metallurgy, machinery, automobiles, electronics, chemicals, building materials, textile, light industry, medicine, farm production, fish breeding and poultry raising, real estate, tourism and services.

The proportion of investment for different trades can be broken down as follows: agriculture 3.4 percent, industry 49.3 percent, real estate and public utility 39.7 percent, and the service trade 7.6 percent.

The scattering of investment over 30 provinces, municipalities and autonomous regions has resulted in the formation of the pattern of "Special Economic Zones—coastal open cities—coastal economic open areas—coastal provinces and cities—inland provinces." Investment of foreign capital in the special economic zones and coastal open cities was particularly concen-

trated, and accounted for more than 60 percent of the total.

According to Zhang Quan in charge of the China National Foreign-Funded Enterprise Association, China has undergone three stages in using foreign capital since 1949.

The first stage occurred in the 1950s. During the first Five-Year Plan period (1953-57), some US\$1.9 billion of low-interest loans from the Soviet Union was used to build 1,562 large industrial projects. Meanwhile, some joint companies were established with the Soviet Union, Poland and Czechoslovakia.

The second stage was during the early 1960s and late 70s. During this period, China mainly used deposits absorbed by the Bank of China in Hong Kong and Macao and delayed repayment used in foreign trade for the import of high technology and equipment. For example, in the 1960s, some US\$280 million was used to import technology and equipment from Western countries for oil, chemicals, metallurgy, electronics and machine-building. In the 1970s, another US\$3.15 billion was used to import technology and equipment from Japan, the United States, the Federal Republic of Germany and several other countries for 22 projects in various industries, such as 13 items for chemical fertilizer, 4 for fibre, 2 for petrochemicals, some 1.7 metre rolling mills for the Wuhan Iron and Steel Company and another 43 sets of comprehensive coal-mining machines.

The third stage began in 1979.

Since then, opening to the outside world has become China's basic state policy, the use of foreign capital is far greater than that during the first two stages in terms of scale and scope.

Investment Channels

In the past decade, China has developed diverse and flexible methods for introducing and using foreign funds, adopting all internationally accepted means as long as they could be adapted to China's economic situation. The main channels for the introduction and use of foreign capital are:

—Attracting preferential, low-interest, short- and long-term loans from foreign governments and international financial organizations for major construction projects.

—Commercial credit and securities.

—Establishment of wholly foreign-funded enterprises, joint ventures and co-operative enterprises.

This is one of the main methods for the absorption of foreign investment. According to the provisions of the Law of the People's Republic of China Concerning Foreign Enterprises, foreign-funded enterprises must be advantageous to the development of China's economy and use advanced technology and equipment and export all or part of their products. The proportion of investment for foreign partners in Sino-foreign joint ventures must not fall below 25 percent. Both investors receive profit dividends in proportion to the ratio between their respective investment in the ventures, and share the risks and losses. Generally, in Sino-foreign co-

operative enterprises, the Chinese partner provides land, factory buildings, the existing facilities and labour forces while the foreign investor offers funds, technology, equipment and raw materials. Income distribution is carried out through the profit-sharing system and products retention system.

—Compensatory trade. At present, China mainly uses compensatory trade. This involves the resales of products produced with the equipment and technology provided by foreign businessmen, and the use of funds derived therefrom to pay off loans for and interest on equipment, technology and other production materials.

—Processing and assembling with imported materials and components. This is the method China uses to introduce foreign capital to vigorously develop the coastal areas. It uses Chinese labour forces and foreign equip-

ment, technology and raw materials to process export products.

—Co-operative management. Foreign businessmen purchase shares of Chinese enterprises and participate in management, associated transformation and contract operations.

—Leasing Chinese land for development. Up to now, China has leased out land use rights to 28 locations.

In acquiring tens of billions of US dollars by the above-mentioned method, China's attraction and utilization of foreign capital presents the following characteristics:

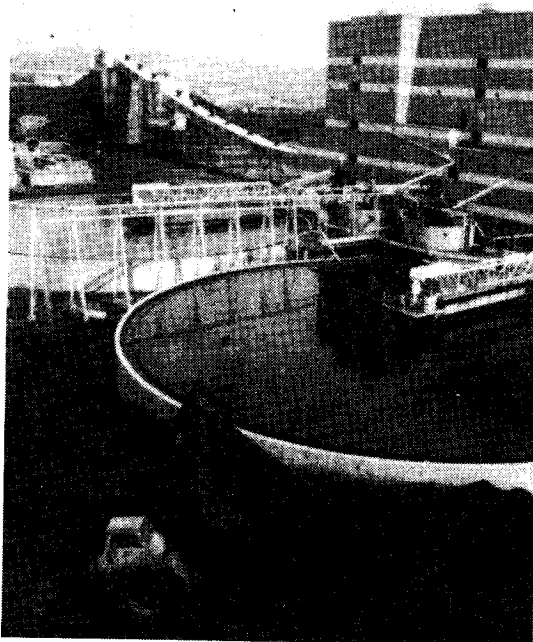
□ Diversified Sources. Since 1979, the number of countries and regions from which businessmen came to invest in China has increased from 20 to more than 40. At first, these investors came from Hong Kong, Japan, the United States, followed by those from Britain, the Federal Republic of Germany, Italy and

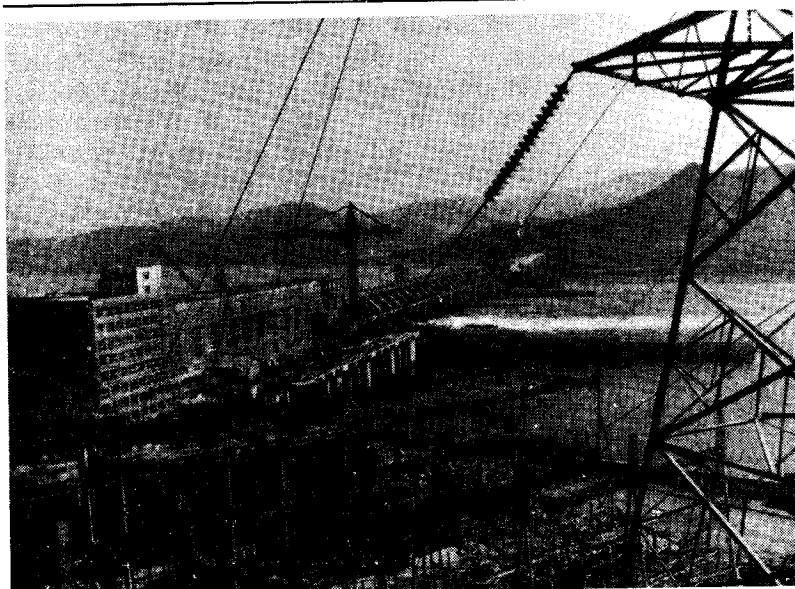
other developed countries as well as from Southeast Asia and the oil-producing countries of the Middle East. In recent years investors from the Soviet Union and the East European socialist countries have also begun to invest in China. Taiwan investment in the mainland has become brisk and African, Latin American countries and Australia have also joined the ranks of investors. At present, Hong Kong investment still holds a dominant position. Its negotiated investment value registered US\$20.21 billion, making up 25.7 percent of China's negotiated total. The Japanese negotiated investment value was US\$9.92 billion (12.6 percent), and the United States US\$4.02 billion (5.1 percent).

□ Rational Structure of

A corner of a coal wahery in the Antaibao Coal Mine in Shanxi Province, co-funded by Chinese and American investors.

DONG RONGGUI





The Taipingwan Hydropower Station, a Sino-Korean joint venture. WANG SHIPING

Investment. In the early days, foreign investment was concentrated on hotels and restaurants, tourism, taxi, services, recreation and other service trades while investment in production industries made up only a small proportion. Since the Chinese government readjusted its policy and investment direction, however, some changes have taken place. For example, in 1984 investment contracts for production projects accounted for 53.7 percent of the total. After 1985, the investment structure improved. And the proportion of industrial, agricultural and transportation projects has increased. In 1985 the proportion of all investment geared towards these industries rose by 70.3 percent; in 1986, 76.5 percent; in 1987, 88.7 percent; and between 1988 and 1989, it remained higher than 85 percent. A large proportion of these was export-oriented and technologically advanced enterprises.

□ Applied Scope of Investment Expanded. At present, 30 of the 31 provinces, municipalities and autonomous regions receive foreign capital of differing amounts.

Coastal areas have developed

the most rapidly with Fujian, and Guangdong provinces leading the country. Between 1979 and 1988, they introduced US\$19.1 billion in foreign capital, making up 24.3 percent of the country's total, and of this, some US\$8.88 billion, or 18.6 percent of the country's total in foreign exchange has actually been used. By 1988, ten coastal provinces and cities, like Liaoning, Hebei, Shandong, Jiangsu and Shanghai, had signed agreements for more than 4,900 foreign-funded projects, involving a total negotiated value of US\$4.75 billion with US\$1.83 billion in foreign capital actually used.

In addition, foreign capital flow to inland and border provinces, municipalities and autonomous regions has been increasing yearly.

□ More Small and Medium-Sized Enterprises. In the past decade, China has approved more than 19,000 small and medium-sized projects using foreign capital. Each project received an average US\$1.59 million in foreign capital with each Sino-foreign joint venture about US\$1.16 million, Sino-foreign co-operative enterprise US\$2.05 million and

foreign-owned enterprise US\$2.57 million. In recent years, the number of large projects has also increased, although they registered only a small proportion of the total.

□ Revenues and Expenditures of Foreign Capital Improved. In the initial period, some enterprises were in the red, their revenues and expenditures unbalanced, because they lacked expertise, complete laws and regulations and positive investment climate. With the improvement in the foregoing factors, the situation has changed greatly. Investigations into the operations of nearly 6,000 foreign-funded enterprises made by the State Statistical Bureau indicate that more than 80 percent of those in operation were running normally or better than expected and their income and expense accounts of foreign capital were balanced. In Beijing, for example, in 1988, the production value of these foreign-funded enterprises totalled 1.8 billion yuan, two times that of 1987. Their sales value registered 2.6 billion yuan, up 2.2 times that of 1987 and they earned a total of 300 million yuan a year, up 59 percent over 1987.

In the past decade, China has made great progress in using foreign capital to promote economic development, raise the level of technology, operation and management, create employment opportunity and increase exports. At the same time, enterprises funded by foreign capital have played an important role in the expansion of China's international exchange and the modernization of all trades and professions.

According to Chu Baoqin, deputy director of the Foreign Capital Administrative Department under the Ministry of Foreign Economic Relations and Trade, use of foreign capital has accomplished the following.

Large Projects

□ **Exploration and Development of Offshore Oil Resources.** To date, China National Offshore Oil Corp. has signed with 31 foreign companies 50 contracts involving US\$2.4 billion for cooperative exploration and development of offshore oil. Many oil deposits and natural gas reserves have been discovered in 420,000 square kilometres of land of the physical studies and drilling explorations. For instance, three oil mining pads in the Bohai Sea and the Beibu Gulf will soon go into operation and it is expected that the 180 billion cubic-metre natural gas fields in the Heke area of the Yingge Sea will be tapped.

□ **Daya Bay Nuclear Power Station in Guangdong Province.** With a total investment of US\$4 billion, the 1.8 million kw nuclear power station, co-sponsored by the Guangdong Provincial Nuclear Power Investment Co. and the Hong Kong Nuclear Power Investment Co., is expected to be completed and put into operation in 1991. The project's supply is expected to relieve the strain on electricity in Guangdong Province. It will generate expertise for several nuclear power stations to be built in the future, and is a starting point for China's expanding use of nuclear energy.

□ **The Largest Open Coal Mine in Asia.** With a total investment of US\$650 million, the Antaibao Coal Mine in Shanxi Province, a joint venture established by China and the Occidental Inc. of the United States, produces 15 million tons of coal a year and 12 million tons of refined coal. The speed of its construction (it was completed in two years) and the type of me-

chanization (equipped with 50-ton electric motor cars) both met the world standards.

□ **China's First Expressway.** With a total investment of more than US\$1 billion, a 302 km expressway linking with Guangzhou, Shenzhen, Zhuhai and Jiangmen cities, was co-developed by Guangdong Province and a Hong Kong firm. The expressway will not only greatly improve highway traffic in the Zhujiang Delta and help to forge close economic relations with Hong Kong and Macao, but also is a milestone in China's highway modernization.

□ **Large Thermal-Power Plants.** Nine thermal-power plants with a large installed capacity and advanced equipment and technology, set up in Yueyang of Hunan Province, Shidong of Shanghai, Dalian, Nantong, Fuzhou, Shijiazhuang, Chongqing, Ligang of Jiangsu Province

and Shajiao of Shenzhen, will greatly ease the strain on the supply of electricity, and offer additional power sources for the development of the above-mentioned areas.

□ **Establishment of Modernized Automobile Enterprises.** The automotive companies manufacturing buses, jeeps and heavy-duty dump trucks for the use of mining and other vehicles which were set up with the United States, the Federal Republic of Germany and France, have greatly accelerated the industry's development and provided it with the capacity to upgrade their products. The XJ jeeps, for example, made by the Beijing Jeep Co. Ltd. reflects the latest technology in design, manufacture and quality.

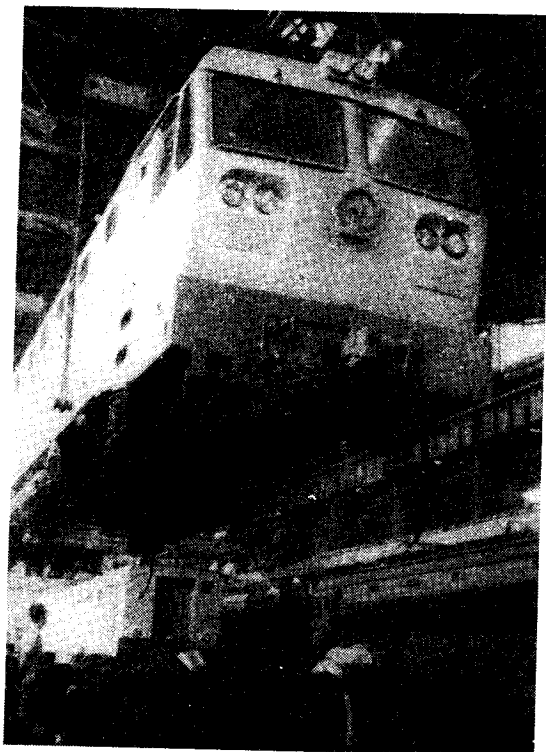
□ **Colour Kinescope Factories.** Beijing, Nanjing, Shanghai, Shenzhen and Xian and other cities have established colour

kinescope factories with an annual production of more than 10 million with Japan, the United States and the Netherlands. As a result, China's production capacity in this field has been increased 11 times to meet the needs of the domestic colour TV market.

In addition, there are large fibre and chemical fertilizer factories jointly established with the United States and Japan, large optical cable factories set up jointly with Japan and the Netherlands to produce optical fibre communication power cables, which is not possible in China, telephone exchange equipment factory co-sponsored with Belgium and the Federal Republic of Germany, and the Harbin Solar Power Co., a joint venture with the United States.

By the end of 1988, a to-

The first electric locomotive jointly produced by the Zhuzhou Electric Locomotive Plant and a European company. PENG ANHUA



tal of 30 large and medium-sized projects had been set up, resulting in an annual production of 25 million tons of coal, harbour handling capacity of 40 million tons, railway transportation capacity of 98 million tons, and oil extracting capacity of 9.20 million tons.

Importing Advanced Technology and Equipment

According to the State Statistical Bureau, over the past ten years China has imported about 5,000 items of advanced technology and equipment, worth some US\$21 billion for use in the fields of electronics, petroleum, metallurgical, chemical and light industries, and transportation. Some of these imports have filled the economic blank in China's development programme and provided a supply of China-made products for consumers.

Examples include such consumer goods as automobiles and colour TV sets and items produced by and used in industry, such as "floating" glasses, computer-controlled speed-regulating elevators, programme-controlled switchboards, non-crystalline silicon solar cells and the technologies and equipment for nuclear power stations and petroleum exploration and exploitation. The advanced technology permitted a rapid upgrading in the country's industrial enterprises and shortened the technical gap between China and the developed countries.

Technology imports also improved industrial management. While bringing in advanced technology, foreign-funded enterprises in China introduced modern management methods.

Expanding Exports

In 1986, 8,000 foreign-funded enterprises in China exported US\$480 million worth of commodities; in 1987, this figure was US\$1.2 billion; and in 1988, 2.46 billion, an average annual three-fold increase. Of these, 1,200 enterprises sold all, or most, of their products in international markets. The proportion of foreign-funded enterprises' export value in the country's total increased from 1 percent in 1985 to 5 percent in 1988.

Importing new technology and managerial methods and actively participating in international exchanges have made Chinese enterprises stronger in technology, quality and marketing than ever before and generated, in turn, an increasing number of market outlets.

In keeping with this effort, in

1988, China began construction of more than 300 export-production bases with 100 billion yen worth of loans from the Japanese government. It's expected that the country's exporting capability will greatly expand upon the projects' completion.

Promoting Rural Economic Development

The utilization of foreign capital over the past ten years has boosted industrial growth and promoted agricultural modernization. For example, a rubber plantation with an area of 16,667 hectares, using imports from Malaysia where the world's best rubber trees are grown, has been built in Hainan Province with loans provided by World Bank. Foreign capital has also funded soybean farms in northeast China and the Beijing Milk

Production Experimental Centre, a project developed jointly with Swedish investors.

To date, foreign-funded rural enterprises number 4,762, accounting for one-quarter of China's total. These joint ventures have provided funds, technology and equipment for the development of China's rural industries, bringing about a leap in the production of township enterprises and providing huge sums for the development of the rural economy.

Employment and Tourism

As joint ventures and key state projects have developed, China has trained more than 200,000 individuals in professional and managerial skills by inviting foreign experts to China and by sending

Electric dryers made by the Baoan County Shajing Hardware and Electrical Appliances Co. Ltd. in Guangdong Province are mainly for export to the United States.

XUE CHAO



Chinese technicians abroad. Sino-foreign joint ventures have also created jobs for more than 2 million people in cities and the countryside. This is particularly true in the coastal areas, where a large number of idle labourers have found employment in those township enterprises processing with supplied materials or developing compensatory trade.

Foreign capital has paid for more than 100 luxury hotels and many modern entertainment facilities built in cities and scenic spots. Attracting millions of foreign tourists, the flourishing tourist trade earns a considerable foreign exchange income for the state.

Improving Laws, Regulations and Investment Environment

Since China opened its door to the outside world and began to attract foreign capital in 1979, the Chinese government has promulgated more than 60 laws and regulations regarding foreign investment. They involve a wide range of areas including registration, management, income taxes, labour personnel and management, accounting, loans, foreign exchange, import and export, land use, banking and finances. A relatively integrated legal system has taken shape. These laws and regulations include such important laws as "The Law of the People's Republic of China on Chinese-Foreign Joint Ventures," "The Law on Chinese-Foreign Co-operative Enterprises," "The Law on Foreign Enterprises Operating in China," and "Income Tax Law Concerning Joint Ventures Using Chinese and Foreign Investment," as well as the regulations guiding their implementation. Additionally, there are the Regulations of the People's Republic of China on Registration and Administration



Through joint efforts, Chinese and Japanese scientists have succeeded in cultivating high quality "Elizabeth" muskmelons. Prof. Morita is explaining to Chinese agronomists how to differentiate the grades of muskmelon.

DU JIE

of Joint Ventures Using Chinese and Foreign Investment, Provisions of the State Council on Encouragement of Foreign Investment, Provisions of the People's Republic of China for Labour Management in Joint Ventures Using Chinese and Foreign Investment, Accounting Regulations for Joint Ventures Using Chinese and Foreign Investment, Provisional Regulations for Providing Loans to Joint Ventures Using Chinese and Foreign Investment by the Bank of China, Rules for the Implementation of Foreign Exchange Control Regulations Relating to Overseas Chinese Enterprises, Foreign Enterprises and Chinese-Foreign Joint Ventures, Regulations Governing the Questions of Balance of Foreign Exchange Income and Expenditure

of Joint Ventures Using Chinese and Foreign Investment, and Regulations Governing Foreign Banks and Joint Chinese-Foreign Banks in Special Economic Zones of the People's Republic of China.

In addition, the Chinese government has signed with 24 countries agreements on mutual encouragement and investment protection, as well as agreements with 18 countries on preventing double taxation.

Legislation protects foreign investors' legitimate rights and interests so that they can carry out their business according to Chinese laws and enjoy preferential treatment. For example, regulations stipulate an income tax rate of 15 percent on joint ventures, co-operative and wholly foreign-funded enterprises but

there is an exemption from taxation on remittance of their profits, exports, and importation of necessary capital, materials and goods. Also, in the first five years of their operating, enterprises enjoy two-year exemption on income tax, and only need to pay half of the income tax due in the following three years. These preferential treatments are more advantageous to investors than those provided by Japan, and the countries of Europe and South-east Asia.

To improve the investment environment, the Chinese government set up four special economic zones in Guangdong and Fujian provinces, and 14 economic and technological development zones in its open coastal cities. Following this, the newly established Hainan Province was opened up as the largest special economic zone in China while the Changjiang River Delta, Zhujiang River Delta and the triangular areas in southern Fujian Province soon followed suit and became open economic zones.

In these geographical areas, the government's allocation of more than 4 billion yuan for infrastructure facilities resulted in the construction and expansion of many harbours and airports, and the opening of more than ten international routes. It's also made possible the establishment of the computer programme-controlled telephone system linking various provinces and autonomous regions throughout the country, the erection of more than 90 direct-dial telephone lines connecting the United States, Japan and Europe, and the completion of roads and the supply of water, electricity and gas as well as the levelling of land. These facilities directly benefit local people by boosting their production capacity and consequently raising their standard of living.

With the aim of co-ordinating the work of foreign-funded enterprises and helping to resolve problems encountered during their operation in China, a nationwide foreign-funded enterprise association has been founded. The association, with 30 branches throughout the country, has resolved 150 out of 250 complaints brought by foreign business people. Dozens of cases concerning infringement on the rights of foreign-funded enterprises have been corrected, thus protecting their legal rights and interests according to law. A foreign-funded enterprise in Guangdong Province, for example, while transporting products to Shanghai by truck, was fined and the products detained as they passed through a county in Jiangxi Province. After an investigation and consultation with concerned departments, the association was able to rectify the mistake. The products were returned and the fine rescinded. To keep abreast of new developments, the association also holds meetings and symposiums, and organizes groups to go abroad for business talks and exhibitions.

The central and local governments at all levels have set up special offices to render service for foreign investment, help solve problems, provide policy, legal and market information, recommend projects for investment. Such special offices include the foreign investment centre, small and medium-sized enterprises centre for co-operation with foreign firms, and legal, accounting and financial business offices.

Foreign exchange markets have been set up in various provinces, municipalities and autonomous regions so that foreign-funded enterprises' legitimate income in foreign exchange and Reminbi can be bought and sold at negotiated prices.

Several key universities

throughout China now offer courses on international investment. Governments and academic institutions have organized symposiums and classes on how best to use foreign funds. To sum up, after ten years of efforts, China has initially established a positive investment environment.

Open Policies Continued

Though China has made great progress in attracting and utilizing foreign capital, there are still weak linkages in its connections with the international investment market. Over the past ten years, the country received only 1 percent of the total international export capital, equivalent to 5 percent of the total export capital of the United States, or 25 percent of Japan's total.

Other deficiencies and problems were seen in the past two years' shortage of funds, raw materials and electricity and a rise in prices, resulted from China's economic readjustment and the reduction of financial expenditures. These shortcomings all affected foreign investment and the development of foreign-funded enterprises.

In June this year, the turbulence in Beijing seriously affected foreign capital import. Foreign loans and foreign investment were halted for a time, and the production level of foreign-funded enterprises was impaired. As the situation became stable, however, foreign investments gradually resumed.

Some foreigners wonder whether China will continue its open policy. China's top leaders have reaffirmed their prior statements that China's open policy will remain unchanged, and that foreign investment in China is encouraged. A convincing proof of this was China's recent signing of the contract with MGM Co. of the United States for a 70-year lease of land. □

Moonlighting Craze Hits China

by Our Staff Reporter Han Guojian

During the day, Sun Yue repairs machinery in a Beijing institute. Since 1986, he has also worked in his leisure hours—mending air-conditioners and typewriters for other work units. He gets his jobs through introductions from friends. And after “thanking” them, he earns between 150 yuan and 200 yuan a month—more than equal to his standard income, and more than reasonable for a three-person family.

“Present government policy allows people to get rich as long as their work is legal,” says Sun. “This was unimaginable before China embarked on its programme of reform and opening to the world.

“Because of this, I now work with better technology, and am in good health. Working in my spare time and supplementing my income fully conforms to the socialist principle of distribution to each according to his work.”

In China, particularly in major port cities, moonlighting has become a way of life. According to a sample survey conducted by the State Statistical Bureau, an estimated 1.39 million technical personnel now moonlight. How many workers and staff have second jobs or part-time work is unknown.

Moonlighting is particularly widespread in port cities. In Guangzhou, for instance, it is estimated that around 30 percent of workers and staff and 20 percent of families have second jobs. Hundreds of

thousands of people are reckoned to work with individual traders and pedlars in their spare time.

In Tianjin, around 2 percent of workers and staff had extra jobs in 1982. By 1988, the figure had risen to 20 percent. Trade fairs have proved a particularly lucrative source of income.

Shanghai now has more than 1 million workers with second jobs—more than 16 percent of all workers in the city. But these figures are miniscule compared with Wenzhou, where 70 percent of workers are now believed to have at least two jobs.

Distribution

Second jobs can now be found in a wide variety of fields. A

For extra income, an actress from the China Song and Dance Ensemble teaches children piano at her home.



survey of 1,200 workers and staff in Hunan Province found 29.1 percent engaged in service jobs such as sewing, photography, hairdressing and maintenance, 26.7 percent ran their own businesses, including restaurants, 16.3 percent practised medicine, gave lectures, edited publications, etc., 14 percent offered technical services such as design and consultancy work, 3.5 percent were involved in transportation, and 10.4 percent did other forms of work.

A survey in Jiangsu Province of 4,000 workers and staff revealed that most people with second jobs were educated and middle-aged:

Age	%
Under 35	31.9
35-55	59.4
55 and over	8.7

Some 45 percent of those with second jobs were workers, with teachers, doctors, scientific and research personnel, managers and others accounting for the other 55 percent.

Income from second jobs is not high. The Jiangsu survey (conducted in the first six months of 1988) estimated average monthly earnings from second jobs at 31.8 yuan in Jiangsu and 44.4 yuan in Hunan Province—only about one-third of income from full-time work.

According to the paper, one of the major reasons for this relatively low level of pay is that many work units do not allow their workers to take on another

job. It adds, however, that many moonlighters were unwilling to reveal their earnings, and so the actual figure may be higher.

Why Moonlight?

The main reason for the upsurge in second jobs lies in changes in China's economy. The developments of the last decade have increased demand for technicians, engineers and other skilled workers. In 1987, for example, China had 1.5 million township enterprises and 1 million private enterprises. With less than 2.5 million technicians to serve them, there is a vast market for "Sunday engineers."

Because of China's irrational wage system, many people with technical knowledge earn less than manual labourers. More recently, because of rapid inflation, many people have been forced to search for extra sources of income to maintain their standards of living.

Another reason for taking a second job is that some work units are so overstuffed they can't make full use of their workforce. People in such units prefer to find another job than sit idle. In Sun Yue's unit, for example, there are 300 people—170 with engineering or other high qualifications. As the institute lacks funds, there are not enough research projects available to employ everyone gainfully, so instead they turn to part-time work.

Most moonlighters work in their spare time. But there are people who stay away from their day job claiming to be sick or even without bothering to give any good reason.

A recent citywide survey found that those worked on a second job during their normal work hours and continued to receive free medical treatment, labour protection and welfare services made up half the city's



A driver from Beijing's Jingyan Hotel sells ice cream on Sundays.

Photos by HAN GUOJIAN

moonlighters.

Views

Experts have mixed views on the pros and cons of moonlighting. Unsurprisingly, many of those who believe second jobs are perfectly acceptable have two jobs themselves.

Duan Wenzhai, a senior engineer at a state research institute in Beijing, has used most of his spare time since 1985 to provide a private development company with technical consultancy service. He argues that spare time work can help the spread and application of scientific and technical knowledge—something China desperately needs. Having two jobs can both increase a person's income and be a beneficial contribution to society, he says.

Duan's views are backed by many. One university lecturer said that overstaffing and its consequent under-exploitation of talent in many work units made a second job both satisfying for the individual and better than playing cards or mahjong.

Many leaders in enterprises,

schools and research institutes, however, see the matter rather differently. If teachers spend 15 hours a week running classes out of school hours, said an education official, then the time they spend on preparing classes has to suffer. Similarly, if workers take on another job in the evening, then it's likely to affect their work the next day.

Other people have pointed out that some moonlighters have been found taking advantage of lax management to engage in illegal activities that damage the interests of both the state and collectives.

One sociologist has pointed out that technological advances leave people less tired after a day's work than in the past. Because of this, he suggests second jobs are likely to play an ever more important role in society. He cites research from developed countries indicating that earnings from part-time work had now become a major source of income for many people. In the United States, he says, income earned from part-time jobs now accounts for 9.8 percent of all

income, in Britain it is 18.1 percent, and in Australia it is 12.8 percent. In China, although the income from second job is increasing rapidly, the figure is only around 3 percent.

Examining these trends, officials believe that conditions to foster part-time work should be created. This calls for a clear definition of the relation between

full-time and part-time work, and the drafting of regulations to ensure that state and collective interests must not be harmed. These would have the advantage, the officials claim, of allowing part-time and secondary work to develop in an open and legal fashion.

To facilitate this, special offices should be established to ar-

range placements for those seeking part-time jobs and to act as consultants aiding the promotion of technical skills and ensuring the quality of part-time work.

At the same time, it is necessary to strengthen the collection of income tax from people engaged in secondary work—not just to ensure the state receives its dues, but also to prevent large income disparities appearing. □

Putian: A Good Partner for Economic Co-operation

by Our Staff Reporter Lu Yun

The City of Putian, facing Taiwan across the strait, stands between the two open cities of Fuzhou and Xiamen in China's coastal Province of Fujian.

Putian, formally designated an open coastal economic zone in January 1988, has the two counties of Putian and Xianyou, two districts of Chengxiang and Hanjiang, and the Meizhou Island under its jurisdiction. It now has a population of 2.52 million and covers an area of 3,781 square kilometres.

Putian is a beautiful, richly endowed port city. One thousand years ago, Ma Zhu, down through the generations worshipped as the "Sea Goddess" by Chinese at home and abroad, was born in Putian. Putian's Meizhouwan harbour, like this ancient Chinese legend, has been as if asleep for several centuries, until recently when development of the harbour quickened its pace. The harbour is expected to have a bright future and experts have cited many unique features, which few locations in the world can match. The government plans to turn Meizhouwan into a large, deepwater modern port on China's southeast coast.

In recent years, there has been a rapid development of fruit, eel, edible fungus, sugarcane and other side industries in Putian. Traditional handicrafts have also developed fast, but most spectacular change in Putian is the rise of dozens of trades like shoe-making,

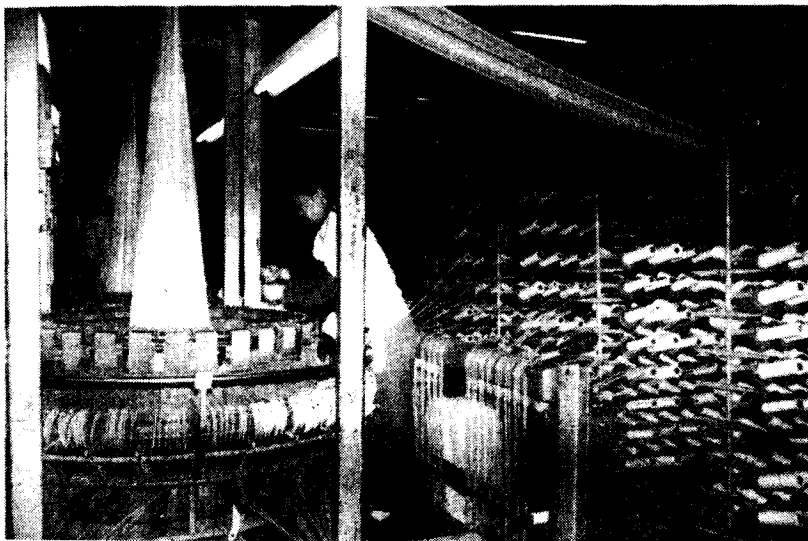
electronics, machinery and ship disassembly. The shoe industry, in particular, is expanding quickly, having an annual output of 32 million pairs which has given Putian the title of China's "City of Shoes."

To attract advanced technology and capital, Putian is actively seeking co-operative partners in finance and technology at home and abroad. The local businessmen's enthusiasm has helped by winning economic support from Hong Kong, Macao, Taiwan, as well as from foreign countries. Currently, conditions are quite favourable for garnering even more support for Putian's flourishing economy.

"Sea Goddess"—Ma Zhu

The life of the sea and Putian have always been inextricably tied together, as can be seen from the story of Ma Zhu, born in Putian in 960, originally called Lin Mo. As a child, it is said, she was very clever, fond of reading and knew better than anyone else the ways of the sea. She could, therefore, give navigators advice in times of distress, and help in the rescue of ships. She also is said to have often acted as a nurse, treating people for all kinds of illnesses. In 987, the legend says, Lin Mo ascended from Meizhou Island to heav-

The Xianyou Rubberized Plastics Enterprise Co. Ltd. won domestic awards last year for their quality products.



en and became immortal. To show their worship, local people built a temple in her memory and have offered sacrifices every year, calling her, since that time, "Ma Zhu." The legend also says that, after her death, her spirit often makes an appearance to protect passing boats and deliver mariners from the perils of the sea.

In the thousand years since, both the mainland Chinese and overseas Chinese have worshipped Ma Zhu as "Sea Goddess." They've built many temples in her memory not only in China's coastal cities but also in such far-flung places as the wharves in Hong Kong, Macao, Japan, Southeast Asia and San Francisco. In Taiwan alone, there are more than 500 Ma Zhu Temples, and the three biggest are located in Meizhou Island, Tianjin and Taiwan's Beigang. As Meizhou Island is her birthplace, however, the temple there commands the most sincere reverence from the people drawing worshipping pilgrims from near and far. On the ninth day of the ninth month of the Chinese lunar year of 1988,

some 20,000 people from Taiwan paid homage to Ma Zhu in commemorating the one thousandth anniversary of her death. On that day, while people on both sides of the Taiwan Strait simultaneously held solemn services, there was an exceptionally grand event on Meizhou Island with crowds singing and dancing as they streamed into the Ma Zhu Temple. Devout believers offered sacrifices to the "Sea Goddess," as incense was burning heavily about the inside of the temple. At the same time, an academic symposium on Ma Zhu, a book and painting exhibition on her origin and history were held on the island and drew many specialists and scholars from throughout the country.

According to Lin Wenhao, chairman of the Council of the Meizhou Ma Zhu Temple, the great value of the Ma Zhu culture, developed out of the spreading belief in Ma Zhu, is the study of ancient navigation, navigational science, history in the area around Meizhou, the economic and cultural ties with foreign countries some

1,000 years ago, and ancient marine folklore and religions.

Favourable Conditions

From its increasingly active foreign economic and trade activities, it is clear that Putian has potential for further developing its export-oriented economy and is thus seeking more co-operative partners. Putian offers the following advantages:

- A subtropical maritime monsoon climate with an annual average temperature range of 18-21 degrees Celsius. Three hundred frost-free days annually make the area suitable for a wide variety of crops.

- Putian has 66,000 hectares under cultivation, and with its deep, rich soil and accommodating climate, three crops a year are obtained. Sugarcane, a major crop with a history of planting dating back 700 years, leads the country in output and quality.

- Putian's hilly area of 220,000 hectares grows a wide variety of fruit, tea and trees. Putian's litchi,

Export-Oriented Enterprises

The city of Putian, hometown of many overseas Chinese, has 66,000 people in its Jiangkou Town, 60 percent of whom are returned overseas Chinese and their relatives. More than 94,000 of Putian extraction still reside in Hong Kong, Macao, Taiwan and foreign countries.

The past five years has witnessed an increasingly friendly exchange between the Jiangkou people and overseas Chinese living in Southeast Asian countries, Hong Kong, Macao and Taiwan, and through growing economic co-operation, a new force of export-oriented enterprises has come to the fore.

To attract more overseas Chinese to run enterprises in the town, the township government has made every effort to improve the invest-

ment environment. Wu Yucheng, head of the township, said that in 1986, a tap water factory was built with funds collected from local people and donations from overseas Chinese. The factory is now able to supply 10,000 tons of tap water a day, benefiting 80 percent of the town's population. Wu added that they also built a commercial street and a road with a total length of 66 kilometres linking the township with 20 surrounding villages. Many village roads are now covered with slabstone and an electrical service line, ten kilometres long, has been installed. A telephone network with 300 channels is under construction.

Recently, at the invitation of overseas Chinese, Jiangkou leaders visited Hong Kong and Singapore

where they had talks with the local Chinese on investment and co-operative items. The majority of co-operative items agreed during the negotiations are now being carried out in their respective villages. To make it more convenient and attractive to these overseas investors, the township government appointed a committee to handle necessary formalities on the mainland on behalf of foreign investors and gave them preferential treatment.

Now 2,336 enterprises have sprung up in the town, 13 of which are run by the township government, 135 by villages, 739 by collectives and 1,348 by individuals. The number of joint ventures, co-managed enterprises and enterprises processing overseas supplied ma-

longan and loquat are well known at home and abroad and the area also has a long history of producing olive, red bayberry, shaddock, mango, citrus and banana.

- Its coastline stretches 223.9 kilometres, and includes 150 islands and islets as well as beach areas of 18,000 hectares. These favourable natural conditions are ideal for developing aquatic farming and, in addition to producing 14,000 tons of prawns on the sea-beach, Putian has rich resources of freshwater eel farming. Eel is a food with strong Japanese markets, and Putian is quickly becoming a major eel exporter in Fujian Province.

- Meizhouwan deepwater harbour is unique among China's port resources and has aroused the wide attention of many interested foreign and domestic port developers.

- Putian's countryside is lovely. There are many scenic spots and historical sites. Besides Ma Zhu Temple on Meizhou Island, there is the Guanghua Temple listed as one of 10 best scenic spots in Fujian Province and the Jiulihu Wat-

erfall, famous for dramatic, plunging waters. Currently, an ancient large-scale water conservancy project in Mulanbei is listed as a key archaeological relic and put under state protection. Such historical locations are the base for many folk handicrafts, such as longan and wooden sculptures, stone sculptures, bamboo woven articles, bamboo hanging fans, painted wooden bowls and indigo prints which enjoy solid domestic and foreign markets.

- Cultural and educational development is strong in Putian. Generally speaking, labourers in Putian are well educated and industrious and the labour force is ample and inexpensive. Processing industries, with materials supplied by overseas enterprises, labour-intensive business and technically advanced enterprises are all suitable for development in Putian.

- Putian, hometown of many overseas Chinese, has 400,000 compatriots residing in Hong Kong, Macao and foreign countries. In Putian, about 300,000 returned ov-

erseas Chinese and their relatives out of patriotism and a deep-rooted belief in Putian's future, are actively contributing their knowledge, talents and capital to the running of factories and the undertaking of public works; they constitute an important force in boosting the economy.

'City of Shoes'

Simultaneous with its efforts to develop co-operative enterprises on other parts of the country, Putian has lost no time in attracting overseas capital. This has not only given the "City of Shoes" great vitality, but also brought in new information, technology, equipment and managerial expertise and opened up a broad range of international markets. Presently, for example, Putian produces 1,200 varieties of medium to high grade shoes, primarily towards export.

In 1988, the area turned out 32 million pairs of shoes, two thirds of which were sold to more than 20 countries and regions, including the United States, Australia, Ja-

Take Off in a Small Town

terials is 101. The town's trades currently include aquatics, electronics, food processing, building materials, chemicals, rolled steel, textile, and architecture. More than 20,000 people, or 70 percent of the total labour force, are employed in these fields. The output value of these enterprises reached 200 million yuan in 1988, ten times over 1984 while state tax revenue increased by six times. The average farmer income and town dweller revenue were both twice that of the 1984 amount. Export value, including eel, prawn, bamboo, wooden, straw and linen wares, increased by 12 times over the 1984 figure.

The Xinguang Electronics Factory, founded in the village of Shixicun four years ago, is a processing enterprise initiated with an invest-

ment of HK\$50 million. With its 2,000 workers, the factory can produce 90 million electronic wrist watches annually, which occupy about half of the Hong Kong electronic watch market. Director Chen Zhenhua, said that labour is available in the town and wages are lower than in Hong Kong. Setting up enterprises here, however, benefits not only Hong Kong businessmen, but also local people because the surplus labour force in Jiangkou has jobs and increased income. Shixicun, with its 9 electronic enterprises processing overseas supplied materials and employing some 3,000 people, is now known as a specialized electronic processing village. However, many years ago some people in Jiangkou had to support themselves with the help of

overseas remittances. Now, they have bought share in the new enterprise and are taking an active role in its management. The township government has collected idle capital of 40 million yuan, and attracted US\$10.85 million from overseas Chinese for development of the local economy. So people's living standards are rising fast. Now, Shanghou villagers have bought eight cars and 30 motorcycles. Many families have moved into new houses, some finely built with sculptured beams or painted of national flavour, equipped with colour TV sets and containing indoor plumbing. One family of overseas Chinese, for example, recently built an arch over a gateway and two verandas at a total cost of some 130,000 yuan. Putian is taking off as an export-oriented town.

pan, European countries and Hong Kong and Macao. The rest were marketed domestically in more than ten provinces in the country.

So far, the "City of Shoes" hosts 24 major shoe-making enterprises. The San Liang Shoes and Caps Factory, for example, has developed six new categories in its product line, all of which have been well received internationally. Also, the Putian Shoes Factory recently formed a joint venture with shoes businessmen of the United States, specializing in the manufacture of world-famous, brand-name sports shoes for export.

The Fuxiang Plastic-Rubber Shoes Co., another joint venture, has developed a wide variety of fashion shoes while the Lilong Shoes Industry Co., Ltd. continues production of its famous imitation sheepskin women's shoes, always a good seller in international markets. The Putian shoes industry is clearly growing. In 1988, the city's shoe-making factories were equipped with 34 more production lines for sports shoes and 30 new production lines for fashion gummed and synthetic leather shoes. In recent years, the city also has set up a shoe-checking centre, as well as support factories for fabrics, dyeing, shoe moulds, shoe-straps, shoe-laces, glue and cardboard cases.

More Partnerships for Putian

With even greater opening-up to the world, Putian is an ideal place seeking more overseas investment and foreign partners. It welcomes both overseas business people and compatriots in Hong Kong and Macao to invest and manage enterprises in the fields of electronics, machinery, building materials, chemicals, metallurgy, textile, clothing, food processing and beverage. Encouragement is also given to co-operative exploitation of local mineral resources (serpentine, kaolin and granite) and farming of aquatic products.

Putian provides potential invest-

tors with three advantages: low land-use expenses, low labour costs and a low percentage of joint venture ownership required to be held by the Chinese partners. These preferential policies have resulted in the rapid development of Putian's major industries. Electronics, sugar, food, machinery, building materials, textile, plastics, ship disassembly, rolled steel and chemicals have all dramatically increased their production in recent years through absorption of much foreign capital and development of enlarged ties with domestic enterprises.

For example, since it imported two Pillsbury production lines and related technology for canned mushroom from the United States in 1986, the Putian Canned Food Factory's output has quickly raised and its management greatly improved. In 1987, the quality of its Pillsbury canned mushroom was accorded first place among a sampling of other Pillsbury products in Asia. Its products sell well on both domestic and foreign markets.

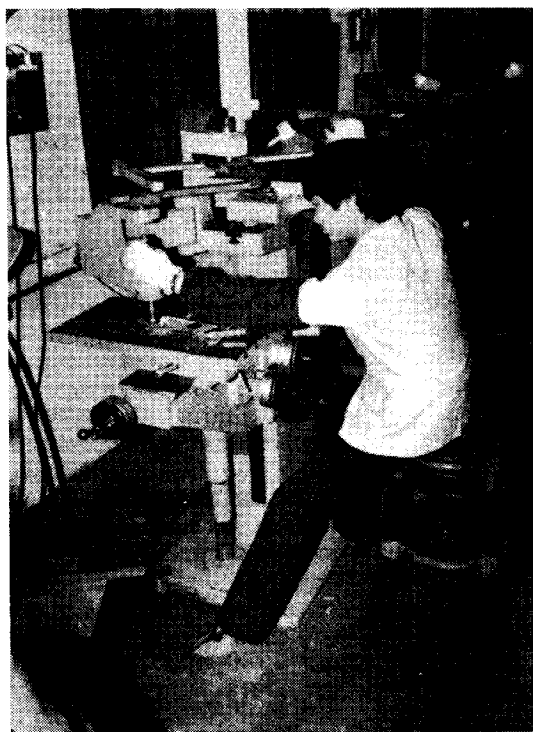
The Xianyou Canned Food Factory has since 1987 updated its equipment with economic and technical help from its co-operative partner, the Shanghai Foreign Trade Co. Both its output and variety of products doubled from that of 1987, and the factory earned a five-fold increase in its profits.

With its unique climate, Putian is able to produce high-quality mushroom and with the help of the long-established Meilin Canned Food Factory in Shanghai, the Putian Mushroom Factory can process fresh mushroom within two hours time.

Co-operation has also bred success in other trades. For example, the Putian Universal Machine Works, now renamed the Jingpu Precision Machinery Co., had been on the verge of collapse because of low sales in 1983. With the help of experts from the Fujian Machinery Research Institute and under the management of new Director Zheng Shunying, the factory developed a new type of pedicab which is convenient in transporting both people and goods. The product immediately brought about an economic rebound for the factory and was followed up, with the help of experts from the Beijing Machine Tools Research Institute, by the factory, successfully improving the quality of the domestically required 1,000 mm laser interferometers. More recently, the factory has entered the international market with one of the world's most advanced tri-coordinate meters, an instrument commonly used in engineering design.

The Xianyou Dairy Products Factory is another successful ex-

Workers making shoe trees at the Yuhua Shoe Tree Co.



ample of technical co-operation. In co-operation with experts of the Biophysics Research Institute under the Chinese Academy of Sciences, the factory has recently developed a kind of solidified health care drink "Weiyikang," made of *weimeisu* (a nutritious, health-care medicine used in the treatment of cancer) and extracts of malt and milk. Analysis reveals that the drink contains eight kinds of amino acid, trace elements and polysaccharide chemical compound necessary for good health. It also acts as a curative for infection of the upper respiratory tract.

The policy of attracting foreign capital and establishing joint enterprises has proven effective in promoting Putian's economy. Since Putian was designated a city five years ago, its industrial and agricultural output has increased from 729 million yuan in 1984 to 2.8 billion yuan in 1988. The number of foreign-funded projects and the amount of foreign investment processed into the city in 1988 were respectively four times the 1987 figures. These approved projects included five foreign-funded, and 14 Taiwan-invested enterprises. The volume of export commodities in 1988 also increased by 26 percent over 1987. In the first half of this year, Putian's investment environment has been further improved through working out more encouraging measures. Now 20 agreements have been signed on the running of Sino-foreign co-operation, joint ventures and wholly foreign-funded enterprises, involving a total investment of US\$34 million. Of the figure, the amount of foreign investment reached US\$25 million, representing a ninth-fold increase over the same period last year. The figure was also US\$3 million more than last year's total. Among these items, most are wholly foreign-funded and Taiwan-funded enterprises. There are ten projects undertaken by six enterprises, each involving more than US\$1 million. The average co-operative term is 21 years. The proportion of foreign

investment to the total of investment reached 67 percent. Even in May and June when a counter-revolutionary rebellion happened in Beijing, none of joint ventures, co-operative enterprises and wholly foreign-funded enterprises in Putian broke off or did away with signed contracts, and no foreign businessmen left Putian because of the riots.

Meizhouwan Harbour

Meizhouwan Harbour is composed of three port districts—Xiuyu and Dongyu in Putian and Xiaocuo in Huian County of Quanzhou. The harbour is 13 to 30 metres deep, enough to accommodate 50,000-ton-class ships, and during high tide there is sufficient draw for 100,000-ton-class ships along the harbour's convenient navigation channels.

The harbour covers a water of 516 square kilometres, naturally ice- and silt-free, and along its 20-km-long coast berths sufficient to hold 10,000-ton-class ships could be constructed. The harbour lies between the two big cities of Shanghai and Zhanjiang and faces Taiwan. From the harbour, ships can sail directly to Japan, the Philippines and other Southeast Asian countries.

Since 1982, some 5,000 Chinese and foreign visitors—experts and business people—have toured the harbour. The unanimous view has been that the harbour has good prospects for development and as a result, recently, the Meizhouwan project was placed in the state's construction programme; Feasibility studies for the first-stage construction of the project have been completed and the state approved a land plan for Meizhouwan.

According to the current blueprint, the harbour will be developed into a comprehensive, multi-functional deepwater port, one of China's largest. Upon completion by the end of this century, Putian will have been transformed from a small town into a medium-sized modern city.

The availability of water and electricity is now guaranteed and telecommunication facilities and roads have been built throughout the area. Docks, warehouses, commercial networks and living quarters have also taken initial shape. The port has opened shipping lines to 16 countries and regions, and has the capability to handle 1.2 million tons of cargo a year. Thus the conditions are ripe for foreign investment to help develop a port industry and high-tonnage transfer. Fifteen projects, including a Meizhou iron and steel factory, aluminium factory, power factory, Dongwu Shipyard and a railway between Quanzhou and Meizhouwan, have been approved or are in the process of approval. The Xiuyu Ship Disassembly Factory founded in 1983 is regarded one of the ten largest of its kind in China, and offers either straight ship disassembly services to foreign clients, or investment opportunity for co-operative production and ship disassembly.

According to Qiu Yuanzhen, director of the Meizhouwan Development and Construction Committee, the first-stage construction programme, as planned for the end of the century, will concentrate on constructing the three port districts. The first port district will handle steel, machinery, building materials, and light industrial goods as well as grain and other goods; the second port district will be used for ship disassembly and building, coal transfer and power generation and international trade transfer industries; the third port district will be devoted to oil refinery, petrochemical and ocean-chemical industries.

Qiu expressed his warm invitation to foreign business people, overseas Chinese and compatriots in Hong Kong, Macao and Taiwan to join efforts to construct factories, docks, international transfer station, duty-free warehouses, shipbuilding industry base, Sino-foreign joint ventures, co-managed enterprises and wholly foreign-funded enterprises. □

New Books Celebrating China's 40th Anniversary

On the occasion of the 40th anniversary of the People's Republic of China, CIBTC is pleased to offer its readers a list of new books and albums.

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Compiled by Zong Huaiwen
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| 4E-2034S | A Concise History of Chinese Economic Thought
by Hu Jichuang
English edition | Cloth |
| 3E-2385P | China's Foreign Relations: A Chronology of Events (1949-88)
English edition | Paper |
| 17EC-2444S | Who's Who in China: Current Leaders
Chinese-English edition | Cloth |
| 12E-2291D | Atlas of the People's Republic of China
English edition | Cloth |
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by Che Muqi
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|----------|---|-------|
| 84E-675D | Rare Pictures of the Great Wall
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Why China Should Not Introduce the Tripartite Political System

"RENMIN RIBAO"
(People's Daily)

Different economic bases decide their different superstructures. In capitalist countries, the private ownership gives birth to the political system of three constitutional powers that fits in with it. China's main economic body is the socialist ownership of the means of production, that is, a combination of ownership by the whole people and collective ownership by working people. Even though the deepening reform of the economic system has allowed the development of different forms of economic ownerships, the position of socialist ownership as the central economic body has remained and will remain unchanged. In China, the reality of socialist ownership of the means of production unquestionably requires the establishment of a socialist political system representing the interests of the Chinese people as a whole and exercising the state power in a comprehensive way. Such socialist ownership does not permit China to copy the bourgeois power-sharing system.

The establishment of a country's political system is determined by its state system, that is, the class nature of the state. The Communist Party of China led the Chinese people in a protracted revolutionary struggle to completely overthrow the state machine of the exploiting class and established a socialist state of the people's democratic dictatorship led by the working class and based on the alliance of workers and peasants. With the

elimination of the exploiting class and its system of exploitation, the antagonism built into capitalist society between capital and labour, as well as the contradictions and conflicts between different interest groups of the exploiting class, no longer exist in China, and the basic interests of the Chinese people of all nationalities are identical. This means that in China no class basis for the bourgeois power-sharing system exists. China's state system as clearly stipulated in the Constitution requires that the political system of the state guarantees the people becoming masters, in the true sense of the word, of the state and society.

To realize this goal, China's only option is the people's congresses as its basic political system. The people's congresses follow the principle of democratic centralism, that is, to exercise centralism on the basis of democracy, and the people's exercise of state power in a unified way through the people's congresses at various levels. The National People's Congress as the highest organ of state power not only exercises the legislative power but produces and supervises the state's administrative, judicial and procuratorial organs, which are accountable to and supervised by the National People's Congress. On the premise that the National People's Congress exercises state power in a comprehensive way, these organs conduct their work in a specialized and co-ordinated way. Essentially, this is different from the bourgeois power-sharing system wherein the three state

power-holding organs, the legislative, the executive and judicial, restrict and interact with each other.

The so-called bourgeois parliamentary democracy is realized through a multi-party system and/or through the different factions of a political party. These parties and factions are, in fact, worthy spokesmen of different interest groups of bourgeoisie. China, however, is different from the West. Historical experiences of the past 50-odd years have proved that the Communist Party of China is the core force leading the country's cause forward. Apart from the Communist Party of China in its ruling position, there are other democratic parties which have coexisted and co-operated with it over a long period of time. This is different from the West where the various parties and factions take turns holding government office. Multi-party co-operation under the leadership of the Communist Party of China has evolved through history and is accepted by the various democratic parties. In the past 40 years since the founding of New China in 1949, the various democratic parties and the Communist Party of China, sharing weal and woe, have worked with one heart and one mind to push the socialist cause forward. Practice has proved that the interests of the Communist Party of China are identical with those of the Chinese people as a whole, including the various democratic parties. Except for the basic interests of the Chinese people, the Communist Party of China does

not have any special interests of its own. This reality rules out the theoretical and practical foundation which might allow the holding of the reigns of government in turn by many parties or the emergence within the party of different factions and interest groups.

We should adhere to the leadership of the Communist Party of China and to the system of people's congress. The Communist Party of China exercises its political leadership over state affairs through the system of the people's congress, while the Chinese people exercises state power in a unified way through

the people's congresses at various levels they elect and handle state affairs according to the principle of democratic centralism. Such a basic political system is a historic choice of the Chinese people after a long period of revolution and construction. Dr. Sun Yat-sen, pioneer of the Chinese democratic revolution, once pointed out clearly that it was "less believable" to see the power-sharing system as "a stratagem to ensure sustained peace and stability."

The essence and nucleus of the socialist democratic politics is that the people are masters of the state. Dedication to improv-

ing the system of people's congress is the main content of the reform of China's political system. As the reform of the political system continues to unfold, it is necessary to straighten out the relations between the Party committees, the people's congresses and the government, to improve and legalize the supervision system of the people's congresses, to perfect the composition of deputies to the people's congresses, to improve the quality of deputies and to continue to strengthen the construction of the people's congresses. Only thus can the people's right to be masters of the country be guaranteed.

(August 11, 1989)

China's Population Policy Is Proving to Be Effective

"ZHONGGUO RIBAO"
(China Daily)

At a time when almost all developing countries are obsessed by uncontrolled population growth and difficulties in implementing birth control, China, which has one-fifth of the world's population, boasts of having had 200 million fewer babies born by the end of 1988, compared to the birth rate of 1970. The result has been a saving of 3 trillion yuan (US\$802 billion).

This amount of money is 2.15 times the country's 1988 gross national product (GNP) and 460 times the state's annual allocations for health care. It is enough to support 1,000 institutions of higher learning for 50 years.

Although many people born during the baby boom of the 1960s have reached childbearing age, China has successfully controlled its population growth to within 1.5 percent, as compared with 2.4 percent in underdeveloped countries and 2.2 percent in Asia, according to Peng

Peiyun, minister in charge of the State Family Planning Commission.

During the 1960s, Peng said, the average Chinese woman gave birth to 5.68 children (the figure includes infantile deaths and abortions). The number dropped to 4.01 during the 1970s and 2.47 in the 1980s. The average population growth rate dropped from 2.02 percent during the period from 1949 to 1973 to 1.38 percent from 1973 to 1988.

The policy of family planning has been incorporated into China's Constitution and laws. New habits of planned childbirth, late marriage and late childbearing have been fostered among millions of Chinese, Peng said.

Owing to the Chinese government's efforts to control population, the day that the world's population reached 5 billion was delayed two years, and the Asian 3-billion population day four years, according to *Science and Technology Daily*.

Although some foreign governments and individuals have

held opposing views on China's family-planning policy, many other countries and people have shown support for it.

Starting in 1980, the United Nations Fund for Population Activities has donated US\$10 million a year to China in support of population control, Peng said. During the past few years, over 20 foreign delegations, having investigated the country's population control practices, have agreed that the Chinese government has "foresight and sagacity" and that "history will prove its (policy) validity."

The success in population control has included achievements in contraception techniques in the past ten years, the *People's Daily* reported.

It is estimated that more than 70 percent of couples of childbearing age have adopted contraceptive practices. Over 8.8 million males have undergone sterilization operations or injections. A reversible sterility operation is also becoming popular, the paper said.

For females, the use of intrauterine devices (IUDs), which is the birth-control method used by 60 million women in the country, accounts for 41 percent of the total contraceptive measures, and female sterilization operations constitute 36 percent.

Research on a variety of oral contraceptives in the country has also reached advanced levels and these are being produced for home use. Breakthroughs have also recently been reported in the development of medicines for terminating early pregnancy, according to *People's Daily*.

The achievements are encouraging, but there are some problems in implementing the family planning policy.

From the earliest recorded history, China has been the most populous nation in the world, according to *People's Daily*. Therefore the Chinese people should know the harm of overpopulation while living on limited arable land and with limited natural resources.

Unfortunately, such is not the case. Although the country's per-capita farmland is now less than two-thirds the size of an Olympic-size swimming pool, many Chinese, particularly the poorly educated, still regard a

large number of children as a blessing and a success in their lives. They face enduring poverty and, despite all their hard efforts, their living standards have only slowly improved.

Overpopulation is also to blame for the low education level in the country. In turn, the less education a woman has, the more children she has, and a vicious circle is formed, according to the Beijing-based *Unity Post*.

According to figures provided by the paper, an illiterate woman gives birth to 5.86 children on the average, while a woman who has had an elementary school education has 4.80 children, one with a junior secondary school education has 3.74 children, and one with senior middle schooling has 2.85 children.

About 92 percent of the children whose parents attended school are educated and 70 percent of the children coming from illiterate families are also illiterate.

Since the government introduced the one-child policy to curb population growth, some people, farmers in particular, have tried every means to have a second, third or even more children, especially when the first one or few are girls, under the influence

of the deeply rooted belief that only boys can carry on the family lines, *Guangming Daily* reported.

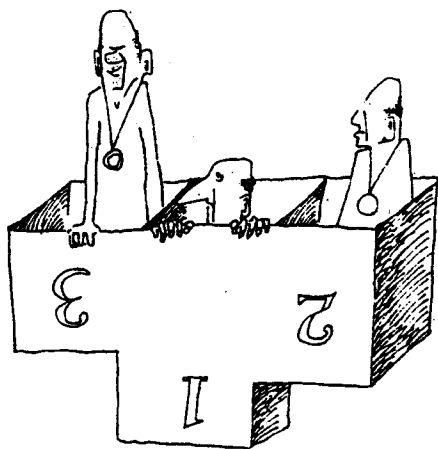
Some parents have opted for abortion when they discover they are going to have girls.

Consequently, there are 2.2 percent more male babies than female babies at present. In about 20 years, there will be over 40 million males in their 20s who will be unable to find wives, according to Kang Ling, member of the Secretariat of the All-China Women's Federation.

A lack of scientific knowledge of childbearing and a lack of health care facilities, plus early marriages and marriages among close relatives in rural areas, are held responsible for the 3.3-percent infantile death rate in the country, which is more than three times higher than that in developed countries. Moreover, 380,000 congenitally disabled babies are born each year, Kang said.

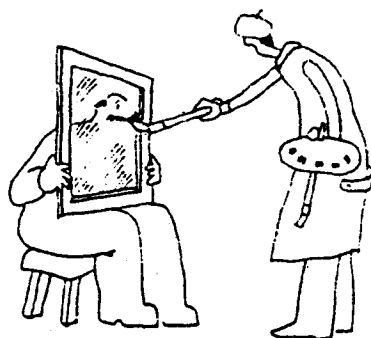
Although new contraceptive equipment and techniques have been invented, production and actual use are just getting started. The present measures often lead to unwanted pregnancies, *Science and Technology Daily* reported.

(October 5, 1989)



Whose in first?

ZHAO HONG



Untitled

ZHAO WENLONG

Minority Artists Dazzle Beijing

One of China's treasures is its minority culture, and recently Beijing audiences were treated to the artistic talents of members of the country's 55 national minorities.

Some dozens of song and dance performances and a colourful fashion show featuring the local dress of each minority group were highlights of the Second China Art Festival in September.

The majority of songs and dances were performed by amateur actors, actresses and dancers who come from farms, factories, schools and government institutions.

"Minority arts performances take up a larger percentage of the programmes performed during the Second China Art Festival compared with that of the previous festival, and the overall artistic level is also higher," said Jin Liqin, a woman official with the Ministry of Culture.

Artists from minority groups have contributed much to the development of China's arts in the past 10 years, "enabling people to have a broader and deeper un-

derstanding of minority culture," she added.

The fashion show was entitled *Rosy Clouds in the East* and was aesthetically pleasing with its well-balanced combination of national costumes, dance and ethnic music.

The show lasted about an hour and a half during which 19 actors and actresses from seven minority groups modelled 400 costumes complete with 1,300 jewels and ornaments. The costumes bear a close relationship with each ethnic group's environment, keeping in mind their ideological beliefs and daily experiences. Even the colours are chosen for specific reasons.

The Mao from the southwest of China prefer reds and yellows in their national dress, signifying sumptuousness. The Yi, also from the southwest, are known for their strong character so prefer to wear black. The Koreans in the northeast prefer white clothes because of their love and deep respect for the white crane. Tibetans like splendour and formality so they wear large loose-fitting clothes. Dai women from

the southwest wear tight skirts to appear slender. The Kirgiz in the north west like to wear white, small pointed hats which symbolize snowy mountains. The Hani in the southwest believe the more clothes a woman wears the prettier she becomes. On festival days Hani women may wear more than 15 layers of clothes.

Some ethnic minorities have multi-functional clothing. For instance, an apron becomes a shawl when it is placed around the shoulders; it becomes a kerchief when tied over the head. Women from Jingpo wear brightly coloured tube-shaped skirts with intricate designs. Some patterns show the mountains and roads their ancestors walked upon while others portray the fruits and other foods their ancestors ate.

One of the first musical dance numbers of the festival was that performed by artists of the city of Tianjin. It was entitled *Dances from the Yangliuqing New Year Picture* and was based on a traditional picture story about children dating back 400 years. Movements of the dancers were child-like as they wore masks and costumes copied from the pictures. The dances represented the pursuit of peace and happiness and the yearning for a good harvest.

Traditional Chinese musical instruments provided the atmosphere for several dances including *Trilogy of Love*, performed by the Dong; *Mountain Path* performed by the Yao; *Spring* by the Tujia, and *Cuomaxian* by the Mao. (Cuomaxian means to make a cord by twisting hemp fibres between the palms.)

Artists from Henan Province in central China presented the *Butterfly Dance*, a popular folk dance from the eastern part of

Actresses model the national dress of the Dai ethnic group.

XU XIANGJUN



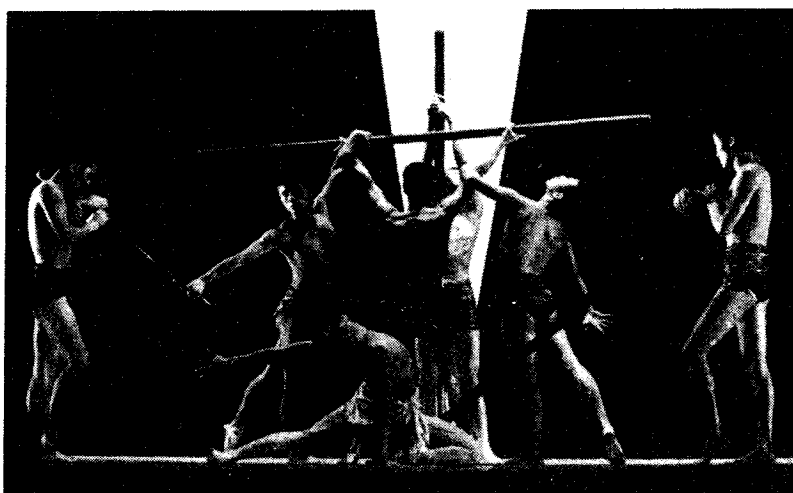
the province which depicts the happiness of children in the countryside. Dancers from Zhejiang Province, south of Shanghai, showed the industrious and diligent spirit of oil refinery workers in *The Oil Mill on the Mountain*. The dance had earlier won first prize for its choreography and performance at the Second Music and Dance Festival, held in its home province.

Winning the admiration from an appreciative audience was solo performer Niu Zhangqun, born to a farming family in Hebei Province noted for its many generations of folk artists. At 17, Niu has devoted himself to the traditional musical instrument *Suona* or the Chinese flute. His playing was characterized by its boldness and passionate feelings.

Artists from the Inner Mongolia Autonomous Region performed *The Andai Dance*, a folk dance which shows the bravery and strength of Mongolian youth.

At least two of the folk dances performed at the festival could easily be included in stage repertoires. They were *Spring Comes to the Field* and the spectacular and thunderous drum dance from Shanxi Province, *Prince Qin Commanding His Army*.

"I really want to bring these



A scene from the popular *Oil Mill on the Mountain*

XU XIANGJUN

drums to France and let the people of my country appreciate these magical instruments," said Henri Coupsaget, chairman of the French Festival de Conso-lens, after watching the dance.

Several minority groups performed at an open-air square during the Second China Art Festival. Demonstrating unique skill in a swirl of colour was the Korean minority with its *Happy Farmers' Dance*. In it, each male dancer wore a 30-metre-long coloured ribbon attached to his hat. Rapidly moving their heads, the dancers swirled the ribbons into the air producing a wonderful

array of colour. Other dances at the square included *Dance on Stilts*, a folk dance from northeast China; *Gathering* performed by the Uygurs from northwest China; the *Dragon Drum Dance* from Tibet; *The Andai Dance* from Inner Mongolia, and *Collecting Firewood* performed by the Li ethnic group from Hainan Province in the south.

Artists from Yunnan Province which leads China in terms of the number of minorities, outshone other provinces and regions with two unique song and dance performances. One was *Mountain Flowers*, a collection of the local legends, history and everyday customs. Representative of these was the *Fan Dance* of the Hani. It is based on a legend about an industrious and kind grandmother who took it upon herself to teach the village women all kinds of dances. However, she died and ascended before she could teach them all the dances she knew. Her walking stick then turned itself into a palm tree. Since then, every second month of the lunar year, women collect palm leaves to make fans. They then dance with the fans as a reminder of their ancestors. Of special artistic appeal is the *Cuocuo Dance* of the

Dance on Stilts.

XU XIANGJUN



Pumi in the southwest. Male and female dancers, hand in hand, dance in a circle and continually change formations. The Yao ethnic group performed a colourful dance in which they wore their distinctive beautifully designed pants. The second song and dance performance was *The Footprints of Love* presented by the Song and Dance Troupe of Yunnan Province. Taking the form of short dance drama the artists presented wedding and marriage customs of many nationalities in Yunnan Province. One such dance was the *Legend of Love* which tells a moving story popular throughout the province.

The story begins a long time ago when a flood drowns every living creature on earth except for a brother and sister. They managed to save themselves by climbing into a calabash. Later they produced many children. A



A scene from the musical number *Footprints of Love*.

YANG LIMING

musical number was *The Call of Love* which shows lovers of the Yi group exchanging romantic feelings by whistling. The *Wedding Dream* depicts a custom of the Va minority. In it, young lovers decide their romantic fate and marriage according to their

dreams. The *Wedding Dream* gives the audience a better understanding of the traditional culture, psychological structure and social history of the different nationalities in Yunnan Province.

by Feng Jing

Museum Features Shangzhai Culture

The Shangzhai Culture Museum, China's first museum named after an archaeological site, held its premiere exhibition in Beijing on September 27.

Of significance in the exhibition was a totem made out of pottery in the shape of a bird's head, the first of its kind discovered in China. The designs and patterns on the totem indicate that totem worship was part of life for the Shangzhai people.

Shangzhai is the earliest culture of the New Stone Age or neolithic period discovered in Beijing. Its discovery in the Juhe River Valley in eastern Beijing along with the earlier discovery of Peking Man in Zhoukoudian in western Beijing, representing the Old Stone Age or paleolithic period, proves that China's capital has long been a site of human habitation.

Remnants of the Shangzhai culture were first discovered in 1984 during a general search for cultural relics in the Beijing area. According to archaeologists Shangzhai is relatively new, dating back nearly 7,000 years.

Many cultural relics have been unearthed at the site including tools, dishes and utensils and artifacts. The tools included axes, wedges, rods and balls made of stone. There were also more refined stone objects including a small knife shaped like a willow leaf, arrows and a blade with a stone handle resembling a modern razor. Dishes included pottery—deep-bodied jars, bowls and vases—with various designs and patterns. Artifacts unearthed were mainly pieces of small stone or pottery, beautifully carved and designed. A pig's head made out of pottery, a cross between

domestic pig and a wild pig, indicated a shift in Shangzhai society from hunting to agriculture. Most of the carved stone animals were no bigger than a finger and included a monkey, turtle and sea horse.

Archaeologists also unearthed fossils of plants and animals.

Scientists are currently studying the relationship between the Shangzhai and the Yangshao and the Hongshan, all cultures of the New Stone Age. The Shangzhai Culture, they said, is a valuable clue in tracing the sequence of the neolithic period in the Beijing area.

The Shangzhai Culture Museum will be officially opened to the public next year. It is located at the tourist resort of Jinhai Lake Park on the outskirts of Beijing. □

ART PAGE



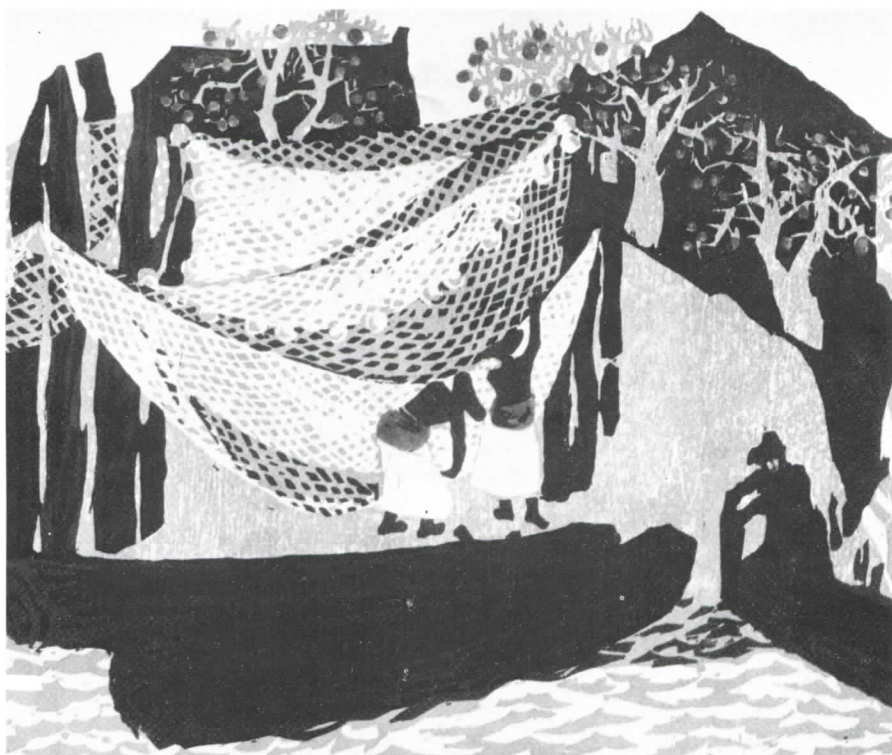
Shepherdess.



Dai Girl and Egrets.

Woodcuts by Li Xiu

Born in Shiping County, Yunnan Province, in 1943, Li Xiu is today an artist at the Yunnan Studio of Art and Calligraphy. Most of her work is representative of local life and landscapes in areas of southwest China where some national minorities live.



Fishermen Drying Their Nets at the Lakeside.

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